



# HUMAN RESOURCE MANAGEMENT



Compiled by  
Geraint Harvey  
Swansea University  
MN-M012

# **Human Resource Management**

(1995) cross-national comparisons of vehicle production provided employees with opportunities for progression. Similarly, in NUMMI's plant in Fremont, California soft skills are combined with the development of technical skills and workers are given a great deal of discretion to address workplace problems (Rothenberg, 2003). But while integrating these generic qualities with challenging work may make them more 'skilful' and advantage those workers who possess or develop them, it does not overcome the tendency to read these virtues into gender, race, class, age or marital status.

### The disadvantages of training and development

The overall picture of training and development is not clear cut. Some courses, qualifications and on-the-job training are excellent at developing workforce skills, which can then be integrated into the way work is designed and controlled. But developmental provision is set alongside narrow qualifications and training courses that serve only to entertain. At one level, such behaviour is difficult to explain. If training and development is universally believed to have a positive impact then why are so few firms training and why are the ones that do train confining much of their activity to short courses, health and safety and induction? Equally, why do individual employees not respond to this by filling the gap themselves? Such lack of activity appears, at best, irrational.

However, there is an explanation. Training and development does not occur in a vacuum, rather it is one aspect of an organisation's activities and exists to support the other activities. As Keep and Mayhew (1999) argue, training is a third-order issue, following on from decisions about competitiveness, product specification and job design. For organisations that choose to compete on the basis of quality, highly skilled workers are essential (and as Shury *et al.*, 2010 point out, firms that do compete on quality provide more, and better funded training); for ones that compete on cost, they are an unjustifiable extravagance – and large sections of the British economy still compete on cost (Bach and Sisson, 2000). The second reason, and this is related to the first, is that many jobs are designed to be tightly controlled with employee discretion (and with it skill) taken away. One employer, interviewed by Dench *et al.* (1999), said that their ideal worker had two arms and two legs. When this is what jobs demand, it is difficult to see how training will help. Job design is not set in stone and it is perfectly possible to construct skilled work from the same jobs, the same market conditions and the same strategy. Boxall and Purcell (2011) provide an interesting example from two firms competing with one another in delivering bottled gas. British Oxygen decided to compete by using delivery drivers as key staff. Drivers were trained in customer relations, cab-based information systems and product knowledge, ensuring that customers were satisfied and encouraging them to trade up wherever possible. By contrast, Air Products, a rival firm in the same industry facing the same pressures, decided to compete by outsourcing its haulage and distribution to an independent contractor. Their drivers were not expected to know anything about bottled gas beyond the standard health and safety guidelines. When large numbers of employers design jobs to be done without skill, pay low wages and workers with little purchasing power buy products of low price and low quality we have all the elements of what Finegold and Soskice describe as a 'low skills equilibrium' (1988).

Then too, it is instructive to consider the areas of job creation. In March 2015 78 per cent of UK jobs were in the service sector (ONS, 2015a). Service work includes many of the most highly skilled and knowledgeable workers such as medics, teachers and IT professionals but it also, and in far greater numbers, covers care workers, security staff and personal services, numbers of which are rising far faster. The sector as a whole is dominated by low-paid, part-time workers, few of whom are either highly skilled or allowed

to exercise their skills in their work. This need not be the case (Bozkurt and Grugulis, 2011). McGauran's (2000; 2001) research into retail work in France and Ireland shows how French employers expect their workers to be experts in the products sold and French customers request advice on products and product care when shopping. However, it is not clear that this skilled variant of shop work influences behaviour elsewhere. Rather, pressure for hyper-flexibility, described by Gadrey (2000: 26) as 'tantamount to a personnel strategy based on zero competence', zero qualifications, zero training and zero career, means that retail work is dominated by poorly paid part-time workers and the flexibility demanded of them is availability for shift work at short notice. In Germany this is threatening long-established traditions of training and qualifications as employers avoid training employees, since this would make them expensive to hire, and rely instead on large numbers of low-paid staff supported by small numbers of highly skilled 'anchor' workers (Kirsch *et al.*, 2000).

At an individual level too there are good and sound reasons for not taking up vocational training. Human capital theory is neither as straightforward, nor as axiomatic as some commentators argue. While some qualifications do indeed bring high returns, others do not and it is the low-level vocational qualifications that bring least reward (see, for example, Grugulis, 2003). Then too, not all skills are equal and the status and labour market power of job holders influence the way their skills are perceived (Rubery and Wilkinson, 1994). In practice this means that women's work, even when technically and objectively more complex than men's, tends to be under-valued (Phillips and Taylor, 1986). Mechanistically assessing workers as a supply of skills neglects both this social construction and factors such as trust and motivation that are needed to put skills into practice at work (Brown, 2001). Human capital theory also individualises the responsibility for acquiring and developing skills. Nor is it clear that highly skilled workers create their own demand. As the UK skills survey consistently demonstrates, more than one third of workers report that their skills are under-utilised in employment (Felstead *et al.*, 2007).

## Skill and performance

It seems, given the above, that the rewards from vocational training are neither as straightforward, nor as automatic, as some writers on human capital theory would like to believe. This is a key point and worth considering in a little more detail. After all, as noted at the start of the chapter, part of the implicit (and occasionally explicit) promise of skills development is a link with performance and productivity for individuals, organisations and nations. Skills should lead, in the words of the *Leitch Review* (2006), to prosperity for all.

In many instances, of course, they do. An expert and experienced worker performs better than an untried novice, in the US, college graduates earn more than their peers with only high school qualifications, and nations with better systems of education and vocational education and training out-do their competitors (Green, 2006; Nolan and Slater, 2003). However, these results are neither deterministic nor inevitable and it is worth considering three areas where the links are questionable: linking shop-floor and organisational performance; the varying points of analysis; and performance in the service sector (for a more detailed discussion see Grugulis and Stoyanova, 2011).

## Analysing performance

There are many excellent studies of the impact that variations in skills and work design have on productivity. The National Institute for Economic and Social Research (NIESR) has specialised, over many decades, in conducting comparative case studies in the same industry and controlling for technology wherever possible but where work is organised differently

and workers' skills vary dramatically (see Prais, 1995 for an overview of these). Their conclusions are clear and positive: highly skilled workers can contribute more to the production process; technology can be better integrated; less supervision is required and higher-quality goods result. So far so good.

### Box 2.5 HRM in practice

Biscuits and skill: biscuit making in Britain and Germany

*This is taken from a study of biscuit manufacture in ten British and eight German firms.*

The type of biscuits produced varied greatly between the two countries, largely owing to national tastes and demand. In Britain, demand concentrated on relatively basic biscuits: either plain or with one simple coating of chocolate, cream or jam. In Germany, there was a much higher demand for decorated and multi-textured products (soft biscuits with jam filling in chocolate cases or layered variegated biscuits). Since this affected the type of biscuits that each firm produced, relative output figures were not easy to measure. On crude output figures, productivity per employee hour was 25 per cent higher in Britain than in Germany, largely because British firms produced large quantities of simple, low-quality biscuits. However, when these productivity figures were adjusted for quality, the British advantage disappeared with German firms 40 per cent more productive per employee hour.

In Germany 90 per cent of process workers were craft-trained bakers and could work in all of the main areas of operations (mixing, biscuit forming and oven control). This multi-skilling meant that three-person teams could be responsible for at least two oven lines at the same time. In German firms, employees were focused in areas that added value to the product. Maintenance staff was highly qualified and, in addition to undertaking regular maintenance, worked with supervisors to customise equipment and increase productivity. In Britain no process workers and few supervisors were vocationally qualified. As a result, each individual production line needed a three-person team to cover mixing and baking since workers were narrowly trained and tended to stick to their own jobs. Few firms had any regular system of machine maintenance since shift work meant that equipment was rarely scheduled to stop but breakdowns were frequent and high staffing levels in areas such as wrapping were needed to sort out problems caused by equipment breakdown and malfunction. On the line, narrow training restricted the ability of shop-floor workers to anticipate problems (such as machine malfunctioning) and take appropriate action.

Source: Mason *et al.*, 1996.

However, as Cutler (1992) points out, this is performance at the level of the shop floor and not of the organisation. Between these two levels other factors such as currency movements, accounting conventions, the performance of the salesforce and the national economy can and do influence firm performance. Shop-floor skills are important, but they are not the only, nor even the most important, element in organisational performance.

There are difficulties too in attempting to integrate positive returns for individuals, organisations and nations, not least because such returns may be mutually incompatible. Higher wages for individuals detract from organisational profits. Firm performance may be improved by the strategic implementation of a redundancy programme (to boost share price); national performance by *increasing* the number of people in work (Keep *et al.*, 2002). There is, as is frequently observed of the employment contract, only a *partial* coincidence of interest between these three parties. Some activities will indeed benefit all, but in many cases there is a zero-sum game and increasing performance in one area results in penalties elsewhere.

Finally, and most confusingly, is the issue of the service sector, where existing assumptions about performance and productivity are regularly challenged. Here quality may be increased by, for example, a four-star hotel employing more unskilled staff to attend to guests, carry bags or advise on local restaurants. But this move may damage their overall performance since economists tend to measure productivity by reckoning

on the number of employees taken to ‘process’ a guest. Equally, investing in employees’ skills in areas such as customer service may not attract the sort of returns that the marketing textbooks promise, since customers tend to use a whole range of factors, not simply excellent service levels, when making purchasing decisions. As Keep and colleagues (2002) point out, SwissAir, which won awards for its customer service, went bankrupt, while Easyjet thrives.

So, skills can have a positive effect on performance at a whole range of levels but this is by no means guaranteed and might best be described as prosperity for some, rather than prosperity for all.

## Re-thinking training and development

This chapter has deliberately extended the debate on training and development beyond the confines of formal courses and qualifications. These are important factors but for students of HRM they are only one aspect of a wider issue, the development of ‘resourceful humans’. A knowledgeable workforce is the product, not of excellent training in isolation, but of a combination of a range of factors including training, job design, status, control systems and discretion. As Cockburn (1983) and Littler (1982) argue, skill reposes in the individual, in the job and in the social setting. In practice, this means that for development to be effective, individuals need enough discretion and challenge in their work to exercise their skills.

Given this, there are some reasons for optimism in Britain. Between 1986 and 2012 skills in work have risen against almost every indicator. Employers are demanding more (and more advanced) qualifications and the amount of experience that employees need to do their work well is also rising. However, while this trajectory is encouraging, it starts from a low base and most work still demands few skills, with 23 per cent of jobs needing neither skills nor qualifications (Felstead *et al.*, 2013). *iMac* jobs have not yet entirely replaced *McJobs* (Warhurst and Thompson, 1998).

This under-utilisation of skills is apparent in Rainbird and Munro’s (2003) research. Drawing on an extensive study of low-paid workers they found that rigid hierarchies, narrow job descriptions and cost constraints all acted as barriers that employees, who were often highly educated, skilled or anxious to progress, could not overcome. Nor was there any sign, despite the very significant differences that good managers could make, that this might change. Indeed, the structural innovations observed, such as contracting out by the public sector, often reduced employees’ areas of influence and took away aspects of their work that were interesting or skilful.

There has also been a sharp decline in discretion employees can exercise, a trend that was particularly marked for professional workers. In 1986 72 per cent of professionals reported that they had ‘a great deal’ of choice over the way that they worked. By 2001 this figure had fallen to 38 per cent (Felstead *et al.*, 2002: 71; see also Evetts, 2002; Grugulis *et al.*, 2003; Felstead *et al.*, 2013). Yet discretion is a prerequisite for skills to be put into practice.

## Discussion and conclusions

Training is the pivotal element of a system designed to harness the talents of those it employs (through well designed jobs, teamworking, employee involvement and other human resource practices) is ensuring that employees are developed for their roles. However, the reverse also applies and human resource practices are the test of training.

There is little point in training and developing employees if the jobs they are to undertake are tightly controlled with no trust or discretion given. Skill is an aspect of jobs as well as a part of individuals and a highly skilled individual put in a job where they have little control, discretion or responsibility and which they have little power to change is likely to become frustrated. This means that just as many excellent analyses of human resource management have queried the extent to which its ambitious rhetoric has been matched by its lived reality, so training and development needs to be subjected to the same scrutiny. Good training and development has the capacity to significantly change lives. It can equip people for more interesting, better paid and more demanding work; help to mitigate the discrimination in the labour market experienced by women and members of minority groups and provide an effective route out of poverty for people working in unskilled and low-paid jobs. However, just because some forms of training can do this does not mean that all can. Training and development is not always and entirely a 'good thing' – not all training is developmental and not all development is integrated into work. Before according our approval we really do need to examine what are involved in particular training systems, the effect it has on individuals and the way it is integrated into work. If this is not the case there is a danger that effort and resources will be put into systems which simply reinforce disadvantage and equip people only for minimum-wage employment (Lafer, 2004) or horizontal movement between a range of low-skilled jobs (Grimshaw *et al.*, 2002).



# CASE STUDY 2.1

## DEVELOPING RESOURCEFUL HUMANS

IRENA GRUGULIS

This chapter showed the way that training and development may be systemic and linked to product strategies, job design, the way that work is controlled and the level of discretion workers can use. From the list below select three jobs, with different skill levels. For each set out:

- how people are trained to do the job;
- what (if any) continuing development they have on the job (remember that a challenging job provides opportunities for development, just as formal training does);
- how much discretion they can exercise;
- what other human resource policies you would expect (on pay rates, involvement, career ladders, etc.);

- what would happen to these jobs if recruits received more developmental training or were more highly educated.

A secondary school teacher  
A call centre worker  
An anaesthetist  
An accountant  
A gardener  
A shop assistant  
A junior manager in a chain restaurant  
A bank cashier  
A factory worker  
A cleaner

# CASE STUDY 2.2

## SOFT SKILLS AT WORK

IRENA GRUGULIS AND STEVEN VINCENT

Soft skills and personal qualities are an increasingly important part of work with employees expected to show them in work and assessed on them at recruitment, appraisal and promotion. However, there have also been claims that judging soft skills may simply be an expression of individual and collective prejudice with gender, race and class used to stereotype workers. This case study provides descriptions of two groups of workers in different organisations who had varying experiences of soft skills. Read the descriptions and answer the questions below.

### Benefit caseworkers in TCS

Total Customer Services (TCS) was an outsourcing company with a contract with a London council to do housing benefit processing, work which required intermediate-level skills. The housing benefit caseworkers

were expected to demonstrate customer focus, attitude, flexibility and endurance with managers condemning the '9 to 5' mentality of the public sector and new staff was screened for positive attitudes. Initial technical training was dramatically reduced and instead staff was taught about punctuality, personal presentation and attitude. A reception desk was set up to deal with customer claimants. The work involved was largely unskilled and staff had difficulty returning to the skilled work of claims processing after stints on reception. Despite protests, women were preferred for this task since the manager considered them naturally better at it and 16 of the 20 reception workers were women. In claims processing, new managers were chosen for their soft skills (and particularly whether they were considered 'TCS people') rather than their occupational knowledge and some had no experience of housing