Instructor's Manual

Human Resource Management
A Contemporary Approach

Eighth edition

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PART 1

Human resource management and its organisational context

CHAPTER 1

An introduction to human resource management

Julie Beardwell

Objectives

- To define human resource management (HRM).
- To explore the origins of HRM.
- To review and evaluate the main models of HRM.
- To explore the association between HRM and business performance.
- To explore HRM in practice and the impact of recession and recovery on HRM practice.
- To review the impact of HRM on the changing roles of human resources professionals.

Summary

Defining HRM. There is no universally agreed definition of HRM and definitions can refer to people management activities in the broadest sense, or to the specific meanings of high-commitment management or a strategic approach to people management.

Models of HRM. By the early 1980s, a number of US analysts were writing about HRM and devising models and explanations for its emergence, which can be traced back to the 1930s. Among the most significant of these are Devanna (fit and the matching model) and Beer (the Harvard model).

HRM and business performance. Guest (2011) has identified six phases in the growing body of research into the association between HRM and organisational performance. Results from empirical studies suggest that there is a link, but the direction of causality is inconclusive, as is the assumption that a set of practices can have universal applicability.

HRM in practice. Empirical evidence continues to show that, although there is a high use of individual HRM practices, few organisations appear to adopt a full-blown version of high-commitment HRM. The general low level of take-up can be attributed to organisational inertia and cost considerations, but may also suggest that some organisations seek to achieve competitive advantage through a ‘low road’ approach of cost-cutting or new forms of Taylorism rather than the ‘high road’ approach of HRM. The financial crisis and subsequent recession have increased the use of cost-cutting HR practices such as pay freezes, overtime bans and redundancies in order to survive, but many organisations have tried to balance these with softer practices to maintain employee motivation and commitment.

HRM and HR professionals. The emergence of HRM and the emphasis on its contribution to the achievement of business goals has been perceived by many practitioners as presenting an opportunity to improve the power and status of the HR function. One of the most influential models over years was developed by Ulrich (1998). However, survey findings continue to show that, while many practitioners aspire to adopt a more strategic role, the administrative role is still dominant and HR often struggles to demonstrate that it adds significant value to the business. Critiques of the business partner model suggest that an overemphasis on short-term performance measures can be to the detriment of the employment experience for many. A number of models have been developed that identified the key competencies that HR professionals need in order to meet the challenges of organisations now and in the future.

Explore

- **What does the term HRM mean to you?**
- **To what extent is it possible to have policies and practices that meet the needs and objectives of organisations and individuals?**

The first question is designed to encourage students to think about their own interpretation. This might be based on personal work experience, reading and previous studies. Answers are likely to include both broad and narrow interpretations as well as 'hard' and 'soft variants. The second question is designed to help students to consider the implications of these different interpretations on the practices and perceptions of HRM.

The language used to describe HRM can have a considerable influence on whether it is viewed as a concept designed to improve the quality of the employment experience or as a means of work intensification. Language can be used to emphasise differences between HRM and more traditional approaches to people management, for example, through references to business strategy, value added, etc. Metaphor is also often used by detractors of HRM to challenge many of the a priori assumptions that underpin the concept. Students could be encouraged to dissect the language of HRM for positive and negative connotations.

This, in turn, raises the issue of whether HRM policies designed to achieve strategic goals such as competitive costs or the ability to respond rapidly to changes in markets can also provide a climate of trust and cooperation between workers and managers. Some commentators have argued that HRM is essentially about creating a climate of employee commitment (e.g. Pfeffer, 1998) and cooperation, while others have maintained that the term HRM can relate to policies for managing people that are designed to further the strategic goals of the organisation (e.g. Legge, 2005; Huczynski and Buchanan, 2007) at the expense of the employment experience.

Explore

What factors might account for the diversity of these results?

Students may identify a number of factors but are likely to include the lack of consensus about which HR practices are to be included and variety in how the practices are measured. There can also be considerable variation in how organisational performance can be measured. Differences can also be accounted for by the numbers and types of organisations included in studies as contextual factors might influence the extent to which associations are positive, negative or nonsignificant. Students could be encouraged to explore these issues deeper by comparing the measures and findings in two or more studies.

Explore

If there is a link between HRM and organisational performance, why is there not a more extensive use of HRM practices?

Sisson (2001: 80–81) identifies two main explanations to account for the low take-up of some HR practices. The first is that the time, resources and costs associated with change may tempt managers to adopt an incremental approach, that is, 'to try one or two elements and assess their impact before going further, even though this means foregoing the benefits of the integration associated with bundles of complementary practices'. The low take-up of HRM is also attributed to system inertia, particularly in established organisations. There are three possible causes of this inertia (CIPD/EEF, 2005): firms get locked into their initial choice of people management practices and face resistance to change; they experiment with change but abandon it when it does not appear to work; and change in people management practices may also require new production or distribution technologies and therefore will incur additional costs.

The second (and, in Sisson's words, 'less comfortable') explanation is that HRM is only one means of achieving competitive advantage and other methods adopted by organisations, for example, mergers, joint ventures, cost-cutting and new forms of Taylorism, do not involve a change in the way people are managed.

Explore

What factors might influence the take-up of practices associated with high-commitment HRM?

Human resource requirements, organisational size, the nature of the work and cost considerations tend to feature heavily here.

McDuffie (1995: 199) suggests three conditions that enable HRM to contribute to improved economic performance:

- Employees possess knowledge and skills that managers lack.
- Employees are motivated to apply this skill and knowledge through discretionary effort.
- The organisation's business strategy can be achieved only if employees contribute such discretionary effort.

In a similar vein, Marchington *et al.* (2016: 76–78) suggest that 'best-practice' HRM is more likely when:

- employers are able to take a long-term perspective;
- the cost of labour is low compared with other costs;

- knowledge workers are expected to use their discretion;
- organisations and workers are in a strong market position.

Explore

What key HR challenges have been raised in your organisation as a result of the UK's decision to leave the EU?

At the time of writing this textbook, the impact of Brexit on organisations in the UK is still largely unknown but this question could form a useful class-based discussion as responses are likely to vary significantly depending on type of organisation, sector. For example, the hospitality sector has reported the risk of a shortage of workers if EU nationals are not able to stay in the UK. Other organisations are considering shifting location to countries within Europe while yet others see the potential of increased market growth.

Explore

Why do you think so few HR professionals want to be employee champions?

Many HR professionals are reluctant to be considered as employee champions because of the associations of this role with traditional personnel management and assumptions about the HR function as a 'go-between' between employees and management. Over recent years, there has been a noticeable drive towards HR becoming recognised as a business partner able to contribute to organisational strategy and there can be inherent tensions between this role and the role of employee champion.

Explore

To what extent do you believe that these changes increase the attractiveness of operational HR roles?

The new titles devised by Ulrich and Brockbank in 2005 appear to minimise some of the negative connotations of the operational roles. For example, employee advocates and human capital developers are not only focused on the current needs of employees but are also responsible for building the workforce of the future. Functional experts are not only concerned with administrative efficiency but also apply their expert knowledge to the design and implementation of HR practices that 'improve decisions and deliver results' (p. 26). Leaders are responsible for leading the HR function in order to enhance its credibility.

In this way, the role descriptors emphasise the important contribution that operational excellence can make to the strategic direction of the organisation.

Key controversy

There 'remains a vast gulf between the perceived importance and the perceived effectiveness of HR today' (KPMG, 2012: 14). Why do you think this gap exists and how can HR professionals best address it?

HR can be perceived as of low importance by some in organisations because:

- HR work is frequently undertaken behind the scenes, so others in the organisation may be unaware of HR's contribution.
- HR work is often perceived as transactional and operational rather than strategic.
- HR professionals can sometimes appear to work in a vacuum without fully understanding the business needs and strategic direction of the organisation.
- There can be a blurring of responsibilities for people management between line managers and HR.

The authors of the KPMG International study (KPMG, 2012: 15–17) argue that, in order to improve HR's contribution and image, HR needs to:

Make the value of HR more prominent and understood: HR professionals need to understand the business, ensure that they are included in strategic discussions and demonstrate strong leadership.

Think, understand and communicate in the language of business: HR professionals need to consider the impact of HR on business outcomes and make a strong business case for any proposals. They also need to take a full perspective on the whole business and create HR strategies to fit; this 'requires a far deeper grasp of the organisation's core business model and strategy and the implications this holds for the rest of the business – to date, something that far too few HR practitioners have mastered' (p. 15).

Transfer appropriate responsibilities to line managers: shift direct responsibility for employees away from HR and back to line managers.

Move from administration to higher-value activities: advances in technology can enable HR to focus more on strategic activities rather than transactional administration.

Ensure that the competence and capability of HR professionals reflect the needs of the organisation: HR needs to first prove that it is capable of delivering value to the business.

Explore

Examine the Profession Map at http://www.cipd.co.uk/cipd-hr-profession/hr-profession-map/.

To what extent do you agree that these behaviours are important for effective HR professionals?

To what extent do you consider that the map is 'applicable to HR professionals operating anywhere in the world, in all sectors and in organisations of all shapes and sizes'?

The CIPD's profession map can form the basis of a classroom discussion in which students can explore the behaviours and how they might be important for effective HR professionals. They can also discuss whether some are more suited to more senior HR roles and the extent to which the behaviours perceived as most important may vary according to organisational context. They might also consider whether one individual needs to demonstrate all these capabilities or whether they can be distributed across an HR team.

Key controversy

CIPD (2015: 3) reports that 'having business, commercial and organisation savvy sits at the core of the CIPD's Profession Map – our professional standards for what great HR looks like – and are essential capabilities, whatever level of the profession you are operating at'. However, the same report finds that 'combining commercial and HR expertise to bring value to the organisation and stakeholders' was seen as an important capability to focus on by only 27 per cent of senior leaders and just 16 per cent of junior HR professionals.

What factors might account for this discrepancy and what are the likely long-term results for organisations and the HR profession?

There is scope for a widespread discussion here, drawing on students' own experiences both within and beyond the HR function. Long-standing criticisms of the HR function, discussed in the chapter, focus on HR's 'ivory tower' approach and the concentration on operational and transactional people issues without involvement in the wider organisational context. Conversely, commercial pressures may mean that HR specialists spend their time fire-fighting rather than operating strategically. The likely long-term results are a continuing power vacuum for the HR function and difficulties in proving the importance of HRM to enhanced organisational performance.

Questions

1 The 'matching model' (Devanna *et al.*, 1984) and the 'map of the HR territory' (Beer *et al.*, 1984) were conceived 30 years ago. To what extent are they still relevant to the study of HRM in organisations today?

The 'matching model' still has some relevance as it supports a contingency approach to HRM, that is, the policies and practices will vary from organisation to organisation and is dependent on organisational context. The emphasis on fit with the strategic goals of the business can influence HR practice in a number of areas including talent management, reward, development and performance management. It may result in lesser attention to employment relations and employee engagement as the model assumes that all stakeholders share the same interest in organisational success.

The 'map of HRM territory' recognises that there are a variety of 'stakeholders' in the organisation, which include shareholders, various groups of employees, the government and the community. The model recognises the legitimate interests of various groups, and assumes that the creation of HRM strategies will have to reflect these interests and fuse them as much as possible into the human resource strategy and ultimately the business strategy. This model is still relevant and can be reflected in organisational attention to engagement, corporate social responsibility and the adoption of high-commitment practices.

2 Studies of HRM and performance differ on a number of grounds, including the HR practices considered, methods of data collection and the respondents asked to provide information. How does this lack of consensus affect our understanding of the association between HRM and organisational performance?

This lack of consensus means that there is still no universally accepted link between HRM and performance. In the early days the debate focused on which HR practices, if any, were most likely to impact on organisational performance and questions regarding the direction of causality, that is, whether HRM led to enhanced organisational performance or whether strong business performance led to the adoption of HRM. More recently, questions have focused on the circumstances under which HRM can impact on performance and the process by which HRM can have an impact on performance?

3 To what extent can demonstration of the competencies identified by Ulrich *et al.* (2012) and CIPD's Profession Map help to raise the perceived added value of HR?

This question is designed to trigger a personal response but students are likely to suggest that these competencies can help to raise the competence and capability of HR professionals. This will ensure that HR professionals are equipped to meet the challenges facing contemporary organisations and able to demonstrate added value within organisation. This will, in turn, enhance the credibility of the HR function and address the perceived gap between importance and effectiveness.

Students should be able to identify a range of other factors that can affect the perceived added value of HR including senior management attitudes, the extent to which HR is viewed as a transactional or strategic function, line manager capabilities, external factors (labour market, economic conditions, competitor activity), etc. The discussion can then explore ways in which these factors might be influential and the extent to which they can counterbalance each other.

4 What long-term impact might the focus on short-term financial returns have on HR's ability to demonstrate how it adds value to sustainable organisational performance?

A focus on short-term financial returns may restrict the adoption of many of the policies associated with high-commitment management – including employee development and initiatives aimed at enhancing employee commitment – as many of these are relatively costly and do not demonstrate immediate financial returns. Reduction of head count can be seen as a quick way to reduce costs but this can result in the loss of knowledge and skills shortages that can impact negatively on sustainable performance. A focus on short-term financial returns can also, in extreme cases, lead to exploitation with workers pressured to work harder, often for low returns. HR professionals need to be able to demonstrate how HR practice can enhance organisational performance and, in order to do this; they need to show deep commercial awareness and competence.

Case study

The future of work: the journey to 2022

A team from PwC and the James Martin Institute for Science and Civilisation at the Said Business School in Oxford came together in 2007 to develop a series of scenarios for the future of people management. The result was three 'worlds of work', which provide a lens through which to examine how organisations might operate in the future. The forecasts are based on the results of a specially commissioned survey of 10,000 people in China, India, Germany, the UK and the US and a survey of almost 500 HR professionals across the world.

The report predicts that competing social, political, economic and technological forces are likely to result in three future scenarios or 'worlds of work'. They also suggest that most organisations are likely to be a mix of all three.

The orange world – Small is beautiful

In this scenario, specialisation dominates the world economy. Companies begin to break down into collaborative networks of smaller organisations. The emphasis in the orange world is on maximising flexibility while minimising fixed costs. This is likely to take advantage of the rise of the portfolio career, hiring a diverse mix of people on an affordable, ad hoc basis.

The blue world – Corporate is king

In this scenario, big company capitalism rules. Organisations continue to grow bigger and individual organisational preferences trump beliefs about social responsibility. Here the emphasis is on profit, growth and market leadership. Scale is the crucial differentiator in this world as it allows these mega-corporations to reach out across the globe and compete for talent and resources – constantly innovating and keeping pace with customer demands.

The green world – Companies care

In this scenario, social responsibility dominates the corporate agenda with concerns about climate change, demographics and sustainability becoming the key drivers of business. The driving goals in these organisations are positive social and environmental impacts. Ethical values are a key consideration and the employee value proposition in this scenario is work–life balance in return for loyalty to the organisation.

Read the full report at: http://www.pwc.com/gx/en/issues/talent/future-of-work/journey-to-2022.html and answer the following questions:

1 What key challenges are likely to be created by the co-existence of these three scenarios?

The co-existence of these three scenarios is likely to increase the diversity of people management practice. Each scenario has different priorities that will influence the nature of the workforce and the policies and practices that are most likely to achieve organisational goals. The use of technology in people management will feature in all scenarios but PwC predict that the way it is applied will vary.

In the orange world: the focus will be on creating virtual collaboration.

In the blue world: the emphasis will be on data analytics to measure performance.

In the green world: the focus will be on helping people to build work into their lives and minimise their environmental impact.

2 What are the implications of these different scenarios for the HR function?

In the orange world, PwC suggest that the role of HR is sourcing contractors and negotiating contracts, along with performance management and project economics. Many small organisations may not have a dedicated HR function but may contract out much of this work or seek collaborative arrangements with partner organisations.

In the blue world, HR use advanced analytics to predict future talent demand and to measure and anticipate performance and retention issues. This approach may be managed internally or externally but is likely to require a specific skill-set that is not currently recognised as a priority by many HR professionals,

In the green world, HR act as the guardian of the brand, focusing on creating the right culture and behaviours and ensuring reputation and sustainability across the supply chain.

3 What types of HRM practices would you recommend for each scenario?

The PwC report suggests the following practices but students should be able to add to this list:

Orange: contracts for specific projects with pay based on results; individuals responsible for their own development.

Blue: emphasis on recruitment and retention of top talent; reward and development closely integrated with organisational performance.

Green: emphasis on selecting talent with the same values as the organisation and the right behaviours and attitudes; focus on total reward which recognises corporate citizenship and good behaviours as well as performance; personal and professional development fuse in areas such as volunteering.

CHAPTER 2

Strategic human resource management

Heather Connolly and Julie Beardwell

Objectives

- To explore the meaning and application of strategic human resource management (SHRM).
- To evaluate the relationship between strategic management and SHRM.
- To examine the different approaches to SHRM, including:
  - the best-fit approach to SHRM;
  - the configurational approach to SHRM;
  - the resource-based view of SHRM;
  - the best-practice approach to SHRM.
- To evaluate the relationship between SHRM and organisational performance.

Summary

- This chapter has charted the development of SHRM, exploring the links between the strategic management literature and SHRM. It has examined the different approaches to SHRM identified in the literature, including the best-fit approach, the best-practice approach, the configurational approach and the resource-based view, in order to understand what makes HRM strategic.
- A key claim of much SHRM literature is a significant contribution to a firm's *competitive advantage*, whether it is through cost reduction methods or more often *added value* through best practice HR policies and practices. An understanding of the business context and particularly of the 'strategy-making' process is therefore considered central to developing an understanding of strategic human resource management.
- Whittington's (1993, 2001) typology was used to analyse the different approaches to 'strategy-making' experienced by organisations and to consider the impact this would have on our understanding of the development of SHRM. The influence of the classical, rational-planning approach on the strategic management literature and therefore strategic HRM literature was noted, with its inherent assumption that strategy-making is a rational, planned activity. This ignores some of the complexities and 'messiness' of the strategy-making process identified by Mintzberg and others. Other approaches that recognised the constituents of this 'messiness', namely the processual approach the evolutionary approach and the systemic approach, were identified. These took account of changes and competing interests both in the external and internal business environment. Significantly, for human resource management, there is a recognition that it is not always appropriate to separate

operational policies from higher-level strategic planning, as it is often operational policies and systems that provide the source of 'tactical excellence', and thus the traditional distinction between strategy and operations can become blurred.

- The best-fit approach to SHRM explored the close relationship between strategic management and HRM by considering the influence and nature of vertical integration. Vertical integration, where leverage is gained through the close link of HR policies and practices to the business objectives and therefore the external context of the firm, is considered to be a key theme of SHRM. Best fit was therefore explored in relation to life cycle models and competitive advantage models and the associated difficulties of matching generic business type strategies to generic human resource management strategies were considered, particularly in their inherent assumptions of a classical approach to the strategy-making process. The inflexibility of 'tight' fit models in a dynamic, changing environment was evaluated, and consideration was given to achieving both fit and flexibility through complementary SHRM systems.

- The configurational approach identifies the value of having a set of HR practices that are both vertically integrated to the business strategy and horizontally integrated with each other, in order to gain maximum performance or synergistic benefits. This approach recognises the complexities of hybrid business strategies and the need for HRM to respond accordingly. In advocating unique patterns or configurations of multiple independent variables, they provide an answer to the linear, deterministic relationship advocated by the best-fit approach.

- The resource-based view represents a paradigm shift in SHRM thinking by focusing on the internal resources of the firm as a key source of sustainable competitive advantage, rather than focusing on the relationship between the firm and the external business context. Human resources, as scarce, valuable, organisation-specific and difficult-to-imitate resources, therefore become key strategic assets.

- The best-practice approach highlights the relationship between 'sets' of good HR practices and organisational performance, mostly defined in terms of employee commitment and satisfaction. These sets of best practice can take many forms. Some have advocated a universal set of practices that would enhance the performance of all organisations to which they were applied (Pfeffer, 1994, 1998), while others have focused on integrating the practices to the specific business context (high-performance work practices). A key element of best practice is horizontal integration and congruence between policies. Difficulties arise here, as best practice models vary significantly in their constitution and in their relationship to organisational performance, which makes generalisations from research and empirical data difficult.

- In endeavouring to gain an understanding of the meaning of SHRM, it soon becomes apparent that a common theme of all approaches is enhanced organisational performance and viability, whether this be in a 'hard' sense, through cost-reduction and efficiency-driven practices or through high-commitment and involvement-driven value added. This relationship is considered significant to understanding the context and meaning of SHRM. The need to conduct further empirical research, particularly in Europe, is identified (Stavrou and Brewster, 2005) and the lack of methodological rigour and the extensive use of single source respondents in current research studies evaluating the SHRM/performance link are noted (Wall and Wood, 2005).

- It is also important to note that there is a broader, political economy that shapes the behaviours structures and outcomes of business which is driven by increasing financialisation within the capitalist system (Thompson, 2011).

Explore

To what extent is strategy 'as the art of war' relevant to contemporary organisations? What other metaphors might you use to define strategy?

Strategy is a difficult concept to define; sometimes it is easier to think in terms of metaphors. We have already been introduced to the military metaphor of 'strategy as the art of war'. What other metaphors might you use to define strategy?

What metaphor would best describe the 'strategy-making' process in your organisation or one with which you are familiar?

This is intended as a familiarisation activity to encourage students to share their ideas and experience. Answers may include variations on plan, vision, mission, aims, objectives, targets and stakeholders. This brainstorming activity can act as a catalyst for discussions on the strategy-making process utilised in organisations, and the differences between intended and realised strategies. It can also be used to draw out the differences between strategy and operations.

The 'metaphor' activity is designed to encourage students to consider strategy as a dynamic, creative, evolving process, which could link to Whittington's typology of strategy. Students may suggest metaphors, which demonstrate that strategy is not always a rational, classical activity.

Key controversy

'Under the classical approach management actions are legitimised by reference to external forces' (Marchington *et al*., 2016: 15). Revisit Case Study 2.1 and consider to what extent the approach adopted by Sports Direct can be 'legitimised by external forces'?

Mintzberg (1990) clearly identified the 'basic premises' of the classical approach as being the disciplined 'readiness and capacity of managers to adopt profit-maximising strategies through rational long-term planning'. He questioned the feasibility of adopting this approach as either a model for prescription of best practice or a model of analysis, as he considered it to be an inflexible and oversimplified view of the 'strategy-making' process, relying too heavily on military models and their assumed culture of discipline. This can often lead to a disproportionate emphasis on analysis and decision-making about strategic choices at the expense of the key stage of implementation, which, after all, delivers the results. Mintzberg (1987) therefore argued that strategy-making in practice tends to be complex and messy and he preferred to think about strategy as 'crafting' rather than 'planning'.

The classical approach is, however, the basis for much strategy discussion and analysis, and, as we will see later, it underpins much strategic HRM thinking, particularly the 'best fit' school of thought and the notion of vertical integration. If, however, we accept that devising and implementing strategies in organisations is a complex and organic process, then it highlights the complexity of both defining and applying SHRM.

Explore

Why might an intended strategy not be realised in practice? Why do strategies sometimes emerge?

Intended strategies may not be realised for many reasons, including unforeseen changes in the external/internal environment, for example, interest rises/falls, stock market rises/falls, disasters (9/11), product failures, industrial unrest, etc. Lecturers can illustrate this by applying either an organisation or personal example to Mintzberg's (1987) diagram. Students can apply this analysis to their personal development, and analyse why their original career/university strategies may have changed course.

Explore

What challenges does the systemic view of strategy pose for multinational organisations?

Discussions may include the following points:

- Challenges the universality of any single model of strategy.
- Objectives and methods of 'strategy-making' depend upon social/national context within which they operate.
- Therefore, strategy needs to be sociologically sensitive.
- Assumes norms guided by cultural rules of locals society; so the 'local' element of the global/local debate comes to the fore, so even the largest multinationals can retain a strong local character. See Whittington (2001), pp. 26–37.

If a systemic view of strategy is assumed, HR professionals should ensure they are culturally aware and sensitive to the local issues/cultures/ways of doing business.

Explore

In what way does Whittington's (1993, 2001) typology of strategy impact on your understanding of 'vertical integration'? You may find it useful to use Table 2.1 to guide your thinking.

Students may find it useful to reflect on the following table from Whittington (2001, p. 39) and consider the implications for vertical integration. If the class was split into four groups, each group could analyse one approach and present their ideas for feedback.

Table 2.1 Typology of strategy

	Classical	**Processual**	**Evolutionary**	**Systemic**
Strategy	Formal and planned	Crafted and emergent	Efficient	Embedded
Rationale	Profit maximisation	Vague	Survival of the fittest	Local
Focus	Fitting internal plans to external context	Internal (politics)	External (markets)	External (societies)
Process	Analytical	Bargaining/learning	Darwinian	Social/cultural
Key influences	Economics/military	Psychology	Economics/ biology	Sociology
Emergence	1960s	1970s	1980s	1990s

Source: Adapted from Whittington (2001: 39).

Explore

Reflect on Wright and Snell's fit/flexibility model (see Figure 2.5). How might an HR professional facilitate flexibility?

- Ensure that HR is on the strategic agenda.
- HR recognises need for a two-way communication/dialogue/partnership approach.
- Identify HR system that contributes to organisational performance and is horizontally integrated.
- Identify how HR can be a value-adding function and a business partner.
- Select and develop using competencies that encourage flexibility and creativity.

Explore

Try to answer these questions with regard to your organisation or one you are familiar with.

- On what basis is the firm seeking to distinguish itself from its competitors? Production efficiency? Innovation? Customer service?
- Where in the value chain is the greatest leverage for achieving differentiation? Which employees provide the greatest potential to differentiate a firm from its competitors?

These questions can be used as the basis of a classroom discussion. Students could either be encouraged to identify an organisation of their choice or the lecturer could choose one and explore the reasons for differing observations.

Key controversy

The resource-based view focuses on the internal resources (including people) that can provide competitive advantage to organisations, but has been criticised for paying insufficient attention to the external environment. To what extent do you agree with this view?

This question is designed to encourage personal reflection on the content of the chapter. There is no right or wrong answer here but students who agree with the criticism may argue that organisations need to link the RBV with the external context and exploit ways to differentiate themselves from competitors in the same sector. Those that disagree with the criticism may argue that the RBV helps organisations compete in an uncertain economic context and that, by focusing on the identification and development of their core competencies, organisations are more likely to be able to stay ahead of their competitors.

Key controversy

If 'best practice' HRM is applied to meet the strategic goals of the organisation, to what extent are these practices also in the best interests of key stakeholders, particularly employees, in the organisation?

One of the key components of Pfeffer's list of HRM practices is pay contingent on organisational performance, that is, when an organisation is performing well, employees will be rewarded accordingly. However, there have been many recent cases where senior managers of poorly performing organisations have been rewarded with large payoffs. To what extent do such practices undermine the principles of 'best practice' HRM?

Many advocates of best practice, high-commitment models, tend to ignore the question of pluralist goals and interests. It is unlikely that the introduction of best practice HR could meet the goals of all stakeholders within the business equally, particularly in a short-termist-driven economy, where the majority of organisations are looking to primarily increase return on shareholder value. If this return can best be met through cost reduction strategies or increasing leverage in a way that does not fit employees' goals or interests, then these practices are unlikely to engender high-commitment and cannot be labelled 'best practice'.

For the second part of the question, students are encouraged to think about the implications of large payoffs to senior executives in poorly performing organisations and, in particular the effect such payments may have on the rest of the workforce. Many employees may feel under-valued and unfairly treated, especially if their jobs are at risk because of the company's performance. Also, best practice aims to support a unitarist approach whereby all employees, of whatever level, have a stake in the success of the organisation. The perception that senior executives are rewarded in spite of poor company performance can lead employees to question the genuineness of their role in organisational policy.

Questions

1 In what ways is your understanding of SHRM enhanced by models of the four distinct approaches to strategy-making?

The classical, rational-planning approach, with its inherent assumption that strategy-making is a rational, planned activity, has had a significant impact on our understanding of SHRM. However, this approach ignores some of the complexities and 'messiness' of strategy-making and other approaches, that is, the *processual approach*, the *evolutionary approach* and the *systemic approach* recognise this 'messiness'. They take account of changes and competing interests both in the external and internal business environment. Significantly, there is a recognition that it is not always appropriate to separate operational policies from higher-level strategic planning, as it is often operational policies and systems that may provide the source of 'tactical excellence', thus the traditional distinction between strategy and operations can become blurred.

2 Compare and contrast life cycle, competitive advantage and configurational models of SHRM.

Life cycle models are based on the premise that HR policies and practices need fit the relevant stage of an organisation's development or life cycle. So, SHRM will vary depending on whether the organisation is in start-up, growth, maturity or decline.

Competitive advantage models are based on the assumption that HR policies and practices need to 'fit' with the organisation's competitive strategy, that is, cost reduction, quality enhancement or innovation.

Configurational models require an organisation to develop an HR system that achieves both horizontal and vertical integration, or a form of 'idealised fit'. A system is therefore proposed that focuses on alignment, both within HR (internal fit) and with operating and strategic objectives (external fit).

Life cycle and competitive advantage are both types of 'best fit' models, whereas the model reflects the assumption that there is not necessarily a single factor that can determine appropriate SHRM but rather a range of factors that need to be considered simultaneously.

3 To what extent can organisations apply both 'outside-in' and 'inside-out' approaches to SHRM?

Both 'outside-in' (best fit) and 'inside-out' (RBV) approaches are aiming at enhanced organisational performance. The degree of consistency between these approaches will largely depend on the response to the external environment. For example, the RBV and its emphasis on the core capabilities of the organisation and value of the workforce can sit comfortably with quality enhancement or innovation strategies but will be harder to sustain alongside a low cost strategy. The chapter gives the example of B&Q which has responded to external pressures by targeting older employees to promote good customer service in its stores.

4 To what extent is it possible to measure the relationship between SHRM and organisational performance?

The relationship between SHRM and organisational performance is significant, both in terms of defining appropriate HR systems to enhance organisational performance and in terms of identifying methods to evaluate and measure the contribution of these HR systems.

Students may identify a number of challenges to monitoring and measuring the contribution, including:

- a lack of consensus over which HR practices are most important;
- difficulties in capturing the degree of horizontal integration;
- problems in isolating the contribution of HR practices from the impact of other factors;
- determining the direction of causality, that is, do HR practices lead to enhanced organisational performance or does better organisational performing create the means to invest in SHRM.

5 To what extent has increasing financialisation challenged best-practice SHRM?

Pfeffer's best practice model is based on the assumption that all organisations will benefit and see improvements in organisational performance if they identify, gain commitment to and implement a set of best HRM practices. However, others, for example, McDuffie, have suggested that best practice will have most impact where the organisation's business strategy depends on employees applying their skills, knowledge discretionary effort. This implies that best practice is less feasible for organisations with a low cost strategy.

Case study

High road versus low road in the civil aviation industry

Since 2010, there have been significant developments in the European civil aviation sector European civil aviation sector in the business strategies of both low fares' and legacy airlines as they restructure to meet the twin pressures of competition and austerity. In most cases, these developments reflect and an accelerated 'race-to-the-bottom' and an increase in 'social dumping', specifically the downgrading of working conditions, training, health and safety and wages. In general, aviation firms cite unfair competition organised by another company to justify tougher working conditions and impose more flexibility, wage cuts or a weakening of the welfare of its workers, such as the use of unsafe working practices, which increase the risks of industrial accidents.

Two comprehensive studies of employment relations in the European civil aviation industry have recently been conducted with the financial support of the European Commission and on behalf of the European Transport Workers' Federation (ETF). The more recent of these, published in 2014 and based on a survey of more than 2,700 European aviation workers as well as case studies of both low fares' airlines (LFAs) and legacy airlines, demonstrates that many airlines now resort to more precarious forms of employment through the use of agency, temporary, and what is widely recognised as 'bogus' or 'false' self-employed workers. They also demand new forms of flexibility that benefit the company rather than the worker and rarely involve employees in any meaningful way in decision that (adversely) affect their daily working lives and future careers.

Faced with ever more intense competition from LFAs, several legacy airlines have increasingly outsourced mainline operations to the low cost version of the brand to fly short haul routes. For example, in 2012 Lufthansa transferred all of its short haul operations outside of its Munich and Frankfurt hubs to its low cost subsidiary, Germanwings. A similar approach has been taken by Iberia (Iberia Express) and Air France-KLM (transavia). An alternative approach is to grow a low cost workforce within main line operations. British Airways has introduced a Mixed Fleet whose employees' terms and conditions of employment are in many respects inferior to those of counterparts at LFAs.

As for the LFAs, these airlines are now targeting major airports and higher value (business) passengers, which puts them in more direct competition with the legacy airlines. Ryanair, for example, has declared its intention to target all but three of Europe's major airports (London Heathrow, Paris Charles de Gaulle and Frankfurt). All too often, the result is a further assault on the terms and conditions of legacy airline staff as the long-established airlines struggle to compete.

The self-styled 'ultra-low cost carriers' such as Ryanair and Wizz Air will no doubt continue to bear down relentlessly on labour costs and staff will find themselves working right up to the maximum flight and duty time during the busy summer schedule with enforced lay-offs (furlough) during the winter when aircraft are grounded. It is the ultra-low cost carriers that rely most heavily on precarious forms of employment, and it is the ultra-low cost airlines that have developed the most aggressive anti-union strategies.

Source: Adapted from Harvey, G. and Turnbull, P. (2015), 'Changing Business Strategies and the Implications for Workers in the European Civil Aviation Industry', Airneth, 1 November. http://www.airneth.nl/activities/details/article/changing-business-strategies-and-the-implications-for-workers-in-the-european-civil-aviation-industr/.

Questions

1 Using Whittington's model, identify the dominant strategic approach within low fares airlines.

2 What are the common external pressures facing both low fares airlines and legacy airlines?

3 What are the short-term and long-term risks for companies adopting low road employment practices?

4 What advice would you give to low fares airlines for avoiding the short-term and long-term risks you identify in the previous question?

1 Students can be encouraged to use the case study and web-based searches to identify the key elements in the strategic approach adopted by the low cost airlines and then compare this with Whittington's model (Figure 2.3). In particular, they should be encouraged to consider the balance between profit-maximising and pluralistic outcomes and between deliberate and emergent processes.

2 In groups, students can identify the key external pressures facing the low cost and legacy airlines, for example, political, economic, and environmental, and of course in the case of airlines, oil prices. The strength of trade unions and the level of union organisation in the sector is also a factor to consider. Students should think about the different ways in which these pressures affect the different operators.

3 Students should think about the wider economic context within financialised capitalism and the pressures this creates for profit maximisation to be the prime motive over and above the wellbeing of workers (regardless of what the company policy may state). Is it false logic to work on the basis of low road employment practices, in relation to the risks around sustaining commitment, loyalty, wellbeing and performance of workers (and potential competitive advantage) or does this create sufficient short term gain to make these types of practice profitable (enough)?

4 Students could consider case studies of the so-called low-cost airlines that have employee well-being at the centre of their HR policies (Southwest Airlines in the United States, for example). Have these companies avoided problems created around adopting low road employment practices?

CHAPTER 3

Contextualising HRM

Audrey Collin with Julie Beardwell

The concept of HRM is ambiguous and there are many variations in its practice. However, HRM has emerged at a particular point in time, in a particular social, economic, cultural, and ideological context. It is, therefore, to its context that we can look for clues to understand it as a concept and as a portfolio of practices and prescriptions.

Objectives

- To identify the challenge of conceptualising and representing context.
- To contextualise human resource management (HRM) and enrich understanding of it by examining its background, uncovering some of the strands in its thinking and their underpinning assumptions and highlighting some of the tensions it addresses.
- And thereby to develop readers' capacity for critical thinking and recognition of ethical issues in relation to HRM.

Summary

- The chapter argues that the keys to the understanding of human affairs, such as HRM, lie within their context. Although context is difficult to conceptualise and represent, readers can draw on their existing understanding of environmental issues to help them comprehend it. Awareness and comprehension of context are ultimately empowering because they sharpen critical thinking by identifying and challenging our own and others' assumptions.
- Multiple interests, conflict, and stressful and moral issues are inherent in the immediate context of HRM, which comprises the organisation (the nature of which generates a number of tensions) and management (defined as the continuous process of resolving those tensions). Over time, managers have adopted a range of approaches to their task, including scientific management; the human relations school; humanistic organisation development; and HRM. Examination of this immediate context uncovers the existence of some significant assumptions that inform managers' differing practices and the competing interpretations that theorists make of them. It also highlights ethical issues.
- The wider social, economic, political and cultural context of HRM is diverse, complex and dynamic, but some very different and unconnected strands of it are pulled out for examination, such as the legacies of the two world wars for the management of the employment relationship. Other threads are the alternative ways of thinking which locate HRM within a contemporary framework of ideas that challenge assumptions about the management of the employment relationships.

- The chapter, however, finds it insufficient to conceptualise context as layered, like an onion. Rather, HRM is embedded in its context. The metaphor of a tapestry is therefore used to express the way in which its meaning is constructed from the interweaving and mutual influences of the basic structures of society with alternative ways of thinking derived from perceptual, epistemological, philosophical and ideological positions. These include positivism, phenomenology, constructivism, social constructionism, feminist thinking, systems thinking, new developments in science, which make their impact though ideology, hegemony and rhetoric. People, events and issues are the surface stitching.

- The nature of this tapestry, with its multiple and often competing perspectives, ensures that HRM, as a concept, theory and practice, is a contested terrain. However, the chapter leaves readers to identify the implications of this through their critical reading of the book.

- This examination of context challenges readers to develop their critical thinking, and highlights ethical issues.

Facilitating students' learning

Chapter 3 sets out to indicate the complex and dynamic nature of the context within which the employment relationship is managed. It does this by drawing attention not only to the social and economic strands in the context of HRM, but also to its epistemological, philosophical and ideological strands. It thereby challenges readers' assumptions about the nature of social reality generally.

It is recognised that initially many readers of this chapter may have little knowledge of HRM theory or practice that they can use to help them become aware of those strands. However, tutors can encourage them to draw upon whatever work experience they have had to help them understand the nature of organisations and management. The knowledge derived from pre-study, vacation or part-time work can be mobilised to help full-time students recognise some of the issues outlined in this chapter. The experience of mature and also part-time employed students in the class can also be drawn upon. Various Explore boxes and activities have been included for this purpose.

Much of the material in the chapter will be not only new to many students, but also difficult to grasp initially. In recognition of this, the chapter encourages readers to complete the learning cycle by reflecting upon and examining critically some of their own familiar experiences and assumptions, and participating actively in their learning process through the Exploration boxes. It thereby encourages them to recognise that these subtle and interpenetrating layers of context influence our ways of thinking about, and so responding to, both the employment relationship and social life in general. The learning outcomes of the chapter should, therefore, benefit not just the understanding of HRM, but the more general ability to think critically and independently.

It is suggested that tutors could also assist that learning by encouraging a critical approach when reading the chapter itself as well as other chapters of the book. For example, what are the differing perspectives of the chapter authors? Issues arising in current affairs, such as those illustrated in the case study, could also be used to illustrate and amplify the messages of this chapter. Moreover, as the additional activity below (which is not in the chapter itself) suggests, tutors could engage students' interest by using appropriate literature and films to bring out the significance of different assumptions.

The appropriate stimulus, encouragement and support students will need to face the challenges posed by this chapter would generally be most effectively provided by group activity and discussion. However, tutors should also make opportunity for students to engage in personal reflection, keeping a learning diary (see Chapter 7), perhaps, or – for more advanced students – in a piece of assessed work.

Using the chapter

List of OHP Slides:

1. Context
2. HRM embedded in context
3. Figure 3.1 (tapestry)
4. Tensions in organisations
5. Reification
6. Morgan's metaphors for organisation
7. Pepper's world hypotheses: dimensions of grid
8. Peppers world hypotheses: grid
9. Positivism
10. Alternative approaches
11. Model of an open system
12. Epistemology, hegemony, ideology, rhetoric

The provision of a PowerPoint slide is indicated by *.

Understanding the Nature of Context

Many students might be familiar with PEST (Political, Economic, Social, Technological) analyses, and so would be inclined to define context in terms of external influences upon HRM. However, this chapter focuses upon the complex and interwoven nature of context*, indicating that some of its threads are constituted of the very basic ways in which we apprehend and understand reality. It likens this context to a tapestry*. The identification of the continuously woven warp and weft 'threads' that constitute the context of HRM could form the basis for a class discussion upon the debates about HRM introduced in Chapter 1.

This chapter discusses the difficulties of conceptualising context. However, from their own knowledge and experience readers will already have some understanding of this, although they may not have clarified their thinking about it nor have the language that would allow them to express their thinking adequately. The purpose of the Exercise at the end of the chapter is to enable them to make connections between what is probably already familiar and concrete and the new concepts and language of this chapter.

The aim of the following Explore box is make students pause and reflect upon their own initial assumptions, and to reinforce the message of the chapter that HRM is interwoven into its context. Traditional, linear, cause-and-effect ways of thinking are inadequate to understand this.

Explore

Reflect upon this way of understanding context.

- **How different is it from the way in which you would have defined the context of HRM based, for example, on the various models presented in Chapter 1?**

- **Does this challenge the way you generally think and, if so, in what way?**

The immediate context of HRM

The chapter examines two areas of the context of HRM. The immediate context is that of the nature of organisations and the need for management. Here the chapter brings out the tensions* inherent in organisations: the existence of several stakeholders, their differing perspectives, aims and needs, and the interplay between role and person, between organisation and individual. It suggests that those tensions have continuously to be resolved through the process of management. The chapter then goes on to outline some of the strategies used by managers to resolve these tensions. It identifies four, one of which is HRM. It then identifies the assumptions underlying those strategies and the differing interpretations made by theorists of those strategies.

Tutors can encourage students to clarify and supplement their understanding by recommending Morgan's *Images of Organisation**, Pascale & Athos, and Watson (see References), perhaps in a written assignment. More advanced students will find stimulation and challenge in Brunsson, Cooper and Fox and Weick (see References). The implications of the nature of organisations and their management could be brought out in a classroom discussion, or could form the focus of a piece of assessed work calling for critical understanding from more advanced students. The opening case study can also be drawn upon here.

To help students relate the material they have just read to their own experience is the purpose of the following Explore boxes and the Key controversy:

Explore

- **In your own experience of being employed, however limited that might be so far, have you been aware of some of these tensions?**

- **What were their effects upon you and your colleagues at work?**

- **How did the management of the organisation respond to these tensions?**

- **How has this affected how you look at management and HRM?**

Explore

Some of you will have worked in a call centre. Working on your own or in a group, examine your experiences of working there.

- **Could you identify one or more of these managerial strategies in your workplace?**
- **What might have been your experiences had the management adopted a different strategy?**

Key controversy

Working on your own or in a group, identify some of the new tensions that are arising from the growth of the 'gig economy'.

- How would you describe the basis of the working relationship between workers and organisations?
- Do these working arrangements raise new ethical issues?

There is considerable diversity within the 'gig' economy so arrangements between worker and organisations can vary considerably and students could be encouraged to reflect on this. Much recent debate has focused on the extent to which workers are employees or the organisation or self-employed contractors taking advantage of the ability of a wider organisation to deliver potential clients (see, for example, court cases involving Uber and its drivers). Much of the power balance between organisations and individuals is influenced by the balance between supply and demand for the skills exercised by workers and the competition between the 'gig' economy and more traditional organisations in the same field.

Ethical issues may include who whether these working arrangements represent worker exploitation or enhance the opportunity for people to work when and where they choose. Neither position is mutually exclusive and students could be encouraged to debate the extent to which it is reasonable to give up employment rights in order to maximise flexibility. There are also ethical issues surrounding the extent to which the rise of organisations like Uber are able to undercut more traditional occupations, for example, London Black Cab drivers and thus reduce employment security more broadly.

The wider context of HRM

The wider context of HRM is vast and without limit. The section examining it, therefore, makes its points in two ways. First, it suggests that students themselves elaborate the contextual elements in the models of HRM in Chapter 1:

Explore

Go back to the models of HRM presented earlier (see Chapter 1) and, working either individually or in a group, start to elaborate upon the various wider contextual elements that they include. Look, for example, at the external forces of the 'matching model' illustrated in Figure 1.2.

- **What in detail constituted the elements of the economic, political and cultural forces at the time Devanna *et al*. (1984) were writing? What would they be now?**

- **What other elements would you add to those, both then and now?**

- **What are the relationships between them, both then and now?**

- **And what, in your view, has been their influence upon HRM, both then and now?**

Wider contextual influences on HRM today

The section notes examples of influences upon HRM from the wider environment, some concrete, others abstract ideas: the two world wars, the failure of the US sub-prime mortgage market, the impact of social media; the belief in science, the concept of the individual, gender differences, modernism and postmodernism. Tutors can encourage students to identify other examples from their own knowledge and experience, and to amplify and discuss them in groups.

Explore

What other distant socio-political events or developments have influenced or are influencing HRM?

Students with experience of employment could also be encouraged to analyse the environment and its influences upon of an organisation they know. In the light of this, more advanced students could discuss the construction of HRM in that organisation. A piece of assessed work could also be designed to identify and discuss them. Less advanced students could approach this descriptively, but should nevertheless show awareness of the holistic, interrelated nature of context. More advanced students could bring systems thinking (see later in chapter) into their approach, and demonstrate critical awareness of the complex and dynamic nature of context.

Underlying assumptions

The section on ways of seeing and thinking draws attention to different ways of thinking and some of their implications for the interpretations that are made of HRM, organisations, management and social life generally.

Many readers are likely to find this material difficult. Tutors could consider several ways to help their students achieve understanding. They could first approach some of the less demanding notions, such as the significance of different perspectives and assumptions. They could, for example, make use of Morgan's eight metaphors* in his *Images of Organisation*, which demonstrate how different assumptions and perspectives shape our understanding of organisations. These are: the organisation as a machine, organism, culture, brain, political system, psychic prison, flux and transformation, instrument of domination. Although Morgan is looking specifically at organisations, and not at basic epistemological issues, as Pepper is, nevertheless some of his images give some greater understanding of Pepper's 'world hypotheses'*. The machine and organism images fit the mechanicist and organicist 'world hypotheses', while 'flux and transformation' will give insight into the contextualist 'world hypothesis'*. Contrasting metaphors for context – such as the library and the Internet, or the differing perspectives of terrorist and freedom-fighter – could form the starting-point of a class discussion on the significance of assumptions for interpretation and action.

Further, a step towards achieving some awareness of the impact of the different interpretations generated by orthodox and alternative approaches would be to recognise the different outcomes of quantitative and qualitative research. A good example is provided by Atkinson (2003) who notes the impact on the understanding of the psychological contract (Atkinson, C. (2003) 'Professional standards research: the psychological contract', *People Management*, Vol. 9, No. 15, 24 July, p. 43). (It is important, however, to stress to students that quantitative and qualitative research do not equate with positivist and alternative approaches; qualitative research can be undertaken in a positivist study.) In the same volume, the significance of changing the cognitive framing of a situation is shown by Chan Kim and Mauborgne (2003) (Chan Kim, W. and Mauborgne, R. (2003) 'Tipped for the top', *People Management*, Vol. 9, No. 15, 24 July, pp. 27–31).

Eccles and Nohria (see References) provide a useful discussion of the significance of rhetoric* in organisations. They write (p. 37) 'The basic task of management… is to mobilise action by using language creatively to appeal to the self- and collective identities of individuals.' Where appropriate, tutors can make connections with Legge's analysis of the 'rhetorics and realities' of HRM.

Tutors could also set students an exercise of examining the discourses of modules on their course, such as marketing or finance, or contrasting the discourses of different branches of HRM (as seen in this textbook, perhaps), such as recruitment and selection and learning and development see Questions at end of the chapter).

However, the chapter is going deeper than the recognition of the impact of different perspectives. It is introducing the significance of epistemology*, and pointing to even more basic differences in assumptions about the nature of reality. To help students understand something of the nature of different epistemological positions, and how those frame what we take to be reality, tutors could encourage them to look at the thought systems of other peoples. Both Castaneda and Pirsig adopt a story form to express major challenges to Western thinking. In Castaneda's (1970) *The Teachings of Don Juan*. Castaneda writes of his apprenticeship, as a young anthropologist, to a Mexican Indian sorcerer. From what to his Western eyes were bizarre and terrifying experiences, he concluded that Don Juan's teachings:

'had an internal cohesion, a logical sequence . . . dispelled the sense of bizarreness . . . my apprentice-ship had been only the beginning of a very long road . . . a very small fragment of a system of logical thought from which Don Juan drew meaningful inferences for his day-to-day life, a vastly complex system of beliefs' (p. 234).

Don Juan was making very different epistemological assumptions from those generally made in the industrialised world and, on the basis of these, his world made logical sense to him, though not to his Western apprentice Castaneda.

Zen and the Art of Motorcycle Maintenance (Pirsig, 1976) provides another view of the personal dislocation experienced in trying to move outside the dominant Western 'mechanicist' hypothesis, which has generated the hypothetico-deductive, scientific method. Umberto Eco's *The Name of the Rose* (the novel, not the film) would provide further illustration.

With more advanced students, tutors may want to develop the brief reference to Pepper* by visiting the several websites with descriptions of the four 'world hypotheses' (see 'Pepper's world hypotheses').

Two diagrams are included in the PowerPoint slides. One Grid shows the four 'world hypotheses' to which Pepper referred. In a classroom discussion, students could fill the various approaches discussed in the chapter in a blank grid. For example, positivism would appear in the top right-hand cell, social constructionism in the bottom left. A point of discussion would be whether the systems approach (as discussed in the chapter) should be allocated to the bottom right or the left cells.

The following website provides a straightforward outline suitable for students of positivism* and postpositivism:

www.socialresearchmethods.net/kb/positivism

There are two websites that present material on systems thinking* that would be accessible to students. The first elaborates the material in the chapter, and the second sets out the relevance to the understanding of organisations.

http://www.managementhelp.org/organizations/systems
http://www.mapnp.org/library/systems/systems.htm

The Explore boxes in this part of the chapter encourage readers to pause and think through what they have just read.

Explore

Revisit Case Study 3.1. How does the language used to describe the gig economy influence our understanding of it?

As the chapter demonstrates, language and rhetoric can have a powerful influence on how we interpret the world. The opening case study is a case in point, with its criticism of the phrases 'collaborative' and 'sharing' economies. In the article used for Case Study 3.1, Sarah O'Connor argues that organisations grouped under these umbrella terms are neither sharing nor collaborating and the use of such terms may mask the power they have to shape behaviours and influence the labour market. Similarly, the term 'gig economy' can be seen to signify a here-today-gone-tomorrow approach that may reflect the users' perspective but not necessarily the people working in this type of environment. Students could be encouraged to reflect on how the language used impacts on their own attitudes towards these types of working arrangements and to suggest different terms that could be used instead.

Explore

- **How would you represent an organisation in a changing world in terms of the open systems model?**

- **Working individually or in groups, identify its inputs (where they come from, and how they could be changing), how it converts these, and what its (changing?) outputs might be.**

- **What are its feedback mechanisms?**

The inputs would include people, finance, physical resources, technology and ideas. The conversion would include training and development, technological processes and knowledge management. The outputs would include goods and services, skilled people, increased unemployment, waste products, pollution and contributions to the local community. Feedback mechanisms would include sales figures, trades union responses, consumer feedback, public relations and media reporting.

To address the ways in which inputs may be changing reference could be made to globalisation, the global financial crisis of 2008 onwards, skills shortages, new technologies. Changing outputs are resulting from niche marketing, increasing consumer demands and pressure groups, increasing environmental concerns and legislation. The changes could be traced by examining a particular type of organisation – for example, a hospital or a manufacturing firm.

Explore

What similarities do you see between systems thinking and these developments in science?

There are similarities in their holistic approach and recognition of complexity, non-linearity, and the relationships between parts.

Questions

1 **In what ways does the conceptualisation of context adopted by this chapter differ from more commonly used approaches (e.g. in the models of HRM in Chapter 1)? Does it add to the understanding they give of HRM and, if so, in what way?**

2 **What assumptions and 'world hypotheses' appear to underpin the tapestry metaphor of this chapter, and what are the implications for your use of it?**

3 **Identify some recent events that are likely to play a significant part in the context of HRM.**

4 **This chapter has been written from a British perspective. If you were working from a different perspective – South African, perhaps, or Scandinavian – what elements of the context of HRM would you include?**

The *Questions* can be used as topics for seminars. However, because of the challenge of the questions, it would probably be more productive for the preparation to be carried out in pairs or small groups rather than individually, and for tutors to provide clear initial guidance. More advanced students could perhaps tackle the *Questions* as written assignments, though it would have to be the quality of their argument overall rather than their specific knowledge that was assessed. Adequate answers to the questions would cover the following:

1 Many of the models make conventional, positivist, 'mechanicist' assumptions, and do not necessarily recognise the issues that would be raised by, for example, social constructionism or feminist thinking. When using them, therefore, it would be appropriate to consider them from these alternative perspectives.

2 HRM is woven into its context, not just subject to its influences. The chapter recognises not only the immediate context of organisations, but also the wider historical, social, cultural context and traditions of thinking (epistemology). This results in a multidimensional understanding of HRM, acceptance of its 'ambiguity', and inevitably contested nature.

3 These events could be political, social, industrial, economic, etc.

4 The chapter has been written from a British perspective. Tutors should encourage students to recognise this. Students from other societies should be invited to examine their own contexts and identify the assumptions that may be taken for granted there, and – if appropriate – to share their understanding with the class.

Case study

BHS report lays bare failure and culpability: Parliamentary inquiry lambasts collapsed store chain's ex-owner, buyer and its 'directors, advisers and hangers-on'

Dominic Chappell, who bought UK retailer BHS for £1 and presided over its collapse barely a year later, had credibility problems that would have frightened many sellers away.

Not only was he a former bankrupt who had been introduced to the sale of BHS by a convicted fraudster, but his own investment bankers had walked out after discovering that they had been misled about the terms of the deal.

Yet so determined was Sir Philip Green, who acquired BHS in 2000, to proceed with the rushed sale that, instead of giving proper scrutiny to Mr Chappell's obvious shortcomings as a buyer, the retail entrepreneur either overlooked them or fixed them by inserting himself on the other side of the deal.

These are the findings of a parliamentary inquiry, published today, into Britain's most contentious corporate failure in years. They follow weeks of hearings that MPs say 'resembled a circular firing squad' of witnesses who believed that by implicating others they could escape blame.

The report directs bracing criticism at Sir Philip, whose family received large dividends in the years after he took control of BHS, but later presided over a streak of losses and falling sales as the stores became a byword for high street decay. 'We found little evidence to support the reputation for retail business acumen for which he received his knighthood', MPs said.

Goldman Sachs, the bank to which Sir Philip has entrusted some of his fortune, is criticised for allowing its 'prestigious name to be cited as that of "gatekeeper" to the transaction', burnishing Mr Chappell's credentials when he tried to recruit directors to the board of his Retail Acquisitions vehicle.

Mr Chappell, too, is excoriated for being 'over-optimistic to the point of arrogance' and having enriched himself through a lavish salary and management fees, which led MPs to say he 'had his hands in the till'.

Retail Acquisitions was entitled to receive a fee of 2 per cent of any loan it arranged for the retailer, according to documents released by the inquiry. BHS took out loans with an aggregate value of about £100m in the 13 months that followed the sale, in a desperate race to fund widening losses while management tried to turn the business round.

Some of the report's most withering passages are reserved for the 'directors, advisers and hangers-on' who surround the two men. They 'are all culpable,' the MPs say. Among the advisers to Mr Chappell were Olswang, the law firm, and Grant Thornton, the accountancy firm. Executives working for Sir Philip's Arcadia Group have said they took comfort from the involvement of such prestigious names.

Both firms received 'success fees' that were dependent on the transaction going ahead. MPs added that 'advisers were doubly dependent on a successful transaction because [Retail Acquisitions] did not have the resources to pay them otherwise,' describing the firms as 'preoccupied with how their fees would be paid'.

MPs criticised both firms for adopting a 'very wide interpretation of confidentiality' that prevented them even from saying how much money they earned from the work. Sir Philip has put the figure at £8m.

They also described as 'disingenuous' Sir Philip's claim that the advisory firms' involvement was evidence of Mr Chappell's credibility. 'Expert advisers are . . . there to advise, not to provide an expensive badge of legitimacy to people who would otherwise be bereft of credibility,' the MPs said. The committee took issue with the Arcadia executives' claim to have been reassured when Mr Chappell placed £35m in a bank account at short notice.

MPs have heard that the £35m turned out to be a downpayment on the sale of a property which Sir Philip had intended to sell to Mr Chappell's Retail Acquisitions for less than its market value. The money did not belong to Mr Chappell's group, and was never destined to be injected into BHS. 'At best it demonstrated [Mr Chappell's] capability as a would-be estate agent,' MPs wrote.

MPs urged Sir Philip to make a 'large financial contribution' to shore up the chain's stricken pension funds, which have unfunded liabilities of £571m. Sir Philip and his Arcadia group have begun talking to the Pensions Regulator about a deal that would see the 'king of the high street' hand over a chunk of his personal fortune. Arcadia described the talks as a work in progress.

Although the inquiry did not comment on whether Sir Philip should keep his knighthood, the billionaire could face referral to the forfeiture committee if he is deemed to have brought the honours system into disrepute.

MPs said they believed Sir Philip had 'some affection' for BHS. 'To an extent it created him,' they wrote. 'Now it could also bring him down.'

Source: Vandevelde, M. (2016), 'BHS reports lays bare failure and culpability', *Financial Times*, 25 July. Copyright © 2016 The Financial Times Limited.

Questions

Students can tackle these questions on their own or in a small group.

1 Identify the many and varied stakeholders affected by the collapse of BHS and the key interests of these different groups.

Students should be able to produce a fairly long list, which can include direct employees, those working at concessions within the store, pensioners, suppliers and logistics firms and their employees, other creditors, directors, other retailers, local authorities, government and customers. Key interests may include some are all of the following: individual (e.g. employment, payment of salary, current and future pension); organisational (e.g. payment for goods and services supplied, investors); environmental (impact of closed shops, viability of transport) and political (government reputation and responsibility).

2 What tensions might be created by different stakeholder interests and to what extent can they be addressed?

Key tensions are likely to be financial as creditors seek to gain redress and minimise their losses. Employees and pensioners may be some way down the list so, as the article suggests, MPs are suggesting that Sir Philip Green takes responsibility for addressing the pension deficit to ensure that those receiving a BHS pension do not suffer. Other retailers may gain by a gap in the market and by the availability of a large pool of experienced workers. However, this needs to be balanced against a likely reduction in disposable income (at least in the short term) and issues around the effect of empty stores on the retail environment.

3 What ethical issues are raised by the BHS case? How might they be avoided in future?

The case raises several ethical issues including who has responsibility for ensuring new owner competence in the sale of a business; the extent to which expert advisors have a vested interest in a sale going ahead; and the likely legacy of a business collapse on reputations of those involved and of UK plc. There is considerable discussion in the public domain regarding the longer term implications of the collapse of BHS and students could be encouraged to research more widely and share their findings with others.

PART 2

Resourcing the organisation

CHAPTER 4

HRM and the labour market

Amanda Thompson

Objectives

- To present an overview of labour markets and to explain how they operate.
- To discuss the nature and composition of the UK labour force, in particular to identify the major social factors that shape and influence the nature and extent of people's engagement with paid employment.
- To highlight developments in the nature of work and employment in the late twentieth and early twenty-first centuries and to show how these trends have influenced demand for labour.
- To present a critical assessment of workers' experiences of employment in contemporary Britain.

Summary

- Labour markets are often seen as arenas of competition in which forces of supply and demand determine wage and employment levels. In reality, however, there are limits to competition in labour markets.
- Employers have some freedom to make a strategic choice between internalising and externalising the employment relationship. Their choices are influenced, although not entirely determined, by the nature of their labour requirements and by features of the labour market context in which they operate.
- The aggregate supply of labour – the size of the workforce – is determined by demographic factors such as the size and age structure of the population and by social factors, policy direction and a range of political factors that influence the participation rate of different socioeconomic groups within the population. In the UK, differential participation rates can be observed between men and women of different age groups and different ethnic groups. The interplay of social factors such as age, gender, ethnicity, disability and class affects the employment rates of people in ways that are complex and difficult to unravel.
- Aggregate labour demand consists of total employment plus unfilled vacancies. The demand for labour is derived from the demand for goods and services. In conditions of low unemployment – tight labour markets – employers have to compete more actively to attract and retain workers, when labour markets are 'loose' labour is in plentiful supply and the cost of labour is consequently driven down.

- The demand for labour comprises jobs of varying quality. Unfair discrimination operating within labour markets often means that women and ethnic minorities are disadvantaged in terms of access to good jobs.

- There has been a long-term change in labour demand away from manufacturing to services. This has been an important force driving the long-term growth of part-time employment and women's employment. While this has boosted the employment rates of women, the quality of jobs on offer is invariably poor, offering poor pay and poor prospects for promotion.

- Since the 1980s, there has been a shift in the occupational structure of labour demand mainly towards highly skilled occupations but also leading to the growth of some low-skilled occupations. There has been a relative decline in intermediate occupations. Some refer to this as the 'hollowing' out of the occupational structure to create an hourglass economy.

- Contrary to what might have been predicted from the overall trend towards more highly skilled work, the quality of jobs has deteriorated in terms of work intensification and worker autonomy, although not (up until recently) in terms of job stability. The demand for better work–life balance is a recent response to growing work pressure and most employers appear now to be recognising the business case for offering work–life balance provisions.

Explore

Think about a range of industries and sectors, for example, the care sector, hospitality, construction, retail, engineering and IT.

- **What types of workforce will have low turnover costs and why?**

- **What types of workforce will have high turnover costs?**

Workforces characterised by low skill, minimal training and low wages will have low turnover costs as the costs of both terminating the contracts of such workers and the costs incurred in the search and selection processes associated with hiring them are low in comparison to workforces comprising highly skilled and professional workers. For example, in the hospitality sector, jobs tend to require few formal skills and little training is necessary to fulfil roles (such as bar work, hotel and catering staff, housekeeping assistants, etc.). As a consequence, the proportion of people in the labour market who can potentially work in this sector is higher; this in turn reduces the costs of seeking and hiring workers when vacancies arise. In addition, the low waged nature of this work means that the costs to employers of redundancy are (in relative terms) low. Conversely, high skill, specialised and professional workforces such as those found in the legal profession, medicine, science, information technology and the creative industries, for example, will have higher turnover costs as supply is more restrained, greater effort needs to be expended to search and hire such workers, selection decisions are more complex and so sophisticated methods of selection are often deemed necessary and training and development costs are greater. The cost of making skilled and professional workers redundant is also higher as a result of higher salaries and better terms and conditions in many cases.

Explore

- **Consider how HRM practices aimed at attracting and retaining suitable labour would need to vary according to population density and population composition in different regions of the UK.**

- **Contrast the case below (Box 4.1), reported by the BBC, and the methods that are likely to be used to source a teacher for the new school year in the London Borough of Islington.**

Box 4.1: Parents seek teacher for remote Hebridean island of Muck

Beautiful beaches, extraordinary scenery and a school where the class has just a handful of pupils. But the tiny Hebridean island of Muck is having trouble recruiting a teacher for the start of the new term. Parents have launched their own online search for someone with a love of the outdoors who can cope with the unique lifestyle this Scottish island has to offer.

Source: www.bbc.co.uk, 2 August 2016.

In areas of high population density, the supply of labour is greater and so generally attracting suitable labour is likely to be less challenging than in areas of low population density. This is a simplistic analysis as it is also likely that more firms will be operating in areas of high population density. Thus, there will be heightened levels of competition for labour between firms – organisations may therefore need to pay more to attract labour and/or offer something other employers are not offering, for example, superior training and development opportunities in order to attract and retain sufficient labour. The composition of labour in regions (gender, age, skills, ethnicity, etc.) will also influence human resource management practices aimed at attracting and retaining suitable labour, for example, in regions where educational standards are low, firms seeking to fill highly skilled and/or professional roles are likely to experience considerable challenges and may have to widen the search area and/or offer relocation packages to attract workers with the required skill set, else they may elect to recruit to a lower specification and train and develop staff to the required standards, for example, through offering an apprenticeship programme. The characteristics of the population residing in a given area have implications for participation rates in employment. High levels of economic inactivity clearly deplete the amount of labour available for firms to draw from, thus firms operating in areas with a high incidence of older residents and/or high numbers of people claiming disability living allowances or incapacity benefits are recruiting from a restricted supply. It is also important for firms to understand the characteristics of the economically active portion of the population if they are to succeed in attracting and retaining the right numbers of employees with the necessary skills and experience. Factors such as the age profile and gender balance of those who are economically active are likely to influence whether people are seeking full-time or part-time employment, whether flexible working hours and practices will be a necessary attraction tool and so forth, while the educational attainment levels of individuals in the region and the destinations of school leavers will shape the quality of the labour market in a particular region.

The methods used to source a teacher for the new school year in the London Borough of Islington are likely to be very different to those employed to attract a teacher for the tiny school on the sparsely populated Hebridean island of Muck. Islington is a densely populated area and as such the supply of labour in the immediate vicinity will be greater than on Muck. The school in Islington is likely to be able to attract a larger field of applicants wanting to work in the capital, although the supply of qualified teachers for the vacancy will be impacted by high living costs and may not be as plentiful as for comparable schools in towns and cities in the UK where the costs of housing are cheaper. London is an expensive location for those on main scale teaching salaries, in common with other public sector workers, teachers will invariably need to live in cheaper peripheral locations and commute to work, schools in the region might therefore find it harder to attract suitably qualified staff then say banks and other private sector firms who can offer higher salaries and attractive benefits packages to lure applicants. The nature of the school will also have a bearing on the quality and quantity of applicants, competition for teaching staff is likely to be fierce given the number of schools in the area, schools in special measures, schools with a poor reputation for pupil behaviour and/or outcomes and schools with an unfavourable working culture will probably find it harder to attract and retain employees. As depicted in Box 4.1, the school on the Island of Muck has resorted to a parent led on-line search for a suitable teacher, this alternative method of recruitment is personal and targeted with the aim of attracting applicants who will adapt to the remote location and unique lifestyle of the small island community. In contrast, the location of the school in Islington and the standard nature of the school mean that it is easily accessible and understood by potential applicants. Given population density in London, good transport links, the school's proximity to other schools in the area where qualified teachers are presently employed, the supply of universities in easy reach, producing newly qualified teachers and so forth, the school in Islington can safely rely on standard forms of advertising to generate applications, for example, advertising on www.tes.co.uk/jobs.

Explore

- **Thinking about the organisation you work for, or one with which you are familiar, does elder care pose a challenge to managers and employees?**

- **What measures, if any, do you think employers should consider introducing to assist employees with elder care responsibilities?**

Employees with elder care responsibilities may face work–life balance issues similar to those encountered by employees with dependent children. Caring whilst working can make it difficult to give full attention to either sphere of responsibility and may result in the stresses experienced in one sphere over-spilling to cause anxieties and pressures in the other. Employees can commonly experience three types of conflict between work and non-work activities, (a) Time based conflict, where too much time is spent in one sphere and this results in a lack of time available to devote to the other, for example, caring responsibilities at home or visiting a loved one in hospital or in a care home (b) Strain based conflict where the strain in one sphere makes it difficult to cope in another/others, e.g. coping with a relative who has dementia and (c) Behaviour based conflict when the role behaviours in one sphere are inappropriate for the role behaviours needed in another, meaning the employee finds it difficult to adjust to work or non-work activities depending on the circumstances. It is probable that elder care responsibilities consume employees time, for example, shopping, cooking and cleaning for an elderly relative, transporting to and fro to doctor's appointments and this impacts the time employees are able to devote to work. Similarly, worries about leaving an elderly parent or close relative at home alone may cause anxieties and limit the amount of attention employees are able to give to paid work. Unless elderly people are critically ill or incapable of living alone, care in the community is invariably provided by family, as the population is ageing it is likely that the proportion of people in work with elder care responsibilities will only increase.

Managers need to be sensitive to employees care responsibilities and be careful not to discriminate against employees who care for others. Responses to requests for flexible working or for time off for care need to be consistent and fair and balanced with the requirements of the role and needs of the organisation.

Employees with elder care responsibilities are likely to benefit from flexible working practices and other work–life balance interventions designed to assist employees in their effort to integrate work and non-work aspects of their lives with minimal negative repercussions. Practices such as flexi time, time off (unpaid) for dependents, emergency leave schemes and the right to request flexible working (either permanent or temporary alteration to hours and working pattern) may be of benefit to those with elder care responsibilities. Employers could also provide practical support and advice in the form of an Employee Assistance Programme, counselling, etc.

Explore

The uneven geographical spread of ethnic minority groups means that some local labour markets remain practically unaffected by the arrival of migrants from within and beyond the EU, while others have experienced a marked change in the ethnic composition of the population and make-up of the labour market. How might high levels of ethnic diversity impact upon labour markets and the firms operating within them? Try to highlight both gains/opportunities and challenges.

As the chapter details some areas of the UK (mainly London boroughs and other major cities and conurbations) are extremely ethnically diverse whilst other parts of the country, for example, Devon and Cornwall and the North East, have a majority White British population. All organisations need to be aware of and adhere to the provisions of the Equality Act 2010, which legislate that it unlawful to discriminate on the grounds of race and religion or belief. In labour markets that are highly ethnically diverse, patterns of labour market participation are likely to vary accordingly, we know from statistical data, for example, that Pakistani and Bangladeshi women in particular have lower rates of economic activity than women from other minority ethnic groups and the white majority group, such patterns serve to shape the availability of labour in regions. The preponderance of skills and qualifications in the labour market will also be influenced by the ethnic composition of the workforce, for example, if the population of the area/city is fairly transient and the district serves as a hub for the arrival of immigrants from outside of the UK inhabitants may have limited knowledge of work norms and practices in the UK and there may be language barriers which inhibit the type of work individuals can fulfil. In other regions with established second and third generation ethnic minority communities such barriers are largely removed as people from the communities live, work and are educated in the UK. Firms operating in ethnically diverse labour markets should pay particular attention to cultural differences and consider policies to accommodate prayer, religious holidays, extended leave, dress code, equality and diversity and dignity at work, for example. When recruiting in ethnically diverse areas employers might need to reach out to the community in different ways, for example, advertising job opportunities in different languages, placing advertisements in alternative media to help to ensure that the workforce composition is reflective of the representation of BME groups in the locale.

An ethnically diverse workforce is likely to offer advantages in terms of the variety of working styles, ideas, attitudes, skills and behaviours employers can tap into. Employees from different cultural backgrounds can offer insight into markets the organisation may wish to enter or exploit and can often offer network connections and language skills organisations can benefit from. On a social level, an ethnically diverse workforce can aid social cohesion and benefit the communities in which organisations are situated.

Explore

Give some thought to the data presented in the above section. How might you begin to explain the differences between the unemployment rates of different ethnic groups?

There are a number of potential explanations for the data and trends outlined in the relevant section of the chapter.

- There may be a range of cultural and familial factors that dissuade ethnic minorities from engaging in the labour market or with certain types of work or certain employers.

- The relative amounts of human capital (e.g. work experience, qualifications) possessed by workers from different ethnic groups may be an influential factor in unemployment rates.

- The locations in which ethnic minority workers live and the availability of suitable work in these localities.

- The presence of discriminatory practices within labour markets that make it more challenging for members of certain ethnic minority groups to secure employment.

The validity of the above points can be debated and contested, for example, with reference to the human capital point, Dustmann *et al*. (2011) argue that second-generation ethnic minority immigrants tend to be better educated than their parents' generation, and better educated than their white native peers. British-born ethnic minorities, despite their initial disadvantage in the British educational system, as measured at the time of entry to primary school, step up the pace continually throughout the compulsory school system, performing astonishingly well in terms of academic achievements and securing a higher per capita share of college education than their British-born white contemporaries. Note, however, that there is considerable heterogeneity between different minority ethnic groups, with some faring much better than others. Despite their educational accomplishments, the employment outcomes for ethnic minorities are lower than those of whites, and for some minority ethnic groups, markedly so.

Explore

To what extent are broader patterns of occupational segregation useful for explaining the varying levels of representation of women in senior roles as shown in Table 4.3?

It is evident from the data in Table 4.3 in the text that men still take the lion's share of the most senior ranked roles in organisations. Although some progress has been made since 2005 to improve the percentage representation of women in senior roles (MPs, directors of FTSE 100 companies, University Vice Chancellors), some senior roles have a lower representation of women in 2014 than they did in 2005, for example, editors of national newspapers. It is also clear from the table that certain sectors appear to be more disposed to women in senior posts than others; trends here map wider patterns of occupational segregation in lower ranked positions. Although gender sex typing of occupations has blurred in recent years the notion of 'men's jobs' and 'women's jobs' is still ever present. Table 4.3, for example, reflects the stubbornness of occupational segregation in the sense that women barely feature as senior ranked officers in the Army yet they are pretty well represented (although still under represented) as Health Service Chief Executives (note, caring sector more closely associated with the female role stereotype).

Explore

- **Why does the glass ceiling persist in the twenty-first century and what prospect is there for smashing it?**

- **Given that Lord Davies' target was not met by 2015, what chance do you think there is that the revised target of 33 per cent female board membership of the FTSE 350 by 2020 is achievable? What needs to happen to effect change?**

There are a number of reasons put forward to explain why the glass ceiling phenomenon prevails; it is useful to consider each of these points as the starting point for debate:

- Some would argue that women choose not to apply and put themselves forward for senior roles as they show a preference for home centred as opposed to career centred lifestyles.

- It is often argued that the 'old boy's network' and men's networking activities in general (through sport and shared interests) prevents women from successfully entering male dominated terrain such as the ranks of senior management.

- It has been argued that women's under representation is due to human capital – that is, women lack the skills and experience deemed necessary for senior management roles.

- On the contrary, 'homosocial' recruitment practices (men recruiting people similar to them) may explain why women can find the glass ceiling hard to penetrate.

- Women typically take time out of the workforce to bear children and raise them and this means that they fall behind men in the labour market and find it difficult to catch up, the effects of childcare years/periods of interruption to careers to have children is sometimes referred to as the 'scarring effect'.

- Women still, in many households, shoulder the larger burden for childcare and domestic duties and this hampers their ability to participate in senior roles which carry serious responsibilities and require long hours/considerable flexibility.

- Linked to the above point, jobs at senior level are not usually structured in ways that support combining caring and career, for example, few senior management roles are available on a part-time basis.

At the current pace of change, it is optimistic to think that the revised target for the FTSE350 firms to reach 33 per cent female representation by 2020 is achievable. Progress remains slow and patchy. Much needs to be done to change the patriarchal nature of organisations where male norms and practices continue to dominate to the exclusion of women. If women' representation at senior level is to increase substantially to become on a par with men's, radical adjustments need to be made to reconsider the way in which work is conceived to debunk ideas that such roles are predominantly suited to men and masculine character traits are critical for success at this level.

Key controversy

Are employers who hire ethnic minority workers and cheap migrant labour capitalising upon the presence of racism in society as a whole?

From an employer's perspective, the availability of qualified and able workers who have been rejected from the 'better' jobs they are equipped to do, is clearly advantageous; employers do benefit from racism in society as they can hire good workers at little cost. Employers who overlook potential employees, however, on the basis of their nationality or ethnicity may well be losing out on considerable talent within the labour market and are contributing to the problem of over qualification in the workforce, where employees are trapped in jobs that they are overqualified for because they are unable to secure work commensurate with their skills and qualifications.

Explore

- **Suggest why the growth of the service sector has boosted part-time and female employment.**

- **Consider the type of jobs, and the quality of the jobs that are available as a result of this expansion.**

The service sector boom has created more jobs in caring, hospitality, customer service and other jobs requiring emotional and aesthetic labour, which women are purported to be naturally inclined to fulfil due to their feminine qualities. Whilst more job opportunities may have been created for women the majority of these jobs are low skill, low paid and offer little in the way of career progression. The preponderance of these sorts of roles has in some cases produced 'ghettos' of women in poor quality part-time work from which there are few routes out to jobs with better prospects, pay and conditions.

Explore

- **Discuss with fellow students your perceptions of your own job security or insecurity generally in the current economic climate.**

- **What factors influence your assessment?**

- **To what extent do you think the UK's decision to leave the EU has impacted employees' perceptions of their job security?**

- **Consider whether Brexit will make jobs in the UK more, or less, secure.**

Students/readers are encouraged to think about the current economic climate and how feelings of job security or insecurity arise as a result of the wider economic and political landscape. In some sectors of the economy, for example, steel manufacturing closure of service and operations or large scale restructuring has resulted from the prevailing economic conditions, in these environments job security cannot be assured.

The so-called 'Brexiters', those who voted in favour of the UK leaving the EU in the June 2016 referendum, feel greater independence will be positive for the economy and the provision of jobs in the UK. They argue that the UK will regain control of immigration and so there will be more British jobs for British people, the UK will also begin to rebuild sectors and industries, for example, farming, so rather than dairy products being transported into the UK from other parts of the EU, supermarkets will stock greater quantities of locally produced and sourced goods.

Pro-EU campaigners on the other hand fear the UK's exit from the EU will be detrimental to the domestic Economy, leaving the UK adrift from what is a valuable economic and political alliance. Supporters of the UK's membership of the EU think the UK is stronger in and are concerned that organisations will, over time, choose to locate their operations and headquarters within the EU central market leading to job losses and damage to the UK economy. Logical analysis suggests that the likelihood of trade tariffs resulting from an expected exit from the common market will drive costs of goods up in the UK and add to costs of exporting, making British goods and services less competitive in overseas markets.

It is expected to take up to two years for the UK to fully exit from the EU. At the time of writing, the terms upon which exit is to be based remain unknown. The true impact of Brexit on the UK economy will become apparent in the years ahead.

Explore

- **The NHS Constitution for England cited in the segment above, is but one intervention that has affected the working lives of public sector professional workers, can you think of others?**

- **Carry out some preliminary research on the TEF (Teaching Excellence Framework) and the REF (Research Excellence Framework), initiatives to measure the teaching quality and research outcomes respectively in UK higher education institutions. Consider how these frameworks might impact the working lives of lecturers and researchers in universities.**

Students/readers should consider interventions such as the National Curriculum in Schools and the Modernisation Agenda in the NHS that have affected the way public sector workers' jobs are designed and managed. Such interventions seek to more closely monitor and measure the provision of services to the public and hence place new pressures on public sector workers' in terms of role performance, employees now tend to work to key performance indicators and within the parameters of service-level agreements. Whilst improvement of services is clearly advantageous, the initiatives introduced to realise change are invariably controversial, raising questions from employees and unions concerning issues such as the basis for measurement, resourcing levels, pay and terms and conditions, role responsibilities, health and safety, job security and skill degradation.

The REF and the TEF are inextricably linked to managerial expectations of the performance levels of academics and professional services staff in HE institutions. The REF ranks institutions based on the quality and quantity of research produced, the research environment and the impact of the research undertaken. The effects are complex and too wide ranging to explore in detail here however in brief, the introduction of the REF has led to a rise in mechanisms within universities to monitor individual and departmental research activity and outputs and a pressure for academics to focus on publishing in the highest ranked, peer-reviewed journals. Similarly, the TEF will measure student attainment, progression and completion as indicators of teaching quality. The proposed link between institutions' teaching quality ratings and the ability of universities to raise tuition fees in line with inflation is likely to prompt employers to impose changes to working practices designed to improve the chances of scoring positively against the indicators selected as representative of teaching excellence. Whilst nobody would disagree with the notion of improving teaching quality it could be argued that the imposition of further methods of scrutinising academic practice could lead to a deterioration of trust in workplaces, resulting in a demotivated workforce and a poorer student experience. New regimes of measurement, and initiatives aimed at raising attainment could perversely lead to a dilution of standards and/or lead to the intensification of work and the human implications thereof. The introduction of workplace initiatives of the type described in this section of the chapter give rise to numerous debates concerning the impact on employees' experiences of work and the nature of the employment relationship.

Explore

Think about your own workplace.

- **What systems and technologies are in place to regulate your effort?**
- **Have you noticed an increase or decrease in the intensity of your work over time?**
- **Why do you think employees report job satisfaction despite recognising intensification?**

In assessing their own workplaces to answer these questions, readers should consider the use of email and mobile technology, phone systems, swipe cards for clocking on and off, GPS tracking, LCD displays of team performance against target and other such devices to control and monitor effort in the workplace. Most people will have noticed an increase in the intensity of work over time as employers seek to try to do 'more with less'. Employees may well derive job satisfaction from the nature of the work they do despite the intensification of the terms and conditions and the context within which they perform their work. A teacher may therefore still derive satisfaction from seeing children learn and grow despite the pressures of additional marking, tighter control over the curriculum, a regime of frequent lesson observations and inspections and greater pressure to provide extracurricular activities.

Explore

- **Are you content with your work–life balance?**
- **What could you conceivably do to improve your work–life balance?**
- **How do governmental/social, organisational and community responses to work–life balance pressures (as detailed in Figure 4.1) help or hinder you in your ability to improve your work–life balance?**

This is very much a personal question for the reader to consider. Individuals might seek to improve their work–life balance by making adjustments wither to the work or non-work spheres of their lives. Their ability to make adjustments however will be mitigated by the governmental/social, organisational and community responses to work–life balance pressures set out in the text. For example, a mother may envisage attaining work–life balance improvements by scaling down from full-time to part-time work but the salary reduction involved in part-time work would be insufficient to meet monthly household bills and/or the working hours would not correspond with the school day and school 'wrap around' care in the area is difficult to access and costly.

Explore

Think of the organisation you work for now or an organisation have worked for in the past. What support is provided to help employees achieve a better work–life balance? Why do you think the organisation takes the stance it does on work–life balance?

Reader's answers to this question will vary depending on their past experiences and whether current and previous employers have supported employees to achieve a better work–life balance.

Work–life balance provisions are not universally available; they tend to be more prevalent in the following sorts of organisations:

- Large organisation with a public image to uphold (organisations very much in the public eye).
- Organisations with a developed HR function which is committed to the notion of work–life balance as they believe it makes good business sense.
- Organisations with an existing infrastructure, which easily facilitates the provision of flexible working options, term time working, etc.
- Organisations with a large proportion of female workers who are more likely to require work–life balance provision to balance work and care.
- Unionised organisations that are committed to improving employees' terms and conditions of employment.

Questions

1 Explain why gendered occupational segregation, time segregation and vertical segregation persist in the UK in the twenty-first century.

The labour market continues to harbour gendered inequalities, which in part reflect ingrained social attitudes to the respective roles of men and women in society. Whilst there are signs of some loosening of rigid gendered divisions, patterns of labour market participation still demonstrate that, as a group, women are disproportionately represented in part-time work and occupy a greater share of jobs roles in the lower echelons of organisational hierarchies with associated negative ramifications for pay and prospects. Women's over representation in part-time work relative to men is largely attributable to the role many women continue to play in child care, care for the elderly and disabled and the share of domestic work women undertake. Although there has been some 'blurring', some jobs are still very much regarded as 'women's jobs' and others as 'men's jobs', for example, care work, cleaning, catering and clerical work continue to be dominated by women and construction, IT, engineering and distribution are sectors where women remain vastly underrepresented. Change is linked to the socialisation process, for example, messages, images and role models provided to children in the home by parents, friends and family and by teachers, careers workers and counsellors throughout the education system and so by its very nature is slow and incremental. Employers and employees themselves act to perpetuate existing stereotypes in some cases, placing a further restraint on the pace of change.

Age, education, gender, class are key factors influencing levels of labour market participation. As Chapter 4 indicates, explaining patterns of participation is complex; the aforementioned factors collide and intersect to determine different opportunities and circumstances for different individuals.

In addressing this question, it is critical to understand heterogeneity of experiences and appreciate that, for example, not all women will display the same patterns of labour market participation, a young, white, working class, poorly qualified mother of two is likely to engage very differently with the labour market compared to an Afro Caribbean single female, educated to degree level. Whilst women as a group may be underrepresented in senior management roles and over represented in low level part-time work, some women will fare better in labour market terms than men. The question reflects general trends and patterns prevalent in the labour market.

2 Explain why rates of labour market participation vary *betwee*n ethnic minority groups and *within* groups.

As mentioned in the response to question 1 above, age, education, gender and class are the key factors influencing levels of labour market participation. The content of the chapter illustrates that unpicking and understanding employment participation rates is highly complex. In respect to ethnicity, differences in labour market participation, in a general sense, can be demonstrated between different ethnic groups, men and women of Bangladeshi and Pakistani origin, for example, display high levels of unemployment and labour market inactivity (particularly among females) whilst the employment rate of Chinese and Indian individuals is higher. Given age, education, gender and class are determining factors in explaining labour market participation; rates of participation will inevitably vary *within* ethnic groups as well as across groups as ethnic groups are not comprised of a homogenous mass of people with common social characteristics. Just as the labour market participation rates of men, as a group differ according to differently types of men, labour market participation rates within ethnic groups vary as the aforementioned factors collide and intersect to determine different opportunities and circumstances for different individuals.

3 How has the structure of demand for labour changed over the last three decades or so?

a. Shift from manufacturing to services sector employment.

b. Shift away from routine production, towards a knowledge base causing new jobs to be created in large numbers in high skill, high wage managerial and professional occupations.

c. Growth too in lower wage service occupations, combined with a reduction in middle-wage occupations as advances in technology 'hollow out' demand for routine workers in administrative and secretarial, and process, plant and machine operative occupations.

d. Growing polarisation between 'lovely' and 'lousy' jobs.

e. Demand for skills as measured by formal qualifications.

f. Growth in part-time, casual, temporary and self-employed job opportunities.

4 Why have levels of job intensity increased in recent years?

a. Reduction in workers' ability to control their level of effort and exercise control over how the job is done due to the application of IT used to monitor and control pace/nature of work.

b. The competitive external environment resulting in cost cutting measures and quality enhancement imperatives. In some cases, job losses have ensued, leaving remaining workers to 'do more, with less'.

c. The introduction of performance management regimes aimed at ensuring quality/output targets are achieved.

d. Increased 'customer' expectations.

5 Who have been the main beneficiaries of changes in the labour market since the 1980s and who have been the main losers?

Main beneficiaries, for example:

a. Managerial and professional workers.

b. Women (in the sense that there are more part time and flexible jobs in the labour market).

c. Highly qualified workers.

Main losers, for example:

a. People in mid-range occupations such as administrative and secretarial roles, process, plant and machine operative occupations – these jobs have been impacted by advances in information technology.

b. Those with poor qualifications who have been edged out of the employment market as demand for formal qualifications increases women and others trapped in low wage, low skill, low prospect service sector occupations, for example, shelf stacking, hospitality.

Case study

Companies struggle to fill quarter of skilled jobs vacancies

Britain's companies say it has become harder to find skilled workers than at any other time in a decade. About 209,000 job vacancies – or one in every four – are proving hard to fill because of a shortage of candidates with the right skills. This is the highest proportion since 2005, according to a biennial survey of about 90,000 companies.

The survey by the UK Commission for Employment and Skills, a government quango, shows the proportion of "skill shortage vacancies" has increased steadily from a low of 15 per cent of total vacancies in 2011. Skill shortages have increased as the economy has recovered after the financial crisis and unemployment has dropped. Joblessness is now just 5.1 per cent, the lowest since 2006, which means there is a smaller pool of available workers that employers can tap.

The shortage is most acute in the electricity, gas, water, construction, transport and manufacturing sectors. Lesley Giles, deputy director of the UKCES, said the survey showed Britain needed to boost the skill level of its workforce to make meaningful improvements to productivity, which has languished since the crisis.

Adam Marshall, policy director at the British Chambers of Commerce, said the shortage of skilled workers was 'preventing businesses from reaching their full potential and hurting productivity'.

The government has criticised employers for not doing enough to train workers. Last year, it announced a levy on all large employers to pay for 3m apprenticeships by 2020. However, employers fear the government will prioritise quantity over quality in pursuit of this target.

Mr Marshall also seized on the survey to criticise a proposal from the Migration Advisory Committee to charge employers who hire from abroad. 'Now is not the time to introduce an Immigrant Skills Charge', he said. 'Businesses are currently experiencing acute skills shortages and we shouldn't further handicap them by increasing the cost of recruiting the talent they need'.

The Bank of England's Monetary Policy Committee, which sets interest rates, is likely to pay close attention to the survey. They are looking for signs of inflationary pressure, and skill shortages are usually an early indicator because they prompt employers to compete for scarce workers by offering higher salaries. However, average wage growth has been slowing rather than accelerating. This could be because the shortage is limited to specific types of workers in specific sectors, said David Page, an economist at Axa Investment Managers. There is evidence that pay is shooting up for some sorts of workers such as bricklayers, but these instances might be too isolated to affect average wages overall. Alternatively, Mr Page said wages could be weak because employees do not feel secure enough to 'shop around and cash in on' their scarcity value.

Some economists were sceptical that skill shortages were a growing problem at all. Mark Beatson, chief economist at the Chartered Institute of Personnel and Development, said there was 'quite a bit of hype and special pleading' from businesses over the issue. 'To a certain extent, skill shortages will always be with us, no matter how much money is pumped into the system to boost supply', he said. 'If you look at the types of jobs on this skill shortage list, they're not very different from what they were 10 years ago'.

Sarah O'Connor and Employment Correspondent. *Source*: **FT.com**, 28 January 2016; copyright © The Financial Times Limited 2016.