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Human resource management

J. Coyle-Shapiro, K. Hoque, I. Kessler,
A. Pepper, R. Richardson and L. Walker

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This guide was prepared for the University of London International Programmes by:

J. Coyle-Shapiro, PhD, Professor of Organisational Behaviour and Head of Employment Relations and Organisational Behaviour, LSE.

K. Hoque, Bsc (Econ), PhD, Professor of Human Resource Management, Warwick Business School, Univeristy of Warwick.

I. Kessler, BA, MA, PhD, Professor of International Human Resource Management, King's College London.

A. Pepper, DBA, Professor of Management Practice, LSE.

R. Richardson, BSc, MA, PhD, Formerly Deputy Director, Reader in Industrial Relations, LSE.

L. Walker, MA, Seear Fellow, LSE.

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University of London International Programmes
Publications Office
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Introduction

This subject guide is about human resource management (HRM). This is the management activity taken by commercial firms, state owned enterprises and other organisations to recruit, retain and motivate their employees. In other words HRM is the bundle of policies, programmes and plans which organisations adopt with the objective of making full use of the people they employ. These include everything from recruitment and selection techniques (which initiate the relationship between firm and employee), to the mass of rules that determine how people are treated as current employees, and all the way to policies on separation (which determine whether, and in what circumstances, an employee is to be let go).

This guide takes, as its organising framework, a model of strategic HRM advanced by Boxall and Purcell in their book *Strategy and human resource management* (Palgrave Macmillan, third edition, 2011). They conceptualise workforce performance as a function of **capabilities** (the knowledge, skills and aptitudes which employees need to carry out their work), **motivation** (the incentives which employees require to encourage them to perform to the best of their abilities) and **work organisation** (the way that work and organisations are structured so as to allow employees to perform well). To this we add **employment relations** (the policies, programmes and practices which govern the relationship between employees and employers) on the basis that employee relationship management is a key responsibility of the HRM function. See Figure 1.

The guide follows the perspective adopted in most HRM textbooks and looks at the subject from an organisational point of view, but it also acknowledges that a range of other factors shape the use of HRM policies and practices, including government and regulatory frameworks.

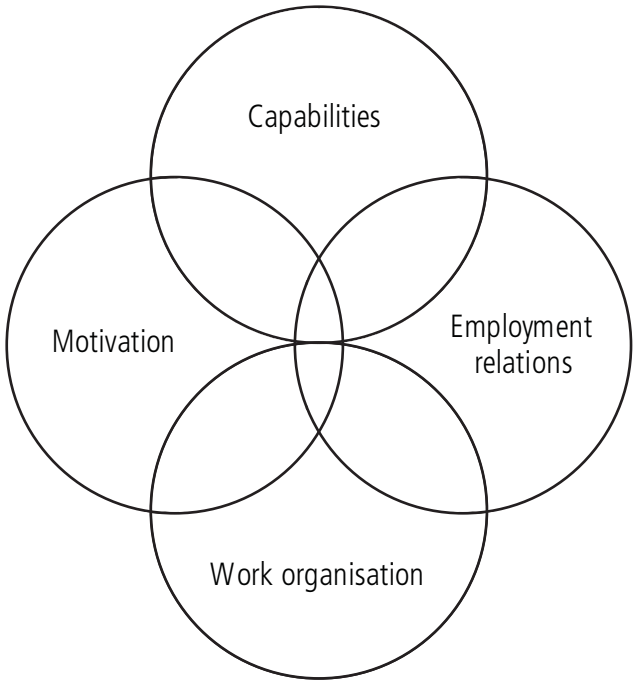

Figure 1: Organising framework

Structure of the guide

The guide is divided into 14 chapters, each focusing on a different topic. Every chapter includes a number of features:

- the Learning outcomes for the chapter
- the Essential and Further reading lists
- a list of References cited in the chapter
- an Introduction to the topic of the chapter
- a chapter Summary or Conclusion section at the end of each chapter
- a range of Sample examination questions to help you to test what you have learnt. (See Appendix 3 for feedback).

Activities

In addition to these key features of every chapter, Activities have been provided throughout the guide to help you engage and interact with the material you are studying. Although these are not assessed, it is strongly recommended that you complete these Activities as you work through the course. Taking an active role from the beginning of this course and developing this throughout, will give you confidence in your knowledge, ability and opinions.

Style of the guide

The study of HRM is multidisciplinary drawing upon ideas from business strategy, economics, psychology, sociology and industrial relations. What this means is that you will receive a range of viewpoints on the subject as a whole. You may also notice a difference in approach from chapter to chapter.

Aims

The aims of this course are to:

- give students an introduction to the key elements of human resource management
- demonstrate how the social sciences can assist in understanding the management of human resources; and to examine and evaluate human resource policies and practices of organisations
- help students to examine the different theories which try to explain the relationship between HRM and organisational performance
- develop students' ability to analyse and critically evaluate HR policies and practices.

Learning outcomes

By the end of this course, and having completed the Essential reading and Activities, you should be able to:

- describe the relationship between HRM and organisational performance and be able to critically evaluate the empirical evidence
- critically evaluate alternative perspectives on HR practices
- analyse the relationship between HR practices and their outcomes for the individual and the organisation

- evaluate the effectiveness of different HR practices
- comment upon the limitations of the theories covered.

Syllabus

The syllabus uses as its organising framework a model of HRM built around four areas of activity: capabilities, motivation, employment relations and work organisation.

'Capabilities' include recruitment and selection, as well as learning and development. 'Motivation' covers individual performance and the psychological contract, reward systems, performance management and job design. 'Employment relations' include employee involvement and participation, organisational justice and diversity. Finally, 'work organisation' covers labour markets, high performance work systems and the state of HRM in contemporary organisations.

The syllabus examines current theoretical perspectives on the relationship between human resource practices and organisational performance. These include strategic HRM, organisational behaviour and employment relations frameworks, which offer different explanations of how HRM practices impact on organisational performance. The relationship between motivation, organisational commitment (defined as an individual's emotional attachment to an organisation) and both individual and corporate performance is central to understanding the effects of HRM practices on employees.

The skills demonstrated by students are expected to go beyond knowledge and comprehension. As well as demonstrating that they know and understand the major HRM policies and practices, theoretical frameworks and supporting empirical evidence, students are expected to be able to explain the relationship between different human resource policies and practices and the underlying theoretical frameworks (for example, by describing the relationship between performance management and goal setting theory, or pay strategy and different theories of motivation). These theoretical frameworks will then provide the basis for analysing and evaluating whether HRM practices are more or less likely to achieve their hypothesized outcomes. The potential limitations of each theory and the subsequent implications for organisational practice will also be considered.

Using this subject guide

This subject guide presents a basic introduction to the main topics in the study of human resource management. As with any guidebook, this subject guide is designed to help you find your way around the subject matter. It seeks to outline, explain and clarify the central concerns of the study as well as provide information about studying for your examinations.

On the other hand, because it is a guide, it cannot go into detail and there are bound to be omissions and over simplifications. Wider reading is, therefore, essential. You should not just treat this subject guide as your textbook. If you place too much emphasis on the subject guide without doing additional reading, you will find it exceedingly difficult to pass the examination.

You should also develop your own set of notes as you work through the subjects, which will help you engage with the material in a critical way.

Essential reading

Your Essential reading for this course comes from three places: textbooks, journal articles and one chapter of a textbook available in the virtual learning environment (VLE).

Textbooks

Three textbooks are recommended for this course. These are general textbooks that are useful for most chapters in this guide. You should buy, or have regular access to, these textbooks as a number of the Essential reading are taken from them. Please remember that the more you read, the better your understanding of the subject area will be.

Bratton, J. and J. Gold *Human resource management: theory and practice*. (Basingstoke: Palgrave, 2012) fifth edition [ISBN 9780230580565].

Kramar, R. and J. Syed *Human resource management in a global context*. (Basingstoke: Palgrave, 2012) first edition [ISBN 9780230251533].

Torrington, D., L. Hall, S. Taylor and C. Atkinson *Fundamentals of human resource management*. (Harlow: Financial Times Prentice Hall, 2009) first edition [ISBN 9780273713067].

Detailed reading references in this subject guide refer to the editions of the set textbooks listed above. New editions of one or more of these textbooks may have been published by the time you study this course. You can use a more recent edition of any of the books; use the detailed chapter and section headings and the index to identify relevant readings. Also check the VLE regularly for updated guidance on readings.

In addition, the following lists specific chapters for Essential reading:

Bach, S. *Managing human resources*. (Oxford: Blackwell, 2005) fourth edition [ISBN 9781405118514] Chapter 15 'Direct participation'.

Claydon, T. and J. Beardwell *Human resource management: a contemporary approach*. (Harlow: Prentice Hall, 2007) fifth edition [ISBN 9780273707639] Chapter 14 'Employee participation and involvement'.

Folger, R. and R. Cropanzano *Organizational justice and human resource management*. (Thousand Oaks, CA: Sage, 1998) [ISBN 0803956878] Chapter 1 'Equity and distributive justice as outcome fairness', Chapter 2 'Process as procedural and interactional justice', Chapter 4 'Organisational justice and staffing decisions' and Chapter 5 'Organisational justice and performance evaluation'.

Torrington, D., L. Hall, S. Taylor and C. Atkinson *Human resource management*. (Harlow: Financial Times, 2011) (ISBN 9780273756927] Chapter 7 'Recruitment' and Chapter 8 'Selection methods and decisions'.

Journal articles

As part of your Essential reading, you also need to access a number of journal articles from the Online Library. To help you read extensively, all International Programmes students have free access to the University of London Online Library where you will find the full text or an abstract of some of the journal articles listed in this subject guide.

Further reading

Please note that as long as you read the Essential reading you are then free to read around the subject area in any text, paper or online resource. You will need to support your learning by reading as widely as possible and by thinking about how these principles apply in the real world. To help you read extensively, you have free access to the VLE and University of London Online Library (see below).

A full list of all Further reading for this course is given in Appendix 1.

Other useful texts for this course include:

Baron, J.N and D.M. Kreps *Strategic human resources: frameworks for general managers.* (John Wiley & Sons, Inc. 1999) third edition [ISBN 9780471072539].

Boxall, P. and J. Purcell *Strategy and human resource management*. (Basingstoke: Palgrave, 2011) third edition [ISBN 9780230579354].

Boxall, P., J. Purcell and P. Wright (eds) *The Oxford handbook of human resource management*. (Oxford: Oxford University Press, 2007) [ISBN 9780199282517].

Storey, J. *Human resource management: a critical text*. (London: Thomson Learning, 2007) third edition [ISBN 9781844806157].

Journals

The following journals are also particularly useful and a number of readings are taken from them. They are available in the Online Library:

- *British Journal of Industrial Relations* (Business Source Premier)
- *Human Resource Management Journal* (ABI Inform and Business Source Premier)
- *Human Resource Management Review* (Business Source Premier)
- *International Journal of Human Resource Management* (Business Source Premier).

Online study resources

In addition to the subject guide and the Essential reading, it is crucial that you take advantage of the study resources that are available online for this course, including the VLE and the Online Library.

You can access the VLE, the Online Library and your University of London email account via the Student Portal at:
https://my.londoninternational.ac.uk.london/portal/

You should have received your login details for the Student Portal with your official offer, which was emailed to the address that you gave on your application form. You have probably already logged in to the Student Portal in order to register! As soon as you registered, you will automatically have been granted access to the VLE, Online Library and your fully functional University of London email account.

If you have forgotten these login details, please click on the 'Forgotten your password' link on the login page.

The VLE

The VLE, which complements this subject guide, has been designed to enhance your learning experience, providing additional support and a sense of community. It forms an important part of your study experience with the University of London and you should access it regularly.

The VLE provides a range of resources for EMFSS courses:

- Self-testing activities: Doing these allows you to test your own understanding of subject material.
- Electronic study materials: The printed materials that you receive from the University of London are available to download, including updated reading lists and references.
- Past examination papers and *Examiners' commentaries*: These provide advice on how each examination question might best be answered.

- A student discussion forum: This is an open space for you to discuss interests and experiences, seek support from your peers, work collaboratively to solve problems and discuss subject material.
- Videos: There are recorded academic introductions to the subject, interviews and debates and, for some courses, audio-visual tutorials and conclusions.
- Recorded lectures: For some courses, where appropriate, the sessions from previous years' Study Weekends have been recorded and made available.
- Study skills: Expert advice on preparing for examinations and developing your digital literacy skills.
- Feedback forms.

Some of these resources are available for certain courses only, but we are expanding our provision all the time and you should check the VLE regularly for updates.

Making use of the Online Library

The Online Library contains a huge array of journal articles and other resources to help you read widely and extensively.

To access the majority of resources via the Online Library you will either need to use your University of London Student Portal login details, or you will be required to register and use an Athens login:
http://tinyurl.com/ollathens

The easiest way to locate relevant content and journal articles in the Online Library is to use the **Summon** search engine.

If you are having trouble finding an article listed in a reading list, try removing any punctuation from the title, such as single quotation marks, question marks and colons.

For further advice, please see the online help pages:
www.external.shl.lon.ac.uk/summon/about.php

How the reading is listed

The reading for each of the chapters in this subject guide is divided into Essential reading, Further reading and References cited.

Essential reading

For each chapter you are required to do some reading that is essential. This Essential reading is listed at the start of each chapter. It is also listed in this Introduction. It is from this material that the majority of your knowledge will be gained, so it is important that you read as much of it as you can.

Most of the time, you should read the subject guide chapter first, then move on to the Essential reading. However, please note that in some chapters you will be advised to do the reading at certain points in the chapter.

Further reading

At the beginning of each chapter, a list of possible Further readings will be offered. A selection is always offered, but none of them is compulsory. You can select from the list for each chapter if you wish to. Therefore, you should not be worried about the length of this list as this is only to give you a choice should you want one! You may find it helpful to look at the Further readings if you are particularly interested in a specific subject. However, we do encourage you to do as much reading as possible.

References cited

Books and journals that have been referred to in this subject guide are listed at the start of each chapter. You do not need to read these materials unless you wish to; they are there for reference purposes only.

Examination advice

Examination format

Important: the information and advice given in the following section are based on the examination structure used at the time this subject guide was written. Please note that subject guides may be used for several years. Because of this we strongly advise you to check both the current *Regulations* for relevant information about the examination, and the VLE where you should be advised of any forthcoming changes. You should also carefully check the rubric/instructions on the paper you actually sit and follow those instructions.

The assessment for this course is through a three-hour unseen written examination. You will be expected to answer four questions from a choice of eight questions. Questions are generally structured in three parts. The first part ('Define'*)* asks for the definition or explanation of a concept or construct and is primarily a test of knowledge. The second part ('Describe'*)* asks for applications of the concept or construct and is primarily a test of understanding and application. The third part ('Discuss'*)* is a short essay in which you will be expected to analyse and critically evaluate an issue related to the concept or construct which is the subject of the previous two parts of the question. These shorts essays need to present an argument that expresses a view on the subject. They should not repeat the notes written in this subject guide. Instead the essays should show independent, reflective and critical thought about the issues involved.

Remember, it is important to check the VLE for:

- up-to-date information on examination and assessment arrangements for this course
- where available, past examination papers and Examiners' commentaries for the course which give advice on how each question might best be answered.

Examiners' commentaries

The *Examiners' commentaries*, which are provided annually, are a very good resource. The reports provide you with two sources of information:

- how students have performed in the previous year's examination
- what the Examiners are looking for in the answers.

A consistent comment in the last few *Examiners' commentaries*, is that answers to examination questions were generally far too descriptive. The analysis, if any, was left to the last paragraph, but more commonly the argument was only stated in the last sentence.

A significant proportion of candidates tend to reproduce theories relating to the topic of the question regardless of what the question is asking. Some candidates, on seeing a familiar word or concept, write everything they know about that word or concept and do not address the terms of the question asked. Overall, too many candidates are trying to fit a revised 'standard' answer into the question asked. The consequences are that candidates are giving strong signals to Examiners that they do not

know what the question is asking for. A critical learning point from the *Examiners' commentaries* is that describing particular theories is not what the question is looking for – the key is to use the theories, recognising their strengths and limitations to help address the issues raised by the question.

Ensure that you refer to the *Examiners' commentaries* frequently throughout your study. As you cover topics, you should attempt to answer previous examination questions and understand the Examiners' comments on those particular examination answers. Take time to attempt to fully understand the Examiners' comments and the mistakes made by previous students. This should be done topic by topic, and you should not progress from one topic to the next until you have:

a. attempted to answer a previous examination question on that topic

b. read the Examiners' comments on that question

c. thought about ways in which you could improve your own answer.

Part 1: Introduction

Notes

Chapter 1: Human resource management: theories, models, policies and practices

1.1 Introduction

This chapter starts with an introduction to the field of HR management in which four questions are posed:

- What is HR management?
- Why are HR policies, programmes and plans so important?
- How do HR policies, programmes and plans work?
- What is the difference between academic study and the practice of HR management?

1.1.1 Aims of the chapter

- The aim of this chapter is to introduce students to the study of human resource management.

1.1.2 Learning outcomes

By the end of this chapter, and having completed the Essential reading and Activities, you should be able to:

- describe what is meant by HR management
- explain why HR policies, programmes and plans are key to an organisation's success
- discuss the difference between academic study and the practice of HR management.

1.1.3 Essential reading

There is no truly Essential reading for this chapter. It will, however, be very useful to help your understanding of the first section if you could look at the following texts:

Kramar, R. and J. Syed *Human resource management in a global context*. (Basingstoke: Palgrave, 2012) first edition [ISBN 9780230251533] Chapter 1 'Contextualizing human resource management' and Chapter 2 'A critical perspective on strategic human resource management'.

Torrington, D., L. Hall, S. Taylor and C. Atkinson *Fundamentals of human resource management*. (Harlow: Financial Times Prentice Hall, 2009) first edition [ISBN 9780273713067] Chapter 1 'Introducing human resource management'.

1.1.4 Further reading

Books

Bratton, J. and J. Gold *Human resource management: theory and practice*. (Basingstoke: Palgrave, 2012) second edition [ISBN 9780805838626] Chapter 1 'The nature of contemporary HRM'.

Journal articles

Huselid, M. 'The impact of human resource management practices on turnover, productivity, and corporate financial performance', *Academy of Management Journal* 38(3) 1995, pp.645–70.

1.1.5 References cited

Dessler, G. *Human resource management*. (Pearson, 2007) eleventh edition.

Hellriegel, D., S. Jackson, J. Slocum and G. Staude *Management.* (Oxford University Press, 2009) third edition. Chapter 13 'Managing human resources' [ISBN 9780195982169].

1.1.6 Synopsis of chapter content

In this chapter we define what is meant by HR management, explain why HR policies programmes and plans are so important, and consider the relationship between HR management and productivity. We examine the difference between the academic study of HR management and practice, and explain why theory is important.

1.2 What is HR management?

In 1937 Ronald Coase, a Noble Prize winning economist, explained how some economic activities are most efficiently coordinated within firms, while others are most efficiently coordinated by markets. 'Management' can therefore be defined as the art and science of coordinating activities within a firm, via a process of managerial decision-making, including areas such as finance, operations, sales and marketing, and human resources.

HR management can in turn be defined as:

> 'The process of analysing and managing an organisation's human resource needs to ensure satisfaction of its strategic objectives' (Hellriegel, Jackson, Slocum and Staude, 2009)

and

> 'The policies and practices involved in carrying out the "people" or human resources aspects of a management position, including recruitment, screening, training and appraising' (Dessler, 2007).

Important themes to note in these definitions, which will be picked up again during the course of the subject guide, are:

- the role of analysis as well as management
- the connection between HRM and achieving an organisation's strategic goals
- the importance of HR policies and practices; and specific HR activities such as recruitment, selection, learning and education, and
- performance management

to which we might add other things, such as reward, job design, employment (or 'manpower') planning, diversity management, equal opportunities and employment relations.

The history of HR management can be dated back to the 19th century, when some enlightened industrial companies in the US and Europe employed welfare officers to look after the wellbeing of workers, especially women and children. In the 1920s and 1930s companies employed labour managers to handle pay, absence, recruitment and dismissal. By the late 1940s labour management and welfare work had been integrated under the banner of 'personnel administration'. As the importance of people to the success of firms was increasingly recognised throughout the 1970s and 1980s, personnel administration became 'personnel management' and eventually 'human resource management'. Today some companies refer simply to the 'people' function and call their most senior HR executive the 'chief people officer'.

More information about the history of HR management can be found on the website of the UK's Chartered Institute of Personnel and Development at:

www.cipd.co.uk/hr-resources/factsheets/history-hr-cipd.aspx

1.3 Why are HR policies, programmes and plans so important?

The effective management of an organisation's employees (i.e. its human resources) is arguably the single most difficult, most complex, most ambiguous, yet most important task that managers face. It is an area of management policy-making that is not characterised by rigorous globally accepted professional standards. This is true for at least four reasons:

- HR policies refer to human behaviour, which is complex, often conflict-ridden, and culturally dependent.
- There are many different HR policy instruments and practices.
- The success or otherwise of different HR policies, programmes and plans is difficult to evaluate.
- Many managers believe that people management is just common sense.

1.3.1 HR policies refer to human behaviour

Because HR policy deals with managing people, it involves human behaviour and relationships that are inherently complex, potentially conflictual and sometimes problematic. Machines or money markets are so much easier to deal with than people, so that (contrary to much popular opinion) being a production engineer or a finance officer is arguably far easier and more straightforward than being responsible for 'people management'.

In order to understand HR policy properly, whether as an analyst or as a practitioner, you need to acquire many skills. You need to know how and why organisations make the choices they do and behave the way they do; this means you need a theory of the firm.[1] But you also need to know how and why workers behave and react in the ways they do, whether as individuals or in groups; and you need to be able to judge how they might behave and react if circumstances (e.g. the HR policies) were to alter; this means, among other things, that you need effective theories of motivation.

[1] *In this guide we will use the terms 'firm' and 'company' interchangeably, reflecting American and British usage.*

These are formidable requirements, and they imply that you need to blend together the different social science disciplines, for example, economics, industrial relations and organisational behaviour. HR policy is therefore inherently multidisciplinary, which might make it more interesting for some but definitely makes it more difficult for everyone.

You also need to know more than just the theory; you need to know the empirical work too. This requires a grasp of research design, a store of complex information, and the ability to manipulate and interpret that information, which is why statistical expertise is becoming part of the HR professional's job description. So, to understand and design HR policies properly is not a trivial intellectual task.

1.3.2 Many HR policy instruments and practices

A second reason why HR policy is hard to get right comes from its multiplicity of policy instruments. Policy-makers in all fields have policy instruments. One problem for HR policy-makers is that there are so many HR instruments available to them: hiring policy, induction policy, training policy, employee development policy, pay and rewards policy, job design decisions, career or promotion policies, and so on.

Adding to the complexity, each area of HR policy is likely to have some impact on the others. This means that it is unwise to analyse any single policy in isolation from the others. One should instead see it in the context of the whole, which means having a sense of possible 'HR strategies', or groups of policies. The very multiplicity of policies makes the whole subject ambiguous.

1.3.3 HR policies, programmes and plans are difficult to evaluate

A third reason why HR policy is so difficult is that HR policies, programmes and plans are very hard to evaluate properly, so that managers cannot easily establish whether their policy choices are wise. Neither can outside analysts easily find out whether a firm's policies, or those of a set of firms, are working optimally.

HR managers often distinguish between policies (local sets of rules or codes established help coordinate people management activities within an organisation), programmes (interventions designed by HR managers to achieve specific objectives such as a change programme following a merger or redundancy programme resulting from a prolonged decline in sales) and plans (specific instruments or tools such as an incentive plan). These three active forms of intervention can be contrasted with HR practices, which are informal rules or codes – 'the way things are done around here'. These are helpful distinctions to use when evaluating HR activities.

Natural scientists can conduct controlled experiments to assess the full consequences of a course of action. Social scientists cannot usually do this, and when they can it is normally possible only in the artificial environment of the social science laboratory. Running controlled experiments in the real world of work is exceedingly hard, and very rare. So HR policy evaluations have to be done indirectly, and with much less precision. The result is that no one can be at all confident that managers are in fact doing the right thing, even if their HR policy choices look plausible by the standards of common sense or some theory.

1.3.4 'People management is just common sense'

The fourth reason why HR is so hard to get right is the prejudice shared by so many managers that people management can be done by almost anyone, and requires common sense rather than special training. It seems that everyone has an opinion on HR issues. HR is sometimes seen as an area of management that should be done by those who are not quite good enough to do other more demanding management tasks.

1.3.5 The important of getting HR policies, programmes and plans right

Having suggested some reasons why HR management is complex, we now want to explain why it is nevertheless very important to get it right, and from there to consider the principal objectives or purposes of HR policy. We need to consider three linked questions:

- What leads to organisational success?
- What is the role of HR?
- What is the underlying objective of HR policy?

1.3.6 What leads to organisational success?

Commercial success depends on many things, central among which is that a firm must offer to the market the right products on the right terms.

This requires a range of competencies, for example, sensible product development, the right choice of production technology and shrewd marketing. But it also requires the right cost structure. Firms that do not control their costs in the long run tend to fail.

Cost control is obviously necessary in highly competitive activities. Globalisation and more extensive international trade have almost certainly increased competitive pressures, so cost control is arguably becoming ever more important. International competition confined to manufacturing industries. There is intense international rivalry in services too, for example in banking, professional services, consultancies and tourism. Nor, with the coming of privatisation and the reality of widespread pressures on public sector budgets, is cost consciousness confined to the private sector. If a government agency has its budget squeezed, it is put under greater pressure to meet its statutory obligations by increasing its efficiency. This is just another way of saying that it must control its cost base ever more stringently.

1.3.7 The special role of labour costs

So far we have emphasised the importance of controlling costs, but which costs are central? There are many sources of costs, for example the costs of labour, the costs of capital, and the costs of components or supplies. All of these are worth controlling, but labour costs are worth special attention, for at least two main reasons.

First, for many firms, they are the largest single element of costs. This is most obviously true for many firms in the service sector, where labour costs can comprise 80 per cent or more of total costs.

Second, even where labour costs are not the largest cost element, they are often the largest element over which the firm has much potential control. So, for example, a manufacturing firm may spend a lot of money on buying in components, but so too will most of its competitors and all will generally face more or less the same component prices. The implication is that the costs of components will be surprisingly similar across the rival firms and be something over which they have only limited control. The situation is often different with respect to labour costs. It is here that each firm can institute distinctive policies which reduce its costs and give it a durable competitive advantage.

1.3.8 Labour costs and productivity

The meaning of the term labour costs can best be seen by an example. Assume a firm has the following situation:

- It produces a total output of 10,000 units per week.
- It employs 100 workers.
- It pays each worker $400 per week.

In this firm, therefore

- Labour productivity (or output per worker) is 100 units per week, (10,000/100).
- Total labour costs are $40,000 per week ($400 × 100), and most interestingly,
- Unit labour costs are $4.00 ($400/100).

It is this last notion of unit labour costs that we mean when we talk about controlling labour costs. Fundamentally, the firm is interested in minimising its unit labour costs for each level of output, so the focus is on

both costs and productivity. Managing long term unit labour costs is one of the main underlying objectives of HR policy.

Activity

Are there any other objectives of HR policy apart from controlling unit labour costs?

Make notes on your own thoughts before reading further.

Answer

Some commentators focus on other aspects of commercial success, for example innovation, and see one of the HR function's key roles as helping to foster a culture of creativity and innovation within an organisation. There is certainly something in this, and a school of strategic thinking based around the resource-based view of the firm has developed alongside strategies which focus on cost advantages. Nevertheless, in the long run cost control remains of great importance.

There may also be other general societal objectives for HRM. For example, some organisations feel that it is important to be, in some sense, 'a good employer'. This means that they choose to act to a degree in the interests of their employees even if this does not minimise labour costs. Some organisations choose to act paternalistically. In principle, this might be seen by the corporations themselves as a way to reduce unit labour costs; in practice, they surely also reflect some degree of ethical concern over the interests of the employees. No one can deny that such concerns exist and influence many aspects of HR policy. It is true, however, that in the long run they are nearly always subordinate to sustaining commercial success.

1.4 How do HR policies, programmes and plans work?

If the core HR policy objective is to control unit labour costs in the long run, how can this be achieved? To answer this we will recall the definition of unit labour costs and contrast attempts to reduce wages and to enhance productivity. We shall then look at how productivity can be enhanced.

1.4.1 Controlling wages

For many people, the obvious way to control unit labour costs is to keep wages down; as an alternative the firm can also attack fringe benefits (like holiday entitlements or private pension arrangements). In fact, wage cutting is rarely central to HR policy in reality. This is not to suggest that firms are indifferent about wage levels, nor to deny that some firms choose to locate their activities in places where they think wages are low. But most firms realise that their success is not generally based on driving wages down.

All firms operate in labour markets which generate typical wage rates for the different kinds of labour they might want to hire. Within any local or occupational labour market there is normally a range of wage rates for any grade of labour and that range is often relatively narrow. A firm offers a wage from within that range but it faces certain consequences of its choice. If it chooses to pay, say, in the top 25 per cent of the wage distribution it will tend to attract somewhat better applicants (i.e. people who will normally be more productive on the job). Similarly, if it chooses to offer a wage from the lower part of the distribution it will tend to attract rather poorer quality labour.

So any cost gain from the choice of paying lower wages will have to be balanced against the resulting loss of performance from the less effective labour; and a cost burden from the high wage choice will produce an offset from the better performance of the better quality labour. It is an empirical question as to where the best choice lies (and it may depend on how important labour quality is to the firm's more general business strategy), but choosing the lowest wage is not always beneficial. More generally, firms have limited room for manoeuvre on the wage front.

1.4.2 Raising productivity

If wages were all that mattered, all the world's production would gravitate to low-wage countries in the developing or underdeveloped world. This is not what we observe, which means that their low-wage advantage is offset by something else. The obvious offset is their low level of labour productivity.

This takes us on to the second and much more important route by which low-unit labour costs might be secured, that of raising output per worker. The higher the output per worker, the lower the unit labour costs. Most HR policies can be understood as ways of trying to reduce labour costs by raising output per worker.

Thus, better hiring policies offer the prospect of finding more suitable, more productive workers; effective appraisal schemes can raise productivity by providing better feedback; performance-related pay can improve performance through better incentives; and so on. Another way to express this is to say that value-for-money HR policies result in lower unit labour costs.

This interpretation, that HR policy is basically about controlling unit labour costs by raising labour performance, is controversial. Many think it is out of date and that we should pay more attention to newer emphases, say, on innovation or learning. In our view, that is to misunderstand what is being said. Innovation and learning are, of course, important. From the firm's point of view their prime importance is that they make the employee more productive (and hence reduce labour costs and improve the firm's competitive position). They can also raise the quality of the product, whether it is a tangible product or a service. Expressed another way, this means that the firm can produce higher quality at a lower cost. So these other ways of looking at the task of HR policy are not in conflict with our view – rather, they are particular ways by which the fundamental objective can be reached.

1.4.3 How can productivity be raised?

Most studies of productivity growth at the level of the overall economy conclude that it stems mainly from 'technical change' and accumulations of 'human capital'. This seems to leave little role for HR policy. That may be deceptive, but let us start with these two arguments.

Technical progress means that new inventions and new technology are embodied in new capital equipment and are beginning to be used in production processes. The obvious example from the past 20 years is the growing use of computers throughout most economies. Human resource issues are rarely the cause of new technology, but new technology often carries implications for HR policy. For example, new processes will frequently change the kind of labour a firm wants to hire, or the amount of training it wishes to provide, or the way in which it organises its production. HR policy is therefore affected by and responds to

technological choices, and for new technology to work as it should HR policies have to be properly integrated into production decisions.

Accumulations of 'human capital' refer to the fact that, over time, people generally have more and more resources invested in them. This is most obviously true for training and education investments, but it might also refer to such things as better health levels. These investments clearly raise people's average productivity levels and contribute to economic growth. Some part of it may reflect firms' HR policy decisions but most of it results from the choices made by governments or parents or the individuals themselves.

If these two factors explained all of the growth in labour productivity there would be much less reason for you to study HR policy. But they don't. A neat way to show this comes from the fact that, in the real world, we observe large differences in productivity even amongst similar workers employed in a given firm. A common finding is that the best worker on any given task in a firm is more than twice as productive as the worst. Very little of this variation is likely to be due to different technology, because all the firm's workers will be using the same technology.

We therefore have to consider two other parts of the productivity story, both of which relate centrally to HR policy:

- the way in which production is organised, which we may call 'job design', and
- policies designed to secure the competence and generate the motivation of the workforce.

1.4.4 Job design

Every firm has a range of products, and each must choose between available technologies when producing those products. This involves combining different types of capital and different types of labour. Over time, firms have tended to adopt increasingly capital-intensive technologies, a fact which has complex implications for the firm's typical skill mix. Newer, more capital-intensive technologies are often believed to reduce the demands for some skills and increase the demand for others.

The choice of technology leads on to an equally important one, which may be called 'job design', 'task specification' or 'work organisation'. It is important to see that, even with a given technology, every firm still has some choice of job design.

Consider what happens in a university or college. The 'product range' is teaching plus research, the production of which requires the intermediate output of 'administration'. The most important 'input' into this complex production process is high-quality labour; our job design issue, therefore, involves the choice between:

a. specialised researchers plus specialised teachers plus specialised administrators and

b. staff who each do all three tasks.

In other words, in designing the jobs, or specifying the tasks which the labour force is expected to do, a decision has to be made on how wide a range of duties each employee is expected to perform; in HR jargon, we have to decide on the appropriate degree of functional flexibility. This decision is likely to affect productivity levels, and the bias in recent years in many countries and in many industries seems to have been to go for greater functional flexibility (which means a wider range of tasks and, therefore, diminished specialisation).

Not only does the decision affect productivity, but it also has implications for the content of a firm's HR policy. For example, emphasising functional flexibility will generally change the firm's hiring decisions because it means that the firm now wants to hire more able and better educated workers; and it will usually affect the firm's training policy, in that the firm will probably need to organise more training to make functional flexibility succeed.

The choice of production process and the details of the design of jobs are therefore important for us, both because they affect productivity and because they are at the heart of a whole set of HR policies.

1.4.5 Achieving productive potential by harnessing competence and motivation

Whatever the decision on the production process, it is obviously in the interests of the firm to capitalise fully on the productive potential of its workforce. This means that its employees should be both able and willing.

'Able' means that they are both competent and aware of what is required of them. These two requirements have messages for HR policy. Competence says something about, for example, hiring decisions and training policy; awareness of what is required says something about policies towards, for example, supervision, performance monitoring, appraisal, feedback and goal setting.

Employee 'willingness' is even more complex and takes us on to the critical and mysterious area of motivation. Workers are not automata. The workplace is a locus of complex psychological and sociological factors which operate at both the individual and the group level. Even when we have a situation where a superior can give orders which more or less have to be obeyed (in the military or police forces, for example), the problem of 'morale' (and with it 'performance') remains a real one. For more typical workplace situations, workers individually or collectively always have a 'zone of discretion', where they can choose to supply more or less 'effort', and therefore to be more or less productive. The larger that zone of discretion the more the firm's policies should be geared to induce their willingness to give effort and improve performance.

Managers can adopt a whole range of policies in an attempt to induce this willingness, or to 'motivate' their workforce, and the sensible specific things to do depend on the context. Broadly, however, the firm can emphasise:

- 'extrinsic satisfaction' and extrinsic rewards
- 'intrinsic satisfaction' and intrinsic rewards.

If the firm emphasises extrinsic rewards it will place great weight on its payment system so as to offer its people appropriate incentives. This is motivation via money and it rests on the widespread view that money is a highly effective motivator. Many people believe this. But before you accept it as the complete solution to the problem of motivation, you might wonder why so few employees have a large part of their total salary tied to their immediate and individual performance level. We are not suggesting that payment systems are unimportant; we are arguing instead that motivation is much more complicated than many people believe.

It seems clear that many workers are not motivated as powerfully or as exclusively by material rewards as some think. They might, for example, have strong professional or occupational standards and values (think of nurses) or strong personal standards (some people always like to do a

good job whatever the situation). For such people the intrinsic satisfaction of the job is very important and the employer is wise to attend to it carefully. This leads to the philosophy that the organisation should seek to secure a more complex relationship with its workforce than just the money one. This has many possible ramifications. For example, the firm might design jobs with an eye to improving job satisfaction; or it might introduce policies seeking to develop a sense of trust, obligation, loyalty or commitment amongst its workforce. The underlying belief would be that such feelings would reflect intrinsic satisfaction and, in one way or another, lead to higher performance levels and greater organisational success.

We may explore these ideas further by using Walton's contrast between 'control' and 'commitment'. This refers to the degree to which a firm gives its employees discretion and power over how things at the workplace are done. Managers may wish to retain tight control and direct workers (i.e. 'control'). Alternatively, they might believe that it makes sense to give employees considerable leeway, because they believe that doing this will motivate employees to perform better; to this end they might therefore seek to engender a sense of commitment or loyalty to the firm. In policy terms, this might lead them to stress the importance of such things as retaining workers in lean times, engaging in conscious communication policies, and attempting to generate a particular 'climate' or 'culture' within the firm. All this would be designed to build up 'trust' relations, which has fundamental implications for HR policy.

1.5 The difference between academic study and the practice of HR management

We are often asked about the relationship between the academic study and the practice of HR management. Studying management is not like studying medicine or law, which require academic credentials as a 'licence to practise'. Nor, at the end of your studies of HR management, will you be able to walk into a company and manage the HR function – practical skills and experience are also required. Nevertheless, studying HR management as an academic subject is of immense value to anyone hoping to work in an executive role in an organisation, as an entrepreneur in their own business, or in a worker representation role (e.g. in a trade union). By studying HR management you will acquire knowledge – of the context in which HR management happens, as well as of specific policy interventions, employment practices, HR programmes and plans. You will develop a critical perspective – to help you evaluate and make decisions about issues which may be presented to you in future in a work situation. And you will develop an ability to communicate – particularly in writing – which will be important for your future careers.

This chapter has discussed what is meant by HR policies, programmes, plans and practices, which categorise different areas of practical activity for the HR function. In the following chapters we will be introducing a number of theories and models, which are academic frameworks used to analyse and evaluate HR activities. Theories and models are key to our understanding of the world and are therefore of immense practical value (the famous social psychologist Kurt Lewin once said 'there is nothing so practical as a good theory'). Don't be fooled by people who say that they don't want to learn theory, they just want to know how to do HRM.

We hope you will also come to enjoy studying HR management in its own right. As we said earlier, HR management draws on many different

academic disciplines, including economics, sociology, industrial relations and organisational behaviour, which make it a fascinating area of enquiry.

1.6 A reminder of your learning outcomes

Having completed this chapter, and the Essential reading and Activities, you should be able to:

- describe what is meant by HR management
- explain why HR policies, programmes and plans are key to an organisation's success
- discuss the difference between academic study and the practice of HR management.

Notes

Part 2: Capabilities

Notes

Chapter 2: Recruitment and selection

2.1 Introduction

Recruitment and selection is an important issue within human resource management. In any organisation that views the human resource as a major source of competitive advantage, attracting, selecting and retaining the right people to the organisation will be of great importance.

The aim of the following sections is to look systematically at the key areas of the overall process, these being:

- recruitment
- shortlisting
- final selection.

2.1.1 Aims of the chapter

- The aim of this chapter is to describe and explain the processes of recruitment and selection, drawing a clear distinction between the two, to compare and evaluate different methods of recruitment and selection, and to consider whether there is one universal best-practice approach.

2.1.2 Learning outcomes

By the end of this chapter, and having completed the Essential reading and Activities, you should be able to:

- explain why recruitment and selection is an important issue, particularly in relation to issues concerning commitment and attitude and workforce heterogeneity
- describe the recruitment process, from the point of view of the need to avoid 'automatic replacement syndrome' and the need to compile a systematic job and person specification
- compare the different methods of recruitment, and ways of evaluating them
- compare the effectiveness of different methods of selection and make recommendations as to when they should be used
- outline the key arguments in the debate as to whether there is a 'one-best way' for recruitment and selection.

2.1.3 Essential reading

Torrington, D., L. Hall, S. Taylor and C. Atkinson *Human resource management*. (Harlow: Financial Times, 2011) eighth edition [ISBN 9780273756927] Chapter 7 'Recruitment' and Chapter 8 'Selection methods and decisions'.

2.1.4 Further reading

Barclay, J. 'Improving selection interviews with structure: organisations' use of "behavioural" interviews', *Personnel Review* 30(1) 2001, pp.81–101.

Barrick, M., M. Mount and T. Judge 'Personality and performance at the beginning of the new millennium: what do we know and where do we go next?', *International Journal of Selection and Assessment* 9 (1/2) 2001 pp.9–30.

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Dell, D.N. Ainspan, T. Bodenberg, K. Troy and J. Hickey 'Engaging employees through your brand', New York: The Conference Board, 2001.

Keep E. and S. James 'Recruitment and selection – the great neglected topic', *SKOPE Research paper* No 88 February 2010.

Lucas, R., B. Lupton and H. Mathieson *Human resource management in an international context*. (London: CIPD, 2006) [ISBN 9781843981091] Chapter 6 recruitment and selection.

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Saxe, L., D. Dougherty and T. Cross 'The validity of polygraph testing', *American Psychologist* 40, 1985, pp.355–66.

Webster, E. *The employment interview: a social judgment process*. (Ontario, Canada: SIP Publications 1982) [ISBN 9780969111908].

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Wilson, F. *Organisational behaviour and work: critical introduction*. (Oxford: Oxford University Press, 1999) [ISBN 9780198782575].

2.1.6 Synopsis of chapter content

In this chapter we look at how, why and when organisations decide to employ additional people. We look in detail at why organisations choose to use specific recruitment methods and selection methods.

2.2 The importance of recruitment and selection

Recruitment and selection is not just important where recruitment to management or professional positions is concerned. The same principle holds true for all the jobs in an organisation. For companies that value the commitment and motivation of all their staff, it makes sense to recruit each person extremely carefully to make sure they are getting people with exactly the skills, qualities and attitudes for which they are looking. If the 'wrong' people are recruited, it could prove expensive for an organisation. First, they might not be able to do the job, so they will add

cost to the organisation, second, they may leave and so the whole process of recruitment and selection will have to be repeated, with the implications for cost and time. Third, they may have an adverse effect on existing workers.

There are further reasons why recruitment and selection is assuming greater importance. First, the workforce is becoming increasingly heterogeneous. This is partly due to globalisation, partly to the willingness of workers to become 'expat' workers and leave their home country to work abroad, partly the fact that some countries (e.g. Canada), are still net importers of labour, partly due to more women coming into the labour force, the increase in flexible working (part-time and tele-working), aging populations (e.g. in Japan and the UK) and partly due to peoples' changing attitudes (e.g. towards disabled colleagues). A second reason is that governments are showing an increasing tendency to intervene in the labour market by passing legislation. An organisation that failed to keep to the law could find itself with added costs (e.g. fines) and a reputation that it treated people unfairly. It may find it difficult to recruit in the future.

Activity

Think about recruitment in your country. What changes have you noticed that are due to social and political change and what changes have come about because of changes in the law? If you need help with this, use the website of your government. They usually have lots of useful information. In addition, you might want to talk to relatives and friends who are already at work. What changes have they noticed in the last five years?

2.2.1 Factors that should be taken into account when you are recruiting and selecting

Recruitment is the process of finding and attracting a pool of suitable candidates for the vacancy. Letting people know there is a vacancy is essential. Advertising is important here, in terms of selling the company to the sort of people outside the company that they would ideally wish to recruit. Advertising can also apply to jobs which are only available to candidates who already work for the firm (internal labour market.) Obviously, the advert would be kept internal to the organisation (e.g. on the company intranet).

Once a pool of candidates has been created, the next phase concerns shortlisting. The aim at this stage is to either reduce the number of applicants to manageable proportions or to ensure that all the candidates have the necessary skill and ability to do the job. This process is carried out before the more detailed assessment of candidates within the final selection phase. It is another way of saving time and money.

Before we look more closely at the recruitment and selection processes, it is worth thinking about what is meant by 'effectiveness' from the point of view of the recruitment and selection process. Recruitment and selection processes are typically assessed on the following criteria:

1. **Cost and budget**. As a manager, you will need to keep control of your costs and keep within a budget. Jobs that are easier to fill and which have a low impact on the success of an organisation should not cost as much to recruit as higher level jobs that will have a high impact on organisational success and may in addition need skills and knowledge that are scarce in the labour market. Selection methods for the low-skill, low-impact jobs should be cheaper and less sophisticated than the high level jobs.
2. **Validity**. This refers to the extent to which a particular recruitment

or selection technique is an accurate or valid predictor of actual future job performance. Validity is expressed on a scale of 0-1, where 0 means a particular technique has zero predictive validity, and 1 means a technique has perfect predictive validity. Some techniques fall into the zero category. Most techniques fall in the 0.2 to 0.6 validity range (in other words, they provide a valid predictor of actual future job performance between 20 per cent and 60 per cent of the time). An associated criteria concerns **reliability**, which concerns how consistently a particular technique measures what it is supposed to measure.

3. **Fairness**. Does any part of the recruitment, initial screening and final selection process introduce the possibility of bias in terms of age, gender, race, disability, etc.? You will need to keep records to show that you have conducted the recruitment and the selection in a fair way. Your country may have legislation that says you must treat people, regardless of their personal characteristics (e.g. gender or age) in the same way.

2.3 Recruitment

2.3.1 Does a vacancy exist?

The first issue to be addressed within the process is to consider whether or not a vacancy exists. Companies should avoid so-called 'automatic replacement syndrome', by considering, when a member of staff leaves the organisation, whether it is really necessary to recruit a replacement, or whether work can be reorganised or rescheduled amongst existing staff. In addition, a decision must be taken as to whether the vacancy should be sourced internally, or whether it should be sourced externally. This is a particularly important issue in instances where companies are looking to provide their staff with opportunities for career advancement or where it is the organisation's policy to operate an internal labour market. This often applies in the public sector.

If the company decides a vacancy does exist, the recruitment process then starts. The first step is to determine the type of person or people the company ideally wishes to fill the job, and how these people can be encouraged to apply for the vacancy.

2.3.2 Conduct a job analysis

There is some debate over this stage. Traditionally, once the decision has been made that a job needs filling, the first step is to undertake a job analysis of the vacancy. The results of this analysis will enable two documents to be produced:

- a job specification and
- a person specification.

A job specification is, in effect, a description of the job activities, task components and task elements of the job on offer. The aim of this is to enable the company to find out exactly what the job entails. They will then be in a position to develop a person specification, in terms of the skills, attitudes and knowledge that are needed to be able to perform the job effectively. The job and person specifications are traditionally the basis of successful recruitment and selection, as they provide the company with exact information concerning the type of person required to fulfil the vacancy on offer.

Nowadays, however, companies increasingly emphasise the importance of flexibility, and as such, they expect their employees to be able to perform a wide range of job tasks, as and when the workload requires. This is called functional flexibility. In other companies, particularly those operating in rapidly changing environments, the nature of the jobs performed by individual employees can change extremely quickly. Given this, it becomes impossible to undertake a job analysis, or evaluate the necessary skills to perform a particular job, as the successful candidate might be expected to be performing a completely different role in the near future.

As a result, it could be suggested that rather than undertake a traditional job analysis or person specification, it is better to focus recruitment criteria on the identification of candidates who are willing to be flexible, and who have the right attitudes, motivational qualities and level of education, rather than searching for candidates who have a specific set of skills. Many employers now seek to employ graduates, but do not specify what subjects the graduate should have studied.

Whichever approach is adopted, once the decision has been made as to the type of person or people the organisation wishes to recruit, the next stage is to plan how to attract sufficient well-qualified candidates who are able and willing to do the job.

2.3.3 The recruitment strategy

Once the decision has been taken that a company wants to advertise a job vacancy a decision must be taken as to how the advert will be worded and where it will be placed. The first decision will be dictated by HR policy. Will the job be advertised to existing employees only (an internal labour market) or will the company advertise outside to the external labour market? If the company decides to keep the advert internet, then they can use the company intranet, staff magazine or the company noticeboard. The choice of method depends on the type of vacancy, the extent of the labour market and the availability of communication methods in the organisation. As an example, a taxi firm will probably choose a noticeboard in the 'signing-on room', so that all the drivers will be able to see the advert. If, as happens in Singapore, all the drivers have got computers in their cab, then the firm could safely use email, even though the drivers are permanently out on the road. If the choice is for an external advert, then there is a range of recruitment methods that companies can choose from advertisements in local newspapers or national papers, adverts in specialist technical journals, recruitment agencies, executive search agencies, or encouraging current employees to ask friends and relatives to apply (so-called 'grapevine' recruitment). The latest way of advertising is to use social media sites such as Facebook, and, of course, the internet. Some newspapers now have associated websites, where jobs are advertised, the moment that they come in and employers can often pay to advertise in the newspaper and get the web advert free. A number of dedicated job sites have also developed such as Monster.com. Any company that does not use its own website is wasting money. Adverts on the internet are cheap, easy to arrange, and easy to remove once enough candidates have applied.

Whichever way you decide to advertise you will be influencing how potential employees see your organisation and more particularly what they expect of you as an employer. You have begun to influence the 'psychological contract'. The recruitment process is a marketing exercise, with the company selling itself to the labour market in order to attract the candidates it would ideally like to recruit. Companies are increasingly using the strength of their brands and their reputations in order to

broaden their appeal to prospective new employees This process is called 'employer branding' (Dell et al. 2001).

Activity

Make a list of five organisations that you would like to work for, and then make a list of five organisations that you would not like to work for. Why do you think you would like to work for one company rather than another? Where have your expectations come from?

2.3.4 Which recruitment techniques should a company use?

Torrington et al. (2011, p.166) has a useful list of recruitment methods with their advantages and disadvantages. In effect they are saying that with all the possible recruitment techniques available, the company must decide which technique is going to be most effective for the specific post or posts it is trying to fill. The approach adopted will depend a great deal on the type and level of vacancy. For example, internet recruitment will be of particular interest to new economy and e-commerce companies and those companies that want to recruit graduates. In terms of the level of the vacancy, different techniques will be used depending upon whether the company is recruiting to a managerial or executive job as opposed to a semi-skilled manual job. The company will also need to consider time constraints, in terms of how quickly it wants the vacancy to be filled, as some recruitment techniques take longer to gather together a suitable number of candidates than do others. Finally, the company will need to take into account cost limitations. Usually, a company will be willing to invest greater financial resources in terms of recruiting to vacancies at managerial or professional levels, but may be more willing to exert greater cost control when recruiting to a semi-skilled or unskilled post. The greatest cost is likely to be incurred where a company needs skills and knowledge that are in short supply in the labour market.

Small and medium-sized companies often do not have a specialised HR team of their own, or where they do the HR team may be only one or two people. When these organisations want to recruit, they often outsource the activity to a specialised agency. These recruitment agencies are known as labour market intermediaries and have been growing in prominence over the last 10 years. They are used to carry out initial recruitment or the attraction of candidates who want to work in a particular kind of job. Frequently the agencies specialise in particular segments of the labour market (e.g. finance jobs or jobs in the care sector such as nursing home assistants). Another function carried out by the agency is the shortlisting of the candidates into a suitable number for the selection process. One criticism of recruitment agencies is that they rely on commission for payment and they are in a competitive market. The more candidates that are placed, the greater the commission. It is possible, therefore that some agencies do not carry out a very thorough vetting of the shortlisted candidates, and that they put forward potential staff who are not suitable for selection. The result is that the employing organisation may waste time and money in considering candidates who do not have the required competences (skill, knowledge, attitude). To overcome this shortcoming some organisations set up an exclusive contract with particular agencies. This enables the agency to develop an understanding of the employer's business and the detailed requirements of the staff that they need. It also saves time in the long run as the manager responsible for the recruitment can just ask the agency to send along a suitable shortlist of candidates, without having to spend time explaining his or her detailed requirements. The advantage of using agencies is, therefore, to save time in recruitment. The agency probably has candidates waiting for jobs on its books. This is especially so for specialist

agencies as people who want these jobs get to know which agencies to contact to find a job. Even large firms such as some banks use agencies. They have downsized their own administration functions, such as Human Resources, and no longer have the time or expertise to do all the HR functions themselves. It is also possible that, because of their specialist nature, recruitment agencies do the job better. Another advantage is that they enable line managers to do their own recruitment, without needing the specialist knowledge of an HR professional. In international firms, the use of a local recruitment agency is a distinct advantage. The central HR department may not be aware of the labour market in all the countries where they have staff. They would need help, especially with local legislation and local customs. The use of an agency in this instance would be invaluable.

We will now look more closely at e-recruitment. This includes everything from sourcing or finding candidates to an initial assessment of candidates over the web through online application forms and online assessment tests. Companies are increasingly looking at whether e-recruitment has the potential to become more viable or more effective than traditional recruitment methods, and whether they will be able to replace their traditional methods with e-recruitment. Many professional business service companies such as McKinseys, Bain, PriceWaterhouseCoopers and Accenture have designed their websites with the deliberate aim of attracting talented candidates, with hyperlinks to job postings featuring prominently on their home pages. According to the IPD's annual recruitment survey (Institute of Personnel and Development, 1999), 32 per cent of UK employers were recruiting through the internet in 1999 (up from 14 per cent in 1997), though most companies only use it to recruit to a limited number of posts. Ninety per cent of large US employers were already using e-recruitment at the beginning of the century. (Capelli, 2001).

What are the benefits of e-recruitment? They can be enormous. On a typical Monday (the peak day in the US for job-hunting on the internet) four million people look for work on Monster.com, the leading US online talent site. Monster.com also has 18 million employee profiles and CVs available online (Capelli, 2001). This constitutes a massive resource that HR departments can utilise in their search for suitable applicants. No company can afford to ignore this resource in its quest to seek out the best available talent.

Some companies have also established internet alumni networks. The aim of these networks is to re-establish contacts with former employees that have left the company to work for competitor organisations, and potentially to instigate a rehiring process.

Online recruitment has also been demonstrated to be a quicker method of recruitment than more traditional techniques. One study (Capelli, 2001) found that companies took, on average, 43 days to recruit a new member of staff using traditional techniques. This could be cut by six days by posting jobs online, by another four days if online application forms were used and a further seven days if applications were screened electronically. There are also cost benefits to e-recruitment. Recruitment advertisements in national newspapers are expensive. These costs can be avoided by advertising online.

Companies have also found that the quality of applicants recruited online is higher, as many would-be applicants who would not be successful anyway are deterred by online application forms (see e-recruitment at British Airways below).

e-recruitment at British Airways

As of 2001, British Airways told graduates hoping to join its 'Leaders for Business' management training programme that they could apply via email only. When BA received 5,000 applications instead of the usual 12,000, managers were initially concerned that the move might have been a mistake. But it soon emerged that the online process had helped filter out many of the applicants that would probably have been rejected anyway. 'We were dealing with a high-quality base,' says Peter Holloway, BA's head of recruitment. 'We had no trouble filling our places.'

The decision to accept only online applications coincided with the launch of BA's jobs website (www.britishairwaysjobs.com). All of its vacancies are posted on these pages now, although most are also advertised in the more traditional media.

'The moment people walk through our door they need to use the web,' Holloway says. 'So in the graduate market that is a valid way to screen out people who are not conversant with web technology.'

(Adapted from: Merrick, N. 'Wel.com aboard', *People Management*, 17 May 2001.)

Advantages of online recruitment

- Quicker. The web operates 24 hours a day, and no one has to wait for the post.
- Easier administration especially for large numbers. The computer can be programmed to carry out tasks such as sending acknowledgements to everyone who applies.
- Cost reduction. See example above, the organisation does not need to employ someone to write letters and post them.
- Is seen by many potential applicants. Sometimes people search out of curiosity and not because they are actively looking for a job.
- Gives impression the company is up to date. Imagine if a company did not use the web. What would you think of them?
- Enables internal vacancies to be advertised regardless of geography and time zone.
- Advert can be tailored to the specific vacancy and adjusted quickly if not effective.
- Can include pre-screening assessment. The computer can be programmed to 'weed out' applicants who are not qualified or the computer can invite all applicants to sit a test before the application is accepted.

Disadvantages of online recruitment

- Will limit applicants to those people with access to a computer. This is becoming less of a problem, but may still apply in different labour markets in different parts of the world.
- Might attract too many applicants. Potential candidates may only need to post their CV or résumé once on a website, but this may result in a large number of employers receiving the information. This is good for candidates, but expensive in admin terms for organisations.
- Ease of application may encourage non-qualified applicants. See above.
- May be discriminatory. Some jobs do not require knowledge and skill with computers, why then filter all the applicants through the web?
- Gives an impersonal feel to an organisation which may stop some applicants from applying. How would you feel if you applied for a job

online after you had taken ages filling in the application form and the computer rejected you immediately?

- Technical problems can give a bad impression to candidates or stop them from applying at all. If an organisation relies on a computer as the only means of applying and the computer fails…!
- Search engine management needed to make sure that the organisation is on the 'first page'. When you search for something, the search engine decides which information comes first. How many of us look at information on the fourth or fifth page of results?

The above lists are based on Beardwell and Claydon (2010 pp.171–72).

Measurement

There are several techniques that companies can use when deciding whether a recruitment method is effective and efficient. These are called 'source analysis' (i.e. they analyse the sources of applicants for the job to see if they are effective). There are essentially three types of source analysis:

- **Yield analysis**: By examining the records of previous recruitment campaigns, companies can identify the recruitment methods that in the past yielded the greatest number of applicants, and the methods that yielded the highest quality applicants. They can then determine which method of recruitment is most effective for the particular type of vacancy it is looking to fill. A systematic yield analysis can also assist in ensuring fairness, in that it enables the company to calculate whether certain recruitment methods discriminate against minority groups.
- **Time-lapse analysis**: By looking at records of previous recruitment campaigns, the company can evaluate the length of time it took from the start of a recruitment campaign to a job offer being made. The company may well find that certain recruitment techniques take much longer to yield successful applicants than do others. For example, executive search agencies tend to take a long time, whereas employee referrals can be very quick (Cascio, 1998). As discussed earlier, some companies have found that the recruitment process can be speeded up by advertising online. It is important to take this into account when considering how quickly the vacancy needs to be filled.
- **Cost-per-hire**: Where an employer finds out which recruitment method is most expensive. Executive search agencies tend to be extremely expensive as the process is very labour intensive and relies on the recruitment consultant building up networks of potential employees even when no active searching is being done. 'Walk-ins', where a potential employee phones or goes to the employer's premises and asks if there are any jobs are much cheaper. Another cheap way to attract potential job applicants is to ask existing employees to ask their friends and family if they want a job. The advantage is that this is a reasonably quick (and cheap) method, but the disadvantage is that people tend to recommend people 'similar to them' and so there may be equal opportunity issues. The company may decide that it will utilise the more expensive techniques only when recruiting to higher level managerial or professional vacancies.

These techniques enable the recruitment process to be planned systematically, rather than being based on hunch or intuition. But remember that technology keeps changing so sometimes you may need to try something new and not rely only on what you have used in the past.

2.3.5 Shortlisting

Once the company has received the applications for the job, it is then in a position to begin the shortlisting process. The aim here is to reduce the pool of candidates either because the advert attracted too many applicants or to ensure that the candidates have the skill and knowledge required to do the job.

2.3.6 Application form

This is the most popular method of obtaining initial information on candidates. Often, companies screen candidates using a number of set criteria, in terms of whether they have the qualifications, skills and experience required. Some graduate recruiters use a points system. For example, they will give a candidate an extra five points for each foreign language spoken, or an extra five points for achieving a first-class honours degree. If the candidate is successful in achieving a certain point tally, they are invited to interview. Some application forms simply aim to find out a candidate's qualifications, skills and experience. Others are more ambitious, in that they attempt to evaluate applicants' likely degree of loyalty, the extent to which they will be prepared to work unusual hours, whether they are likely to be disciplined, or whether they possess leadership skills,. The advantage of application forms is that all candidates provide the same information so that one candidate can be compared to another.

Many countries have regulations controlling what can and cannot be included in application forms. Recent anti-discrimination legislation, for example, in the UK has resulted in the withdrawal of questions on race, national origin, and age. A separate sheet can be used for monitoring purposes. But it must not be sent to the same person as the application form. Often it is returned in a separate sealed envelope.

Activity

Ask your local lecturer what the law says about recruitment and selection in your country. Do you think that it is easier or more difficult to select people if you have less information about them? Why should this be? How do you think that discrimination can be avoided?

2.3.7 Biodata inventories

Candidates are requested to complete a series of multiple-choice questions relating to biographical data, behaviour and attitudes. Using psychometric techniques, the answers received can then be compared with an ideal profile, and candidates displaying the attitudes and behavioural characteristics that correspond closely with the ideal profile will be considered for interview. The 'ideal candidate' is usually an amalgam of the characteristics of successful existing employees. The disadvantage therefore is that an employer will be recruiting similar people to those he has already. This may not be the best thing to do long term as it may not stimulate new ideas and innovations.

2.3.8 Job previews

There are a variety of methods that can be used to give candidates information about the job for which they have applied. The aim is to set expectations (influencing the psychological contract). Realistic job previews can be included in interviews, 'shadowing' someone at work, (especially for internal applicants) case studies, job sampling, YouTube clips or DVD. The aim is to demonstrate to the candidate the tasks

involved and the skills required in performing the job they are applying for, and then to encourage candidates to assess their own suitability for the job and to self-select themselves out of the process if they feel that the job is not suitable for them. The evidence suggests that realistic job previews are successful in lowering candidates' naïve expectations to match organisational reality; they are effective in encouraging unsuitable candidates to self-select themselves out of the process. The research also shows that successful candidates have higher levels of organisational commitment, job satisfaction, performance and tenure in instances where effective realistic job previews have been used (Premack and Wanous, 1985). It is only job preview that enables the applicant to 'opt out' of the job application process. All other shortlisting or pre-screening methods involve a decision on the part of the employer to reject a candidate.

2.3.9 Drug screening

Approximately 20 per cent of US private sector firms now drug-screen their applicants (Cascio, 1991). This is considered especially important when recruiting to jobs for which public safety is an issue. There is evidence to suggest that drug use predicts poorer job performance. For example, in the largest study of its kind, the US Postal Service took urine samples from 5,465 job applicants. When the data were examined six months to a year later, workers who had tested positively were absent 41 per cent more often and were 38 per cent more likely to be fired. As a result of the findings of the study, the US Postal service took the decision to implement pre-employment drug screening nationwide (Cascio, 1998).

2.3.10 Graphology

Handwriting tests are not particularly popular in the UK. It is argued that their accuracy is unproven, and experts argue that the tests can be 'beaten' (Saxe, Dougherty and Cross, 1985). They are, however, popular in France and so may be used in French companies around the world.

2.3.11 Online tests

Some companies have highly sophisticated psychometric instruments and tests to screen applicants online. For example, the website at JP Morgan Chase contains a clever online application for college students: a game based on job hunting and investment decisions, which elicits information about applicants' interests, attitudes and abilities (Capelli, 2001). Online testing has obvious cost and time-saving benefits, and it is convenient for applicants as anyone, anywhere in the world, can take the tests from their own PC. There are several potential problems however, not least the fact that people complete such tests unsupervised and can therefore quite easily seek assistance in completing them. Concerns have been raised, therefore, that tests conducted in a non-controlled and non-supervised environment, may well be less than rigorous. To counteract this problem, some companies retest candidates when they attend an interview.

2.3.12 Curriculum vitae or résumé

These are used in similar ways to application forms. An employer can see whether the candidate has relevant qualifications and what their job history is like. The disadvantage compared to an application form is that these documents are designed and written by the applicant who can include only the information that they want the potential employer to have. On the other hand if an employer is recruiting for a job that needs new ideas and innovative thinking, the design, layout and content of the CV/résumé could provide useful information. Some candidates who are

seeking work in the media have been very innovative when it comes to their CV or résumé. Some have designed video clips, some have paid for bill board advertising and some have made films about themselves. In an industry that requires fresh thinking and ideas, it helps if you can show that you already have this talent.

Activity

Go on the web and search for a job that asks you to do a test before you apply. What kind of test was it? How do you think that the test would help the employer to shortlist candidates who are likely to be able to do the job? What was the test testing?

2.4 Selection

Having completed the process of shortlisting in order to narrow down the pool of candidates, companies are now in a position to carry out final selection. The objective of any selection method is to obtain evidence on which to base a decision. The decision is whether the candidate is likely to be able to do the job. The selection method chosen, therefore, should be capable of generating evidence that is relevant and reliable. The only guaranteed way of seeing if someone can do the job is to let them do it! The next best thing is to give them the opportunity to do some work sampling. If you want to see a list of selection methods with their 'predictive accuracy', then look at the book by Anderson and Shackleton (1993 p.30). You can also see reference to their work in a variety of text books such as, for example, Beardwell and Claydon (2010, p.178).

Examples of the final selection techniques available to companies include interviews, assessment centres, tests and work samples. The techniques the company decides to use may well depend on the level of vacancy, not least because many of the techniques, such as assessment centres, are expensive to administer. The criteria for choosing selection methods varies but will include:

- the selection criteria for the job to be filled
- acceptability and appropriateness of the methods to the candidates
- qualifications of the staff involved in the selection (e.g. only qualified staff can administer psychological tests).

This section examines in detail some of the debates and dilemmas surrounding final selection processes. The first selection method and the one that will be considered in most detail is interviewing. This is the most popular method used across the world and, because of its popularity 'interview' is often used to mean selection. In this course, however, we should ensure that there is no confusion. There are a variety of selection methods and interviewing is just one of them.

2.4.1 Interviewing

Interviews can take a number of different forms. For example:

- Focused interviews: these are interviews within which the discussion is focused on a pre-planned set of topics or subject areas but the interviewer has the scope for flexibility to delve into certain issues in greater depth.
- Structured interviews: these are focused on specific topic areas, with a standard set of questions being asked to each interviewee. Candidates' responses to the same questions can then be directly and systematically compared with each other.

- Unstructured interviews: no plans are laid down concerning the topics to be discussed or the questions asked and no attempt is made to elicit comparable responses from different interviewees.

Activity

Before reading the next section make a list of what information you think can be obtained by an interviewer. Then mark with a tick all those bits of information you can guarantee to be true.

2.4.2 Effectiveness of interviews

There is a lot of controversy over the effectiveness of interviews as a final selection technique, and a lot of evidence to suggest that their effectiveness is poor, which is worrying and perhaps surprising, given how widely they are used and the extent to which companies rely on them.

A great deal depends on the structure of the interview. In particular, the research suggests that it is only structured interviews that are effective as predictors of future job performance. Indeed, they rank amongst the most effective selection techniques with a validity of 0.62. Unstructured interviews, by contrast, have a much lower validity rating of 0.31 (Anderson and Shackleton, 1993).

Why are structured interviews so much more effective than unstructured interviews? A great deal comes down to the fact that it is easier to objectively compare the responses from a range of candidates when interviews are structured – they are all asked to respond to the same set of questions and their responses can all be rated on a standard scale. Where unstructured interviews are concerned, candidates are not necessarily asked the same set of questions. Comparing the quality of responses from one candidate to the next therefore becomes extremely difficult.

Structured interviews are seen as particularly effective when they are conducted as a behavioural interview (asking, for example, how in the past, the candidate displayed leadership skills, showed initiative or persuasiveness, for example) rather than as a situational interview (how the candidate says they would respond in a certain hypothetical situation) (Barclay, 2001). The argument here is that it is difficult for a candidate to fake a response in relation to something they actually did in the past. In the extreme, the interviewer could verify candidates' responses with former employers.

By contrast, when interviews are unstructured, it is difficult to assess the responses given by candidates in any systematic manner. The process becomes highly subjective, and it is this subjectivity that reduces the validity of the process. Researchers have found that the subjectivity within the unstructured interview process takes a number of forms:

- **Expectancy effect**: interviewers develop an expectancy of the candidate based on prior information, for example from their application form. This expectancy, which can either be positive or negative, can cloud the interviewer's judgement of the candidate during the interview. This in turn can introduce 'confirmatory information-seeking bias', where the interviewer deliberately sets out to use the interview to confirm their prejudgement of the candidate.
- **Primacy effect**: interviewers tend to be much more strongly influenced by what the candidate says at the start of the interview than later on, and they will make decisions on candidates within the first few minutes of the interview. One study conducted over a 10-year period at McGill University suggested that interviewers make up their minds on

candidates, on average, within the first four minutes of the interview (Webster, 1982). Interviewers then use the rest of the interview to confirm the snap judgements made early on.

- **Contrast effect**: where the previous candidate was exceptional, this can lead to the following candidate being rated poorly. Conversely, where the previous candidate was exceptionally poor, this can lead to the following candidate being given a high rating.
- **Quota effect**: in some instances, interviewers have to fill a quota of successful candidates. If this quota is filled early on, candidates interviewed later on in the process are less likely to be successful, irrespective of their performance relative to earlier candidates.
- **Similar-to-me effect**: this refers to the phenomenon of interviewers preferring candidates who have similar biographical background and attitudes to themselves. Such a situation leads to the potential for race, age and gender bias. It can also lead to a situation in which there are too many like-minded people in an organisation, which in itself can have negative performance consequences (see 'Managing diversity at Marks and Spencer, and British Telecom' on p.42.)
- **Personal liking bias**: where an interviewer develops a personal liking for a candidate on the basis of non-relevant common ground (sporting interests, for example) irrespective of the candidate's suitability for the job.
- **Physical cues**: for example, wearing glasses is often equated with intelligence.
- **Ability to recall information**: in an unstructured interview situation, interviewers are in the position of having to think up the next question, while simultaneously attempting to commit to memory the answer the candidate is giving to their previous question. As a result, it becomes extremely difficult for interviewers to recall information once the interview has been completed, particularly in instances where the interview is conducted on a one-to-one basis. The result of this information recall problem is that the interviewer will end up making decisions on candidates on only a fraction of the information imparted.

In sum, unstructured interviewing is seen by recruitment and selection experts as the hallmark of an incompetent interviewer, and many experts argue that they should not be used to make final selection decisions.

However, the majority of companies continue to use unstructured one-to-one interviews as a basis for assessment, despite the fact that they are so poor a predictor of future job performance. While the vast majority of companies use interviews of one sort or another, estimates from the US suggest that only about 35 per cent of companies use structured interviews (Cascio, 1991) – the implication being that the remaining 65 per cent of companies rely on unstructured interviewing. It would seem that recruitment and selection in many companies continues to be carried out by recruiters who remain unaware of the problems and complexities that exist within the interview process. This may be because small companies do not often have HR experts and in any case many line managers are responsible for selecting their own staff. The continuing use of interviews may also have something to do with the expectations of candidates. Would you take a job if an interview were not part of the selection methods? Interviews enable two-way communication, and candidates can ask questions as well as answer them.

Activity

Consider a formal interview process that you have experienced (or discuss one with a friend).

a. Do you think the interview was a structured, unstructured or semi-structured interview?

b. Do you think the interview may have incorporated any of the types of bias outlined above?

c. What evidence have you to support your views?

2.4.3 Selection tests

As well as interviews, there is a range of selection tests at the company's disposal. These include the following:

- Cognitive ability tests: these include numerical and verbal reasoning tests. Ability tests fall into two categories: first, attainment tests (which assess the skills a candidate already possesses, such as typing skills), and second, aptitude tests (which assess the likely ability of candidates to acquire new skills).
- Work sample tests/job simulation tests: these attempt to evaluate a candidate's practical ability. In these tests, the candidate is placed in a situation they are likely to face in the job itself. For example, they might be given an in-tray exercise and asked to prioritise the hypothetical workload in a logical manner, or they might undergo a role-play exercise where the candidate plays the role of a customer service agent and the assessor plays the role of a difficult customer. Tests such as this often assess the methods and processes the candidate utilises rather than the results they achieve.
- Personality tests: these allow for the quantification of characteristics that are considered by the company to be important to job performance and difficult to measure by other methods.

There has been an increase in the use of these techniques. Indeed, it is estimated that as many as 100,000 psychometric tests are taken every day in Western countries (Wilson, 1995, p.30). Ability, aptitude and personality questionnaires are used mainly for managerial posts, while literacy and numeracy tests are more popular for clerical and secretarial positions (Beardwell and Holden, 2000). Tests such as these should really be seen as complementary to interviews, rather than replacing them. The important question, however, is how and when should these techniques be used, and just how effective are they?

2.4.4 Effectiveness of tests

Ability, attainment and aptitude tests

Typically, these types of test have been rated as highly valid predictors of future job performance. Ability tests have been estimated to have a validity rating of 0.54, while work sample tests have been estimated to have a rating of 0.55, for example (Anderson and Shackleton, 1993). However, they have met with criticism from Robert Sternberg, professor of psychology and education at Yale University in the US (*People Management*, 1998). He argues that successful people in the workplace achieve their success through the balance of three kinds of abilities.

These include, first, analytical abilities (which involve the ability to analyse abstract data problems); second, creative abilities (the ability to find novel or original solutions to problems); and third, practical abilities (the solution of real, everyday problems). These abilities do not necessarily coincide, and a person who is strong in one of these areas will not necessarily be strong in the others. Therefore, if selection tests are to be effective, it is necessary that they test for each of these three areas. However, Professor Sternberg argues that conventional ability tests tend to focus primarily on the measurement of analytical or abstract skills. This tends to be the result of the way in which tests have developed over time. In particular, they derive from tests that were originally designed to predict academic performance, and as such, they tend, unsurprisingly, to reflect the kinds of attributes that academics value (for example, the ability to apply logical thought to narrow and abstract problems). This means that conventional tests of ability tell us little about a candidate's creative and practical abilities. There is a need, therefore, to develop new measures or tests that evaluate these abilities also. This is not happening, according to Professor Sternberg, because the organisations that are responsible for devising such tests – recruitment and selection consultancies in particular – are worried that if they begin to devise new tests, this will be tantamount to admitting that their current tests are flawed, and that this will in turn will impact on the sales of existing products. As such, recruitment consultancies continue to spend very little in terms of the research and development of new forms of ability tests. There does not seem to be a demand from employers to develop different kinds of tests and employers continue to buy the old style tests.

2.4.5 Personality tests

There is a fairly vociferous debate about the value of personality tests and whether or not personality can be measured (Beardwell and Holden, 2000). The debate centres around a lack of agreement on four key issues. These are first, the extent to which personality is measurable; second, the extent to which personality remains stable over time; third, the extent to which personality traits can be identified as being necessary or desirable for a particular job; and fourth, the extent to which the completion of a questionnaire can provide sufficient information about an individual's personality. Personality tests can also suffer from problems relating to cultural bias. One study found that candidates from different European countries answered test questions in very diverse ways. For example, candidates from Sweden tended to score very poorly on questions relating to need for achievement (which are popular questions when assessing sales drive), as they prefer to bury any desire to achieve beneath a socially conscious exterior (*Financial Times*, 1998). The issue here is that all good quality personality testing must take these types of cultural differences into account. The leading HR consultancy firms that deal with personality testing, such as PA Consulting or SHL for example, have gone to great lengths to iron out cultural inconsistencies of this type.

Activity

Go on the internet and find a site such as shldirect.com. Try out some of the tests.

2.4.6 Assessment centres

The types of selection tests discussed above are often administered in assessment centre situations. Participants undertake a variety of tests, group exercises and interviews, while being observed by a team of

multiple assessors who reach a final decision based on pooled information. They can take several days to complete, and are therefore quite a costly process, though predictive accuracy is high if they are conducted properly. Due to their high cost, their use tends to be reserved for management and graduate selection.

2.4.7 Reference checks

As a final stage within the recruitment and selection process, a reference request is normally sent to previous or current employers. The information received rarely adds anything, as most references are written in a positive light and it is debatable as to how much a referee knows about the candidate's on-the-job performance anyway. The principal value of reference checking lies in the fact that it provides a factual check relating to the candidate's qualifications and prior experience.

2.5 Is there an ideal, or 'one best way' approach to final selection?

In this chapter, a range of different recruitment and final selection techniques have been examined, some of which are more effective than others. How do we bring all of this information together? Is there a combination of approaches that constitutes an 'ideal type'?

It is inevitably the case that the approach taken to recruitment, shortlisting and final selection will vary depending upon the position being recruited to (such as whether managerial/professional as opposed to non-managerial). For example, companies are unlikely to use assessment centres for lower-level vacancies given the costs involved in carrying them out. It is clear, however, that, irrespective of the level of the vacancy being recruited to, companies must carry out the processes of recruitment, shortlisting and final selection in a thorough, systematic manner. Unless the company has compiled a person analysis of some form, and has conducted a source analysis to ensure the right recruitment techniques are adopted, there will be no guarantee that the pool of candidates generated will possess the qualities and competencies the company is looking for.

In terms of final selection, it is certainly the case that tests can be highly accurate predictors of future job performance, if they are properly managed and selected appropriately. In fact, they can be extremely useful in bolstering the accuracy of selection decisions. They are better measures of ability and personality than interviews, so the argument here is that tests should be used to assess these qualities, while interviews should be freed up to assess other issues (speech, poise and appearance, for example) which can only be evaluated in an interview situation. In addition, the evidence suggests that interviews are particularly effective at rating a person's level of friendliness – ratings in interviews of a candidate's friendliness frequently match supervisor assessments of friendliness in later appraisals. Interviews are also important from a public relations perspective, or from the point of view of company image, as it can be disheartening for applicants to be rejected on the basis of test results alone if they have not been interviewed also. A candidate rejected today may well be a potential customer in the future, so it makes good business sense to treat them with courtesy and respect. Do not forget that interviews also provide an opportunity for the applicant to ask questions as well as to answer them. It can help the candidate to get enough information to decide if they want the job after all.

As a final point with regard to interviews, however, it is essential that interviews are structured if they are to prove effective. All of the available evidence suggests that it is only where interviews are structured, that it is possible to systematically compare the quality of candidates' responses across a range of issues, in a meaningful way.

While on the one hand, however, there are many reasons why recruitment and selection should have become increasingly important, there is much evidence to suggest that recruitment practices within many companies remain highly unsophisticated. There have only been limited advances in the level of sophistication, and these advances tend to be restricted to larger companies where specialist human resource staff are available. Recruitment and selection in many companies often remains haphazard. Another explanation is that pressures on organisations, such as cost or legislation, have an effect on the choice of selection techniques. For a more detailed explanation see U-C. Klehe (2004).

The opposite of recruiting is downsizing or making people redundant. Both activities are to do with ensuring that an organisation has the 'right' number of people working for it, so that the organisation can meet its objectives at minimal cost. Making people redundant is not a decision to be taken lightly. In addition to the costs that will be incurred, there will be human costs associated and people may well react adversely to being given the news that they no longer have a job. There are many things to take into consideration before beginning the process. One of the major factors will be local legislation and what it says about an employer's ability to shed staff. It has been said that one of the reasons that the UK economy fared better than that in Europe prior to the recession of 2008, is that it was easier to make staff redundant in Britain compared to the rest of Europe. This lead to a more flexible workforce in the UK, which made them cheaper to run. Compared to the United States, however, even the British labour market is inflexible. In the US, the employment contract is an 'at will' contract, and staff are not covered by redundancy legislation. Another factor that may influence a decision to make staff redundant is the power of the trade unions. If the majority of staff are members of a trade union and the union threatens strike action, then an employer needs to weigh up the cost of losing all or some production compared to the cost saving of making some workers redundant. Finally, an employer needs to take time into account before reaching a decision. If the need to cut cost is short term and an upturn in business is expected in the near future, then rather than making staff redundant and losing their skills forever, an employer may decide to offer part-time working or unpaid leave for a fixed period of time. Some staff may welcome the opportunity to take time off from a busy job and do other things (e.g. travel the world). Some may return, but others may not. An unintended consequence of offering unpaid leave may be a permanent reduction in head count. Unpaid leave or part-time working may also be the preferred option for organisations who employ specialist staff, and where the skills and knowledge are in short supply in the labour market (e.g. specialist software firms such as the producers of games).

Example of practice: managing diversity at Marks and Spencer, and British Telecom

Many of the UK's more progressive organisations are, for good business reasons, consciously attempting to increase the proportion of their workforces that originate from minority ethnic backgrounds. The basis of the so-called 'managing diversity' argument is that if companies employ staff from a wide range of backgrounds this will provide them with the competencies and knowledge to develop products or services that are better suited, or

more closely tailored to the needs and tastes of different ethnic groups, which in turn will enable wider markets to be tapped into. This would especially be the case for companies operating internationally, where staff possessing a diverse knowledge of different countries and national cultures will enable products and services to be developed and marketed in a manner that is sensitive to cultural differences around the globe.

Arguments such as these have been taken on board by Marks and Spencer, the UK retailing chain, perhaps not surprisingly since the minority ethnic community in the UK is estimated to have a spending power of £14.9 billion. Marks and Spencer has deliberately targeted minority ethnic groups in its recruitment campaigns, in an attempt to shed its white, middle-class image and to attract a more diverse range of customers from all segments of society (Whitehead, 1999).

British Telecom is another example. Minority ethnic employees are seen as capable of making a distinctive contribution to the business through their ability to interact sensitively with customers from their own ethnic background. In addition, they are seen as better able to identify new marketing opportunities and approaches in terms of the way in which services are marketed to ethnic minority communities.

2.6 A reminder of your learning outcomes

Having completed this chapter, and the Essential reading and Activities, you should be able to:

- explain why recruitment and selection is an important issue, particularly in relation to issues concerning commitment and attitude and workforce heterogeneity
- describe the recruitment process, from the point of view of the need to avoid 'automatic replacement syndrome' and the need to compile a systematic job and person specification
- compare the different methods of recruitment, and ways of evaluating them
- compare the effectiveness of different methods of selection and make recommendations as to when they should be used
- outline the key arguments in the debate as to whether there is a 'one-best way' for recruitment and selection.

2.7 Test your knowledge and understanding

1. a. What is the difference between recruitment and selection? (5 marks)
   b. What is meant by reliability and validity. (5 marks)
   c . How should an HR adviser choose which selection technique to use? (15 marks)
2. a. What is the difference between a job specification and a person specification? (5 marks)
   b. What would influence your use of tests in the selection process? (5 marks)
   c. Is there one best way to recruit and select? (15 marks)
3. a. What is an assessment centre? (5 marks)
   b. What processes or procedures would you use to carry out shortlisting? (5 marks)
   c. Discuss why interviews sometimes fail to select the 'best' person for the job. (15 marks)

Notes

Chapter 3: Training and development

3.1 Introduction

This chapter starts with some definitions of what the terms relating to training and development means. It goes on to introduce you to ideas as to why learning at work is important, and asks you to consider who might be involved in the processes in an organisation. We then look at some of the theories that influence adult learning, then consider Kolb's learning cycle and finally think about what factors influence training and development activity and what might do so in the future. When you have looked at training and development in general, you should then find out what vocational education is and how it is organised in your own country.

3.1.1 Aims of the chapter

- This chapter explains why training and development is such an important part of organisational activity and the role played by the human resources function.

3.1.2 Learning outcomes

By the end of this chapter, and having completed the Essential reading and Activities, you should be able to:

- explain the effect that training and development has on workforce flexibility, customer service and quality, and workforce commitment
- explain how de-layering, new technology, and labour and skills shortages in the labour market have an influence on training and development activity
- describe the training cycle and outline the issues that need to be taken into account concerning the implementation of training programmes
- outline the main theories that influence adult learning
- describe what is meant by vocational education and be able to explain how it works in your own country.

3.1.3 Essential reading

Books

Torrington, D., L. Hall, S. Taylor and C. Atkinson *Human resource management*. (Harlow: Financial Times Prentice Hall, 2011) eight edition (ISBN 9780273756927] Chapter 17 'Context, competence and competencies'.

3.1.4 Further reading

Books

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3.1.6 Synopsis of chapter content

This chapter defines what is meant by training and development, explains why it is important to organisations, describes the stages in designing training and development 'events', and looks at different training methods. It considers barriers to learning and theories about learning.

3.2 Definitions of training and development

A willingness to learn at work and acquire new skills and knowledge is a form of discretionary behaviour on the part of employees. The willingness of the employees to learn and the effectiveness of the training and development can make a difference to the effectiveness and profitability of organisations. It would be a useful beginning to distinguish between education, training and learning. Mayo and Lank (1994 as cited in Gold et al. 2010) have given the following definitions:

- Education is the exposure to new knowledge, concepts and ideas in a relatively programmed way. It is normally aimed at increasing knowledge, or modifying attitudes and beliefs.
- Training includes those solutions to a learning need that involve being taught or shown a way of doing things. It is essentially skill related.
- Learning is employee need centred and starts with the individual as beneficiary.

Kolb (1984) argues that learning is a knowledge-creating process through transforming experience and Honey and Mumford (1992) say that you can tell when learning has taken place when people can demonstrate that they know something that they did not know before and/or when they can do something they could not do before. From the above, therefore, you can see that learning relates to knowledge, skill and attitudes. These three are

sometimes referred to as competences.

Training and development can take a variety of forms. Below is a flavour of some different training and development activities:

- Induction training is undertaken when a new employee joins an organisation. It is partly an information giving exercise (explaining how the firm is organised and who works for whom) but it is also part of the socialisation process, so that new staff begin to learn the rules and understand 'how we do things around here'. In other words people begin to learn the culture of an organisation. The lack of induction training can encourage employees to leave their new job in the first few weeks.
- Remedial skills training: this occurs to fill 'skill gaps' when an employee or group of employees lack the skills necessary to perform their current job task effectively. It is especially important as the pace of technological change is increasing. It would be pointless to invest in new machinery and software if the existing workforce could not use it.
- Developmental training: this concerns the acquisition of competencies (skills, knowledge and attitudes) that the company will find necessary in the future. This type of training is designed to meet long-term corporate needs rather than providing training in specific skills required currently. Developmental training also refers to the preparation given to employees for promotion or for managerial succession, in which case it is called management development and is often linked to Talent Management schemes.

It is also important to bear in mind that skills training can be either:

1. 'firm specific', referring to training in skills that will only be of value within the employee's particular organisation (e.g. learning how to drive a train if you work for a mass transit or railway company)
2. 'transferable'; referring to training in skills that will be of value in a wide range of employment situations; it might be the case that employers are less willing to train in 'transferable' skills, as they may fear that other firms will poach their trained staff from them, and as such, they will then lose investment they have made in their staff (e.g. bookkeeping or accountancy).

Activity

Before reading the next section, write down all the reasons you can think of as to why training and development is important for organisations and their success.

3.3 Why is training and development important?

Training has always been an important issue within organisations. However well a company carries out its recruitment activities, it will usually be necessary to equip individual employees with the skills necessary to be able to function fully within the organisation. Also, as mentioned above, if a company invests in new technology, it will need to train existing employees. As companies change, individuals have to be trained and developed in order that they can continue to function efficiently. There is nothing new in this. However, for a number of reasons, training has recently become an issue of central concern. Many of the reasons relate to globalisation and increasing worldwide competition and the need to control costs.

3.3.1 Increasing importance of product and service quality

To try to differentiate their product from that of their competitors many companies are increasingly focusing on quality of product and service. Striving for quality generates considerable training needs. For example, shopfloor employees need to be trained in techniques such as statistical process control, 'zero defect' and 'right first time' techniques. If employees are to become responsible for their own quality, they need the skills necessary to be able to correct faults, to be trained in problem solving techniques such as cause-and-effect analysis, for example, Collin (2001).

Equipping employees with the requisite skills to be able to operate in a quality-oriented environment is important, but so too is 'attitudinal' training. Employee commitment to quality and to the ethos of continuous improvement requires extensive training in corporate values and corporate culture, in order to instil within the workforce the importance of customer care, service and product quality. Developing a philosophy of quality, or a 'quality culture', therefore represents a considerable training and development issue (Mabey and Salaman, 1995).

3.3.2 Flexibility

The environment within which companies are operating is becoming increasingly turbulent. If organisations are to be able to adapt to their changing environments, there is a need for employees within the organisation to be adaptable also. An organisation is only able to take advantage of an emerging market or move into a new market niche if its employees possess the skills to be able to operate effectively within the new market or niche (Crofts, 1995). As such, there is an increasing emphasis on 'emergent skills' that might not be necessary at the current point in time, but may well be essential in the future. In such a situation, recruiting employees who are 'trainable', and will be willing and able to learn new skills as the organisation requires, also becomes important. If the existing workforce is not willing to learn new skills, it may be that the first step would be to train them to accept change and to change their attitude to training.

Also, a workforce will be more effective where employees do not just perform a single job task, but where they are able to move between different job tasks. This requires employees to be 'multi-skilled' (i.e. to be trained in a wide range of skills). Employees who are fully trained to carry out all aspects of production can then be moved around as the workload requires (Hyman, 1996).

3.3.3 New technology

With the growth in advanced technologies, there is a demand for labour that possesses the requisite knowledge and skill to use the technology effectively. It will be impossible for companies to take advantage of new technological developments, or to adapt to new technology, unless the workforce possesses the relevant skills. It is important for managers to receive training in new technology also, if they are to be in a position to be able to disseminate knowledge to their subordinates (Hyman, 1996).

3.3.4 Downsizing and de-layering in lean organisations

In recent times, companies have sought ways to control costs. Sometimes initiatives include stripping out middle-management layers. For the remaining managers and supervisors, their 'span of control' has increased. They have become responsible for a wider range of functions and a larger number of staff. As spans of control increase, managers and supervisors

are no longer able to exercise direct control over their subordinates. Instead, the expectation is that the managers will delegate more and trust their staff. Equipping managers with the interpersonal and coaching skills necessary to be able to adopt this style of management is therefore increasingly important (Hyman, 1996). The most difficult challenge is to change the attitude of managers so that they do trust their staff.

3.3.5 Employee commitment

There is an increasing realisation that the provision of training, employee development and long-term education is central in terms of the generation of employee commitment (Holden, 2001). Studies (Wiley 2010) have shown that training and development play a part in influencing the engagement of workers in organisations. This is highlighted in particular where graduate recruits are concerned. There is an increasing acknowledgement that new graduates will be unwilling to work for companies that do not provide them with opportunities to learn new skills or opportunities for systematic management development (Tulgan 2009).

Employees may view the willingness of the organisation to train them and to invest in their development as setting up an obligation that needs to be reciprocated. The employee may then work harder or be prepared to stay in the organisation. See more on this in 4.8 Commitment.

3.3.6 'Spillover effect'

The training of an individual employee may also have a beneficial effect on all the other employees in that team or section. Better performance or more skilled working practice may be transferred from the person who was trained to their co-workers through collaboration and daily interaction. The organisation benefits by more than the money spent on one training course. Sometimes managers take a deliberate decision to send only one worker on the course to learn new skills and expects that worker to train the others. This is called cascade training. The advantage is that it is cheaper as only one worker goes on a course. The disadvantage is that if the trained worker has not fully understood the training, then all the workers in that section will not be fully trained as a consequence.

3.3.7 Skills and labour shortages

In times when unemployment is low companies cannot expect to find skilled workers amongst the shrinking pool of unemployed. In such a situation, if companies need specific skills, it becomes increasingly necessary to develop them in-house. However the reverse is not true, that organisations do not need to train when there are large numbers of unemployed. Most labour markets suffer from skills shortages and so although there may be many people seeking work, they may not have the skills and knowledge required by an employer.

If you want to read a case study of how human resource development (HRD) fits into an organisation and benefits the people and the organisation, then look at Stephen Gibb's book *Human resource development* (2008 pp.155–59). In this case he sets out how HRD is used to support the strategy of a bank and how HRD techniques are used in practice.

3.4 Considerations in the design of training programmes. What are the major stages involved in designing a training programme?

3.4.1 Determining training needs

The first stage in developing any training programme is to identify the skills deficiencies that exist within the company and determine which employees need to undergo training. This stage is the foundation of the whole process. Unless training needs are properly assessed, the training programme introduced may be quite different from what is actually needed. Indeed, one study in the US suggested that vast sums of money are wasted as a result of the failure of firms to analyse training needs effectively (Bernhard and Ingolis, 1988). Companies therefore need to understand the training cycle, which begins with a systematic training needs analysis. Most studies of training look at a systematic approach to

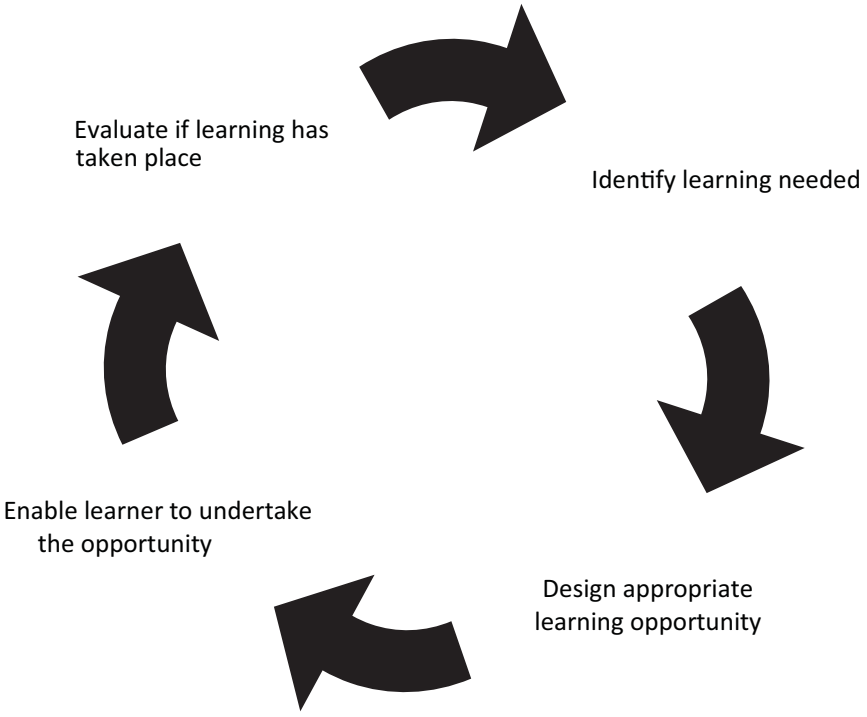

Figure 3.1: Based on Kolb's learning cycle.

training. These days it is recognised that not all learning is as the result of training and people learn while they are working on the job. A systematic approach to learning and training is outlined by Torrington et al. (2011, p.398):

- identify learning needed
- design appropriate learning opportunity
- enable learner to undertake the opportunity
- evaluate if learning has taken place.

A training needs analysis comprises a sequential approach – see Figure 3.2 overleaf.

3.4.2 Organisational analysis

The first issue to consider is whether certain parts of the organisation are experiencing inefficiencies, and if so, whether this inefficiency is the result of a lack of training.

If you want a more detailed model, which outlines the way in which a Training Needs Analysis (TNA) is built up, then look at the work of Cascio (1998). He also outlines a systematic approach to TNA, but includes more detailed factors and highlights where there may be a need for solutions to problems that provide alternatives to training and development. Here, as an example, you would find the need to look at the recruitment and selection processes in an organisation. If the 'right' recruits are not being attracted to the organisation, then no amount of training will solve the organisation's problems. Cascio lists the alternative considerations under the headings: organisational analysis (e.g. are the issues training issues or something else); demographic analysis (e.g. is it a particular group of workers who are causing problems, such as managers) task/knowledge, skills and attitudes analysis (e.g. what particular competencies are the managers lacking); and person analysis, where individual workers can be compared to the ideal set of competencies needed for their particular job, and training used to fill the gap between the ideal and reality.

3.5 Implementing training

Once the training needs analysis has been undertaken, and the company has identified who needs to be trained, and what they need to be trained in, it is then necessary to determine how the training programme is to be implemented. Given that training initiatives can be implemented in a number of ways, there are several issues that are worthy of consideration here.

3.5.1 On or off the job?

Training can be either 'on the job' or 'off the job'. A great deal depends upon what is being taught, for example, whether the training is focusing on technical as opposed to problem-solving skills or attitudinal training. Nevertheless, there are advantages and disadvantages in relation to each approach. 'On-the-job' training can be highly effective, and it is argued that staff learn and retain more of the knowledge imparted by performing the actual process at the place of work. However, problems emerge if the trainer has not been trained themselves in training methods. Additionally, there is the risk that bad or even dangerous working practices can be passed on (Cannell, 1997). 'Off the job' training is important in terms of theoretical study or in terms of introducing employees to new and innovative ideas. Problems arise, however, when those ideas do not appear to relate to the work situation. In summary, 'on the job training' is any activity designed to teach new skills or knowledge that takes place while the worker is in their normal place of work. An example might be that when a new telephone system was installed, all the workers who need to use it would be shown what they needed to do while answering and making live calls. 'Off the job' training is any activity designed to enable a worker to learn new knowledge, change their attitude or teach them a new skill which takes place away from the workplace (for example, in a class room, in a hotel conference room, or in a specialist training situation such as a simulation of an event that could take place at work). One example of this is a specialist college for Fire and Rescue staff. This facility will have buildings (e.g. a shopping mall, an aircraft, houses, oil tanks, etc.) which are regularly set on fire. The trainees can learn how to put the fires out safely and prove they have the required skill and attitude to safety before beginning work in reality.

3.5.2 Active versus passive learning

It is generally accepted that active learning (where the learner is actively involved in the learning process, in activities such as group discussions, work simulations or role-play exercises), is more effective than passive learning (where the trainer imparts information and the trainee passively receives it, as in a class room situation, for example) (Holden, 2001).

3.5.3 The sequencing of learning

The argument here is that the order in which tasks are learned is critical. If a job involves a logical sequence of tasks, it makes sense for those tasks to be learned in that order (Campbell, 1971). This then makes it easier to transfer the learning to the job.

3.5.4 Individual differences – learning styles

Different people have different preferred learning styles. For example, some people prefer hands-on learning, others prefer a trial by error approach, while others prefer verbal learning or book learning. As such, it is important to introduce a range of learning techniques into the training programme in order for the programme to appeal to as wide an audience as possible (Cascio, 1998). There is also the opposite view that if people find learning something more difficult, then when they do learn it, they are more likely to remember it. A study of work by Honey and Mumford will give more information about learning styles (Honey and Mumford, 1992).

3.5.5 Group versus individually-based training initiatives

Given that people work in teams, it is increasingly argued that it makes sense to also train them in teams. As such, not only does the training initiative teach the participant a new skill, but it also assists in the development of teamworking skills (such as presentation and coaching skills) and the interpersonal and communication skills necessary to interact effectively as a team member (Cannon-Bowers, Tannenbaum, Salas and Volpe, 1995).

3.5.6 Transfer to the job situation

Very often employees return to their normal work situation after attending a training course and revert to 'business as usual'. If skills learned on a training programme are not applied on a day-to-day basis, they can be very quickly forgotten. It is necessary, therefore, that training courses are designed in such a way that the similarity between the training situation and the job situation is maximised, that jobs are designed so that individuals have the opportunity to apply their new skills on returning to work, that individuals have the information necessary to utilise their skills, or that pay systems are set up to reward workers for putting into practice the skills learned (Cascio, 1998). Line managers can play a key role in transferring the learning from the training to the work. If they are supportive, then the learning is reinforced, but if they begin to ridicule the training experience, then the learner is less likely to put their learning into practice.

3.5.7 Evaluating the effectiveness of the training process

Companies spend lots of money every year in training, but very few engage in a systematic analysis of the effectiveness of their training programmes, in terms of gauging what has been learned, whether workers have been able to apply their new skills in their jobs, whether work

processes have become more effective, or whether levels of service have improved as a result of training. If these sorts of issues are left to chance, as is the case in many organisations, there is no way of knowing whether the training provided has contributed to organisational effectiveness in any way, or whether the money spent on training programmes has been well spent. As such, finding a way to evaluate training programmes is very important. This could be conducted by eliciting feedback from employees, either through questionnaires or interviews, through observation (whereby the employee is observed before and after the training course to evaluate whether it has had any impact on the way they do their job), or by using the formal employee appraisal process to consider the value of the training undergone (Holden, 2001). The most well-known method of training evaluation was developed by Kirkpatrick in 1959. He continued to develop it and wrote a whole book (1988) on it. From this you can see that evaluation is a very important area of training and development. His original model had four levels of evaluation:

1. initial reaction to the training
2. were the learning objectives met?
3. the immediate change to the trainees' behaviour on going back to the job
4. the impact of the training on the performance of the organisation.

Hamblin (1974) developed a more detailed model with five levels of evaluation, including:

1. Evaluating the training by using the post course questionnaire (sometimes called the 'happy sheet' as trainees tend to voice their opinion on such things as the trainer's expertise and the quantity of food served in breaks!) This is not a very useful stage of evaluation, but it does at least indicate if there were any reasons that stopped a trainee from learning such as a noisy environment.
2. Evaluating the learning in terms of the immediate impact on the trainees' behaviour.
3. Evaluating changes in the performance of the job.
4. Evaluating changes in organisational performance. This is a very difficult thing to do. How do you know that it was the training that affected the firm's performance and not, for example, an upturn in the economy.
5. Evaluating changes in the wider contribution that the organisation now makes.

You can see from the description of the models that the evaluation of training is quite difficult as there are so many other influences in the environment, both inside and outside the company. Perhaps we should take the advice of Lingham et al. (2006) and build in evaluation measures at all stages of the design and delivery of the training. Their research outlined a system based on agreeing measures that would indicate whether the training had been successful and building in feedback loops so that if the training was not successful, it could be changed for subsequent training courses.

We have talked about finding out what training and development is needed by an organisation, and we have discussed the importance of designing evaluation into the learning opportunities, but here we will talk about what methods are used in training and development. We will then look at what stops learning from happening. Finally in this section we will look at some of the more useful theories about how adults learn.

3.6 Learning methods

As pointed out by Gold et al. (2010) learning methods are not the same as training methods. It is hoped that people will learn after attending training, but that learning can take place by using methods other than training. In the discussion above we saw that the first part of the learning cycle is to identify what needs to be learnt (sometimes shortened to TNA for training needs analysis), then consideration of such things as budgets, the characteristics of the potential trainees and where the training will take place comes into play. The next stage is to design the training (keeping in mind how the training/learning will be evaluated), and finally the learning experience will be delivered.

We will again draw on Gold et al. (2010) for advice about designing learning opportunities. They say that:

1. Clear objectives for the learning must be established i.e. the person designing the learning must say to themselves 'what will the learner be able to do, or to know, or how will their behaviour have changed, when they have had the learning experience?'
2. The learning must be carefully sequenced and structured. Simple concepts could be taught before more complex ones (e.g. a dancing teacher teaches the steps first and then puts them into a longer sequence and then into a whole dance). If the learning sequence follows that of the activity in the workplace, then the learner will be able to transfer their learning to the job more easily.
3. There must be feedback to the learners so that they know what they are doing right and what they need to change. If you have never done something, then you have no knowledge about it. Feedback begins to build up your knowledge. Without feedback there is no learning.
4. Rewards and reinforcement help learners to change their behaviour and to learn. There will be more on this in the section on theory when we look at the work of Skinner.
5. Learners should be actively involved in their own learning. The use of all five of our senses gives our brains a better chance of remembering what we are trying to learn. People learn in different ways, some like to read, some like to listen, some like to watch a demonstration or a teacher, some like to try things out for themselves. The sense of taste is essential for chefs. The sense of smell is also essential for chefs, but also wine waiters, detectives and custom officers. Any training for them would therefore have to include the opportunity to use their noses.
6. Understanding is key to learning. Remember back to when you were small and you were trying to learn something for school. Sometimes the words or the numbers just didn't make sense and it was very difficult to learn. When you had been studying a subject for a time, you realised that you did understand and that the subject became much easier because you could understand. From the topics that you did understand, you were able to build on other topics more easily.
7. Finally learning must be meaningful to people in terms of their jobs. Think about training people to use a piece of machinery. If the training involved throwing a ball so that you could hit a target, you might begin to wonder what you were doing. If, however, it was explained that the machine needed you to have excellent hand-eye coordination you might be persuaded that the training was relevant, better still would be to practice on the machine itself so that you could directly see the

usefulness of the training and be able to transfer the learning directly to the job. We could say then that learning is most likely to happen if the learners think that what they are doing is relevant, useful and interesting.

8. Learners should be given respect and treated as equals.

The next decision to take in designing the learning opportunity is to decide if the appropriate method will be away from the workplace or if it will use the experience of being at work to enable learning to take place. In the words of Gold et al. (2010): 'off-the-job learning options' and 'integrated learning methods'. In their list of learning methods 'off-the-job', they include lectures, discussions, role plays, case studies, e-learning and learning skills by demonstration and practice. The 'integrated learning methods' include coaching, shadowing, mentoring, 'sitting with Nellie', action learning and job rotation. Each learning method has advantages and disadvantages that make it more or less suitable for learning different things.

Activity

Make a table containing all the different learning methods you can think of. Put in a column for advantages and one for disadvantages. Add in a final column for when you would use each method. Now get together with a friend and fill in the columns. If you want help, then go to pp.144–48 in Gold et al. (2010) or any textbook that includes learning methods. If you go straight to the list in the book, remember that learning needs understanding, so discuss the advantages and disadvantages with your friend. What do you think? Finally discuss the applications of the methods and try to think of examples of when you would expect the method to be used.

3.7 Barriers to learning

These can be divided under three main headings: people, resources and the organisation.

People

1. They can lack motivation to learn.
2. They can be unable to learn (they lack the skills or knowledge).
3. They can react poorly if the learning is given in a way that does not suit their learning style.
4. They may be better learning in a group than individually.
5. They may not be available at the time the training is being run (i.e. part-time staff who only work in the evenings).
6. The training method is not appropriate for the subject.
7. The manager forgot to plan in training time for the new system.
8. The learning may not be relevant to the job.

Resources

1. There is insufficient budget to fund the learning.
2. There is no suitable place to learn e.g. the training area may be noisy if it exists at all.
3. There is no suitable trainer.
4. Additional machinery or software for training may be too expensive.

Organisation

1. The culture of the organisation does not support learning.
2. The culture of the organisation does not encourage change.

3. The learning is not integrated into the company strategy.
4. The performance management system does not support learning.
5. Learning is not rewarded or recognised.

Looking at learning from a positive perspective, we can say that people learn when:

- They have a reason to learn or sense of purpose.
- The learning is relevant to their interests and they are choosing to learn.
- They are actively involved in doing something.
- They can make mistakes with no consequences, and they will learn from their mistakes.
- They receive feedback.
- They learn at their own pace. Some people take longer than others.

As can be seen from the above getting anyone to learn is a difficult thing to achieve. It may be worth mentioning some theories behind learning and try to answer the question 'how do adults learn?'

3.8 Learning theories

There are many theories of learning, indeed they range from physiological (chemical changes in the brain), psychological (behaviourist, cognitive), sociological (group dynamics, transformative) and just in case a theory cannot be categorised by the previous models, a category called multi-disciplinary.

A simple way of looking at learning theories is to be found in Armstrong (2001 p.532). He says that learning theories can be divided into the following:

Reinforcement

If learners receive feedback when they are learning and are rewarded when they demonstrate the 'correct' behaviour then they are more likely to learn. These ideas are based on the work of Watson (1913) and B.F. Skinner (1974). This theory is sometimes called behaviourism and has been criticised as being very manipulative and not taking the learner into account. Nevertheless the theory is used extensively in training and development.

Cognitive theory

This is based on self-managed learning. It argues that if people have to find things out for themselves, then they are more likely to learn and retain that learning. It is used as the basis for participative and case study-type training. It works if the learner wants to learn and if time is not an issue. The drawbacks are that it needs a good trainer who is skilled at giving guidance without seeming to do so. If learners come to the 'wrong' conclusion too early, they are reluctant to change.

Experiential learning

This is one of the deepest forms of learning and needs learners to reflect on their experience, so they can learn what went wrong and why, and as importantly, learn what went right and why. Managers are especially key in helping their staff to do this.

Stimulus-response

This theory was further developed by Gagné in 1977. He based it on a combination of factors, including a need to learn (drive), the stimulation provided by the learning process (stimulus), the development of appropriate responses by the learner (response) and the use of feedback to reinforce the learning until the learner gets it right (reinforcement).

Self-efficacy

This relates to Bandura's theory (again developed in 1977), who said that people themselves have a belief in their ability to learn and to perform a task. Guest (1992) noted that a strong feeling of self-sufficiency is positively related to becoming a better learner.

3.8.1 Kolb's learning cycle

We have already covered this earlier in the chapter, but it is worth spending a few moments reflecting on what he said. His ideas revolved around a circle of learning. Kolb theorised that in order to learn people must be actively involved in what they are doing. They should not just passively accept their experiences but actively think about what is happening and why. The learning cycle goes through the four stages we noted above, concrete experience, reflective observation, abstract conceptualising and then to active experimentation. The latter, active experimentation gives rise to new experiences and the cycle begins again.

Leading on from the learning cycle, Kolb said that learners prefer to learn in different ways. These ways are based on the learning cycle. People have an experience, they positively think about the experience (what worked, what didn't), they theorise as to why things worked and why they didn't, they test out the new ideas to see if they work.

Activity

Draw Kolb's learning cycle but instead of putting in the theory think of an experience you have had recently and then fill in the cycle to see what you have learnt.

3.9 Vocational education

One of the most powerful influences on learning in a country is the government. It is the government which decides on policies for education. It decides at what age formal education starts and finishes. It decides if the education is free to citizens and at what level of education the provision of free education should cease. Once children grow up and join the world of work (the precise age at which this takes place of course varies across the world), they need to learn how to do their jobs. Some jobs (e.g. a doctor or lawyer) will need years of learning and high levels of skill and knowledge. Often people train for these jobs or professions before they begin to work by taking qualifications at college and university. Other jobs do not require so much learning before the employee begins work. A computer programmer is a very skilled job; it is possible learn while working by taking a series of courses over several years (although some people do learn how to do the job by studying at university).

The area of learning that is directly related to jobs is called vocational education. The attitude of governments across the world varies as to who should pay for the potential workers to learn the skills, attitudes and knowledge necessary to do jobs effectively. The discussion seems to centre on whether employers should pay for the training, whether people who want to do the work should pay or whether everyone in a country

(through the taxation system) should pay. In the first instance it seems clear that as the employers benefit from having skilled and qualified people to do the job, then they should pay. However, think about how an employer would feel if they paid for someone to be trained as a chef, and that person then left to work for a rival restaurant. In the second instance, you could argue that the person who wants the work should pay for the training as they would benefit all their working lives from the ability to do the job. Think, though about someone who may have the capacity to be a brilliant surgeon but who cannot afford the years of training. Think also that potential workers may be put off doing any job that entailed doing years of unpaid study. After all a junior doctor and a junior manager earn about the same early on in their career. What about the third suggestion, that everyone in a society should pay through the tax system? After all, everyone benefits from having a good medical service with skilled and knowledgeable doctors. Everyone benefits from having skilled and knowledgeable nurses when they have to go to hospital. When you (eventually) want to buy a property, or need to consult a lawyer about your will, you expect them to be highly skilled and very knowledgeable about the law. If we can agree that there is some merit in everyone paying towards the education and training of doctors, then what do we consider about bus drivers, car mechanics, plumbers or electricians. What about managers?

Life is not simple. Find out what the position is on vocational education in your country. There is a useful chapter on public policy on human resource development in Gibb (2008). In it he discusses the different perspectives on national HRD and why they might have arisen. He uses the UK as an example but acknowledges that different countries have different perspectives.

3.10 A reminder of your learning outcomes

Having completed this chapter, and the Essential reading and Activities, you should be able to:

- explain the effect that training and development has on workforce flexibility, customer service and quality, and workforce commitment
- explain how de-layering, new technology, and labour and skills shortages in the labour market have an influence on training and development activity
- describe the training cycle and outline the issues that need to be taken into account concerning the implementation of training programmes
- outline the main theories that influence adult learning
- describe what is meant by vocational education and be able to explain how it works in your own country.

3.11 Test your knowledge and understanding

1. a. Describe the training cycle. (5 marks)

   b. What kinds of analysis make up the first part of the cycle. (5 marks)

   c. Make a case for an organisation to continue to train and develop even during a recession. (15 marks)

2. a. How can a trainer ensure that learning is successful? (10 marks)

   b. What barriers exist to learning and how can they be overcome? (15 marks)

3. a. Explain what needs to be considered before training is designed. (5 marks)

   b. Say why vocational education and training differ from country to country and give examples to illustrate your answer. (10 marks)

   c. Make a case that training and development should be taken seriously by organisations. (10 marks)