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HUMAN RESOURCE MANAGEMENT

DEREK TORRINGTON • LAURA HALL
STEPHEN TAYLOR • CAROL ATKINSON

NINTH EDITION

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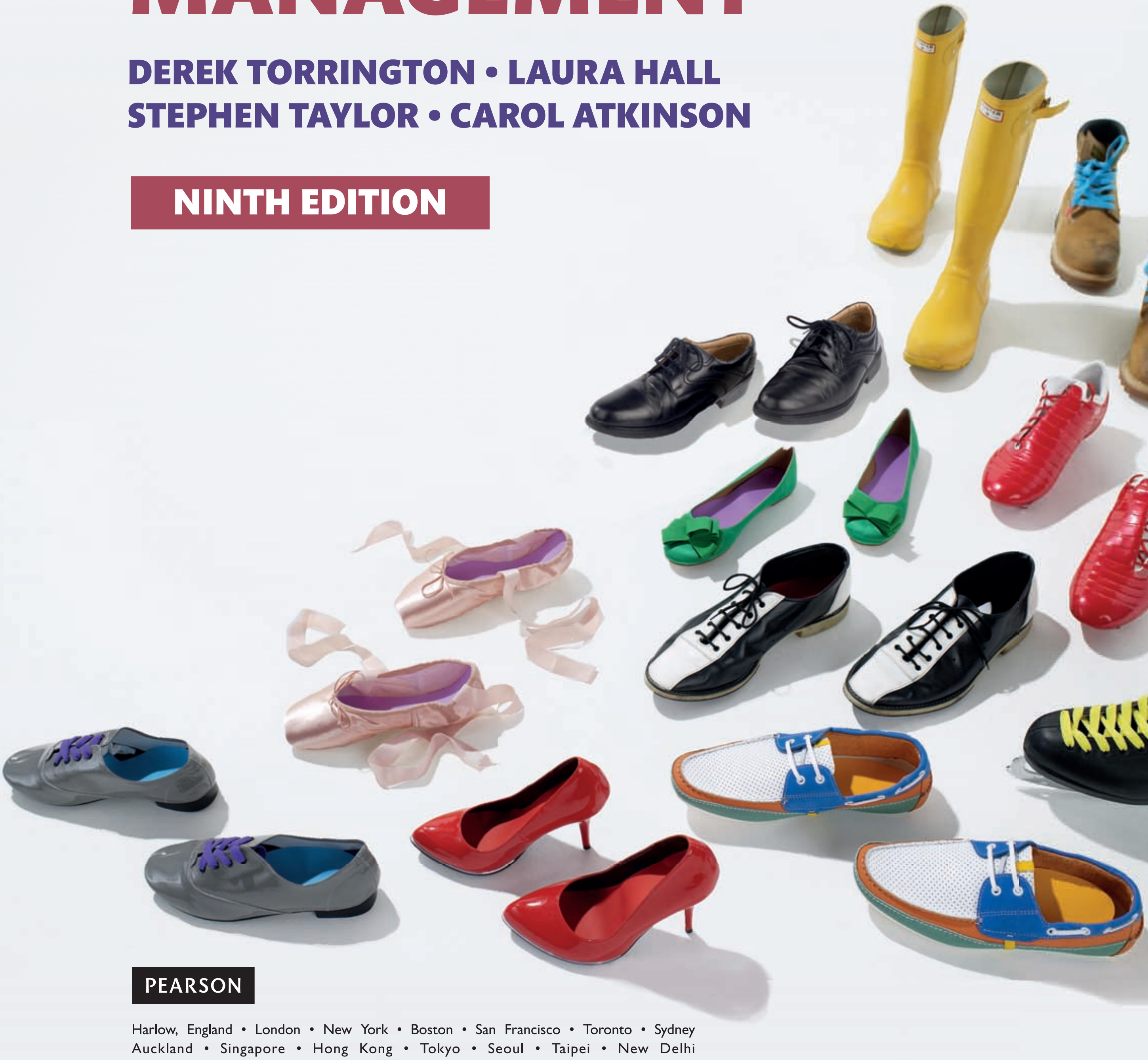

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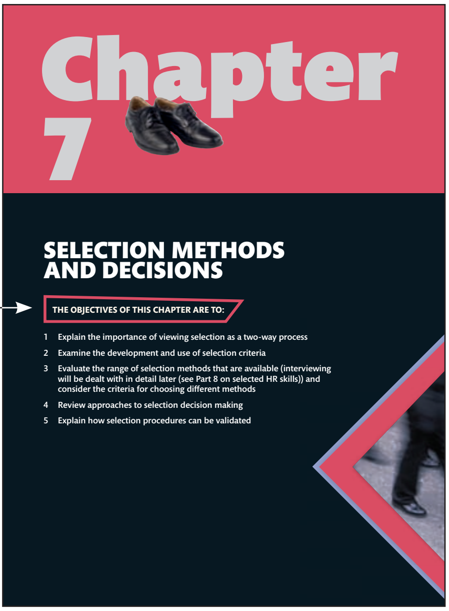
Guided tour

Learning Objectives work in conjunction with the chapter-ending Summary Propositions to quickly show you what you will learn about in the chapter and help you compare how well you have understood the learning you undertake.



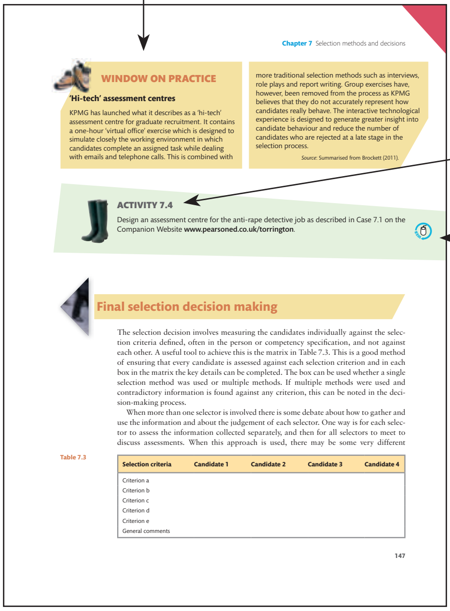
Chapter 7

SELECTION METHODS AND DECISIONS

THE OBJECTIVES OF THIS CHAPTER ARE TO:

1. Explain the importance of viewing selection as a two-way process
2. Examine the development and use of selection criteria
3. Evaluate the range of selection methods that are available (interviewing will be dealt with in detail later (see Part 8 on selected HR skills)) and consider the criteria for choosing different methods
4. Review approaches to selection decision making
5. Explain how selection procedures can be validated

Window on practice boxes provide you with examples of real organisational practice, survey results, anecdotes and quotations and court cases, helping you to build up your knowledge of real-World practice and prepare you for life after study.



Chapter 7 Selection methods and decisions

WINDOW ON PRACTICE

'Hi-tech' assessment centres

KPMG has launched what it describes as a 'hi-tech' assessment centre for graduate recruitment. It contains a one-hour 'virtual office' exercise which is designed to simulate closely the working environment in which candidates complete an assigned task while dealing with emails and telephone calls. This is combined with more traditional selection methods such as interviews, role plays and report writing. Group exercises have, however, been removed from the process as KPMG believes that they do not accurately represent how candidates really behave. The interactive technological experience is designed to generate greater insight into candidate behaviour and reduce the number of candidates who are rejected at a late stage in the selection process.

Source: Summarised from Brockett (2011).

ACTIVITY 7.4

Design an assessment centre for the anti-rape detective job as described in Case 7.1 on the Companion Website **www.pearsoned.co.uk/torrington**.

Final selection decision making

The selection decision involves measuring the candidates individually against the selection criteria defined, often in the person or competency specification, and not against each other. A useful tool to achieve this is the matrix in Table 7.3. This is a good method of ensuring that every candidate is assessed against each selection criterion and in each box in the matrix the key details can be completed. The box can be used whether a single selection method was used or multiple methods. If multiple methods were used and contradictory information is found against any criterion, this can be noted in the decision-making process.

When more than one selector is involved there is some debate about how to gather and use the information and about the judgement of each selector. One way is for each selector to assess the information collected separately, and then for all selectors to meet to discuss assessments. When this approach is used, there may be some very different

Table 7.3

Selection criteria	Candidate 1	Candidate 2	Candidate 3	Candidate 4
Criterion a				
Criterion b				
Criterion c				
Criterion d				
Criterion e				
General comments				

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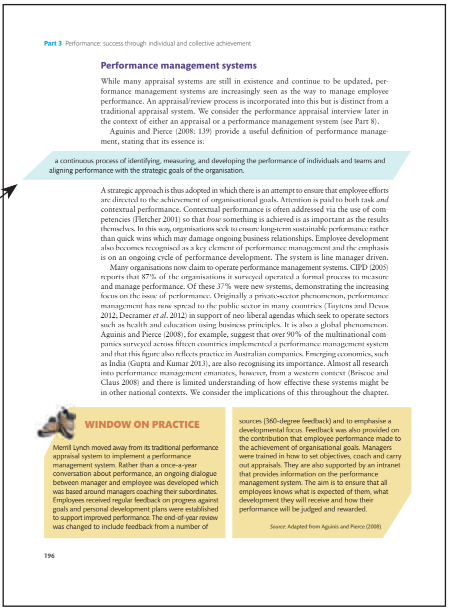
Activity boxes encourage you to regularly review and critically apply your learning, either as an individual or within a group. These have been developed for both students with little or no business experience, as well as though with more practical knowledge.

Web icons indicate where more information and support is available on the complementary website (**www.pearsoned.co.uk/torrington**).



Part 3 Performance: success through individual and collective achievement

Performance management systems

While many appraisal systems are still in existence and continue to be updated, performance management systems are increasingly seen as the way to manage employee performance. An appraisal/review process is incorporated into this but is distinct from a traditional appraisal system. We consider the performance appraisal interview later in the context of either an appraisal or a performance management system (see Part 8).

Aguinis and Pierce (2008: 139) provide a useful definition of performance management, stating that its essence is:

> a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organisation.

A strategic approach is thus adopted in which there is an attempt to ensure that employee efforts are directed to the achievement of organisational goals. Attention is paid to both task *and* contextual performance. Contextual performance is often addressed via the use of competencies (Fletcher 2001) so that *how* something is achieved is as important as the results themselves. In this way, organisations seek to ensure long-term sustainable performance rather than quick wins which may damage ongoing business relationships. Employee development also becomes recognised as a key element of performance management and the emphasis is on an ongoing cycle of performance development. The system is line manager driven.

Many organisations now claim to operate performance management systems. CIPD (2005) reports that 87% of the organisations it surveyed operated a formal process to measure and manage performance. Of these 37% were new systems, demonstrating the increasing focus on the issue of performance. Originally a private-sector phenomenon, performance management has now spread to the public sector in many countries (Tuytens and Devos 2012; Decramer *et al*. 2012) in support of neo-liberal agendas which seek to operate sectors such as health and education using business principles. It is also a global phenomenon. Aguinis and Pierce (2008), for example, suggest that over 90% of the multinational companies surveyed across fifteen countries implemented a performance management system and that this figure also reflects practice in Australian companies. Emerging economies, such as India (Gupta and Kumar 2013), are also recognising its importance. Almost all research into performance management emanates, however, from a western context (Briscoe and Claus 2008) and there is limited understanding of how effective these systems might be in other national contexts. We consider the implications of this throughout the chapter.

WINDOW ON PRACTICE

Merrill Lynch moved away from its traditional performance appraisal system to implement a performance management system. Rather than a once-a-year conversation about performance, an ongoing dialogue between manager and employee was developed which was based around managers coaching their subordinates. Employees received regular feedback on progress against goals and personal development plans were established to support improved performance. The end-of-year review was changed to include feedback from a number of sources (360-degree feedback) and to emphasise a developmental focus. Feedback was also provided on the contribution that employee performance made to the achievement of organisational goals. Managers were trained in how to set objectives, coach and carry out appraisals. They are also supported by an intranet that provides information on the performance management system. The aim is to ensure that all employees knows what is expected of them, what development they will receive and how their performance will be judged and rewarded.

Source: Adapted from Aguinis and Pierce (2008).

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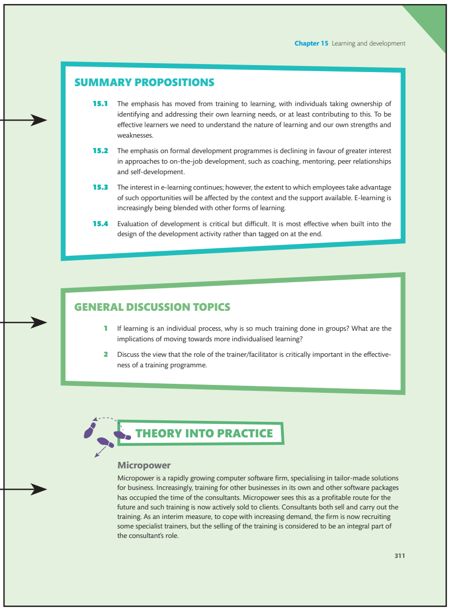
Regular **quotes** throughout help to enliven and contextualise the subject.

Summary Propositions provide a useful revision tool enabling you to recap and check your understanding of the chapter. In conjunction with the chapter-opening Learning Objectives, you can quickly determine whether you are prepared enough to move on, or need further study.

General Discussion Topics are useful both as a basis for group discussion within tutorials or study groups, as well as activities to help develop your better understanding of the topics covered within the chapter.

Theory into Practice case studies or learning activities that enable you to put your learning into practice within a realistic scenario. Improve your employability by answering the associated questions and developing a better understanding of business practice.



Chapter 15 Learning and development

SUMMARY PROPOSITIONS

15.1 The emphasis has moved from training to learning, with individuals taking ownership of identifying and addressing their own learning needs, or at least contributing to this. To be effective learners we need to understand the nature of learning and our own strengths and weaknesses.

15.2 The emphasis on formal development programmes is declining in favour of greater interest in approaches to on-the-job development, such as coaching, mentoring, peer relationships and self-development.

15.3 The interest in e-learning continues; however, the extent to which employees take advantage of such opportunities will be affected by the context and the support available. E-learning is increasingly being blended with other forms of learning.

15.4 Evaluation of development is critical but difficult. It is most effective when built into the design of the development activity rather than tagged on at the end.

GENERAL DISCUSSION TOPICS

1 If learning is an individual process, why is so much training done in groups? What are the implications of moving towards more individualised learning?

2 Discuss the view that the role of the trainer/facilitator is critically important in the effectiveness of a training programme.

THEORY INTO PRACTICE

Micropower

Micropower is a rapidly growing computer software firm, specialising in tailor-made solutions for business. Increasingly, training for other businesses in its own and other software packages has occupied the time of the consultants. Micropower sees this as a profitable route for the future and such training is now actively sold to clients. Consultants both sell and carry out the training. As an interim measure, to cope with increasing demand, the firm is now recruiting some specialist trainers, but the selling of the training is considered to be an integral part of the consultant's role.

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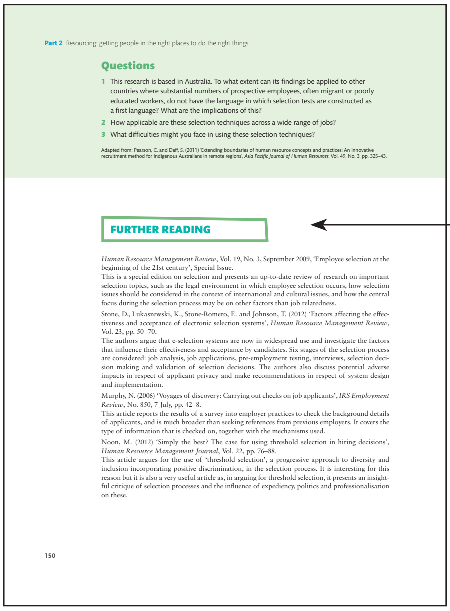

Part 2 Resourcing: getting people in the right places to do the right things

Questions

1 This research is based in Australia. To what extent can its findings be applied to other countries where substantial numbers of prospective employees, often migrant or poorly educated workers, do not have the language in which selection tests are constructed as a first language? What are the implications of this?

2 How applicable are these selection techniques across a wide range of jobs?

3 What difficulties might you face in using these selection techniques?

Adapted from: Pearson, C. and Daff, S. (2011) 'Extending boundaries of human resource concepts and practices: An innovative recruitment method for Indigenous Australians in remote regions', *Asia Pacific Journal of Human Resources*, Vol. 49, No. 3, pp. 325–43.

FURTHER READING

Human Resource Management Review, Vol. 19, No. 3, September 2009, 'Employee selection at the beginning of the 21st century', Special Issue.
This is a special edition on selection and presents an up-to-date review of research on important selection topics, such as the legal environment in which employee selection occurs, how selection issues should be considered in the context of international and cultural issues, and how the central focus during the selection process may be on other factors than job relatedness.

Stone, D., Lukaszewski, K., Stone-Romero, E. and Johnson, T. (2012) 'Factors affecting the effectiveness and acceptance of electronic selection systems', *Human Resource Management Review*, Vol. 23, pp. 50–70.
The authors argue that e-selection systems are now in widespread use and investigate the factors that influence their effectiveness and acceptance by candidates. Six stages of the selection process are considered: job analysis, job applications, pre-employment testing, interviews, selection decision making and validation of selection decisions. The authors also discuss potential adverse impacts in respect of applicant privacy and make recommendations in respect of system design and implementation.

Murphy, N. (2006) 'Voyages of discovery: Carrying out checks on job applicants', *IRS Employment Review*, No. 850, 7 July, pp. 42–8.
This article reports the results of a survey into employer practices to check the background details of applicants, and is much broader than seeking references from previous employers. It covers the type of information that is checked on, together with the mechanisms used.

Noon, M. (2012) 'Simply the best? The case for using threshold selection in hiring decisions', *Human Resource Management Journal*, Vol. 22, pp. 76–88.
This article argues for the use of 'threshold selection', a progressive approach to diversity and inclusion incorporating positive discrimination, in the selection process. It is interesting for this reason but it is also a very useful article as, in arguing for threshold selection, it presents an insightful critique of selection processes and the influence of expediency, politics and professionalisation on these.

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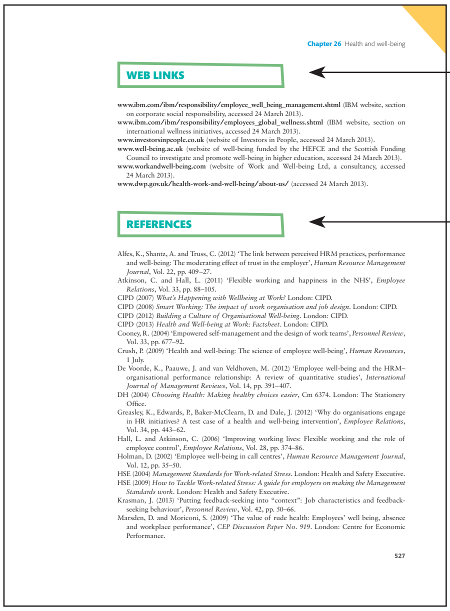
Further Reading sections provide guided access to some key readings in the area, help you to further develop your skills and learning.



Chapter 26 Health and well-being

WEB LINKS

www.ibm.com/ibm/responsibility/employee_well_being_management.shtml (IBM website, section on corporate social responsibility, accessed 24 March 2013).
www.ibm.com/ibm/responsibility/employees_global_wellness.shtml (IBM website, section on international wellness initiatives, accessed 24 March 2013).
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Some chapters list relevant **Web Links** that can help expand your understanding of the topics covered within the chapter.

Detailed **References** provide quick and easy access to the research behind the chapter and additional sources of information to support your learning.

A detailed **Glossary** is included at the end of the book, for quick reference to key terms and definitions within each chapter.

Glossary

The terms in this glossary have been taken selectively from the text. Rather than repeating definitions we have already given, we have chosen terms which are neologisms that may not appear in a dictionary, or are invented words, like presenteeism, which do not yet appear in a dictionary. We also include terms, like bureaucracy, which can benefit from more interpretation than we have provided in the text.

Absence/attendance. Until quite recently attendance at work was universally accepted as a duty and absence had to be justified by external verification, such as by a medical note or a call to undertake jury service. Without such independent evidence, some sort of punishment was usual. As social attitudes have changed and rights to time off have increased, so the managerial emphasis has changed, requiring managers to manage attendance, by paying attention to reasons for avoidable absence. This has a degree of altruistic concern for employee well-being, where some aspect of the work required from employees is a contributory cause of, for instance, an inability to return to work. There is also an emphasis on trying to minimise disruption to working patterns and persuading people not to be unreasonable. Stress has become a major absence factor since it has become more socially acceptable. Usually it is a perfectly valid feature of a person’s working or personal life and can perhaps be alleviated by managerial initiatives. In some other situations it is manipulated by people who place their own interpretation on a right to sick leave. A recent visit to an engineering drawing office in March was surprising as more than half the staff were missing. The drawing office manager explained that the absentees were ‘getting in their sick leave’ before the end of the leave year. A management attempt to make allowance for understandable sickness absence had been mismanaged in allowing it to become gradually accepted as an additional leave entitlement. In a different, current situation a school teacher has recently shown such unwillingness to implement new professional requirements that there is a risk of the school implementing capability procedure with the response, ‘if they do that I will simply go off with stress’.

Apprenticeship. The typical idea of an apprentice is of a male who left school as soon as possible and then trained on the job in a manual trade like plumbing or as an electrician, possibly continuing education part time at a local college. Since a university degree has gradually become the must-have qualification for many fields of employment, the number of apprentices has dwindled: certainly not a prelude to a ‘nice job’. Currently they are seeing a renaissance, as skills shortages are seen as an impediment to economic growth, but not necessarily for young males. In 2013 more than half of those pursuing an apprenticeship were over 25.

Benchmarking. Originally a benchmark was a mark on a work bench that could be used to measure off a standard size. This idea of comparative measurement is used in HRM to describe the process of checking some aspect of work in one’s own business against an external standard, like the average number of days lost through absence across the working population as a whole, or in a particular industry, by age, occupation, gender and so forth. It is slightly different from ‘yardstick’, which is literally a measuring stick a yard long. This is sometimes used as a rough-and-ready measure for some aspect of management effectiveness, but it lacks the dimension of external comparison.

Best fit/fit. In many fields of human endeavour there is an aim to find and implement the one best way, or the right way, of doing things. An alternative is to work out the best way of doing things in this or that situation. There is no single approach or method that is always right.

Bottom line. A term derived from accountancy, where it is the final

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Preface

This book has been evolving through many changes since the very first edition of its predecessor *Personnel Management* in 1979. Our objective has always been to track the development of the personnel/human resource (HR) function and its activities. Our preface to the eighth edition in 2011 opened by saying: 'Since the last edition the world has undergone a major recession, triggered by a banking crisis unprecedented in modern times. This has created great uncertainty about how human resource management (HRM) will be changed.' Then, many people still assumed that it would be like other recessions, followed by a steady recovery, renewed growth and we would all feel more secure. Three years on we can be more certain of some changes that will continue for the foreseeable future:

1. Rather than becoming more secure, for most people their *experience of employment will be less secure*. 'Jobs for life' had always been rare, but security of employment in terms of an open-ended contract that would be maintained in most cases for as long as the employee wished has slowly become less. Some businesses that experience sharp variations in demand for their products, like some in electronics, are employing certain categories of staff on fixed-term contracts via a consultancy in order to avoid the costs of making people redundant. This is just one example of subcontracting instead of directly employing people. Alongside this is the great change in pension provision. Outside the public sector, final salary schemes have dwindled to a handful and the contemporary substitutes are more likely to be owned by the employee, with a reduced level of dependence on the individual employer. Some companies rise and fall with breathtaking speed. In April 2012 Google bought a British IT company for $1 billion. The company had a single product, had been in existence for little over a year and employed only thirteen people. How can a company of that size be worth $1 billion? At the same time we see sudden failures, like HMV, Sea France, Comet and Hungarian Airlines.
2. The *shift towards the 'disaggregation' of employment in businesses* has increased. In 1984 John Atkinson published a short paper with a clever illustrative figure that identified a move towards businesses having a core workforce of vital people who were well paid and built into the businesses, surrounded by a peripheral workforce, with jobs requiring skills that were not specific to the business and might be directly employed or employed via an agency or as a sole trader. This attracted great interest and hundreds of HR lecturers reckoned that they could run at least three teaching sessions on the paper! Atkinson had described a process that had been going for some time and gave it a nudge. Subcontracting of staff in catering, office cleaning and security became commonplace and retail distribution is now normally subcontracted. The development of using the Internet for marketing has seen a great increase in the number of sole traders or very small businesses providing specialist services. In the UK in 2012, 74% of private-sector businesses were sole traders without employees and 3.8 million people were working from home. The general assumption that a business is a close-knit community of people who spend most of their time in one location with an organisational culture that generates morale and meets employees' needs to belong is no longer quite as universal as organisational studies have suggested.
3. *Levels of public-sector employment will remain depressed.* Together with most western economies, it has been an objective of the UK government to reduce the number of people in permanent employment in the public sector as part of an overall objective to rebalance the economy in favour

of the private sector. This has only partly succeeded, as much of the cost saving has been in reducing payments to arm's length organisations and charities providing services, rather than reducing the number on permanent contracts. Nonetheless growth of public-sector core employment seems unlikely after sustained growth over the last 60–70 years.

This is not to suggest that there has been a fundamental and complete change in employment practice; rather there is a change in the mix of factors to which HRM has to adapt and this will be a continuing feature in our approach to the subject in this edition. In preparing this edition we have analysed trends, reviewed the changes, examined all the novelties before discussing these among ourselves and taken account of the comments that many people using the book have suggested. This is to ensure that the book continues to reflect the reality of working life as it is evolving rather than how we would like it to be. We also have to ensure that the book makes sense to readers in different parts of the world, although the book remains the work of four Britons, whose work and understanding are inevitably informed by experience, research and scholarship mainly in the western world.

Apart from general updating, the main changes since the last edition are that we include a new pedagogical feature called 'Theory into practice' at the end of most chapters. These features are case studies or some other learning aid, as suggested by our publisher; we have removed the cases that previously closed each of the eight parts of the book. There are three fewer chapters overall through consolidation in some areas. Skills now include a section on job analysis, which had been unforgivably not featured in the last edition, despite its fundamental importance in so many aspects of HR practice.

As before, there is a range of assessment material and illustrations, as well as several design features to assist readers further in using and learning from the text, as follows:

(a) Integrated **Window on practice** boxes provide a range of illustrative material throughout the text, including examples of real company practice, survey results, anecdotes and quotations, and court cases.

(b) Integrated **Activity** boxes encourage readers to review and critically apply their understanding at regular intervals throughout the text, either by responding to a question or by undertaking a small practical assignment, individually or as part of a group. In recognising that this text is used on both professional and academic courses, most of the exercises reflect the fact that many students will have little or no business experience. Other exercises may appear to exclude students who are not in employment by asking readers to consider an aspect in their own organisation; however, the organisation could be a college or university, the students' union, a political body or sports team.

(c) **Discussion topics**: at the end of each chapter there are two or three short questions intended for general discussion in a tutorial or study group.

(d) **Theory into practice** features appear at the end of chapters to enable readers to review, link and apply their understanding of the previous chapters to a business scenario.

(e) **Web links** are given as appropriate at various points in the text. These are either to the text's Companion Website, where there is a great deal of further material, or to other websites containing useful information relating to the topics covered.

(f) **Further reading sections** for each chapter suggest further relevant readings, with guidance on their value.

(g) Each part of the text includes a brief introduction to its scope and purpose.

(h) **Chapter objectives** open and **Summary propositions** conclude each chapter to set up the readers' expectations and review their understanding progressively.

(i) **References** are given in full at the end of each chapter to aid further exploration of the chapter material, as required.

(j) The Companion Website, **www.pearsoned.co.uk/torrington**, has more material, including further case studies or exercises for each chapter and support for both tutor and student.

(k) **Glossary**: the book closes with a short glossary of terms taken selectively from the text.

Publisher's acknowledgements

Figures

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Part 1

HUMAN RESOURCE MANAGEMENT IN CHANGING TIMES

CHAPTERS

1 The nature of human resource management

2 The global context for human resource management

3 Strategic human resource management

4 Workforce planning and metrics

CHANGING TIMES

Human Resource Management
Strategy
Planning
International
Skills

Human resource management (HRM) as a distinct function of the business has grown in stature and influence in recent years, particularly at the strategic level. For those entering the profession this book aims to demonstrate the interconnectedness of the discipline to which we are introducing you. We choose the metaphor of the honeycomb, a tight structure of contiguous cells of activity with a shared purpose, all connected both laterally and vertically. Training and development are not distinct activities separate from employee relations and performance management; reward is not to be considered separately from selection, retention, diversity and health and well-being. Strategy, policy, procedure and personal skill are not distinct specialisms but essential elements of every HR person's skill set.

Part 1 puts in place the totality of HRM in four ways. First comes the nature of HRM itself, a specialism which is everywhere and in everything. Second, we review the global context within which it operates, as what you do in your small corner has to make sense in the global context of your business in your country and in all parts of the world and, as everyone knows, the world is changing at a disconcerting pace. Third, we introduce two of the methods which HR uses and needs to understand in all of its dealings within the business of which it is a part. Strategy is not only setting the course of the business in the future, but also ensuring that the strategy is the right one from a mix of alternatives and then knowing when and how the strategy should be altered. Planning is the process of starting to implement the strategy by making the right things happen. Readers will remember the disastrous earthquake in Haiti at the beginning of 2010. For the first week afterwards there was intense interest and worldwide concern. Public donations poured in, rescue teams and equipment were mustered and there was a universal will to help, but there was no viable planning on the ground. Growing resources, personnel and motivation were mired in chaos. Only as a form of planning and coherent organisation was gradually developed did things begin to improve. HR people need to understand the differing nature of planning processes that are needed to make the right things happen.

Chapter 1

THE NATURE OF HUMAN RESOURCE MANAGEMENT

THE OBJECTIVES OF THIS CHAPTER ARE TO:

1. Define the term ‘human resource management’
2. Explain the different ways in which the term ‘human resource management’ is used
3. Set out the main objectives of the human resource function
4. Review the historical evolution of the modern human resource function
5. Discuss links between human resource management activity and business performance

Human resource management (HRM) is the basis of all management activity, but it is not the basis of all business activity. A business may depend fundamentally on having a unique product, like the Dyson vacuum cleaner, or on obtaining the necessary funding, like the London bid to stage the Olympic Games, or on identifying a previously unnoticed market niche, like Saga Services. The basis of management is always the same: getting the people of the business to make things happen in a productive way, so that the business prospers and the people thrive.

All organisations have to draw on a range of resources to function and to achieve their objectives. They need access to capital to finance their operations, land and premises to operate from, energy, equipment and raw materials in order to manufacture a product or deliver a service. They also require access to some form of distribution network so that they can publicise, sell or dispense their goods and services. In addition, human resources are required in order to provide organisations with know-how, ideas and labour. In a competitive market economy the effectiveness and efficiency with which an organisation manages its relationship with the suppliers of all these kinds of resources determines its success. And the scarcer the resource and the more critical it is to a particular organisation's operations, the greater the skill, time and effort needed in order to manage the relationship.

There was a time when most people employed by organisations were required simply to provide manual labour. Relatively little skill, experience or intelligence was needed to do the jobs. The requisite training was cheap and speedy to provide, and payment methods unsophisticated. Finding people to do the work was rarely a problem and there were no restrictions of significance when it came to firing those who were not satisfactory or who displeased managers in some other way. This remains the situation in some industries and in some parts of the world, but in industrialised countries it is now increasingly rare. Instead we have a situation in which the majority of jobs require their holders to have mastered some form of specialised skill, or at the very least to possess attributes which others do not share to the same extent. The demand for higher-level skills has grown particularly quickly, there being a need for many more people to fill professional and managerial jobs than was the case twenty years ago. Moreover, almost all informed commentators believe that these established trends will accelerate in the future (UKCES 2012).

Just as the workforce has changed, so have the methods used to manage its members. The more specialised their roles, the harder it has become to find individuals with the right skills, qualifications, attributes and experience to undertake them. It has also become harder to keep people once they are employed because competitors are always keen to secure the services of the most talented people by offering them a better deal. Employing organisations have had to acquire a capacity for developing people effectively, together with increasingly sophisticated approaches to recruitment, selection, retention, employee relations and performance management. Further sophistication is required due to the substantial body of employment regulation that now governs the management of the employment relationship in most industrialised countries. The process becomes more complex still in the case of organisations that employ people in different countries. Not only do they have to grapple with a range of often diverse legislative and public policy regimes, but also they have to find ways of effectively managing people whose expectations vary significantly for cultural reasons.

These developments have led to the evolution of a more complex HRM function, charged with overseeing all aspects of managing the relationship between an organisation and its people in a professional and productive manner. The management of people, however, can never be a responsibility shouldered by specialists alone. It is an area of management activity that all managers must share if it is to be carried out effectively and contribute to the achievement of competitive advantage.

In this chapter we introduce HRM by setting out its purpose and showing how the effective management of people helps organisations to achieve their objectives. We go on to examine the historical development of HR work and speculate on how this may evolve further in the future. The final part of the chapter introduces thinking about the extent and nature of the link between HR activities and organisational effectiveness and performance.

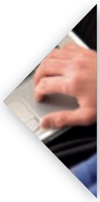
WINDOW ON PRACTICE

In 2008, twenty-five years after it was first planned, Terminal 5 at Heathrow Airport in London finally opened its doors to passengers. The total cost of the building was £4.3 billion. The new terminal was exclusively for the use of British Airways, which had been planning for several years to move all its existing operations from the various other terminals at Heathrow into Terminal 5 and had gone so far as to contribute £330 million to its flamboyant interior design. The day before the opening an article in the *Financial Times* reported executives' concerns that the look of the place would raise expectations too high, but that it was 'beyond imagination to contemplate failure' (Blitz 2008). Yet spectacular failure was what followed.

In the first few days of operation over 300 flights scheduled to depart from Terminal 5 were cancelled, very long queues formed at check-in and transfer desks, while some 28,000 passengers found themselves separated from their luggage. The immediate cost to British Airways was £16 million, but the long-term direct costs were authoritatively estimated to be around £150 million (BBC 2008a), let alone vast further losses resulting from a deterioration in the airline's already poor brand image.

And why did this debacle happen? It appears that the major reason was simply extraordinarily poor management of people. The major immediate problem arose because the staff were not properly trained to use the equipment at Terminal 5 and were unprepared when it came to solving the technical 'glitches' that quickly appeared once the baggage handling machinery started operating. In addition long delays were caused on the first day as a result of staff being unable to find the staff car park or get through security screening on schedule. Later on, as flights began to arrive, staff simply failed to 'remove luggage quickly enough at the final unloading stage' (BBC 2008b).

Matters were not helped by the persistence over a long period of very poor employment relationships at British Airways. Done and Willman (2008) reported that the failure of the airline to solve this fundamental problem was the real underlying cause of the Terminal 5 debacle. An unnamed Heathrow executive said that they had all been expecting an outbreak of 'fuck'em disease' as the new terminal opened and some staff simply decided 'not to work very hard'. British Airways' staff were neither committed to the success of the operation nor to their employer. Goodwill was in short supply, leading staff to be intransigent and uncooperative when effort, positive enthusiasm and flexibility were what was required.



Defining HRM

The term 'human resource management' is not easy to define. This is because it is commonly used in two different ways. On the one hand it is used generically to describe the body of management activities covered in books such as this. Used in this way HRM is really no more than a more modern and supposedly imposing name for what used commonly to be labelled 'personnel management'. On the other hand, the term is equally widely used to denote a particular approach to the management of people which is clearly distinct from 'personnel management'. Used in this way 'HRM' signifies more than an updating of the label; it also suggests a distinctive philosophy towards carrying out people-orientated organisational activities: one which is held to serve the modern business more effectively than 'traditional' personnel management. We explore the substance of these two meanings of HRM in the following subsections, referring to the first as 'HRM mark 1' and the second as 'HRM mark 2'.

HRM mark 1: the generic term

The role of the HR functions is explained by identifying the key objectives to be achieved. Four objectives form the foundation of all HR activity.

Staffing objectives

HR managers are first concerned with ensuring that the business is appropriately staffed and thus able to draw on the human resources it needs. This involves designing organisation structures, identifying under what type of contract different groups of employees (or subcontractors) will work, before recruiting, selecting and developing the people required to fill the roles: the right people, with the right skills, to provide their services when needed. There is a need to compete effectively in the employment market by recruiting and retaining the best, affordable workforce that is available. This involves developing employment packages that are sufficiently attractive to maintain the required employee skill levels and, where necessary, disposing of those judged no longer to have a role to play in the organisation. The tighter a key employment market becomes, the harder it is to find and then hold on to the people an organisation needs in order to compete effectively. In such circumstances increased attention has to be given to developing competitive pay packages, to the provision of valued training and development opportunities and to ensuring that the experience of working in the organisation is, as far as is possible, rewarding and fulfilling. Recent years have seen organisations take a more strategic approach, at least in their rhetoric, towards the meeting of staffing objectives. They are, for example, increasingly seeking to differentiate and position themselves in their labour markets vis-à-vis competitors by managing their reputations as employers, by engaging in employer branding exercises and by seeking to be recognised as 'employers of choice'.

Performance objectives

Once the required workforce is in place, HR managers seek to ensure that people are well motivated and committed so as to maximise their performance in their different roles. Training and development have a role to play, as do reward systems to maximise effort and focus attention on performance targets. In many organisations, particularly where trade unions play a significant role, HR managers negotiate improved performance with the workforce. The achievement of performance objectives also requires HR specialists to assist in disciplining employees effectively and equitably where individual conduct and/or performance standards are unsatisfactory. Welfare functions can also assist performance by providing constructive assistance to people whose performance has fallen short of their potential because of illness or difficult personal circumstances. Last but not least, there is the range of employee involvement initiatives to raise levels of commitment and to engage employees in developing new ideas. It is increasingly recognised that a key determinant of superior competitive performance is a propensity on the part of an organisation's employees to demonstrate discretionary effort. Essentially this means that they choose to go further in the service of their employer than is strictly required in their contracts of employment, working longer hours perhaps, working with greater enthusiasm or taking the initiative to improve systems and relationships. Willingness to engage in such behaviour cannot be forced by managers. But they can help to create an environment in which it is more likely to occur. A term that is currently very fashionable in HR circles is 'employee engagement', an idea which encapsulates what is required if organisations are successfully to enhance individual performance. Engaged employees know what is expected of them, have a sense of ownership of their work, are satisfied (hopefully very satisfied) with their jobs and, as a result, are prepared to contribute positively both with their effort and their ideas.

Change-management objectives

A third set of core objectives in nearly every business relates to the role played by the HR function in effectively managing change. Frequently change does not come along in readily defined episodes precipitated by some external factor. Instead it is endemic and well-nigh continuous, generated as much by a continual need to innovate as from definable environmental pressures. Change comes in different forms. Sometimes it is merely structural, requiring reorganisation of activities or the introduction of new people into particular roles. At other times cultural change is sought in order to alter attitudes, philosophies or long-present organisational norms. In any of these scenarios the HR function can play a central role. Key activities include the recruitment and/or development of people with the necessary leadership skills to drive the change process, the employment of change agents to encourage acceptance of change and the construction of reward systems which underpin the change process. Timely and effective employee involvement is also crucial because 'people support what they help to create'. However, it must also be remembered that change, particularly when imposed without genuine employee involvement, is also a major potential source of conflict in organisations. This can be minimised if plenty of time is available, but a degree of conflict is inevitable where groups of staff lose out in some way as a result of change. The effective management of conflict and its avoidance through careful management of expectations and involvement in decision making are thus also significant features of an effective HR manager's role.

Administration objectives

The fourth type of objective is less directly related to achieving competitive advantage, but is focused on underpinning the achievement of the other forms of objective. In part it is simply carried out in order to facilitate an organisation's smooth running. Hence there is a need to maintain accurate and comprehensive data on individual employees, a record of their achievement in terms of performance, their attendance and training records, their terms and conditions of employment and their personal details. However, there is also a legal aspect to much administrative activity, meaning that it is done because the business is required by law to comply. Of particular significance is the requirement that payment is administered professionally and lawfully, with itemised monthly pay statements being provided for all employees. There is the need to make arrangements for the deduction of taxation and National Insurance, for the payment of pension fund contributions and to be on top of the complexities associated with Statutory Sick Pay and Statutory Maternity Pay, as well as maternity and paternity leave. Additional legal requirements relate to the monitoring of health and safety systems and the issuing of contracts to new employees. Accurate record keeping is also central to ensuring compliance with a variety of other legal obligations such as the National Minimum Wage and the Working Time Regulations. HR professionals often downgrade the significance of effective administration, seeking instead to gain for themselves a more glamorous (and usually more highly paid) role formulating policy and strategy. This is a short-sighted attitude. Achieving excellence (i.e. professionalism and cost-effectiveness) in the delivery of the basic administrative tasks is important as an aim in itself because it can provide a source of competitive advantage vis-à-vis other organisations who struggle administratively. Moreover, as Stevens (2005: 137) demonstrates, sound administration in HR matters is important to achieve if 'potential legislative risks' are to be minimised. It also helps the HR function in an organisation to gain and maintain the credibility and respect that are required in order to influence other managers in the organisation. In this respect it can be persuasively argued that efficient administration is a prerequisite if the HR function is to make a really significant contribution in the three other areas outlined above.

ACTIVITY 1.1

Each of the four types of HR objective is important and necessary for organisations in different ways. However, at certain times one or more can assume greater importance than the others. Can you identify types of situation in which each could become the most significant or urgent?

HRM mark 2: a distinctive approach to the management of people

The second meaning commonly accorded to the term 'human resource management' denotes a particular way of carrying out the range of activities discussed above. Under this definition, a 'human resource management approach' is something qualitatively different from a 'personnel management approach'. Commentators disagree, however, about how fundamental a shift is signified by a movement from personnel management to human resource management. For some, particularly those whose focus of interest is on the management of collective relationships at work, the rise of HRM in the last two decades of the twentieth century represented something new and very different from the