Zorlu Senyucel

Managing the Human Resource in the 21st century

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Zorlu Senyucel

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1 Introduction

This study guide provides an overview of the most important topics and current debates covered in Human Resource Management (HRM) field at undergraduate level. Its aim is to help students in their understanding of what HRM is, how it functions in organizational settings, why people are important as organizational resources and how this resource can be effectively managed in the 21st Century.

The guide concentrates on the basics of organisational behaviour and Human Resource Management. The guide approaches HR topics by laying down the basic organisational issues and factors that affect employees at work. It is most likely that one can a write a book on each topic covered in this study guide; however, I have tried to cover as many key points as possible to provide you with the necessary foundations. In addition, I have written some questions at the end of each chapter for you to measure your own understanding.

Chapter 2 of this study guide explains the nature of people and their role in organisations. Chapter 3 focuses on Human Resource Management, its definition, background and its importance as a strategic organisation function. Chapter 4 covers employee motivation and commitment by giving their definitions, looking at the main theories of motivation and commitment and factors that affect employees at work. In Chapter 5 the importance of groups and teams in organisations are covered. Next, organisational culture, role of HRM regarding culture and factors that shape organisations' culture is examined in Chapter 6.

In Chapter 7, organisational structure is defined along with bureaucracy and its influence on structures. Emerging structures, the importance of joining-up departments through the use of technology and the role of HRM in this process are highlighted. Chapter 8 focuses on individual and organisational learning, training and changing trends in training at work, while finally Chapter 9 sums up the main issues that concern HR practitioners in today's' business environment, followed by the list of references.

It is my sincere hope that you will find this study guide easy to follow and as a useful tool to support your studies.

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2 People and Organisations

2.1 People

Humans are social beings; we seldom live and work in isolation. Whether consciously or unconsciously, we are always in interaction with other people and we are continually planning, developing, managing and ceasing our relations with others. These relations do not appear out of nowhere. They depend on our actions and our ability to manage our actions. From an early age we gain knowledge and experience on understanding others and the way people behave in certain situations. Later in life we develop on this understanding further and carry it with us to our workplace.

However, dealing with people is probably the most difficult thing we will ever encounter in life. People are very complex creatures. Not a single person thinks, feels, sees, hears, tastes, understands and behaves the same way. We all come from different ethnic, cultural, national, religious and political backgrounds. This makes each and every one of us unique with different set of morals, beliefs and values. This complexity and variety also reflects on our everyday work lives. People's characteristics, values and beliefs form attitudes and behaviours that strongly influence their choice of employment.

Scientists argue that people's genes and their environment affect their intellectual capacity, their intentions and their tendencies which generate people's actions and determine their behavior. People do things their own way, for their own reasons. In other words, people have different agendas some of which are kept hidden. Almost every day organization strategies on how to manage people effectively come and go at lightning speed. We probably have more "management gurus" than A-list celebrities put together around the world. The quest to establish a set of universally accepted policies and procedures of people management in every organisation still seems to be a utopia.

However, this complexity and variety in the workplace often regarded as a problem. It is true that complexity is a management challenge, however, complexity is simply about the way we are. As it is natural for a dog to bark, it is natural for people to be complex. After all, everything changes and nothing is stable. Nevertheless, the law of cause and effect states that for every action there is a reaction. When this is applied to people management we can see that the input of HR practitioners affects people's actions and reactions. Thus, in this sense, managing people can be seen as the most important task at work.

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Management cannot simply set certain policies and procedures in place and then sit back and watch the days go by. Managers need to put in the time and the effort it takes to deal with the complexities of employees. However, realistically, it is extremely difficult and in most cases impossible, to achieve this task fully. While some people will be content with the way things are, others will be unhappy about the decisions management makes. Some employees will work hard to achieve the goals that are set by management, while others will be unhelpful, obstructive and uncooperative. There will be organisational complexities in the microenvironment (inside the organisation) and microenvironment (outside the organisation). Internally, managers need to respond to a very diverse workforce and variety of business models for various different business units. Externally, things can be worse for managers where the complexity, variety and diversity is even higher in customer needs, logistics, cultural values, government regulations, investors, etc.

In addition, organisations have to deal with interdependence. It is evident that every organisational function and process is interdependent. In other words, everything we do is related to everything else. For example, according to the 'the butterfly effect' when a butterfly moves its wings on one side of the world, it can create a tornado in the other (Gleick, 1998). The less rigid organisational borders are, the easier it gets for the organisation to take advantage of globalisation. Because the more open minded and flexible an organization is, the easier it will be to adapt new structures, philosophies and ways of performing that is needed to meet the demands of an international customer base. However, this also means that organisations are more and more exposed to the effects of the problems around the globe such as the recent economic crisis.

Moreover, the business environment today is no clearer than of yesterday. Although organisations are flooded with more and more information each day, they cannot always interpret, understand and make sense of information. Most of the time, people in organisations have to cope with ambiguity. Employee meetings, management reports, executive directives are becoming less solid and more open to interpretation. This, of course, is not always a harmful environment for organisations, because it allows people to have flexibility in their decisions and the way they do certain tasks, but nevertheless it will be naïve to assume that every employee can cope with ambiguity and interpret information correctly and apply their understanding to tasks effectively.

It is clear that management on its own cannot cope with everyday tasks and processes of organisational life and find effective ways to manage people by constantly providing clear guidelines and instructions, keeping the morale and motivation high and finding better ways for each employee to develop and flourish in the workplace. The demands of the changing nature of individuals and work require a more sophisticated management function which focuses not only on the short-term, day-to-day concerns of the individual and the organisation, but also on long-term, strategic organisational goals and individual needs.

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2.2 Organisations

From the time we get out of bed we are involved in organisational life. For example, the minute we get up and use the bathroom or make a cup of tea in the morning, we are engaging services such as electricity, water, sanitation, etc. which are provided by organisations. Organisations are an important part of our daily lives and it is hard to imagine a day without engaging in a task that does not have an input from an organisation (e.g. schools, universities, hospitals, places of worship, local government, etc.).

Mullins (2005: 114) describes an organisation as "a consciously, coordinated unit created by groups in society to achieve specific purposes common aims and objectives by means of planned and coordinated activities". Organisations are created by people who decide to work together in order to attain their specific objectives. Organisations function through the division of labour and on a hierarchy of authority. People and business processes are structured to achieve organisational objectives.

There are three main types of organisations in the business environment: private, public and non-profit organisations. Private sector organisations are governed by the laws of capitalism. Their main aim is to make private profit and they have no governmental component in their structure. McDonalds, Marks and Spencer and Manchester United FC are some examples of private sector organisations.

Public sector organisations, on the other hand, are owned and controlled by the government. Their main aim is not to make profit, but to deliver government services to citizens at national, regional and local levels. The NHS (National Health Service), the Army and local councils are some examples of public sector organizations.

Non-profit organisations (NPOs) are the ones that provide goods and services for the benefit of society without seeking private profit in return. Any profit that is made by a non-profit organisation is kept in the organisation for future use and not owned by any individual or a group. Examples of a non-profit organization are Oxfam or the Medecins Sans Frontieres – Doctors Without Borders. For example, in Medecins Sans Frontieres, doctors work on a voluntary basis to help people whose lives at risk due to violence, neglect or catastrophe in world's most dangerous places. The organisation runs with the help of donors and government funds.

Organisations depend on people. We can even be more direct and say, there can be no organisation without people. Organisations do what people do. An organisation behaves the way its employees behave, the way its managers direct it. What is an organisation if there are no people in it? It is just a collection of buildings, car parks and some furniture.

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Although organisations are mostly seen as physical structures (e.g. a particular building), they are social systems or a set of social processes. A social process such as an organization can include a range of social practices such as meetings, discussions, policies, regulations, bureaucracies and so on. Buchanan & Huczynski (2004: 874) defines an organisation as "a social arrangement for achieving controlled performance in pursuit of collective goals".

The previous section, there are many forces affecting organisations. These can be divided into two groups: Competitive and social forces (Sparrow and Hiltrop, 1994). There are likely to be countless competitive and social forces that can affect an organisation but for practical reasons we can group them as follows:

- **Competitive forces**: National and international competition, productivity, removal of trade barriers, privatisation and rapid changes in technology
- **Social forces**: Unemployment, ageing workforce, immigration, shift to knowledge workers, skill shortages, changing customer values and labour mobility

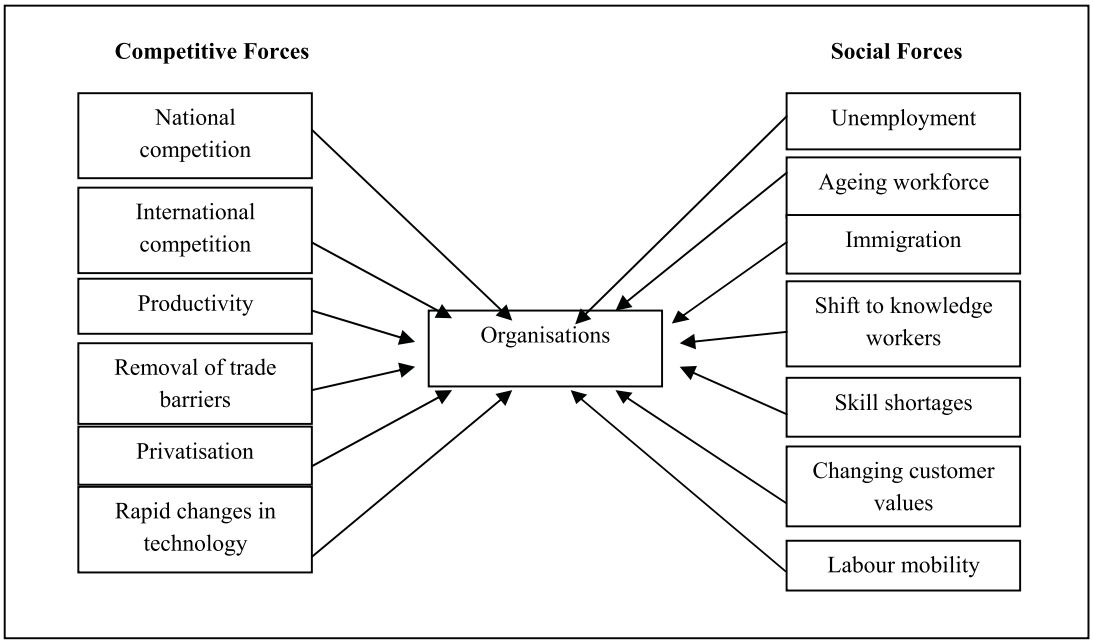

Figure 1 Forces affecting organisations (adapted from Sparrow and Hiltrop, 1994: 91)

2.3 People in Organisations

Organisations are created by the rules and resources drawn upon and enacted by people; and the nature of organisations is a result of people's actions. Thus an organisation's behaviour reflects people's psychological, ethnic, racial, cultural, political and social make-up. People are the most important assets of an organization.

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The importance of people as vital assets, is largely overlooked today. Our human insecurities and fantasies seem to reflect on the way we organise work. Just remember some of the futuristic films where the robots that we create end up being stronger and more intelligent than us and become a major threat to our way of life and our survival. This is what is happening today in the business environment. Organisations are becoming larger than life and take on their own characters, images, attitudes and intelligence. Large corporations are even taking this one step further and becoming very influential in the way major economic and military powers of the world make their decisions on political, economic, social, technological, environmental and legal affairs.

The importance of people in organisations is immense because it is the people that plan, design, implement, sustain and end an organisation's life. From this rather simplistic but vital point, we can assume that one of the most important functions in an organisation is the management of the human resource function.

The story of organisations in the last few decades can be summarised in the assertion that there has been a move from institutional authority embodied in the structures of the organisations towards more flexible relations of management. There is a shift in the management paradigm from ruling to governing. It can be traced back to Foucault's *governmentality* (Foucault, 1991). We can trace the shift from ruling to governing, that is, towards guiding, directing, motivating and shaping people to do what is best for them and for organisations as a whole. Thus organisations are constantly redefining themselves as they are managed.

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In the late 1980s business and management research began to highlight that some organisations are managed better than others. They soon discovered that what they really meant was that some managers are better at getting the job done through establishing relationships. Previous research highlights that those managers spend around 80% of their time interacting with their employees.

Dissatisfaction with the quality of services is one of the main reasons why effective people management is necessary in organisations. Changing expectations of customers, growth in Internet usage, and rapid development of e-Commerce have pressured organisations in every sector to make improvements in its service delivery and employee effectiveness. Organisations are transforming from traditional bureaucratic institutions to flexible service organisations with a focus on employee effectiveness and development.

It is evident that individual skill and talent is no longer sufficient for organizational success. The really important element is the human capital. Human capital often refers to the characteristics and skills people bring to an organisation such as commitment, loyalty, expertise, etc. However, human resources are very different from other resources in organizations. As mentioned earlier, people have different backgrounds, values, beliefs, levels of experience and knowledge, so, their contribution to the organisation as a resource is highly unpredictable, unique and has potential for further development.

2.4 People, Organisations and Employment

Today the success of individuals and organisations are measured by their adaptability to change. Organisations have abandoned the traditional thinking of what work is and how people should work. Employment now means more than having a job. It is not just something an individual does, but a combination of shared responsibilities and duties between the organisation and the individual. Employment consists of two sets of contracts: *legal* and *psychological*.

A legal contract is a written agreement between the individual and the organisation that sets out the terms and conditions of employment. A psychological contract, in contrast, is a metaphor used to describe a set of unwritten and unspoken set of expectations between the individual and the organisation.

The changing nature of work and organisation has led to a situation where there are no longer jobs for life. This means individuals no longer have to have long-term contracts and organisations are not guaranteed to have employees that will stay loyal and committed. Traditionally organisational commitment is the ultimate norm but nowadays an employee can walk out of the door with his/her intellectual assets after a couple of months notice and start working for the competitor organisation.

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It is evident that employee commitment, motivation and job satisfaction are related and dependent on each other, and that their combination leads to improvements in employee performance. However, mutual trust, commitment and the bond between the individual and the organisation is no longer strong. Instead of relying on traditional methods of improving and developing commitment, there is a need to find new ways to build an effective bond between the individual and the organisation.

HRM can be a useful function in building this bond by sustaining inward investment in organisations. It is absolutely vital that organisations should see their employees as valuable assets not just a file or a number in a spreadsheet. Employees are now expecting their employers to invest on their training and development and in return the organisations expect employees to be flexible, creative and productive. This psychological contract can be seen as a fair deal since it does not favour the employees and cannot easily be put in practice by the organisations.

The psychological contract does not favour the employees because employees no longer have long-term job security and are constantly vulnerable to changing employment conditions. Employees always have to find ways to improve their knowledge and develop their skills because the labour market is fierce. There is always someone who has more qualifications, who can speak more languages, who can type faster, etc. In addition, many organisations offer short-term contracts, mostly on project basis. Therefore, the future of one's employment is not very clear. It might take months or years to find a new employer or a new project to work for.

It is not easy for organisations to find time and resources to allocate for training and development of its employees. Although employees have training and development needs, organisations have customers to satisfy and deadlines to meet. Work responsibilities of the employee have to be allocated to someone else if he/she needs to be away in training for a week or two. This might mean recruiting other employees on a short-term basis and more employees mean more wages to be paid. In this sense, psychological contract is not an easy agreement for an organisation to fulfil.

Organisations not only have to match the organisational needs, but also the values of its employees. The responsibility of the employment of psychological contract is mostly given to the HR function because HRM a set of policies and procedures that govern the nature of work and regulate the relationship between the employee and the organisation. The next chapter will look into the nature of HRM and its importance in more detail.

Review Questions:

1. Have you ever been a member of an organisation? What makes you think it fits into the description of an organisation?
2. Which individual characteristics will give you a competitive edge in the new business environment?
3. How do you think your future employment will be effected by the changing nature of work?
4. If you are looking for work (or working), what do you expect from your employer? What do you think your employer expects from you in return?

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3 Human Resource Management

Since the mid-1980's Human Resource Management (HRM) has gained acceptance in both academic and commercial circles. HRM is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics.

There are countless definitions of what HRM is or should be and there is not one definition that can define what HRM exactly is. There is no "best way" to manage people and no manager has formulated how people can be best managed because managing people is not a straightforward thing. People are complex beings that have complex needs. Effective HRM very much depends on the causes and conditions that an organisational setting would provide.

Although the nature of people at work and their complexities make their management a difficult task, it provides a unique opportunity for academic (e.g. universities) and professional bodies (e.g. Chartered Institute of Personnel and Development – CIPD) to investigate HR related issues and continuously aim to develop HRM practices and improve the way human resources are managed in organisations.

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3.1 Origins of HRM

Any management idea that is used to help managers understand the complexities of people at work is always based on what is already known and what has been a success or a failure due to certain causes and conditions in an organisational context.

Imagine yourself living around 3000 BC in today's Wiltshire, UK. You are involved in a building project to built one of the most important prehistoric monument in the world– the Stonehenge. You are to transport stones weighting around 4 tons from the Preseli Mountains, in south-west Wales, 140 miles away from the building site. You will be working with many other people in mostly unpleasant working conditions where you will be subject to lifting heavy objects, possibly injuring yourself countless times, seeing some of your colleagues get seriously hurt or even die. You will be working in long shifts in cold and rainy weather and probably be paid only in food if you are lucky. You will see some people dressed in better clothes, walking around checking how things are done, shifting people around the building site, allocating them to tasks according to their skill levels and strength, overseeing the whole project. Those people are the equivalent of today's managers whose responsibilities range from managing resources, overseeing the project and ensuring everything works according to the plan.

Just like today's managers, those in 3000 BC faced resource problems: how to find skilled people for the right tasks, how to make sure people do what they should be doing, how to keep people going when the times are tough, etc. In terms of management challenges not much has changed. However, as our social, cultural, economic and political systems have changed the way we work and our working conditions also changed tremendously.

It is becoming increasingly old fashioned to work for an organisation for life. Today, managers are not only responsibly for getting the job done but also responsible for finding the right people for the right job, getting the job done on time, save costs, liaise with various stakeholders, develop and retain existing staff, keep staff morale high, increase staff productivity, etc.

In 3000 BC the most important managerial task was to finish the project at all costs; in 21st Century, however, we are trying to create a healthy balance where organisational targets are achieved and individual needs are met as much as possible.

The roots of people management can be traced all the way back to Stonehenge, but people management as we know it today probably stems from the Institute of Personnel Management (IPM); established in 1946 main aim of which was to meet the increasing need for labour and personnel specialists.

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Between 1950 and 1970 the UK government passed legislations in which employment laws were created to improve conditions at work, meet employee's health and safety needs, increase employees' rights, keep employment records (start date, pay, holiday entitlement, etc.) and introduce personnel specialist in the workplace. In 1960s, management thinkers Maslow, Argyris and Herzberg placed greater emphasis on human resources and draw attention to the importance of issues such as motivation, commitment, learning and development. In 1970, new legislations promoting employment standards and sexual equality at work sealed the importance of the personnel management function at work.

In the 1980s and 1990s the traditional personnel management function was under heavy criticism both from the academic and commercial institutions. It was argued that the traditional personnel management functions were not adequate and sophisticated enough to cope with the uncertainties of the environment, people and changing nature of work. Thus, Human Resource Management was born out of the debate that a more sophisticated model of people management is needed to cope with these uncertainties, not only on the operational level but also on the strategic level to achieve competitive advantage.

3.2 Definitions of HRM

Resource, in its organizational context, is defined as 'anything that could be thought of as a strength or weakness of a given firm' including tangible and intangible assets (Wernerfelt, 1984: 172). There are three main organizational resources: human resources, financial resources and technological resources. The term human resource management has been subject to considerable scrutiny and its philosophy and character has been the focus of continuous debate, and a widely accepted definition does not exists, however, below are some definitions of HRM from its early years to date which can be useful in capturing a glimpse of its philosophy and use:

The purpose of HRM is to ensure that the employees of an organization are used in such a way that the employer obtains the greatest possible benefit from their abilities and the employees obtain both material and psychological rewards from their work (Graham, 1978).

"HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques." Storey (1995: 5).

"HRM is a managerial perspective which argues the need to establish an integrated series of personnel policies to support organizational strategy." Buchanan and Huczynski (2004: 679).

"HRM is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices." Bratton and Gold (2007: 7).

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Although there is no consensus on the definition or the characteristics of HRM it can be seen from the above definitions that HRM is a combination of people-oriented management practices that views employees as assets, not costs; and its main aim is to create and maintain a skilful and committed workforce to gain competitive advantage.

The differences in the interpretation of HRM have created two different schools of thought: soft and hard variants of HRM (Storey, 1992). Soft and hard HRM are also often defined as two main models of HRM. Soft HRM focuses on employee training, development, commitment and participation. It is used to define HR functions aimed to develop motivation, quality and commitment of employees; hard HRM, on the other hand, concentrates mostly on strategy where human resources are used to achieve organisational goals. It is also associated with cost control and head count strategies, especially in business processes like downsizing, lowering the wages, shortening comfort breaks, etc. (Beardwell and Claydon, 2007).

Nevertheless, one should bear in mind that hard approaches to HRM contains elements of soft practice and vice versa. For example, one cannot rule out the issues of employee morale and motivation when planning cost reductions through lowering wages. Just like people come in different shapes and sizes, organizations has different understandings of HRM. One should remember that HRM cannot be defined in isolation but it has to be defined according to its political, economic and social context; thus it is acceptable to have variations in its definition and use.

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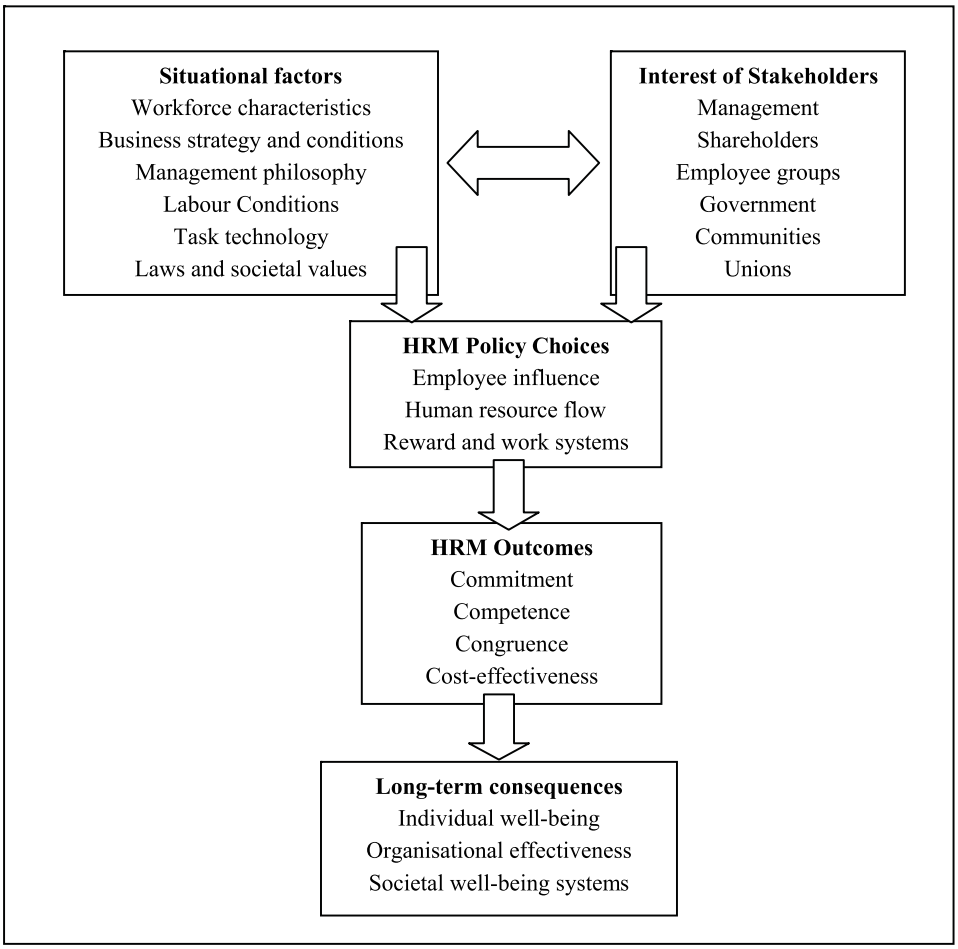

Figure 2 The HRM framework (adapted from Beer et al. 1984: 16)

Contrary to the common understanding, HRM is not a fancy name to describe personnel management or an attempt to make personnel management sound more interesting. Although HRM as we know it today has its root in the philosophy of personnel management, there are fundamental differences between the two. One of the most important distinction lies within their aims. Personnel management regards employees as cost and aims to minimize cost and increase productivity. HRM, however, sees employees as human resources and its main aim is to improve, develop and retain this resource.

The second distinction is their function. Personnel management has its roots in Industrial relations where the emphasis is on managing a consensus. Personnel managers play a third-party role, seeking agreement between management and employee negotiations. However, in reality, personnel managers often sited the management rather than employees to counter balance the power of trade unions (Hendry, 1999).

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Personnel management functions on a reactionary basis; that is, it follows a set of rules and regulations that state what to do when an employee has a problem. It deals with immediate concerns and has a more administrative function. Personnel management has rather a short term agenda and it is mostly line managers' responsibility. HRM, on the other hand, has a long-term agenda, the focus of which is employee development which includes the management of managers (Storey, 2001). It is a strategic function where recruitment, selection, the welfare of employees, their training, development and retention is planned and the most effective ways of putting these ideas into practice are designed in alignment with organisation's strategic goals.

3.3 Human Resource Management as a Strategic Function

A strategy is a plan of actions designed by senior management to achieve a favourable position in the competitive environment. HRM strategy can be defined as the open and hidden agendas of the organisation, for managing its employees, to achieve its long-term aims and objectives (Tyson, 1995). Strategic HRM covers the HR strategies adopted by the organisation and tries to control its impact on performance (Lengnick-Hall et al. 2009).

Terminology used in strategy can be incoherent in the academic literature. However, more or less, every academic literature uses four main concepts when explaining strategy: mission, objective, vision and policy.

- **Mission:** dominant purpose, or overriding reasons of an organisation's existence.
- **Objective:** statement of outcomes to be achieved within a time frame.
- **Vision:** a desired future state where the organisation aspires to be.
- **Policy:** guidelines of organisational tasks.

The importance of HRM has increased with the unavoidable need for globalisation. The rapid increase in globalization of businesses has created a fiercely competitive environment where the only effective way to remain in competition is to develop and improve the workforce. Organisational flexibility is vital for survival in these competitive markets and through the rapidly changing consumer trends. As a result there is a greater need for recruiting and retaining skilled workforce with multiple competencies than in the past. Employee commitment and loyalty to the organisation are also still problematic management issues to be solved almost on a daily basis.

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The importance of HRM was also recognized not only on a national level but also on international levels. As a response to effects of globalisation and to an increase in the need for skilled workers in knowledge-based industries, The European Union (EU) issued legislation the main aim of which is to be the most competitive knowledge-based economy and the most dynamic information society in the world by 2010. The member states, including the UK, reduced the power of managers in the areas of hiring and firing, promotion and payments through various legislations that gave greater rights to employees especially in the areas of union membership, employee protection, age, gender and race discrimination (Banfield and Kay, 2008).

In addition to the effects of globalisation, the traditional careers and industries – working nine to five in a job for life – are no longer the norms. There is a shift away from industries that require physical power towards the ones that depend on knowledge and skills. The traditional career has survived in the past because bureaucratic organizational structures have depended on it for decades to function effectively in the industrial environment. Many layers of management have created this image of hierarchical tower where employees needed to climb up.

However, the greater need for flexibility has forced organisations to have flatter structures to adapt consumer demands and changing market conditions in the knowledge-based industries quickly. Thus the nature of careers has also changed from traditional ones to more flexible ones where the boundaries are blurred and the job for life is no longer necessary (Baruch, 2004).

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More and more people are working on project basis jobs, in flexible hours, and often even working from home. Hence, changing nature of careers and work demand changes in the way human resources are managed. This demand increases the importance of HRM and makes HR an essential function not only on the organisational but also on strategic levels.

There are four main points that HR managers need to analyze in order to establish a healthy and effective strategic HR function (Bloisi et al., 2007):

- **Current state of the workforce:** what is the current situation of our workforce? Is our workforce doing what it should be doing in order to achieve our goals?
- **Internal strength and weaknesses:** What are our core capabilities and sources of our workforce for competitive advantage? How can we train, develop and retain our employees? What are the limitations of our workforce?
- **External opportunities and threats:** How can we take advantage of the current situation in the business environment? What plans do we have for our workforce if the current market changes?
- **The path:** How do we know we are on the right path? Are we meeting our deadlines? Are we on schedule?

It is important to have HRM on the strategic level because it provides a broader range of solutions to complex problems generated by the changing nature of work, employee diversity, changing customer needs and globalisation. Effective organisational strategies can only be set if resources such as people, money and technology are taken into account. Organisations need to know their employees' capabilities and their financial and technological capacities before laying down any plans for the future.

Strategic HR function is connected to the idea known as the 'resource based view'. It can be argued that competitive advantage can only be achieved through creating and developing core competencies that are better than the rivals. Organisations gain competitive advantage by adapting faster to changes that occur in their environment. This requires planning long-term organisational flexibility and innovation, which comes from the people who work in that organisation, i.e. its human resources.

HR function should be managed and developed alongside the overall strategy to establish the best fit between the organisation, its employees and its environment. This requires aligning organisational goals and processes with employees' needs and capabilities in a systematic way. Doing so will enable various training, development and learning opportunities to arise for employees to benefit. This is critical because, in return, organizations are more likely to gain competitive advantage and there is strong possibility that the overall organisational performance and the bond between the employees and the organisation will improve.

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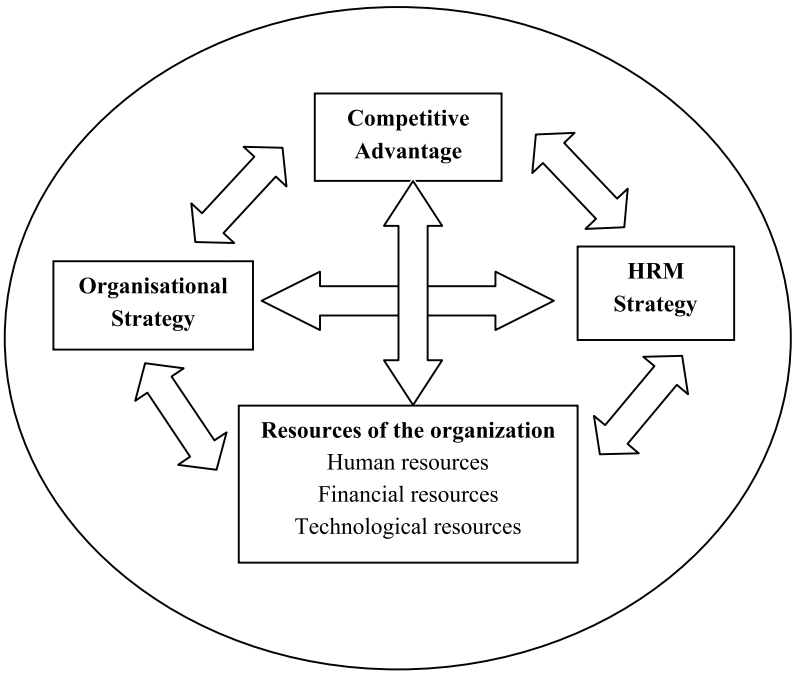

Figure 3 Cycle of Resource-based HRM model

Thus, there is a need to think and develop a set of activities that connect the HR practices on the strategic level. This is evidence that HR function is different and more sophisticated than personnel management and managing the human resource is a crucial process in achieving competitive advantage. It is absolutely necessary that employee needs (e.g. training, development, etc.) have to be tailored with future needs and opportunities in mind, instead of addressing to current conditions.

HRM is a strategic process because management of human resources plays a decisive role in determining the future success or failure of employee performance and the business as a whole. It is important that the HR strategy has to be aligned with the organisational strategy; otherwise a healthy strategic fit cannot be achieved.

Current strategic HRM trends suggest that firstly, there is a strong relationship between HR systems and organisational performance. Secondly, strategic HRM is more likely to be adopted in privately own companies rather than state owned or public sector organisations, especially in the case of emerging economies. Thirdly, in the case where there are parent and subsidiary organisations (businesses where a large organisation controls other small organisations) more attention is needed on the HRM strategy on the corporate level especially in areas of transferring the HR practices from one organisation to the other(s).

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Corporate strategy covers the overall strategy for a diversified organisation and focuses on the various businesses and practices and the ways in which strategies of each department are coordinated. Fourthly, there a re attempts to merge human capital with organisational learning to develop new models and understanding of the importance of strategic HRM (Lengnick-Hall et al, 2009).

The importance of strategic HRM has been established in the business environment. It is a continuously evolving field and it needs constant attention from researchers, academics and HR practitioners. New challenges to the business environment (e.g. the credit crunch, chaining government legislations for businesses, new organisational forms, etc.) are presenting new opportunities and challenges for HR practitioners on strategic levels. These opportunities and challenges need to be addressed and new HR strategies need to be formulated to keep up with the growing competition and performance pressures.

Review Questions:

1. What are the current challenges in managing people and how can HRM help managers overcome these problems?
2. Where do you see the contribution of HRM in achieving organizational goals?
3. What evidence is there to suggest that HRM makes any impact on the organization on the short-term?

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4 Motivation and Commitment at Work

One of the greatest challenges for organizations, in particularly for the HR function, is to create and maintain a motivated and committed workforce. After all, our economy depends on maintaining the motivation and commitment of employees and their increasing performance at work.

Employee motivation and commitment continues to be a topical issue in business and management literature. Motivation and commitment are fascinating concepts in the degree to which they impact employee and organisational performance and effectiveness (Bratton and Gold, 1999). Motivated and committed employee behaviour is at the heart of HRM and a central feature that distinguishes HRM from traditional personnel management; to put it simply, it is the *holy grail* of HRM (Storey, 1992; Gbadamosi, 2003).

4.1 Motivation

In psychology, motivation is a term used to explain why people behave in a certain way. Motivation is the force that ignites, directs and maintains our behaviour (Bartol and Martin, 1998). The definition has three key components. The first is *ignition*, is the initial feeling of interest that a person has towards achieving a set goal. The second is *direction*, is the set of actions that people will take in order to achieve their goal. Direction is influenced by what an individual most desires to do. The third is *maintenance* of the behaviour until the goal is achieved. Maintenance equates to how much an individual is willing to stay in that direction when difficulties arise (Di Cesare and Sadri, 2003). For example, if an employee is wishing to get a pay rise, s/he will probably be more willing to stay for extra hours and take extra tasks at work.

Motivation is an individual phenomenon. It is the force that gets us out of bed in the morning. Although there will be similarities in factors that make different individuals behave in similar ways, each person is unique and there are differences in what motivates them. For example, money can be a dominant motivator for some people to go to work, but everybody has a different view on the importance of money as a motivator.

In addition, once the dominant motivator (e.g. money) ignites a certain behaviour (e.g. going to work), each individual then focuses on other motivators such as personal fulfilment, variety at work, conditions at the office, etc. that will influence individuals' behaviours at different times and at different levels.

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Motivation process is triggered by people's perception of *actual self* and *ideal self*. Everyone has a self identity that consists some strengths, weaknesses, feelings, beliefs and abilities. Each individual also has an ideal self – the person he/she desires to be which is different than their actual self. The differences between the actual self and the ideal self are regarded as *needs* (Rollinson, 2008). For example, if there is a difference between an individual's ability to lead people at work and the level of leadership skills that other people expect, than he/she will make an effort (or in other words *be motivated*) to improve his/her leadership skills.

Theorists of work motivation distinguish between intrinsic, extrinsic and social motivators. However, there is an ongoing disagreement on these distinctions because one motivator can be classified differently depending on its context at work. Nevertheless, a separation has to be made in order to explain the different types of motivators.

Literature defines intrinsic motivators as the ones that concern the individual and originates from the nature of work itself such as job satisfaction, personal development, acknowledgement from managers or an interest in a task or a project at work. Intrinsic motivators are largely psychological.

Extrinsic motivators are the ones that are beyond individual's control and they are tangible such as pay increase, bonuses or other material goods. Social motivators originate when an individual is with other people; mostly stemming from having a common purpose as a group or a team. Social motivators are also mostly psychological (Bratton, 2007).

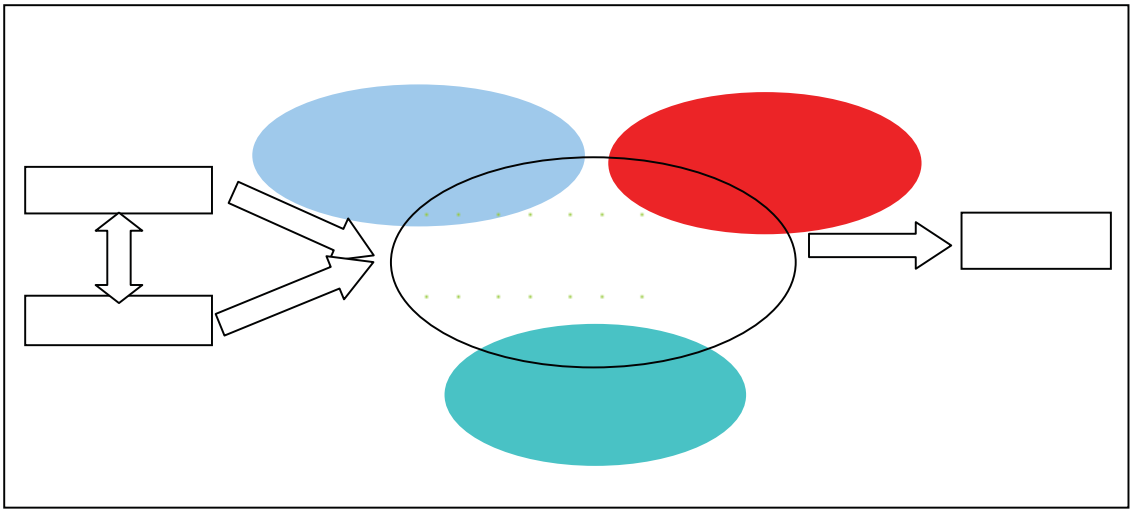

Figure 4 Motivation Process (adapted from Rollinson, 2008: 197)

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If we can understand the motivation process and what motivates employees, we can influence their behaviour. There is no universally accepted theory of motivation in the workplace due to the complex nature of the topic; however, there are a number of popular theories that aim to explain what motivates employees at work. It is for the benefit of the reader to note that each theory approaches to motivation from a different angle and collectively, they provide useful clues in understanding how to improve employee well-being at work, or rather, how to create a work place where employees will be motivated.

It is also useful to note that one should not judge early theories of motivation on the basis of today's ethics and morals. In addition, bear in mind that, many of the early ideas were never intended to have the importance that later placed upon them.

Theory of motivation can be traced back to the ideas of Taylor (1911) who came up with the principles of *Scientific Management*, which aims to give greater control to management over the labour process by exchanging effort for reward. Taylor regarded management superior to employees and argued that management should be the brains of the organisation. He suggested that to gain more, employees need to work more in the most productive and efficient way possible.

Taylor thought if management was determined to put their ideas into practice, work would be more satisfying for the employees. However, in reality, managers used their power and Taylor's ideas to push employees to their limits.

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Planning and performance were the areas Taylor was interested the most. Taylor believed that there is a best method which individuals should take for completing each job as efficiently as possible. He suggested that to improve work process one needs to dissect them into tasks so that the best way to perform a task could be found and detailed instructions can be created for individuals to follow.

Of course, heavy pressure on workers and the terrible working conditions resulted in strong reactions and criticism against Taylor's ideas. Some of the ideas of Scientific Management could be seen as valuable for productivity and efficiency, but Taylor gave great levels of power to management and regarded employees mostly like replaceable parts of a machine with no consideration of their physical, psychological and social well-being.

The study that illuminated the importance of people in organisations began with a series of experiments in Hawthorne plant in early 1930s, later named as Hawthorn Experiments which led the creation of the *Human Relations* approach. According to this approach people's physical environment and their relations with each other is the key for increasing performance at work.

Hawthorn experiments concentrate on four areas: lighting, lay out of the rooms, employees' perception of their superiors and social relations at work. The overall conclusion was people's satisfaction at work heavily depend on their social relations with others (friendship, love, sense of belonging, etc.) and social relations were more important then the physical conditions (the actual office building, view, furniture, etc.). In other words, the experiments found that people were motivated more by their social relations than the physical conditions at work (Mayo, 1933).

Mayo's works on the Hawthorne experiments started an interest in human behaviour. Many theories of motivation have developed and they can usually be put into two categories: content theories and process theories.

4.1.1 Content Theories of Motivation

Content theories of motivation focus on the goals we aspire, our specific needs and explore situations where these needs trigger behaviour. There are many content theories, but literature highlights four main theories:

- Masolow's hierarchy of needs
- Alderfer's existence, relatedness and growth (ERG) theory
- Herzberg's two-factor theory
- McGregor's Theory X and Theory Y

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Maslow's Hierarchy of Needs

Maslow argues that people are motivated and satisfied by built-in basic intrinsic motivators that are arranged in hierarchical order. In the first level are the basic *physiological needs* such as food, water and shelter. In the second level are the *safety needs* that include security, order and being free from suffering. First two levels of employee needs can be satisfied by increasing their income levels.

In the next level are the *social needs* such as love, friendship and sense of belonging. It is assumed that employees will be better motivated if they form friendships at work or when they feel they are part of a group. Once these needs are met employees need to satisfy thier esteem needs in which their ego has to be satisfied through confidence, self-respect and recognition. At the top level are self-actualisation needs where employees are reaching their full potential (Maslow, 1943). Maslow argued that one level must be satisfied before the next level of need emerges.

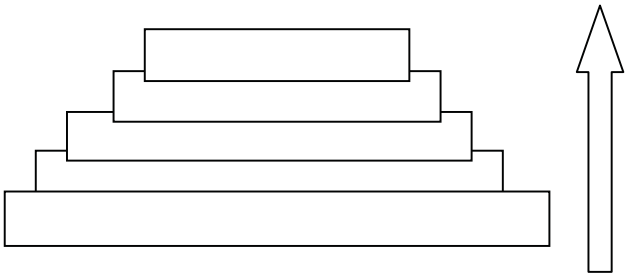

Figure 5 Maslow's motivational needs hierarchy

Maslow's theory of motivation has been criticized for being very vague and broad. Critics argue that human behaviour cannot be predicted, thus its triggers (motivators) cannot be categorised. They also suggest that Maslow's theory applies to social and psychological behaviour more than organisational behaviour. Moreover, later research found that there was no evidence to prove that human needs can be classified into five categories or arranged in a hierarchy, however they can be categorised into two: deficiency and growth needs (Wahba and Bridwell, 1976).

However, Maslow did not intend his hierarchy of needs to be the only description of how people are motivated. His hierarchy simply represents what might happen under ideal social circumstances. Maslow later wrote:

"But I of all people should know just how shaky this foundation is as a final foundation [of motivation]. My work on motivation came from the clinic, from a study of neurotic people. (Maslow, 1965: 55)."

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Maslow's theory remains very influential and relevant to management studies and employee behaviour. Number of popular management practices today such as total quality management, business process re-engineering, job enrichment, employee empowerment and self-managed teams have their roots in Maslow's ideas on motivation (Buchanan and Huczynski, 2004).

Alderfer's ERG Theory

Maslow's hierarchy of needs theory has been criticised for being too finely segmented and difficult to distinguish the level of importance of needs. Alderfer (1969) argued that Maslow's hierarchy of needs can be modified to overcome these criticisms and grouped under three needs: *Existence*, *Relatedness and Growth*, referred to as ERG theory. Existence needs comprise Maslow's psychological and safety needs. Relatedness needs cover all Maslow's social needs and some of the esteem needs. Growth needs are similar to Maslow's self-actualisation needs where individual potentials are realised fully.

However, there is a clear distinction between Maslow's and Alderfer's understanding of motivation, Alderfer believes that it is not necessary for one level of needs to be satisfied before other needs to emerge. He suggests that different needs can be active simultaneously due to the complex nature of individuals. In fact, Alderfer does not necessarily believe in the nature of a hierarchy of needs. Rather he argues that all categories of needs are active in individuals and they are not arranged in accordance to their importance.

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One key point in ERG theory is the *frustration regression hypothesis*. In this hypothesis Alderfer suggest that one individual's failure to satisfy a particular category of needs can result in the increase of importance of other individual's needs. However, Alderfer's ERG theory is not tested empirically beyond his own efforts and the universality of his theory remains to be proven. In other words, we don not know how his ideas of motivation applies to work place and whether these ideas can be applied to organisations and individuals world wide.

Herzberg's Two-Factor Theory

Herzberg (1966) based his ideas from his own study of a number of accountants and engineers where he asked them to state times where they felt good or bad and reasons behind these feelings.

Herzberg (1966) bases his ideas of motivation on two factors: *hygiene* and *motivator*. *Hygiene factors* are extrinsic and they determine the environment that work takes place. When these factors (e.g. money, status, conditions of work, job security, quality of management, etc.) emerge on a continuum they determine the adequacy (where employees are satisfied) or inadequacy (where employees are dissatisfied) of the work place (McLean et al. 1996). Hygiene factors do not produce job satisfaction; they simply produce good working conditions that provide good hygiene.

However, *motivational factors* are intrinsic, thus different for each individual (e.g. recognition, acknowledgement, development, etc.) and they are associated with work itself. In their absence work is regarded as unsatisfactory and when they are present work is regarded as satisfactory. One should note that if motivational factors are absent, employees may not necessarily be dissatisfied, because the opposite of *satisfaction* is not *dissatisfaction*; it is simply *no satisfaction* (Rollinson, 2008).

Dissatisfaction only occurs when hygiene factors are absent and satisfaction only occurs when motivational factors are present. When hygiene factors are present and when motivational factors are absent, there is simply neither dissatisfaction nor satisfaction.

Herzberg's ideas of motivation has also been criticised heavily and often accused of being confusing. One set of criticism is that his ideas do not apply to unskilled, manual labour where work is dull and repetitive and employees who work in these jobs are often not interested in job content un like accountants and engineers who originally took part in his research. Yet, it is the employees who work as manual labour are often giving HR managers the most headaches over motivation.

Second set of criticism is that description of good or bad events influences the outcome of the experiment. That is to say, employees are more inclined to attribute dissatisfying events (hygiene factors) to external things and satisfying events (motivational factors) to their own performance. For example, individuals are more likely to mention how hard working they were and how many extra hours and effort they put in work rather than praising the quality of supervision they received when asked about the reasons behind the success of a project.

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McGregor's Theory X and Theory Y

Maslow's theory of needs have motivated McGregor to generate his ideas on employee motivation where he comes up with two assumptions (Theory X and Theory Y) claiming a manager's opinion about people influences the way they manage. His aim was to provoke management by highlighting the stereotypical views rather than producing empirical evidence.

Theory X represents the set of assumptions that people are motivated only to satisfy their basic needs and not to contribute to the satisfaction of organisational needs. Theory X suggests that people only work for money and they are inherently unreliable and prefer to do as little as possible at work. When this situation occurs, McGregor argues that managers try to change their staff behaviour to fit the needs of the organization through reward, punishment and control.

On the other hand, Theory Y represents the set of assumptions that people are motivated for growth and fulfilment, and that they can be trusted to contribute to achieve organisational goals. According to this set of assumptions, management's responsibility is to enable employees to develop and grow at work through creating an appropriate work environment which can be achieved in various ways such as providing training and development opportunities, modifying job design or changing certain job tasks.

4.1.2 Process Theories of Motivation

Process theories of motivation concentrate on the choices (or actions) individuals make to achieve their goals. Process theories of motivation can be grouped under three theories: Expectancy Theories, Equity Theory and Goal-setting Theory.

Expectancy Theories

Expectancy theories are a set of assumptions originating from Vroom (1964) and by Porter and Lawler (1968). Vroom (1964) claims that force of motivation can be calculated if key values are known:

- **Expectancy**: perception that there is a connection between effort and performance (e.g. if I work hard, I will get a promotion).
- **Instrumentality**: perception that performance related outcomes will result in value related outcomes (e.g. if I increase the quality of my work, I will receive a bonus).
- **Valance**: expected worth of outcomes (e.g. being acknowledged will help me satisfy my self-actualisation needs).

The literature provides various calculations and formulas on calculating the force of motivation if these key values are known, however, in practice no manager sits down with a calculator and start crunching these numbers. Therefore, it is useful to be aware that there is formula for calculating the force of motivation; however, it is somewhat irrelevant in HRM practices today.

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Porter and Lawler (1968) developed Vroom's theory a step further. They have introduced the *value of reward* to the equation and, in addition, they argue that performance is not direct result of force of motivation, but it is shaped by individuals' perception of their role at work and their personality.

Porter and Lawler (1968) claim that *value of reward* is the value an individual places on the outcome of a performance. They suggest that every individual will value the outcome differently and this value is influenced mostly by previous experiences at work. Hence, force of motivation cannot directly determine performance but other values should also be taken into account.

Equity Theory

Adams' (1965) equity theory focuses on the assumption that individual's perception of how fairly they are treated when compared to others will determine their motivation. For example, to find out how fairly you are getting paid at work, you compare your salary with your colleague's. According to Adams individuals can only be satisfied at work if they believe that others are sharing the same conditions. The same principle applies to the effort that an individual puts into work. Employees' performance is often evaluated in comparison with others.

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Adams (1965) suggest that employees place a value on various inputs and outputs. If an employee thinks the input (e.g. effort, time, etc.) he/she puts into a job exceeds the output (e.g. salary, acknowledgement), then that employee will be dissatisfied and he/she will be motivated to change the situation by either working less or asking for a pay rise.

Equity theory is simple but it has proved to be robust. It has been tested empirically and proved to be very useful in understanding employee dissatisfaction and motivation. It is important to keep in mind that employees make comparisons with regards to their working conditions, the nature of their jobs and their salary. Thus, Adam's theory has important implications for HR practitioners especially in the areas of job design and reward systems. If HR practitioners want to avoid conflict and dissatisfaction amongst employees, they have to explain the criteria for pay, rewards, and the input that a job requires to produce a desired outcome.

Goal-Setting Theory

The basic assumption of this theory is that employees' goals determine their behaviour and decisions at work. Locke (1968) argues that employees will be satisfied if they achieve their goals and the more difficult these goals are to achieve, the more satisfied employees will be when they achieve them. Also, goals with clear and explicit outcomes are likely lead to higher performance. For example, an employee is likely to perform better if the out come of the task is known and clearly explained, rather than general goals, such as "do your best".

In addition, it is argued that effective feedback will lead to better employee performance. Effective feedback on the outcomes of a task will enable the employee to spot his/her strengths and weakness and will lead them to be more aware of their performance next time. Also, ideally goals should be set with employees and should not follow a top-down approach. Studies show that the greater the employee involvement in goal setting the more productive the performance is. By allowing employees to participate in setting goals, one can assume that employees will have more of a sense of involvement in the tasks and will be motivated.

So, considering the above points four key points can be highlighted for HR practitioners to keep in mind:

- Try to push employees' performance and create challenging tasks but make sure the goals are not beyond employees reach.
- Make sure the goals and the expected outcome is explained clearly and simply to the and there is no room for vagueness.
- Make sure to involve employees in planning and setting goals and negotiate the expected outcomes.
- Provide clear and constructive feedback explaining how employees can improve their performance by highlighting strong and weak areas of their performance.

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It is obvious that there is no single motivation theory that can explain employee behaviour at work. However, above theories are there to give you some ideas of the main concepts that shape employee motivation. It is always helpful; to think that more than one theory can be applied to a work situation and because people are complex and unique, everybody will be motivated differently. The lack of a universally applicable motivation theory makes life more challenging for HR practitioners. However, hopefully you will find this challenge highly motivating and continue to contribute to the well-being and effective management of employees.

4.2 Commitment

Commitment has been an interesting topic for management for some years because it can be used to understand and predict desired employee behaviour, particularly in the areas of performance, absenteeism and emotional attachment to the organisation. One of the defining characteristics of HRM is managing organisational climate that leads to employee commitment.

Commitment is a particular interest for HRM in the last decade in the areas of selection, performance appraisal, career management and decision making. The assumption is that employees who are highly committed to work are more likely to put effort towards learning, training and development with the intention of improving their performance. Effective HRM practices enable the achievement of dedication amongst employees and those employees are likely to contribute to organisational effectiveness (Guest, 1997).

HRM can be described as a philosophy that is centred on emphasizing the mutuality between management and employees at work (Shepherd and Mathews, 2000). HRM practices are largely designed to top elicit high commitment from employees and encourage employees to generate more effort that is outside the contracting hours to contribute in achieving organisational goals.

According to the general HRM philosophy, commitment is a shared responsibility between management and employees and commitment towards the organization is increased by maximising human resource practices. This in return will result in high employee commitment and low absenteeism and labour turnover.

4.2.1 Models of Commitment

Literature presents two main models of commitment: *traditional model* and *behavioural and attitudinal model* of commitment. The following sections present these main approaches to employee commitment.

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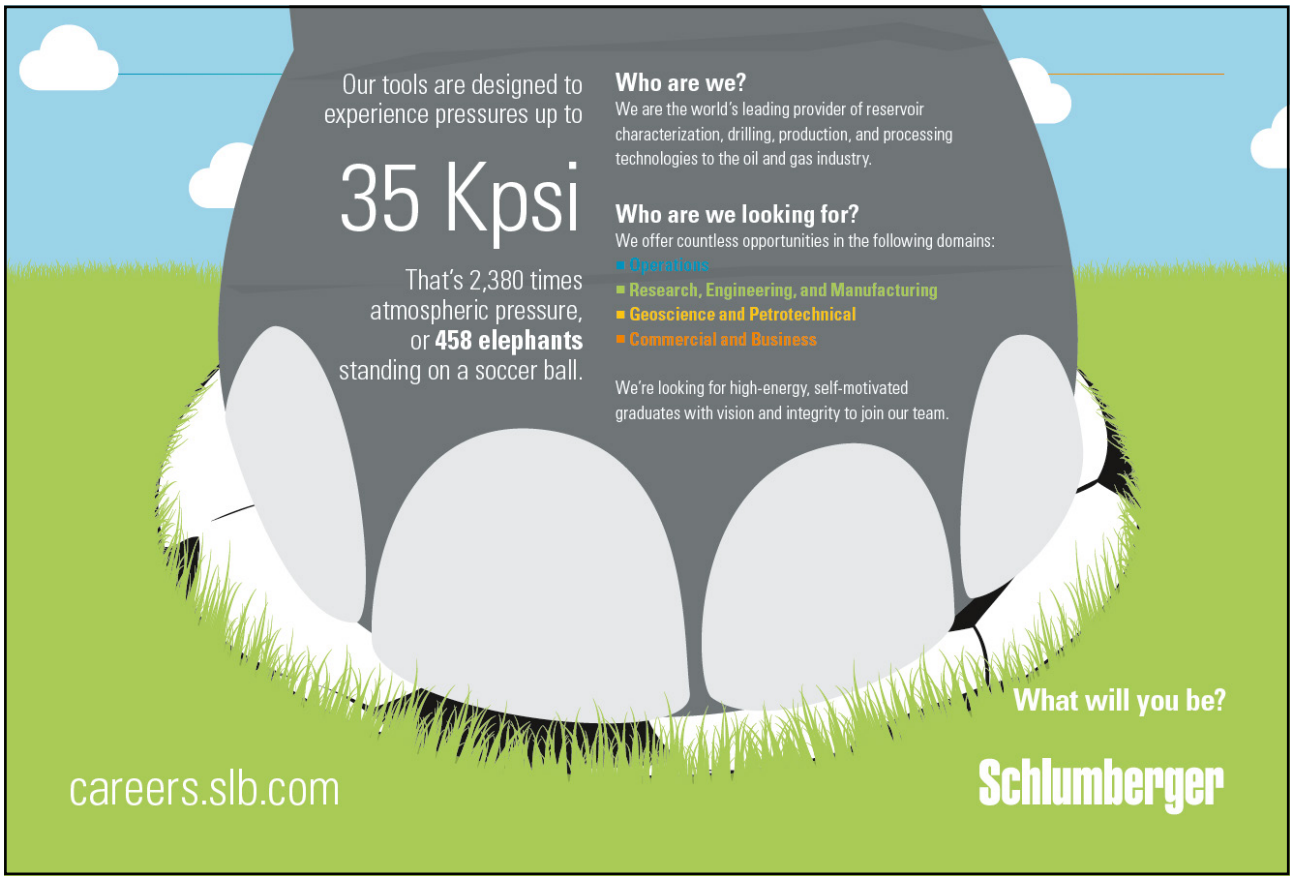
Traditional Model of Commitment

In the traditional model of commitment the focus is on the basic assumption that employees who are committed contribute to achieve organisational goals in more positive ways than the ones that are less committed. It is very simplistic and very much associates commitment with employees willingness to stay in the organisation.

According to the traditional model, commitment is often defined in terms of loyalty (to the organisation) and attachment (to individuals or groups in the organization) which leads to two problems. First, commitment cannot be discussed without the concept of job satisfaction. Second, commitment can often be conceived as a set of attitudes. However, recent research highlights that employee characteristics (educational level, demographics, etc.) and personality (values, beliefs, expectations, etc.) are also highly relevant (Alatrista and Arrowsmith, 2003).

The idea of commitment has changed since the 1970s. Previously, employers thought employees should stay in their organisation for life and be prepared to work hard. However, things have changed since then. Firstly, as mentioned in Chapter 2, a job for a life is no longer the norm. Secondly, responsibility of managing one's career has shifted from organisation to individual as employees can change careers and employers easily.



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Employee commitment is no longer something employers can take for granted, but something they have to put great effort to achieve. Thirdly, use of new technologies changed the places and times people work. People tend to work longer hours and from different places (at home, when commuting, etc.). Traditional model of commitment does not explain the impact of these recent developments on employee commitment in the workplace.

Behavioural and Attitudinal Commitment

Some authors and researches see behavioural commitment distinct from the attitudinal commitment. Behavioural commitment model suggests commitment results from employees' past actions which are binding. This model claims that behaviour of employees lead to development of commitment attitudes. It involves of biding employees to certain organizational tasks through personal acceptance and responsibility; employees become locked in to the organisation (Mowday et al., 1982).

However, majority of authors believe that it is more useful to consider behavioural and attitudinal commitment as interrelated. They argue that committed attitudes lead committing behaviour and committing behaviours lead committed attitudes. The real issue is not whether commitment process begins with attitude or with behaviour, but it involves an interplay of both behaviours and attitudes over a period of time (Muthuveloo and Rose, 2005).

Attitudinal model of commitment is probably the most popular model of understanding employee commitment. The main assumption is that commitment is the relative strength of an employee's loyalty to, identification with, and involvement in the organisation. This model suggests that to increase commitment, employees need to have an understanding and strong belief in organizational values and goals; and willingness to put effort to achieve these goals (Shepherd and Mathews, 2000). One of the most effective ways to examine attitudinal commitment is through the Organisational Commitment Questionnaire developed by Porter et al. (1974).

This questionnaire has three components:

- *identification*: pride in the organisation and in its values and goals
- *involvement*: putting effort in organisational tasks for the good of the organisation
- *loyalty*: having a sense of belonging and wishing to stay in the organisation.

According to attitudinal model, employees that are highly committed, will less likely be absent which makes attitudinal commitment a desired outcome for employers.

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It is useful to be aware that motivation and commitment are very much interlinked and every HR practitioner needs to understand the reasons behind employees' behaviour and actions. Motivation and commitment have a large role in planning, designing and implementing performance related pay, reward schemes, job rotation, job enrichment, employee empowerment and employee involvement processes at work.

HR Practitioners need to master employee motivation and commitment in order to create an organizational climate where employees can be trained and developed which will lead to low staff turnover and absenteeism in return because employees will feel very much acknowledged, they will see the long term advantages and opportunities in remaining in the organisation and they will realize that employee-organisation relationship is not just an economic but a psychological and emotional one.

Review Questions:

1. Why do employees have different motivations?
2. What are the main challenges of increasing employee motivation and commitment for HR managers?
3. What is the distinction between content and process theories of motivation?
4. What are the limitations of commitment models?

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5 Groups and Teams

5.1 Groups

Chapter 2 defined people as social beings. People tend to be in groups or teams when they are at work. There are jobs where individuals work alone; however, they are seldom isolated. Group and team work are crucial concepts for HRM because they have been considered as one of the most important determinants of organisational and individual success.

Organisations have been defined as a collection of shared meanings held by employees that distinguishes the organisation from other organisations. Thus the way organisations operate, is closely linked to the underlying shared values and meanings that help employees understand the way organisations function and the way employees behave and work are guided by these shared meanings (Sanchez and Yurrebaso, 2009).

If employees lack shared understanding and shared meaning in an organisation, it is less likely that the organisation will be successful in achieving its goals. From and HR perspective, this is a very important issue because to understand individual behaviour one must analyse the groups at work.

Groups can be defined as a collection of individuals who share common goals, have a collective identity and relate to each other in a meaningful way. Random individuals on the street cannot be regarded as a group; or random individuals in a shopping centre cannot be regarded as a group. However, a collection of students who are studying for the same exam and exchanging ideas between each other around a table can be regarded as a group.

Employees join in groups for four main reasons: security, task achievement, social need and power.

Security	Being in a group gives a sense of security and confidence to employees. Also, the power of collective bargaining can balance the relationship between employees and employers.
Task achievement	A group of employees have a better chance in tackling organisational tasks than individuals by putting all their ability, skills and time together which in return is likely to improve the efficiency and the quality of the outcome.
Social Need	People are social beings and they have need for a sense of belonging. As seen in Chapter 4, social needs play an important role in employee motivation. Building social relationships at work improves communication and employee well-being which in return increases employee motivation and job satisfaction.
Power	Groups have more power in enabling change than individuals. For example, an employee might have a little chance in changing the work conditions that are not desirable, but if a group of employees raise the issue, the management is more likely to listen.

Table 1 Main reasons for joining groups (adapted from Mullins, 1996)

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Groups at work can be very powerful in influencing individual behaviours, beliefs and values. Often individuals will be willing to compromise with their own satisfaction, ideals, norms, values, beliefs, etc. for the benefit of the group. Thus, groups can exert control over their members' behaviour and this makes group leaders powerful individuals.

History is full of incidents where almost heroic leaders emerge from the groups at work. For example, Lech Walesa was a trade union member and a leading figure in Gdansk Shipyard in Poland and his popularity and influence grew so much so that he later became the president of the country. Another example is Daniel-Cohn Bendit, aka Danny the Red. He was a very influential student leader in the late 60s who led student protests in France. Later he became a politician and joined the German Green Party. Now he works as a member of the European Parliament.

5.1.1 Type of Groups

There are two types of groups at work: Informal and formal groups.

Informal groups emerge through the initiative of individuals who are trying to satisfy their social needs (sense of belonging, support, friendship and development). Informal groups often form naturally among employees without the involvement of management. Membership for informal groups is voluntary. A group of employees having tea together after lunch or employees that form a book club are examples of informal groups.

Informal groups are essential in organisational life as people often feel happier and involved at work if they have common interests with their colleagues. Forming of informal groups should be actively encouraged by HR managers. The more employees have a shared understanding, interests and values, the more pleasant the working environment will be.

Formal groups are the ones that are established by the management to carry out certain organisational tasks. Membership to formal groups is not voluntary. It is the management that decides to put employees in formal groups or to end their membership; employees have very little choice on the matter. Once the desired organisational task is achieved, formal groups are often dispersed, until the next time they are needed.

Work committees are a good example of formal groups. They are formed to command, supervise, create or accomplish, projects or outcomes of tasks. Work committees have members that are often put together according their seniority or expertise. Although some committees are permanent (e.g. standing committees), they can be formed temporarily (e.g. ad hoc committees or tasks forces).

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Whether in formal or informal groups individuals are expected to have certain roles. A role is an expected or an attached behaviour. In informal groups this expectation can stem from social or psychological forces. For example, when the group agrees to go to a pub often a member of the group who has a senior role in the organisation is expected to buy the drinks. In formal groups, management has expectations from employees to have certain responsibilities over the duties of the group. For example, some employees might be allocated to tackle the budgeting issues while others are responsible for time-tabling of the project.

Group roles can also be problematic. They can lead to role ambiguity or role conflict. Role ambiguity exists when the aims of one's tasks or the methods of performing it are not very clear. The individual gets confused and does not know what is expected from him/her. This often occurs when borders of one's responsibilities are blurred. Employees often find themselves in situations where they are aware of a certain problem but cannot take actions to solve it; and often end up ignoring it or passing the bucket to someone else. For example, during the recent snowstorms, London buses and trains cease to operate because of the snow on the roads and tracks. Londoners were caught unprepared because it was not clear whether the responsibility to start cleaning the snow belonged to emergency services, local authorities or Transport for London.

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Role conflict occurs when an employee is given more than one role to fulfil. Firstly, the individual needs to prioritise and plan how much time and effort to invest in each role. Secondly, the individual needs to decide which role to perform at work. For example, an employee who is involved in two different projects at the same time might struggle to achieve a healthy balance.

5.1.2 Group Formation

There are various theories of how groups develop, but the most influential of all has been Tuckman's (1965) model. According to his model, groups go through a number of stages before they can be fully effective. The first stage is called *forming*, where the groups comes together and faces many uncertainties with regards to its purpose, structure, leadership and members' roles. At this stage the group does not have a clear strategy and group members do not know the norms and the values of the group, which behaviours are acceptable and which ones are not. Group members are anxious and do not trust each other; they are unwilling to reveal too much information about themselves and keep their guards up.

The next stage is *storming*. The group begins to work together to solve the initial problems and settle any disagreements. Group members focus on resolving conflicts about behaviour, roles and expectations. Sense of belonging and acceptance emerges and some members begin to show sign of leadership.

The third stage is *norming*, where members develop close relationships and set ground rules to keep the order. A structure is also set to distribute various responsibilities to group members. This helps to predict future group behaviours and activities. Initial feeling of unrest and uncertainty are replaced by harmony and peace.

The fourth stage is *performing*. The togetherness of the group is obvious. The group is matured, trust and commitment are established amongst the members, and they are concerned about working towards accomplishing the goals of the group by working collectively. At this stage, group members have the desire to remain in the group and they are happy working under the leadership of the group leader.

The last stage is *adjourning*. After accomplishing its goals or after its members leave the group disbands. Ceremonies or rituals such as going out for a meal or having speeches often mark the end of a group.

5.1.3 Behaviours that Adversely Affect Group Performance

It is clear that group's success depend on the individual. Loyalty, commitment and trust, obedience and effective leadership are essential factors that determine the performance of the group. However, there are factors that adversely affect the success of the group. Literature highlights two main factors: *social loafing* and *group think*.

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Social loafing is defined as the tendency of individual group members to make less effort or to perform less when they are in a group rather than when they work alone. Social loafing occurs when the group reaches a certain size and the individual group members expect other group members to put effort to accomplish the agreed goals.

There are various causes of social loafing. Individuals can feel unmotivated when they work in groups which can lead them to put less effort in what they do, or individual members simply relax in the knowledge that there are others who can carry out the tasks. Individual members are also more likely to work less or let others do the job, if their personal goals clash with the goals of the organisation.

Groupthink is another behaviour that affects the group neagatively. It is "a mode of thinking in which people engage when they are deeply involved in a cohesive group, in which strivings for unanimity override motivations to realistically appraise alternative courses of action." (Janis, 1972: 9).

Janis (1972) claims that one of the early symptoms of groupthink is when the group starts to drift along. Other symptoms of groupthink are:

- Members have the illusion that they are the best, unbeatable and invulnerable. They are highly optimistic. They take risks, ignore signs of conflict or failure and believe that the decisions they take are correct and cannot be challenged or opposed.
- Members think their actions are morally correct and they create the sense of *us* and *them*, stereotyping the outsiders largely to keep the consensus in the group and avoid challenge. Individuals within or outside the group that oppose the group are ridiculed and isolated.
- Members censor and suppress any doubts or opposing views. Members are pressured to agree with the group values, norms and beliefs.
- Any negative opinion or opposing view is interpreted as irrelevant or individuals keep these views to themselves.

5.2 Teams

The literature sometimes uses the terms *group* and *team* interchangeably but there are subtle differences. All teams can be seen as groups but not all groups can be regarded as teams. According to Belbin (1993) there are clear differences between groups and teams. Groups can be medium or large in size but teams in organisations are generally small. Member selection to teams is vital for the success of the team but the selection for the groups is often not that important. Teams tend to have a shared or a rotating leadership structure, where as groups usually have a single leader. Team members believe in dynamism and coordination, but group members value togetherness around a leader.

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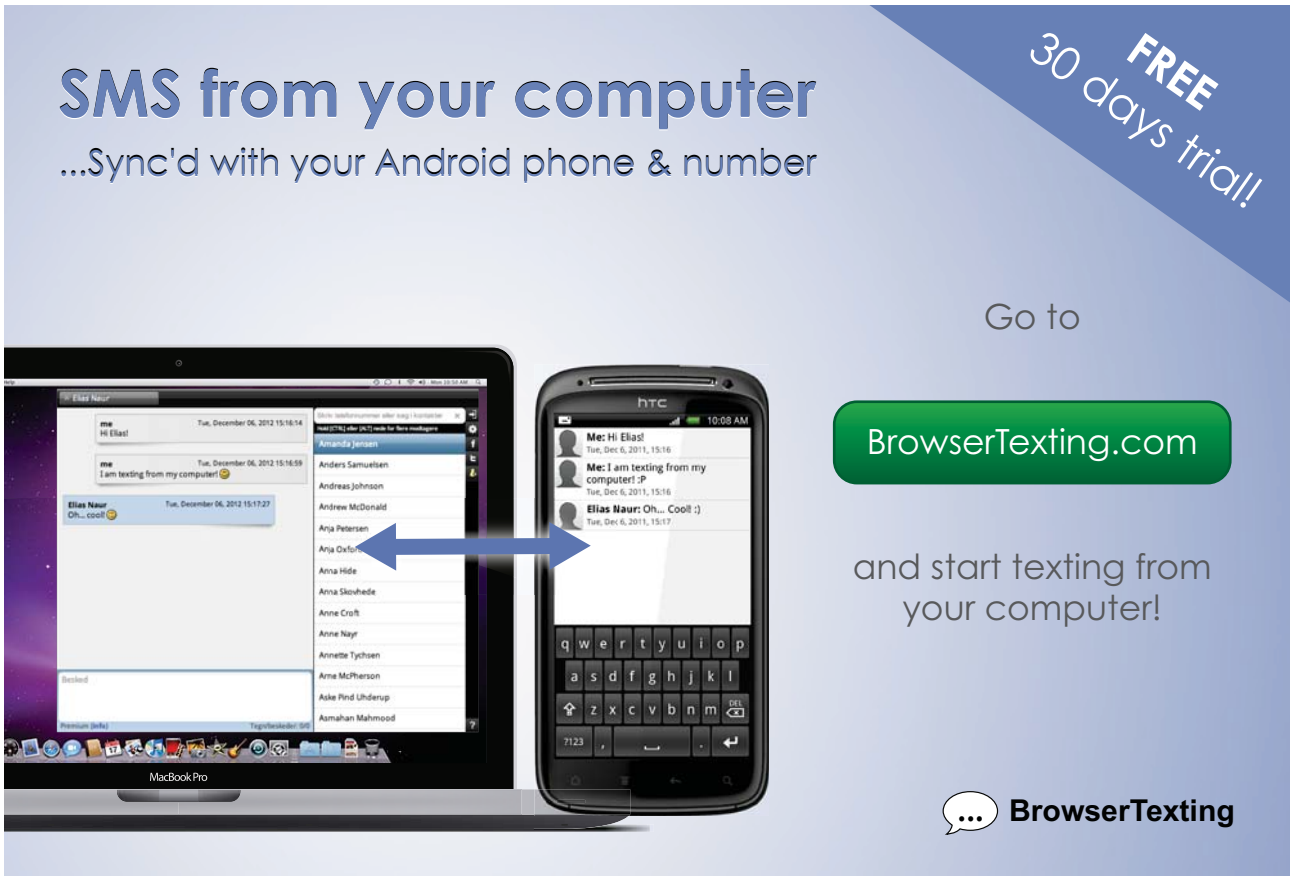
Also, there is a difference in the management of teams and groups. Formal groups that are created by management are constantly required to report back to management. Once teams are set, however, they are given enough flexibility to finish the tasks without constant need for supervision. Teams are more self-managed and autonomous then groups. (Greenberg and Baron, 2003).

Teams and team working is not a new idea. Teams have been in organisational life since the '80s. By the end of the '60s it was evident that classical models of employee management (e.g. Scientific Management) were failing. Classical theories lacked dynamism and flexibility and the developments in technology needed better ideas for cultivating the potential of technology and applying it to work. In addition, growing competition, forced management to find better ways of ensuring employee well-being and retention.

Originally teams were created to enhance employee involvement and well-being in general; however, their purpose and structure have changed since then. Now, there is a move towards creating teams for enhancing productivity at the workplace. This may seem strange to some, who thought every organisation activity has to be employee or customer cantered and that Scientific Management and its focus on productivity was a thing of the past. However, economic conditions and constant flattening of organisational structures led management to take some drastic measures. There is a need to have a workforce which has highly skilled, highly flexible employees that are quick decision makers to tackle the problems efficiently.



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In the 70s, West and North European organisations were trying to find ways to tackle the Japanese competition and to answer the demands of the social and political climate of Europe at that time. Germany and Sweden were concerned about social stability, cohesion, welfare and economic performance and management were experimenting with the use of teams at work.

By the '80s use of teams in organisations became common. One of the distinguished concepts from that era was *self managed teams*. The aim of self-managed teams is to put a number people together that have certain kills and knowledge to work on a particular project.

Self-managed teams are different from ordinary teams. They have no team leaders. Each team member is expected to take part in the leadership role. All members are required to learn and develop new skills when working together. This is believed to increase job satisfaction. Team members are expected to support each other. Coaching or on the job training are common practices in self-managed teams. Use of SMTs proved to increase employee involvement, motivation and commitment at the workplace.

Common characteristics of SMTs are (Mullins, 2005: 723):

- goals set by management but team decides how they will be met
- team members have control and discretion over tasks
- members must have complementary skills
- level of external supervision is minimal
- feedback and evaluation related to the team as a whole (not to individuals)

In the past, just like groups, teams also had designated leaders; however, recently, team leadership is designed on a rotation, based on the nature of the project. Organisations often rely on temporary teams that do not rely on formal authority but flexible leadership (Rollinson, 2008).

New organisational culture is centred on employee involvement, thus communication plays an important role in everyday organisational life. In the '80s teams were often created in senior levels of the organisations for effective decisions making purposes. Recently, teams are encouraged to form at all levels of the organisation and information is made available to all employees through the creation of various communication channels like the Intranet or e-mail.

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5.2.1 Four Stages of Team Creation

Putting a team together is not an easy task and HR practitioners need to be aware of the stages of team creation to be able to get the right combination of skilled employees. According to Greenberg and Baron (2003) there are four stages of team creation:

Stage 1 – *Prework*: Firstly, a decision has to be made whether or not a team is needed. Management has to decide if team working will be more fruitful then individual working for a specific project. To make the decision, one must know exactly what work needs to be carried out. Objectives of the team have to be established, necessary skills that are needed to accomplish these objectives have to be identified, a time plan has to be made and possible candidates for the team membership has to be nominated.

Stage 2 – *Performance Conditions*: Managers has to ensure that the team has the necessary resources to achieve its objectives. This involves material (money, tools, etc.), human (skills, characteristics, etc.) and supportive resources (support from the senior levels of management).

Stage 3 – *Forming*: At this stage management should finalise the members of the team and allocate responsibilities to individuals. Also, a team leader needs to be chosen to monitor and plan the work.

Stage 4 – *Continuous Advice and Support*: Once the team is performing, an effective communication link needs to be established to ensure continuous flow of information, advice and support to the team from supervisors, managers, etc. This will help in early identification and solutions of problems both within team members and team performance.

It is essential that teams receive support from top management. In addition, it is crucial that team members understand team's purpose, its objectives and the methods and skills necessary to achieve them, along with their responsibilities. Unless team members fully understand these key points and achieve full cooperation, disruptions are likely to occur.

5.2.2 Team Roles

Every team has to have individuals to perform a number of roles. A good example is the formation of a football team. A successful football team has to have fast and skilful players that can attack the opponent and score. It also has to have clever mid-fielders who can set up a game strategy by passing the ball to the most appropriate player. In addition, the team needs strong defenders and a goal keeper to repel the opponents' attacks. It is the combination of these roles that make up a successful team.

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A work team also needs a similar balance of skilful members. One of the most influential models on identifying the necessary roles in a team is created by Belbin, who highlighted eight distinctive roles (Belbin, 1996: 122):

- **Plan**t: Rather an unfortunate name for a role that represent an individual who is creative, imaginative and good at solving difficult problems. The weakness of these individuals is that while they are occupied in thinking, they tend to ignore details.
- **Resource Investigator:** Extrovert, good at communicating an finding what is needed in achieving tasks and effective in seizing opportunities. These individuals tend to be over-optimistic and can be over-enthusiastic and lose interest once their enthusiasm dies.
- **Coordinator:** Confident, good at making decisions, delegates, well, but they can be manipulative.
- **Shaper:** Dynamic individuals who like challenges and can thrive when faced with obstacles. However, they can provoke and hurt others emotionally.
- **Monitor-evaluator**: Strategic and sober individuals who are skilful in making good judgements. These people can be too critical and can kill others enthusiasm and inspirations.
- **Teamworker:** Mild in character, cooperative, participative, a good listener. However, these individuals can be indecisive and can be easily influenced by others.
- **Implementer:** Reliable, disciplined, efficient, good at turning ideas into practical solutions. They can be inflexible and slow to respond to changes.
- **Completer-finisher:** Anxious, conscientious, looks for errors. They often worry and can be nit-pickers.
- **Specialist:** Self-starting, single minded, individuals who can provide information and knowledge when needed. However, they can dwell on technicalities and often cannot see the big picture.

One must be aware that individuals do not have a single role at all times. Employees tend to perform different roles according to the nature of the project. Individuals can also perform multiple roles depending on the performances of others and the need to achieve the team goals. However, there are people who are likely to play similar roles in what they do due to the nature of their characters and personality. For example, it will be very difficult for a shy person to perform a coordinator role.

Teams have become established in managerial orthodoxy as fundamental aspects of high performance systems. Also, there is a common myth that putting a number of smart individuals together will automatically yield to superior results. Although teams can be very effective they are prone to similar problems that can occur in groups such as role ambiguity and role conflict, group-think and social loafing.

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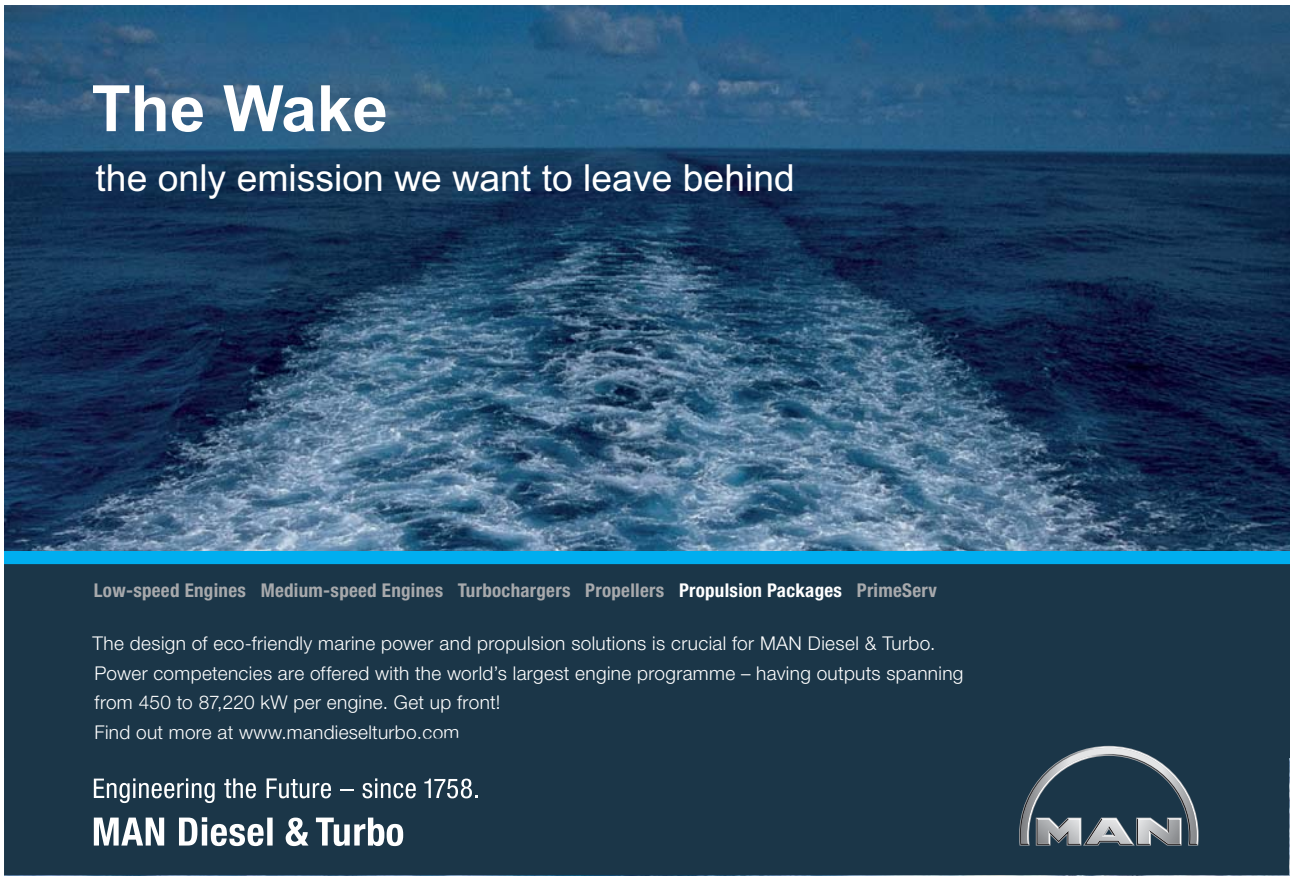
The key issue in this chapter is that groups and teams are crucial for organisations for cultivating the opportunities that individual can offer when working with others towards a common goal, but they have to be managed and organised effectively to avoid any disruptions along the way. Restructuring the workforce is not an easy task but when established effectively teamworking improves competitiveness and enhances the quality of work life for employees (ACAS, 2003).

Review Questions:

1. What steps can HR managers take to improve groups at work?
2. How can key HR concepts like motivation and commitment are linked to teams and their performance?
3. What effect, if any, a diverse workforce has on team working?
4. In your opinion, how will the use of groups and teams in organisations change in the future?



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6 Organisational Culture

Culture is a complex network of values and norms that guide individual's behaviour. It involves a set of beliefs, values, assumptions, expectations and experiences that are acquired through learning and socialising and shared by members of a social unit, like people in an organisation (Rousseau, 1990). Culture as a set of assumptions that are created and developed by a group of people while learning to cope with problems of everyday life (Schein, 1985).

There is a popular view that organisational culture can neither be changed nor developed fast enough to remain competitive in the environment and that culture of an organisation is a system made up of organisational artefacts, values and assumptions (Zahra et al, 2004). It is argued that employee behaviour is strongly related to organisational culture which in turn is influenced by a combination of internal and external factors. However, when asked what organisational culture is, instead of exploring the complex network of people, values and systems, most managers are likely to give a simple answer: *it is the way we do things around here.*

In today's knowledge based organisations human capital is a critical resource for any organisation as it provides the most valuable competitive advantage. The way this critical resource is managed affects organisational performance and it is a significant influence on organisational culture. HRM practices and organisational culture are interlinked. If one changes, the other also has to follow.

6.1 Role of HRM on Organisational Culture

HRM practices aim to develop strategies that provide fit between the style of management and the overall business strategy while maintaining employee well-being and increased performance at work. Basic HRM practices such as recruitment, selection, training, etc. affect the performance and stability of an organisation. Thus these practices have the ability to influence employee behaviour and create values that develop organisational culture (Gomez, 2004).

Cultural values are part of the external factors that affect HR practices. Number of cultural values influence employee behaviour. In organisational cultures where employee involvement is common it is more likely to have higher employees satisfaction and motivation than the ones that do not favour employee involvement. However, there might be various reasons why employees do not want to contribute or speak out. Some employees might see this as an unnecessary risk, while others might simply have personal reasons (e.g. being shy or not getting along well with the management).

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Weber (1996) argues that attitude of senior management is crucial for facilitating organisational culture because senior managers play an important part in shaping cultural values. After all, the style of management is likely to reflect on organisational culture. Kabanoff (1991) identifies four styles of management:

- *Collegial*: Resources and rewards are evenly distributed. Organisational success depends on commitment and shared values. Individual responsibility is the basis of organisational performance. Management control over employees is limited.
- *Meritocratic*: Employees are concerned about productivity and cohesion. The management focus is on performance.
- *Elite*: The hierarchy is highly developed. Power, resources and rewards are concentrated at the top levels of the hierarchy.
- *Leadership*: This style of management shares many of the values of the elite style of management, but instead of a clique of leaders on the top level, it has leaders at various levels of the hierarchy (e.g. the army).

Whichever style of management or culture and organisation adopts, it has to find ways to facilitate it. The most effective way this can be done is through key HR practices: ongoing training, creating continuous communication channels, involving employees, establishing clear goals, creating a fair reward system, developing employees and flattening the organisational structures (Gomez, 2004).

Size, is also a very important factor. In the case of facilitating organisational culture, size does matter. Large organisations have more complex structures and complex management styles than small ones. As a consequence, large organisations need to ensure equal treatment of employees and clearer borders for management responsibility.

Size is related to level of resources. Large organisations are more likely to cope with internal and external challenges faster than small ones because larger organisations have larger resources such as more skilled staff, larger budgets, well established departments, etc.

In addition, large organisations tend to have a more solid hierarchy and a complex workforce the small organisations, and this can sometimes be a problem when departments, groups, and individuals have their own interpretation of what needs to be done.

Small organisations tend to have a different relation with their employees than the large ones. They are more informal in structure. Organisational rules and norms are informal and can be interpreted differently according to the situation with high levels of management tolerance (Jack et al, 2006).

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National and regional cultures are factors that are also significant in shaping the organisational culture. Chew and Sharma (2005) believe that HR practices and organisational culture are reflections of national and regional cultures. National and regional cultures are developed by various factors that are unique to a country or a region. Some of these factors have historical, social or political backgrounds.

There is substantial theoretical and empirical evidence to suggest that norms, values and ethics are also elements of national culture (Chandrakumara and Sparrow, 2004). These cultures are immersed in everyday lives of ordinary people as sets of values, assumptions and beliefs. Different nations have different work ethics, employee behaviour, organisational norms, rules, etc. In other words *the way they do things around there* is different from *the way we do things around here*. For example, the way Japanese value simplicity and precision created transitional practices such as Just-In-Time and Total Quality Management.

Because organisational factors are dominated by these national and environmental factors their effects on HRM practices are highly significant. These factors affect the way people define work whether it is a burden, means to an end, responsibility or social contribution. The way employees see work and behave at work are influence the design and delivery HRM practices at work. For example, organisations, where employees believe that work is good in itself and success is a result of individual efforts, will have different HR strategies than organisations where employees believe work is a burden and both success and failure depend on management's decisions (Chandrakumara and Sparrow, 2004).

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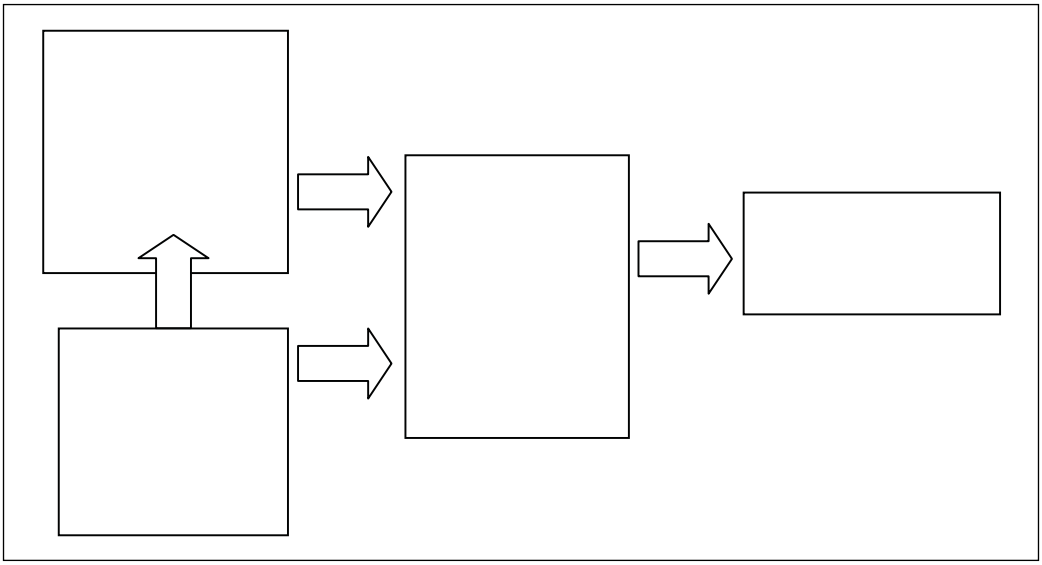

Figure 6 Model of factors influencing organisational culture (after Gomez, 2004)

There is also the issue of social status. The structure of society in which particular practices are attributed to a particular class (e.g. playing golf is associated with upper class) influences the employee behaviour at work. It is common that in most organisations management cliques share a common interest, in particular sports. These social cliques also influence certain decisions at work. Status relates to rank or importance; it is an element of power.

Hickson et al. (1971) define four characteristics of powerful individuals in organisations. These are important characteristics to be aware of in term of adjusting certain HR practices

- *Ability to cope with uncertainty*: individuals that can help organisations to adapt to uncertainty should have more power.
- *Low substitutability*: individuals that are difficult to substitute have more power.
- *Highly pervasive workforce and immediacy*: these reflect the extent to which an individual is connected with others and how fast the rest of the organisation would be affected if the individual ceased working.
- *High interdependency*: this reflects the extent to which an individual can work without the involvement of others.

It is unlikely that individuals or even departments with low status have the ability to transform or influence organisational culture. The success of individuals or departments and their influence on organisational culture are dependent on the power relationship with other individuals or departments (Saunders and Scammell, 1986). The influence of individuals or departments can be understood by examining the level of resources that are allocated to them or their hierarchical position.

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Departments or individuals with high status are more likely to be in control of resources. These include appraisals, rewards, promotion opportunities, employee development, and funding. They support the organisational functions to emphasise what is necessary to the organisation (Johnson and Scholes, 1993).

Power is an important concept for HRM as it is the responsibility of HR to allocate the most important transitional resource, people. The way resources are allocated to departments or individuals might indicate the level of power of that individual or department over others. Poorly allocated resources can limit the power of individuals or departments.

HR practitioners can gain insights to the organisational culture in many ways. Firstly, to understand the building blocks of organisational culture, HR practitioners need to learn to be objective and impartial. They need to observe employees through the eyes of an outsider. It is only then one can get impartial views on why people, do the things they do.

Secondly, it is important to understand employees' emotions, expectations and reactions. Emotions, reactions, and expectations reflect employee values. Of course, HR practitioners should be knowledgeable about the national and regional factors that affect employees' behaviour, however, one can truly find out what employees value by reading their emotions, expectations and reactions.

Thirdly, HR practitioners should be good observers and examine the physical artefacts carefully. Artefacts can be individual objects such as computers that people use, the cards they need to carry to access work spaces, etc., or they can be the layout of a department, the way plants are placed in the offices, colour and size of communal spaces and so on. These artefacts play significant role in employees' everyday lives. For example, to get the latest gossip, what better place is there but to hang around the staff kitchenette?

Lastly, probably the most effective way is to talk to employees, which nowadays becoming a rare interaction method since the recent organisational norm is to communicate with each other via email. Face-to-face contact is a powerful method and HR managers need to get out of their offices and visit employees periodically. Face-to-face contact is what employees value most. It shows that you are around, you listen, you care and you are approachable.

The information that one collects from these investigations will be useful in understanding the organisational culture. It will be easier for people to understand why certain business practices or tasks are done the way they are, why change is necessary, why the organisation will need more staff, etc.

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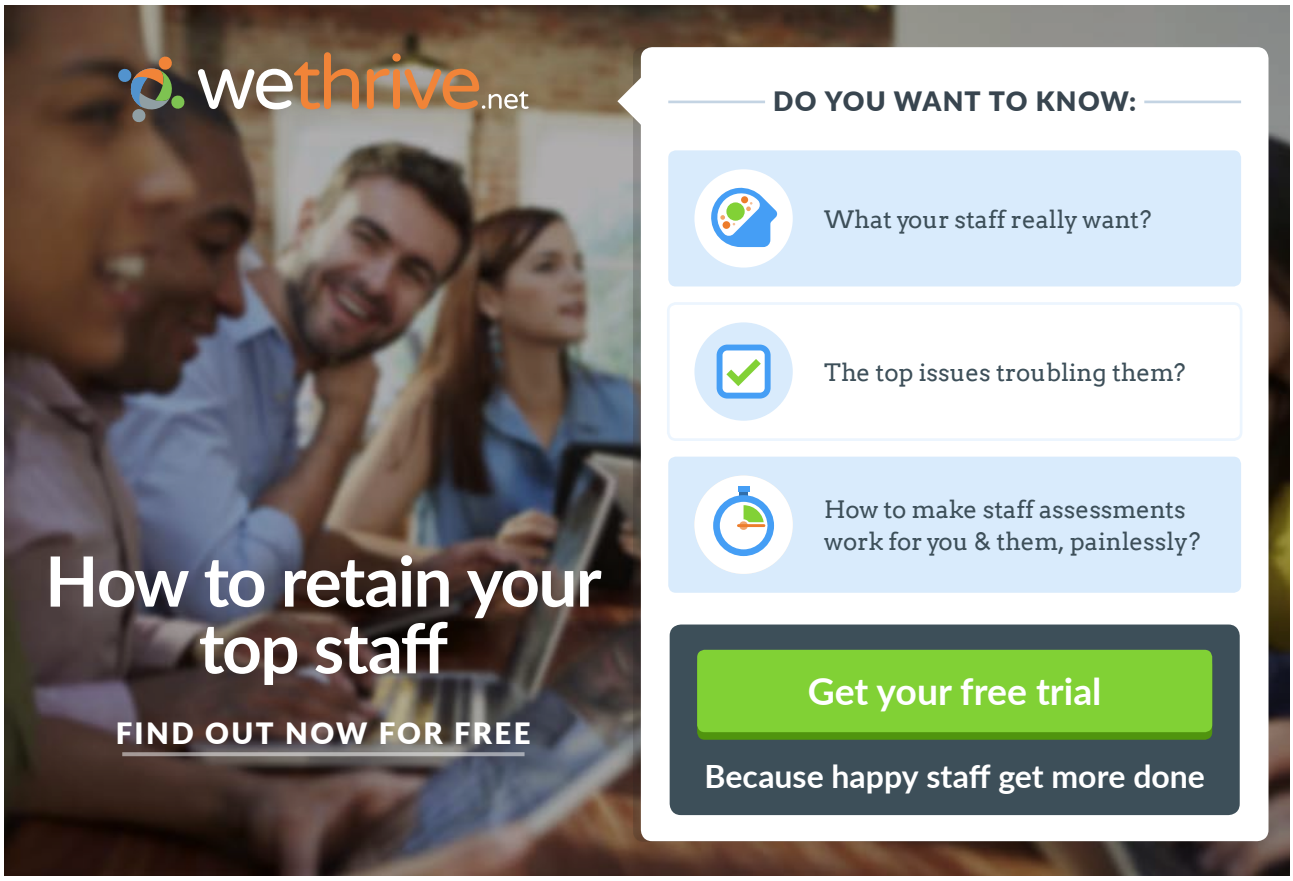
HRM is a reflection of the culture in which it operates, of its characteristics and of the power relationships between individuals. It is very difficult to establish effective HRM without fully grasping the undermining factors that create the rules, values and norms that govern the society, region or the nation. HRM can be a powerful catalyst in creating and changing organisational cultures for competitive advantage. The role that HRM has in ensuring employee groups and employee identity is the core of managing a healthy organisational culture.

Review Questions:

1. Can organisational culture be created, developed and managed or is it an organic process that seems to born out of employees' norms, values, beliefs and behaviours and develops naturally?
2. Think of a well known organisation; what national characteristics can you identify in its organisational culture?
3. Apart from the ways suggested in this chapter, what steps would you take to analyse organisational culture?



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7 Restructuring Work Organisations

The European Union's target is to be the most competitive knowledge-based economy and the most dynamic information society in the world by 2010. To achieve this goal the EU proposed its Lisbon Strategy where e-Europe Action Plan was created to stimulate the provision of interactive services with citizens and to increase productivity throughout the economy. e-Europe can be seen as the key in the restructuring of European work organisations and in creating the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion (Commission of the European Committees, 2002).

Contrary to popular belief, restructuring organisations is not a recent attempt to improve performance. From traditional concepts of sovereignty that prevailed until 18th century, Foucault (1991) traced the shift from ruling to governing. There is a shift in mentality towards guiding, directing, motivating and shaping people to do what is best for them.

Challenging social and economic conditions along with changes in the economy and advances in technologies in the last five years have put organisations at a crossroad. Organisations are facing the challenge of constantly improving productivity, efficiency and quality of their services and to ensure employee and customer well-being.

Central to the techniques of restructuring organisations is the harnessing and institutionalising of resources, such as information and technology that are crucial for organisations in establishing broader understanding to achieve flexibility and become employee and customer cantered.

7.1 Organisational Structure

Structure does not only refer to physical buildings and layout, but also to the rules and resources drawn upon and enacted by employees. It provides the binding of organisational practices, divides up organisational activities and allocate them to necessary departments, groups or individuals. Hence, structure is not a constraining force, but also an enabling resource. In this sense HRM has a crucial role in restructuring organisations.

Structure is seen as a process not a product. It develops through time. At the practical level, managers and policy makers implicitly rely on HRM to respond to the changes in the environment because structures are likely to be affected by the distribution of resources. These include appraisals, rewards, promotion opportunities, training, development, and funding.

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One needs to answer three key questions in order to understand what type of structure should an organisation have (Child, 1984: 8):

- **Specialisation:** Should organisational activities and process need to be broken down into specialised areas of work or should the specialisation need to be kept to a minimum?
- ***Hierarchy*:** Should the organisation have a tall or a flat hierarchical structure?
- ***Groupings*:** Should departments be joined-up according to their functions or according to services they provide?

A decision needs to be made on what type of a structure an organisation needs in order to accommodate the jobs, activities, processes and tasks to be carried out. For HR practitioners, it is important to know who needs to be allocated to which job, who reports to who, how the units are structured, what are the implications of having specialised tasks that can only be carry out by a certain number of employees, etc. In addition, HR managers need to be aware of the structural issues that will effect the job design and job definitions. These issues have direct impact on employee motivation.

Organisations need flexible structures that enable them to adapt to and cope with the constantly changing circumstances of the business environment. Organisational practices are the forming stones of organisational structures. Organisational practices refer to tasks and processes employees do or engage (e.g. the way HR is managed or the way employee dissatisfaction is handled) around a shared meaning.

Markus (1994) describe meaning as a shared understanding about the goal or intent of a given set of activities. A process (e.g. budgeting) can include a range of organisational practices such as meetings, discussions, group work, etc. Thus, in an organisation, the genesis of every interaction is an organisational practice. These practices are standardised and became stable over time; in other words they become routines.

Routines are integral to the continuity of the management of employees and to the structure of organisations. It is argued that employees acquire security only through their engagement in routines and encounters that are predictable. Routines are patterns of relations and actions (e.g. grabbing a cup of coffee the first one gets in the office); they are the visible parts of organisational culture. Routines allow people to assume and predict other's behaviour without establishing premises at the beginning of each interaction, which provides a sense of security and stability (Giddens, 1984).

It is the routines that reinforce job security, thus understanding their importance is vital for HRM. For example, the way employees carry on their tasks and the way they create a shared understanding of the way things are done in the organisation develop a pattern across time, thus become institutionalised and then set conditions and structures for future practices.

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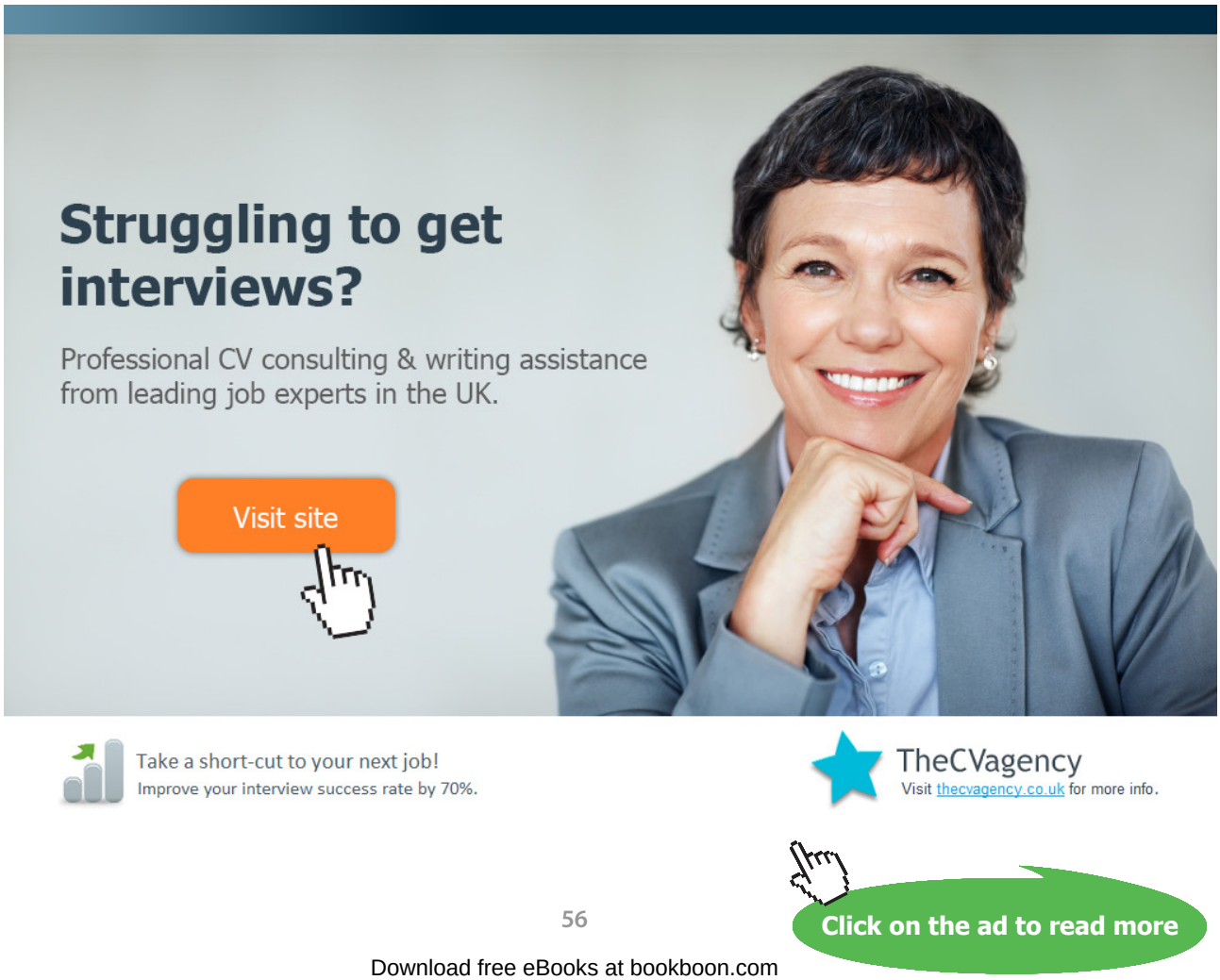
This sense of security is often put on hold when organisational routines are disturbed by structural changes. This presents challenges for HRM as employees struggle in dealing with complex issues that cannot be readily accommodated in an existing organisational routine, before a new routine is created.

7.2 From Bureaucratic to Joined-up Structures

Most organisations were based on the bureaucratic Weberian model that emphasizes standardisation, decentralisation, specialisation and routinisation in a mechanical and a pre-planned manner (Nye, 1999). Service delivery and administration were also organised in the same manner that categorises employees performing similar tasks in the same administrative department where each department was responsible for its customers, services and aims. To ensure the consistency and feasibility of employees' actions, a vertical hierarchy was set where coordination is highly regulated (Weber, 1947).

Weberian bureaucracy has two main advantages. First is the reduced transaction cost of official communication and coordination through routinisation and departmentalisation, which in effect creates a potential for increased economy of scale. Second is its potential to keep levels of unintentional errors, negligence, fraud and unequal treatment of customers down by tight rules and regulations and hierarchical supervision (Perrow, 1986).



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Organisations that are modelled on the Weberian tradition might have been useful in days where understanding of management, authority, service delivery and organisational processes were different to those today. Organisations that still operate on the Weberian bureaucracy are criticised for being rigid, inefficient, procedural and incapable of delivering efficient service to customers who have changing needs and preferences in today's society (Bozeman, 2000).

Organisations that operate on Weberian tradition are prone to generate inefficiency and inflexibility in today's management systems where employees, their roles and job tasks need to be flexible (Bentley, 2001). Previous research shows evidence that a transformation of Weberian structures was needed in order to meet the needs and demands of employees and customers.

Traditionally, the British business sector has been concerned with cost savings and productivity issues. However, like the rest of the Europeans in the last decade, the British sought to change the rules that govern the way organisations are structured and the employee-management relationship.

British HRM philosophy for restructuring organisations can be divided into two main areas. Firstly, the need to improve organisational structures in order to maximise the potential of employee performance and well-being. New technology can be used to improve the administrative efficiency of employees and the quality of customer services.

Secondly, the need to facilitate structural changes to maximise the potential of the digital age. While aiming to have a successful knowledge-based organisation, HRM sees itself as having a key role in preventing the emergence of a digital divide where the employees is divided by people who have information and the ones who do not.

In order to close the divide, employees need access to information, use electronic services, and increasingly require advanced computing skills for employment. The Internet, call centres, digital TV, mobile phones and electronic kiosks are some examples that can help managers to close the digital divide. These electronic channels are expected to complement, rather than replace, existing information channels.

Use of technology is not intended to be an end in itself. Instead, it can be used for restructuring the information flow and redesign processes by providing new, efficient and convenient ways for employees to communicate with each other. This means that information will be accessible from wherever and whenever employees choose. It is argued that information doors can be left permanently open as technology has the potential to enable employees to access information 24/7 even when the offices close their doors.

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7.2.1 New Organisational Structures

Rapid advances in digital technologies and the decline in prices for information technology equipment enabled organisations to harness the potential of technology. Investment in digital technology grew throughout the '80s and the '90s, but when computers became interconnected as the Internet took off in the mid-'90s, there was a particular boost to productivity.

The contribution of the Internet to productivity and growth is therefore relatively recent, however, in addition to PC based Internet access, new communication technologies such as interactive digital television and third generation mobile telephone systems are now also easily available to businesses (Hudson, 2002).

Dissatisfaction with the quality of services and the work environment are the main reasons why restructuring in organisations is necessary. Changing expectations of customers and employees, growth in Internet usage, and rapid development of e-Commerce have pressured organisations to make improvements in their service delivery and working conditions under an umbrella of restructuring initiatives that embraces structural, managerial and organisational reforms (Bentley, 2001).

Organisations are transforming from traditional bureaucratic authorities to service organisations with a corresponding redesign of employee and customer relations. HR practitioners need to re-write the rules for how organizations operate internally, interact with their employees, and use technology, not only to increase productivity by making business transactions easier to carry out, but also improve service delivery by being more employee and customer focused.

Literature presents three main types of emerging structures: *adaptive*, *flexfirm* and *virtual*.

Adaptive organisation: In this type of organisations employees have a lot of freedom in making their own decisions. Supervisor or manager involvement and control are minimal. The focus of employee management is on innovation and creativity. The aim is to have employees that can make their own decision and can be creative in problem solving.

Innovation is highly valued in adaptive organisations because it enables competitive advantage. Employee roles are vague because each employee is expected to know the necessary tasks, cover for one and other and take initiative when needed; thus specialisation is frown upon (Toffler, 1985).

***Flexfirm*:** Units or departments of a flex firm draw resources (e.g. information, people, money, etc.) from one another and from outside organisations as needed. In this sense they are very cost effective. They may be next door to one another or continents apart. They rely on high levels of collaboration between individuals, teams and departments both locally and internationally through the use of free and fast information flow and by hiring employees that are flexible in working hours and locations (Toffler, 1990).

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Virtual organisation: This type of organisation does not need to have physical boundaries. It can be a number of individuals who are continents apart but work together as a team. Teams are mostly project based and do not stay put for long amounts of time.

The absence of offices, headquarters, lighting, heating, etc, reduces the fixed costs. Instead, employees are mostly working from home. Virtual organsiations heavily rely on the Internet for carrying organisational tasks and commerce. It has a world wide customer base (Hoefling, 2001). YouTube and Facebook are good example of virtual organisations.

It is evident that technology can be an effective catalyst for restructuring organizations. It can enable organizations and employees to share and communicate information faster and cheaper. HR practitioners can use technology to their advantage. Employee well-being and organizational performance can be improved through enhanced provision of information and interactive services, accessible over different channels. This is often known as *joined-up* approach where information is shared freely within the organisation to improve flexibility and performance.

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However, the reality today is far from perfect. Islands of departments are emerging that are often unable to join up due to uncoordinated efforts in implementing and developing the services, at all levels of the organisation. This is known as *silo mentality* where departments gather, process and store the same or very similar information and do not share it with each other (Wimmer, 2002). This, of course, is not a desired practice and stops the information flow and stops best practice to be shared between departments and employees.

Effective share of information between employees is essential to dispose of silos as it enables sharing and re-using information in departments over multiple channels to customers, employees and other organisations. By making business processes interoperable, organisations could achieve a significant increase in efficiency and lower costs. In essence, joined-up organisations are vital for the development of efficient and effective employee management.

While joined-up organisations seems so logical and their requirements are so obvious, information systems in organisations today are not joined-up in the way that, for example, telephones or postal systems are. It has only been possible to obtain a high level of technical interoperability through the recent development of technologies based on universal standards and specifications.

Joining-up computers and systems have implications for HR managers. Traditionally, employees operate in hierarchical structures to serve specific organisational needs, each with their unique ways of processing certain tasks. As a result of these hierarchical structures, technological systems that are currently in place are designed to be closed and vertical. Their main purpose is to mimic their paper-based predecessors and where it is not possible to share and reuse information internally, let alone externally.

Universally agreed and understood standards and specifications are essential to overcome this problem. However, agreeing on universal technical standards is not, on itself, adequate. A common standard for administrative processes is also necessary. Success of organisations depends on this combination of agreed standards on technical and administrative processes, coupled with well-defined roles and responsibilities of employees.

Restructuring organisations through the use of technology has the potential to help HR managers to cope with the conflicting demands of improving service delivery with fewer resources such as people, money, etc. The new structure, however, should not be viewed as old structure plus the Internet, or old structure plus joining-up.

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Joined-up approach relies on two main but inter-related developments. The first is the business approach that focuses on gaining competitive advantage by activities such as continuous process improvement, re-organisation of internal processes and a focus on core competencies. The second is the adoption of a wide range of technologies, of which the Internet is the most visible, to enable and support organisational change, more productive ways of working and the improved provision of information and interactive services to customers. Figure x below illustrates the joined-up organisational structure.

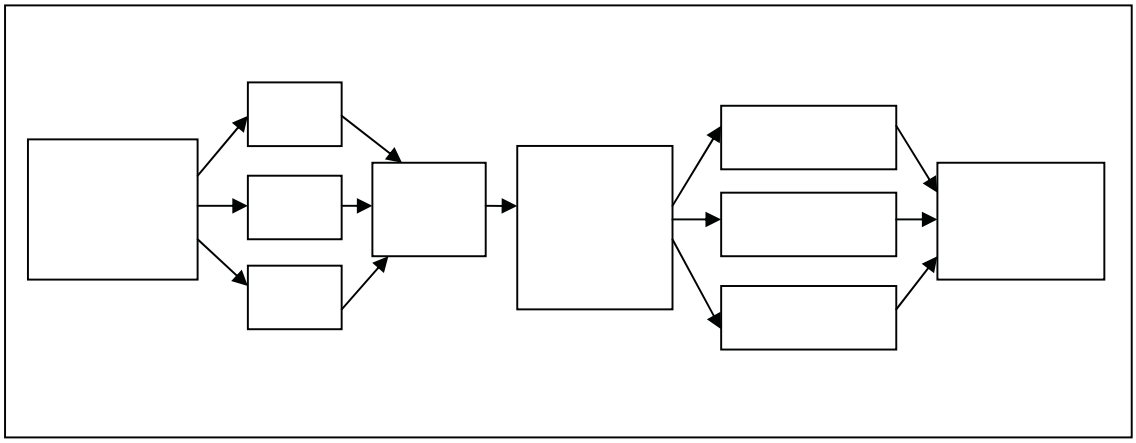

Figure 7 Joined-up Organisation Structure (after Ho, 2002)

According to the joined-up structure, organisations will allow information to be delivered in holistic fashion. Employees, customers and other organisations will access information relevant to their needs through standardised electronic portals rather than communicating with departments and employees separately.

Joined-up structure works through service centres that collect, process, store, coordinate and distribute information. The centre operates on top of existing departments to increase user satisfaction through service integration. They enable better information delivery by:

- providing flexibility on how people contact departments (Internet, e-mail, etc.),
- reducing the confusion about where and how information and could be obtained;
- providing up-to-date, consistent integrated services across all available channels.

Joined-up organisation does not require a massive restructuring and change of HRM practices. Central planning and service integration of service centres can be coordinated with the help of technology such as ICTs (Ho, 2002). In addition, joined-up structure enables information to be no longer standardised but customised according to employees' and customers' needs. This in effect shifts focus from traditional bureaucracy where the emphasis is on internal efficiency, departmentalisation, functionality, top-down management, hierarchical communication and control, to employee and customer needs, employee and customer satisfaction, employee flexibility and efficiency in service delivery.

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However, joined-up organisation model is still in its infancy. From the technical point of view, providing joined-up departments can only be realised if all departments are interconnected and their systems are interoperable (Hudson, 2002). There is no consensus on the possibility of a full joined-up structure. It is argued that organisations cannot fully get rid of bureaucracy. Organisations whether constantly changing or not, regardless of their industry or location, are likely to have some bureaucratic forms.

As discussed in Chapter 3, organisations have to be tailored according to the needs of their employees and customers. Joining-up departments and enabling effective information flow between departments, employees and customers can be the key activities that connect HR practices on the strategic level.

Joined-up approach is also a fast and efficient way of achieving competitive advantage, which is the main aim of strategic HRM. It is absolutely necessary that information is widely available to help decision making not just on top levels but also at operational levels in organisations. This, along with employee involvement, will lead to employee empowerment if managed effectively.

It is evident that HRM is one of the vital organs that keeps organisations alive and healthy, contrary to the belief that HRM is only concerned with managing employees. It is important to be aware that strategic HRM practices are interrelated. Joined-up approach leads to a healthy information flow which is crucial for decision making at all levels. Employees that are involved and empowered are more likely to me committed and motivated at work. Committed and motivated employees are more likely to be loyal employees who will put the extra effort to achieve organisational goals and increase organisational performance.

Review Questions:

1. Why restructuring organisations are necessary and what is the role of HRM in this process?
2. Apart from the adaptive, flexfirm and virtual structures, what other new organisational structures can you think of?
3. Can joined-up approach be applied to all forms of organisations?
4. What is the role of HRM in achieving a joined-up organisation?

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8 Individual and Organisational Learning

It has long been argued that knowledge-based economy and knowledge-based organisations are the way forward. It is clear that in a knowledge-based economy the most vital resource is knowledge. Obviously, it is the people who create, develop and maintain knowledge at work. Thus once again it is evident that people are the most valuable assets of an organisation.

Organisations are unique creations. They have many unique qualities, one of which is that they are places for knowledge generation and learning. However, it is not an easy task to create an environment where knowledge is generated, developed and kept for individuals when they need it. Traditionally, organisations hired specialists to teach others how to do certain tasks. This used to be called *sitting by Nelly*. The specialist (Nelly!) would show others how a job should be done. Nowadays, organisations expect each employee to know how things are done and to be able to replace one and other if need be. In other words, each employee is expected to be a *Nelly*.

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8.1 Individual Learning

Chartered Institute of Personnel and Development (CIPD) defines learning as 'a self-directed, work-based process leading to increased adaptive capacity'. Working and learning are interconnected. Observing others at work, involving in everyday business activities, interacting with customers, shadowing experienced staff, etc. are all valuable sources of learning at work. It is through activities and interaction with others that employees generate knowledge and learn. Employees also learn when they are involved or participate in organisational processes (Lave, 1993). Employee involvement and participation are not only vital practices to increase employee commitment and motivation but also to improve employee learning.

However, not all employees will benefit from learning at work. Organisations often simply do not have the resources (e.g. money, time and expertise) to enable learning for all employees. Often managers create opportunities for learning according to employees' social background, status at work, their relations with others and competencies; thus it is a biased process (Billett, 2001).

Competency is concerned with individuals and their behaviour at work. Woodruffe (1992: 18) provides a list of necessary competencies:

- breadth of awareness
- effective communication
- decisiveness
- team working
- effective judgement
- drive and persistence
- sensitivity towards others
- confidence
- flexibility

Individual learning is determined by the needs, expectations and intentions of the individual. Individual learning can be achieved by placing new information on top of what is already known. It often takes place through activities at work. Employees' approach to learning is affected by their values, beliefs, organisational rules, culture and style of management. This process is very much like the parent and child relationship. Parents often have strong views on what, how and when their child should learn. Just like parents, management also has a strategy for learning of its employees.

Individual learning heavily depends on individual's capability to learn. Employees' capability is their sustained ability to perform that implies existence of skills and knowledge necessary for work and readiness for personal growth and development. Thus capability requires attention to training and on-going learning (Bryson et al. 2006).

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There are many theories of learning such as *signal learning*, *stimulus-response learning*, *problem-solving*, etc. but the most influential theory of learning at work comes from *experiential learning*. Experiential learning gives the individual the responsibility to learn through skilful management of the learning situation.

Experiential learning is best known for its association with Kolb and *the learning cycle*. According to Kolb's cycle, there are four stages of learning. Individuals rely on their judgement and benefit from real life situations and interacting with others, i.e. their *experiences*. These experiences provide basis for *observation and reflection*. They monitor their actions and interactions, think on their meaning and develop ideas. People like to reflect on their everyday actions. This process is called reflective observation.

Individuals often derive rules based on their reflective observation in order to plan what to do or not to do next time. They form *abstract concepts and generalisations*. This is also known as learning from experiences. From these abstracts people plan changes for their actions, in other words, they *actively test or experiment.* This in turn creates new experiences and then we are back to the beginning of the cycle (Kolb, et al, 1995).

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Honey and Mumford (1981) also developed four different learning styles which are often used in questionnaires that are helpful in identifying different types of learners at work. The four learning styles are:

- **Activist:** Learns best by actively involving in tasks. This person is a doer rather than a thinker.
- **Reflector:** Always reflects upon the experiences he/she has when dealing with certain tasks. They like to stay back listen and observe.
- **Theorist:** Likes to be in situations where new ideas are generated. Likes to absorb new ideas but can be slow in acting and be distant at times.
- **Pragmatist:** Learns from linking information to real-life problems. Likes to put what he/she learns into practice immediately.

Recently there is strong empirical evidence that suggest learning results from what employees believe are the most useful and appropriate skills, tasks, etc. to have. Employees often reveal their needs through management reviews or simply by identifying points both in themselves and in the organisation through the feedback process.

In this sense, one can argue that it is the individual employee who identifies the need to learn. However, without the support of management and the resources necessary to carry out learning, this will be an empty process. If management refuses to meet the learning needs of the individual, or if the identified needs are not seen as essential for the organisation, then the chances are low that resources will be allocated to meet employees learning needs.

So, does learning at work stems from the individual or from the organisation? Some authors argue that it is employer's responsibility to provide an environment for employees to develop their learning and contribute to the overall success of the organisation. Others believe that it is individual's responsibility to use the resources already available at work and learn to develop both him/herself and contribute to the success of the organisation. Things, however, are not always black and white; actually, they are mostly grey.

8.2 Organisational Learning

Individual learning and organisational learning are part of a cycle. It was presented in previous chapters that what people do affects the outcome of the processes and the tasks in organisations. What people learn also has an impact on the organisation. When employees learn and develop, organisation itself also learns and develops. In a sense, organisations learn through their employees.

Employees are taking an active role in identifying their own development needs in which they seeks information and knowledge. Joined-up approaches are allowing free flow of information and knowledge that is available to all.

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Organisations need to display signs of commitment to learning. Managers should be encouraged to be open and honest in their approach to employee feedback. They should be willing to accept failure or errors and reflect on and give constructive feedback to employees. Positive feedback is known to increase motivation because it increases individual self-esteem. Self-esteem is affected by recognition and feedback from managers.

Managers need to accept various points of view and healthy discussions need to be encouraged to solve organisational problems rather than quick fixes to save the day. These are very difficult tasks to achieve as managers are under constant pressure to make quick and effective decisions and do not have time for reflection, discussion and feedback (Morgan, 1986).

Organisations need to learn in order to stay competitive and adopt the changes that are required in the business environment. Learning and development are important factors in organisational success. Characteristics of organisational learning are often evident in organisational culture. An organisation can be regarded as a learning organisation if it:

- provides on-going learning opportunities and effective feedback to its employees
- provides learning opportunities for not just a group or the elite but all employees
- has a structure that enable employees to take time off from their everyday responsibilities and use the learning opportunities
- has a culture that encourages employees to be inquisitive, innovative and willing to learn
- has managers that are aware of the importance of learning and development
- allows learning and development to be embedded in organisation's strategy and the responsibility to plan, develop and deliver this strategy is given to HR

So, when do organisations learn? Many authors suggest that an organisation learns if its departments have gained information and makes this information available for all the employees to be used on behalf of the organisation. However, there is more to organisational learning then gaining and making information available for others. It also involves reflection and change. Organisations learn when the outcomes of past experiences change the way organisations perform and decisions for future actions are based on the reflection of the outcomes of past experiences. This process can be achieved at all levels of the organisation, but it is important that HR strategies are planned, designed and delivered through this process.

HR managers need to provide opportunities for employees to improve their knowledge, skills and expertise, but at the same time they have to find ways to retain employees and their knowledge. Working for life is no longer the norm and employees are likely to move around from organisation to organisation during their carers. Thus, HRM practices and the HR strategies have to be designed and delivered to keep employees and their knowledge in the organisation.

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It is not always possible to retain employees in organisations and, sometimes, it is even a good idea to let go of some of the existing staff and introduce a new wave of employees to the organisation to improve innovation and creativity. However, this does not mean that organisations should also let go of the knowledge they have invested to be created and developed over the years. Although employees come and go, knowledge should be kept and developed for the future competitiveness of the organisation.

Individual knowledge should be widely available to others in organisational learning. HR managers need to communicate the importance of knowledge sharing across all levels of the organisation. Without these efforts knowledge will remain as individual's property and will not be collectively available (Lehesvirta, 2004). Thus if an individual leaves, his/her knowledge will also leave the organisation. Individual knowledge can be kept in various ways; probably the most effective way is training.

8.2.1 Training at work

Training is a vast and somewhat controversial topic. There have been countless theories on training at work and it is simply not possible to cover them all here. However, it is important to focus on the link between learning and training and how training at work has changed to accommodate the needs of new knowledge-based organisations.

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Reid and Barrington (1994:17) define training as a 'planned process to modify attitudes, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities'. Training tends to be a short process on a specific topic, with specific learning outcomes. It facilitates learning by focusing on implementation and job performance. Training at work (Porter, et al. 2005):

- Increases performance and productivity
- Develops employee potential
- Improves morale and quality
- Leads to improved customer satisfaction
- Reduces need for supervision and saves cost in the long run

Training at work has its roots in Industrial Revolution when employees needed to be trained in order to be more effective in their output. Since the Industrial Revolution, training has changed considerably. The decline of manufacturing and the rise of service industry shifted the focus of training from manual skills to knowledge, learning and employee development.

In the late '90s, UK found itself in a position where its European counterparts were ahead of the game in employee training. As a response, Labour Government generated the lifelong learning initiative to encourage organisations to train its employees. This initiative was also supported by the Trade Unions.

Since the late '90s various other initiatives and schemes have been introduced to the work environment such as *Welfare-to-Work*, *Learning and Skills Councils*, *Skills Strategy* and *Investors in People Standard* in particular that had positive effects on the training of employees across the UK.

Investors in People (IIP) is a national standard that follows the training policies of leading UK businesses. Its main aim is to encourage organisations to invest in developing their employees in line with business objectives through training. For an organisation to be an IIP, it has to make a public commitment to develop all employees to achieve organisational goals.

The organisation regularly needs to review the training and development needs of its employees. It has to train its employees from recruitment until retirement. It has to evaluate the investment in training and development to measure achievement and improve future efficiency (Marchington and Wilkinson, 2000).

Training is a very effective way of increasing employee knowledge and skills, because, firstly, during training the trainer manages to get the employees in a safe environment where everybody feels safe to interact and learn. Secondly, during training the chances of having interruptions are low, unlike during work, where almost every minute there is something else to do.

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Thirdly, it is easier and cost effective to deliver training to all employees during the training event rather than teaching or showing certain skills to different individuals in different times. Also, training events have clear objectives, so employees know why they are there for and what they are going to learn from the event. Lastly, there is the element of social interaction. It is argued that learning in groups increases individuals' learning. Individuals benefit from learning in a group as there are more people to interact with, ask questions, get variety of opinions, see different people doing the same thing in different ways, etc.

Although the importance of training at work is immeasurable, in reality management does not always support training, because learning and training are almost always regarded as an issue for future, not for present. Usually, HR practitioners are concerned about filling current vacancies or dealing with discipline procedures. Today's' problems need to be solved and that learning stuff needs to wait for times that people are less busy or less stressed.

However, that should not be the way. Most managers ignore this fact and still put off by learning, training and development. Cunningham (2009) argues that managers are more interested in solving their problems than employees'. HR practitioners are often have problems persuading employees to attend to learning events or encourage employees to be involved in a training course. Management often feel this is not their problem. Below Cunnigham (2009) provides number useful insights to solve this problem.

What HR practitioners can do is to start with real life problems and then develop their solutions for them rather than providing the solution first and trying to fit the problem to it later. It is useful to find out what management considers as the problem first. Too often HR managers keep their distance from everyday problems of management. As a consequence their input is often dated or not very effective. Thus HR managers need to identify the problems of management and then provide their own solutions to them. This will show management that HR is interested in solving their problems and that they are actually working towards creating solutions.

It is possible that at first, management will not agree or like the solution that HR provides. They might even ask certain changes to be made. Too often HR practitioners accept these changes blindly. However, prescription should not precede the diagnosis. HR practitioners need to negotiate and fight their corners, if necessary. After all, they are the experts in the area.

In general, managers consult people they trust before making decisions and often they end up copying competitors' strategies and by doing so they reject or overlook HR's advice on the matter. It is a very good idea to convince the individual or the group whom the management often consults that HR's idea is the best option amongst the available alternatives.

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Probably the most important point is that HR managers need to provide training solutions that are SMART:

- **S**pecific / significant
- **M**easurable / meaningful
- **A**ttainable / achievable
- **R**ealistic / relevant
- **T**ime framed / timely

Obviously, whether HR managers need to convince the people that influence the decisions or try to negotiate with managers themselves, timing is the key factor. Simple things such as avoiding the topic when people are having a bad day or under so much pressure can be the make or break point. The best time to introduce the agenda is when managers are likely to be promoted and looking for support or good ideas to impress others.

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8.2.2 Move from Training to Learning

Efforts to promote long-life learning draw attention to learning as a process rather than a series of activities. Learning has become highly structured and embedded in organisational strategies. It is widely accepted that workplace is a place of learning and work and learning are highly interlinked. Training and on-going learning, employee participation and employee development are becoming norms and essential blocks of best practice at work because organisations are realising that their most valuable assets are employees and their knowledge.

Training should no longer be seen as a set of specific activities that are applied to certain employees at certain times. Training activities should be seen as a set of methods to deliver HR strategies at work continuously. Although training events still play an important role in employee development, the process of training should be carried outside the training rooms and be applied to everyday work activities.

Most employees learn from experience. There is now a great variety of learning methods than there was in the past. Learning is not a static activity and information and knowledge are changing rapidly. HR practitioners need to establish an organisational culture that will enable this process to embrace the wider community. They have to plan, design and deliver learning packages that are constantly updated and that are suitable to employees rather than applying generic learning and training programmes.

8.2.3 The Technology Myth

Previous chapter illuminated the importance of the use of technology in the workplace to achieve a joined-up approach at work. However, technology is not the solution for every work problem. There is a common myth that learning through the use of technology is the most efficient way. This includes e-Learning which covers the use of PCs, CD-ROMs, Intranet, the Internet, etc.

The advantages of e-Learning cannot be ignored. It provides a medium to employees where learning can take place cheaper, faster and widely accessible from various different locations at the same time. However, the question is how many of us learned a skill through the use of technology more effectively?

For example, we all use PowerPoint, Word or Excel; but how many of us actually learned to use these software with the help of a CD-ROM or by using the Microsoft Help function? Probably the answer is not so many. Most of us learn to use software by watching others or asking others to show us how certain tasks are done.

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Although the positive effects of technology on learning is undeniable, it is a false belief to think use of technology will automatically improve people's learning. Especially in an organisational setting, employees learn mostly while they are working. They learn even better in groups and teams when they are constantly interacting with others. This allows them to exchange information and knowledge freely. It is the interaction between employees that is the most effective way of learning at work, not the use of technology.

Review Questions:

1. What is the link between organisational learning and organisational structure and culture?
2. What is the difference between learning and training?
3. What do HR managers need to know about individual and organisational learning?
4. Why there is a need to move from training to learning?

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9 Managing the Human Resources in the 21st Century

Previous chapters have illustrated the complexities of today's organisations and the diversity of their workforce. It was not an easy task to manage employees before and it sure is not easy now either. Even with the latest discoveries in psychology, sociology and organisational behaviour fields, people are still unpredictable and difficult to understand.

9.1 Challenges for HRM

Almost everything in life, be it family issues, societal issues or political issues have affects on the way organisations perform and the way employees think and work. Although HRM is an attractive field for most students reading a Business and Management degree, it is becoming an increasingly challenging field to work in.

HRM is not just new improved personnel management. Chapter 3 explained in detail the distinction between the two. As it is evident from the points above HRM is a strategic function. Be it recruitment or employee development, every practice that HR is responsible for has long-term implications. Almost every HR issue is planned considering future outcomes.

HR planning is a crucial activity for HR managers. Beardwell and Claydon (2007: 159) explain HR planning as 'the process for identifying an organisation's current and future human resource requirements, developing and implementing plans to meet these requirements and monitoring their overall effectiveness'. However, it is getting difficult to effectively plan HR because it is becoming increasingly challenging to analyse the internal and external labour markets and the forces that are likely to affect the supply of human resources.

The current economic crisis has put immense pressures on organisations to rethink their priorities and to cut costs and let go of many employees. Employees found their jobs, and in some cases, their livelihoods in danger almost overnight. Employees' bargaining power decreases as supply of labour increases and so many employees are working longer hours for fear of being made redundant. Thus, it is becoming increasingly blurred when work begins and where it ends. Unpredictable employee markets, tighter budgets, a demotivated and dissatisfied workforce put strains on effective delivery of HRM.

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The changing face of Britain through immigration has enabled a variety of ethnic and racial groups to contribute to British culture. However, this situation has also brought problems with it. Employees from ethnic minorities tend to have low levels of occupational attainment and development. Gender and race discrimination towards employees from ethnic minority groups are on the increase. Although there are various government regulations and laws against discrimination, it is almost impossible to stop discrimination at work completely. HRM needs to take solid measures to combat racism and sexism.

These factors reflect on the success of the recruitment and selection process. No matter how sophisticated and advanced the culture, structure or technological systems of an organisation, it is the commitment of the employee and their well-being and development that ensures success. Probably, nothing matters more than getting the right people, for the right job.

However, attracting and selecting the best candidates is neither an easy nor a cheap task. Recruitment and selection is a process where there are no one size fits all method and the process is subject to bias. Previous chapters have explained how managers' decision making is heavily influenced by their values, beliefs, political and social views, etc.

It is a colossal task to become an organisation where people will dream of working. There are many factors that will enable an organisation to be a preferred place of work but the most important of all is the organisational culture. As covered in Chapter 6 and 7, HR managers have a lot to do in order to develop a workforce and structure that enables a successful organisational culture. It may not always be possible to manage organisational culture, but it is possible to manage equality and diversity.

Once the decision is made on a candidate then the organisation is responsible for the candidate's fit within the organisational culture. A diverse workforce is an advantage for an organisation's competitiveness because employees from different backgrounds improve innovation, creativity and knowledge generation. However, careful HR planning and recruitment and selection processes are necessary to ensure the well-being of a new employee. Will he/she be able to blend in? Will he/she feel accepted? Will existing members of staff accept the new comer?

HR departments need to bring recruitment and selection processes in line with the necessities of the law. One effective process is continuous monitoring of employees gender, race, ethnicity, disability, and in some cases sexuality in order to illuminate direct or indirect discrimination with the processes (Bratton and Gold, 2007).

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Inequality and discrimination not only occurs in recruitment and selection process but also in employee development. Chapter 8 highlighted that although it is the ideal to provide opportunities for learning and development for all employees, it is not always possible to do so. Organisations are responsible for providing life-long learning (from recruitment to retirement) for their employees. Learning and development should not be restricted only to skills, competencies or knowledge; it should also cover career development.

Career development is one of the key points in attracting and retaining employees. It is therefore significant to both employees, in terms of their individual progression, and also to the organisation, in terms of retaining a vital resource for competitive advantage. In chapter 2, the importance of a new psychological contract was highlighted. In order to gain employees trust, improve their commitment and motivation and prolong their stay in the organisation, HR managers need to provide opportunities for them to develop their careers. Otherwise, it is very likely that employees will seek opportunities for development elsewhere.

The importance of employee motivation and commitment was explained in Chapter 4. As mentioned previously, there are probably countless factors that affect employee commitment and motivation, but no matter what the situation is, HR practitioners need to be in control of their *carrots and sticks*. To be able to create effective rewards and punishment, HR managers need to understand what motivates employees, what employees value most and what employees think is fair. Remember, according to the Equity Theory, an employee's perception of how fairly he/she is treated depends on comparing his/her situation with others.

Rewards and punishments need to have a purpose and a value. They have to be designed to enable constructive changes in employee behaviour. Rewards do not always have to be material. They can be a pad on the shoulder, or acknowledgement of one's good performance to others. Likewise, punishments need to be designed to improve employee behaviour, not to alienate or shame them. They have to be planned and delivered in such a way that employees will learn from their experience.

One important point is the delivery of rewards and punishment in groups and teams. Rewards and punishment has to be delivered to every group or team member, not just to an individual. If the group or the team has done well, that is due to the joint efforts of each member. Also, if the group or the team refuses to perform or become disruptive, certain punishment has to be delivered to all members, not just to a single individual or a selective few. However, there are cases where only an individual or a few individuals are responsible for the success or failure of the groups. This situation also needs to be understood in its context and necessary processes need to be applied accordingly.

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9.2 Changing roles of HR Practitioners

Although the current economic climate and business environment looks gloomy, as it is evident from the previous chapter of this study guide, one of the practices that organisations cannot do without is HRM. Probably, HR managers have never been this sought after before.

As Chapter 7 indicated there is a move towards establishing joined-up organisations to minimise specialisation and prevent silo mentality. To achieve joined-up organisations and adapt to constantly changing business environments easily, HR departments cannot function in static roles. There are three roles for HR practitioners to adopt:

Traditional Role: Traditionally, HRM operates in large centralised departments. HR practitioners consider themselves enablers of change and keepers of resources. They believe HR needs to be involved in decisions directing change. HR practitioners have a tendency to project any responsibility for failure on senior managers. They believe reasons for failure or underperformance is due to social issues, not HR ones.

However, often HR managers cannot effectively cope with employee issues in the traditional role because they attribute most of the failures to social reasons. The centralised structure limits their knowledge and HR managers often lose touch with what is going on outside their offices.

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Assistant Role: HR practitioners believe that employees create organisational culture. Employees need to be informed, guided and trained so that they will make the desirable choices for long lasting motivation and commitment in self-sufficient way. They believe that employees have various goals and different needs, therefore HR department should serve the interest of the organisation as a whole and employees need to take responsibility for their actions.

The assistant role reduces some of the hostility between the management and employee relationship. In the traditional role HR practitioners focus on social issues; by adopting an assistant role, they would focus on informing employees users about managements' interests and discuss both their and management's views openly. This can also be seen as a form of negotiation. It is very likely that informed and involved employees would be more committed to the organisation and would be more satisfied at work.

Campaigner Role: One of the main characteristics of this role is that HR practitioners influence employee behaviour and guide employees in directions that they view as desirable. HR practitioners are aware that they cannot maintain a successful organisation on their own. They perceive themselves as visionaries that see what needs to be done and try to influence employee's decisions towards their own desirable direction. Indeed, an HR practitioner adopting a campaigner role would view employees as targets rather than resources.

The advantage of this role is its emphasis on communication. Communication between management and employees or between different heads of departments is often infrequent. By establishing effective communication between different groups in the organisation in order to promote their own views, HR practitioners hope to increase their popularity and credibility.

Of course, there is no HR department that adopts any single one of these roles. It is very likely that HR managers are adopting all of the three roles from time to time depending on the specific internal and external conditions.

Great potential exists to improve employee and organisational efficiency through effective HRM, but integration of flexible HR practices and overcoming increasingly difficult internal and external business environments are major problems. Problems are then compounded further when senior managers distance themselves from these problems and fail to own them.

It is apparent that changing the traditional bureaucratic structures is vital for organisations to ensure employee well-being and retain competitive advantage. However, it would be unwise to view structural changes as a short-cut for a healthy and successful recipe. To change structures without changing the processes they are designed to sustain is an empty action. A fundamental re-think of business processes is necessary and it would be a mistake not to regard HRM as a key strategic function to organisational reform.

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There is little point in investing in HRM for the sake of it. It should only be utilised if it can improve employee well-being and organisational performance, and reduce the overall cost. Throwing money at problems does not solve them. Management needs to set clear targets and standards, have a clear strategy, educate key players and create solid communication channels to enable on-going employee development.

It is my sincere hope that HRM does not become a buzzword for management, but becomes a function that is embedded in organisational strategy and culture. More importantly management should thoroughly understand what HRM is and why it should be regarded as a strategic function.

HRM practitioners should be aware of their own responsibility and the importance of their role in organisations fully aware that the wellbeing of employees is dependent on their decisions. HRM practitioners are the experts in their field and can challenge and engage with senior management to partner and improve organisational strategies and decisions.

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