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**Human Resource Management in a Global  
Context**

**A critical approach**



**INSTRUCTOR'S MANUAL**

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## CHAPTER 1: Contextualizing human resource management

### Critical Thinking 1.1 (p.13): Parochialism in the HRM literature

**Q1:** *What are the implications of the dominance of English-language literature for theories and practices in HRM?*

**A1:** The dominance of the English language has a limiting impact on our knowledge of theories and practices related to HRM to those geographies where the English language is spoken.

**Q2:** *How can scholars and practitioners of HRM benefit from the literature on HRM that has been published in languages other than English?*

**A2:** Access to non-English language literature, can limit the “parochialism” of HRM, thus enhance understanding of methodological complexities and of the context of HRM practices.

### Critical Thinking 1.2 (p.15): Geographical variation in philosophy

**Q1:** *Why is it important to consider a country’s sociocultural context when designing HRM?*

**A1:** Because from country to country, there is a “wide diversity in philosophies of people management” that impose different priorities and attitudes in the practice of HRM.

**Q2:** *What factors affect the number of working hours per week in a country?*

**A2:** Social, economic and legal factors. In France, there is 35-hour working week, with many employees receiving 4 weeks’ paid holidays, while in the US the norm is a 40-hours working week, with most employees receiving one to two weeks paid holidays per year.

### Critical Thinking 1.3 (p.20): Employment relations in India

**Q1:** *In the light of this example, is it correct to blame laws for encouraging workers to strike?*

**A1:** Not necessarily. Even though labour laws could certainly have an impact, management practices as well as cultural differences and the political context, should also be taken into consideration.

**Q2:** *Is it always possible to reconcile the ethical and business implications of labour laws?*

**A2:** In practice, there could be wide differences, from country to country, as to how labour laws are considered to be “fair,” on one hand, and “business-friendly,” on the other. The balance is affected by social, historical, economic and cultural factors. Anti-discrimination legislation in employment, for example, and the ways that it is applied varies tremendously, even among EU

countries, with Scandinavian countries typically offering substantial protection and with Eastern-European countries trailing on the other end.

### **Critical Thinking 1.4 (p.23): Technological context and HRM**

**Q1:** *Do technological advances always have positive implications for employees in organizations?*

**A1:** It depends on many factors, such as the depth and speed of change, the involvement of employees in the process of change, whether at the end they will acquire new skills and knowledge or be deskilled, loose jobs and those who remain may be paid less.

**Q2:** *What role can HRM play in coping with changes in the technological context of an organization?*

**A2:** In a positive situation, HRM could “champion”, on behalf of the employees, the acquisition of new skills and knowledge and new ways of organization of work that require problem-solving abilities, communication skills, team work, and creative and proactive thinking.

### **End of Chapter Questions (p.25): For discussion and revision**

**Q1:** *How do macrocontextual factors affect the design and operationalization of the following HRM functions:*

- *Recruitment and selection*
- *Training*
- *Performance management*
- *Reward management*
- *Career management*

**A1:** This is an open-ended question that can be answered through various examples. For each of the listed HRM functions, examples should be given on how the sociocultural, economic, legal and political and technological contexts (as detailed in Table 1.1, p.16) affect that function. For example, recruitment and selection may be affected by demographic changes and gender-role perceptions (sociocultural); wage and salary levels as determined by markets and trends in the economy or regulation (economic); anti-discrimination and equal opportunities (or the lack of), legislation or lobbying and pressure groups (legal and political); and changes in technology that create demand for certain skills and competences required for a job (technological).

**Q2:** *Make a study of HRM policies and practices in a specific company. Identify the various ways in which the HRM policies and practices in that company are affected by its sociocultural, political, legal and economic contexts.*

**A2:** It would be worthy of note if a small company in a developing country, for example, were chosen, as such companies face the greatest challenges. A thorough answer could take various functions of HRM (i.e. recruitment and selection, rewards, performance management, etc) and examine how each one is affected. For example, recruitment and selection would be affected by laws and regulations on equal opportunities and non-discrimination (or the lack of), cultural views on gender and ethnic minorities roles and stereotypes, class segmentation (or even segregation), the role that outside agents (trade unions, recruitment bureaus, government

departments) may have on recruitment, determinants of pay (free market or regulated by collective bargaining agreements), etc, etc.

**Q3:** *What are the various tensions between the globalization and contextualization of HRM? What are the implications of such tensions for the future of HRM?*

**A3:** As it is discussed on pp.13-15, globalization is causing HRM to change in order to respond and adapt better in various cultural and institutional contexts that a (multinational/global) company may encounter. However, globalization may be falsely interpreted as creating conditions under which HRM policies and practices are becoming homogenized across the globe and regardless of specific context. It is rather the opposite. As various barriers are breaking down and the whole globe becomes like a “village”, cultural, institutional and other differences are becoming more outstanding, rather than disappearing. HRM practitioners need to be increasingly more aware about these. The future of HRM in an organization depends on how well these differences are understood and taken into consideration, both in the long term strategy, as well as in the every day practice.

**Q4:** *Identify at least one resource in a language other than English that deals with issues related to HRM. Feel free to seek help from a friend who speaks a language other than English. What can you learn from this resource?*

**A4:** This is an open-ended question. Depending on the nature and content of such resource, a wealth of information may be revealed, relating to all aspects of the practice and understanding of HRM.

**Q5:** *How does the dominance of US and UK literature in the field of HRM affect the contextualization of HRM?*

**A5:** Broadly speaking, the dominance of US/UK publications on HRM creates the (false) perception that theories and practices of HRM could be transferable and applicable elsewhere, in the same ways as practiced and understood in the US and UK. This neglects the need to search for - and understand - the particular context within which HRM is placed, from country to country.

**Q6:** *According to Hofstede (1991), organizational and industry characteristics may be more important than national cultures as determinates of managerial practices and employee behaviours. Discuss.*

**A6:** Hofstede’s controversial work should indeed be understood primarily as a study on how organizational and industry characteristics determine managerial practices and employee behaviours, and not how culture (or rather its stereotypical portrayal) affects organizations and employees. Hofstede’s work was focused on a group of rather “homogeneous” (socio-economically and to some extent culturally) employees (those working for IBM across the company’s branches in various countries). Thus, in other words, what he was really investigating, was how organizational and industry characteristics (that of IBM, in particular) were affecting managerial practices and employee behaviours. Employees’ cultures were – to some extent – the constant variable.

### **Case Study (p.25): HRM in Brunei’s public sector**

**Q1:** *How do culture and politics affect the design and implementation of HRM in Brunei?*



**A1:** Culture and politics have a profound impact on the design and practice of HRM in Brunei. The political system (an absolute monarchy, one of the very few left worldwide) stamps its character on the design of the civil service. Obedience to government policy and to the unquestionable authority of the monarch are paramount. Political oppression is intertwined with cultural attitudes, reinforcing them and thus, gaining legitimacy in the eyes of the people. In that way, political oppression becomes paternalism in the practice of HRM. In exchange for obedience, civil servants get excellent working conditions, benefits and pensions. The recruitment and selection processes then would inevitably function as filters of any socially and politically “undesirables”, recruiting only those whose cultural and political outlook (“skills”) would match perfectly with those in service. In such system, nepotism is bound to be rife, but it is also hidden as “culture”, and not openly visible.

**Q2:** *Culture serves as the overarching umbrella for all other contexts, such as the legal and political system, the economy and adaption to technology. Critically discuss this.*

**A2:** In such authoritarian regimes as Brunei’s, culture is often rendered as the pretext for the legitimacy of the regime. In the 1990s, following the Tiananmen Square massacre, there were prominent discussions, stemming from authoritarian regimes in Asia, that sought to justify their existence on the premise of “Asian values” that are different from Western notions of democracy and human rights. Practically anything was sought to be justified, explained, and “excused” – from child and forced labour to brutal repression – on the basis of Asian exceptionalism and “values”. Furthermore, culture (in the areas of business and management) has much too often been used to “explain” what otherwise may be “difficult” issues. Careless and lazy analysis could easily attribute to “culture” pretty much all the political, economical, even technological attributes of a society, resulting in easy stereotypes and clichés. (i.e. it is the “culture” of Germans to be industrious and hard working, Italians and Greeks are lazy and corrupt, etc., etc.) In that way, a sophisticated answer to the question here would seek to attribute to “culture” as little as possible and seek out the specific economic parameters that enabled and set in motion the political, legal, technological and institutional arrangements of a society.

**Q3:** *How can HRM enable individual employees to adjust themselves to technological changes in their organizations?*

**A3:** The introduction of GEMS (with its wealth of personal information about any government employee) by an authoritarian regime without any accountability for its actions could pose serious questions and threats about the unrestricted and unaccountable use of technology. What it appears to be here as an effective administrative tool, in the hands of an unaccountable regime could become yet another mechanism of control. Personal information, ranging from holidays taken, to sick leave, to subsidized mortgage or car loans, all will now be available in one source to government officials. What it emerges is a true Big-Brother scenario, where the government knows all aspects of a person’s life!

**Q4:** *How does HRM in Brunei differ from HRM in a Western country?*

**A4:** HRM practices have proven to be extremely adaptable from country to country, always adopting unquestionably, local “customs”, traditions and practices. For example, there are historical examples of German companies, with a rich tradition of “co-determination” at home, that have adopted fierce anti-union tactics in the USA. In that respect, we should not be surprised if, for example, European multinationals, once in Brunei, adopt the same anti-union and paternalistic policies towards their employees that the government dictates. Of course,

some HRM practices such as training and employee development or pro-family flexibility, would appear as notable achievements, but they do come at a price: the lack of political freedom and respect for an individual's rights. In that way, HRM practices in Brunei would appear to have – on surface – many similarities with “enlightened” and progressive HRM practices in developed countries, but a careful analysis would show the very different foundations that these are built upon and the very different perspectives they actually have.

## CHAPTER 2: A critical perspective on strategic human resource management

### Mini Case Study 2.1 (p.36): HRM at Algorithm: good strategic alignment

This case is very useful to stimulate a discussion about the increasingly strategic role of the human resource management department, and its contribution to the achievement of business goals. It is based on an interview with Mrs Nicole Bakhache, the human resources and administration manager at Algorithm- Lebanon, a pharmaceutical plant operating in the Middle East.

**Q1:** *How does the human resources department at Algorithm help to accomplish its business goals?*

**A1:** Algorithm's business line is manufacturing pharmaceutical products and sending them to its distributors and exporters. It manufactures products under license, as well as its own generic products. The case clearly denotes the substantial role that the human resource department plays in ensuring the success of Algorithm's business goals. It is involved in all major decisions related to people or structure and the focus is placed on aligning human resources strategies and practices with business strategies. The department has forged a partnership with line managers, and together they formulate and manage processes to help meet business objectives. Furthermore, line managers now view human resources as a partner and are themselves involved in the management of human resources – working along with the human resources function on activities such as recruitment, people development and personnel-related issues.

**Q2:** *Use Figure 2.1 to evaluate the role of the human resources department in terms of its strategic/ operational orientation as well as proactive/reactive orientation.*

**A2:** Figure 2.1 (p.36) outlines the on-going process of transformation or evolution from traditional personnel management to strategic human resource management. It also highlights interesting nuances at both sides of the continuum. On the left side, we can note nuances between reactive and proactive operational orientations with an operationally reactive HR function focused on the day-to-day demands and implementing the regular and mundane, versus a more proactive orientation concerned with improving the basic HR functions. We can also highlight interesting nuances between strategically reactive and strategically proactive HR orientations on the right hand side of the continuum with a strategically reactive HR generally concerned with implementing and realizing strategy and more strategically proactive HR concerned with creating and forging strategic alternatives.

In the case of Algorithm, Mrs Bakhache explained that some personnel activities involve some operationally reactive roles (for example, benefits and payroll), whereas other human resources activities, such as recruitment and training and career planning, involve a more strategic role.

The human resources manager explained that the strategies of the human resources function are aligned with the general business strategies. The input of human resources is required when discussing issues related to staff, such as filling internal vacancies and retaining key staff if ever they should consider leaving the company. This reflects the strategically reactive role, whereas the human resources department is concerned with implementing and realizing the business strategy.

It is also noted that line management involves human resources in meetings where future strategies are being formulated. They are, for example, involved in strategic meetings discussing company expansion (since they will have to recruit the qualified staff needed for this) and budgeting and planning. This clearly reflects the involvement of the human resources department and creating and forging strategic alternatives, which reflects the strategically proactive role.

### **Exercise 2.1 (p.38): Competitive advantage through SHRM**

**Q1:** *Barney (1991) posits that desirable resources must meet four conditions – value, rareness, inimitability and non-substitutability – in order to be a source of sustainable competitive advantage.*

*Based on these characteristics critically examine how human resources are a possible source of competitive advantage.*

- *Where does the advantage come from?*
- *Is it a human capital advantage deriving from the quality of employees or is it a human process advantage deriving from the set of HR policies and practices applied?*

**A1:** The RBV has been instrumental in understanding how a firm can achieve a sustainable competitive advantage through SHRM.

- The RBV suggests that human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, produce complex social relationships, are embedded in a firm's history and culture, and generate organizational knowledge. In resource-based terms, human resource policies and practices may be valuable because they are socially complex (i.e., competitors may not be able to replicate the diversity and depth of linked processes that sustain them) and historically sensitive (they need time to build up).
- To create a competitive advantage through SHRM, organizations face a dual challenge entailing the creation of a committed and talented workforce (leading to a human capital advantage), as well as nurturing the right processes that support this talent and shape its competencies, cognitions and attitudes (leading to a process advantage). People alone, no matter how skilled they are, do not confer a sustainable competitive advantage automatically and the managerial role is critical in nurturing, deploying and protecting key firm resources over time. Whereas exceptional human talent confers Human Capital Advantage (HCA) firms need to supplement or pair the latter with what has been referred to as Human Process Advantage (HPA), through the nurturing of specific processes, routines and practices and their constellation, operation, and application over time.
  - o The human capital advantage can be achieved by leveraging employee's knowledge, skills, abilities, cognitions, competencies and attitudes.

- The process advantage can be achieved work design, communication, culture, leadership, cooperation, innovation, knowledge management, learning, cross functional teams / collaboration.

In sum, to create a sustainable competitive advantage, the human resource department should not limit its efforts to nurturing employee skills and behaviour. It should also help weave those skills and behaviours within the broader fabric of organizational systems, processes and ultimately competencies.

### **Mini Case Study 2.2 (p.42): HRM at Fattal: a continuous improvement journey**

**Q1:** *How has the Human Resources department evolved at Fattal during the last 28 years?*

**A1:** The human resources department at Fattal has existed since 1982, and has developed from a personnel department in charge of administrative activities, to a strategic human resources department, starting 1996-1997, that is recognized by the CEO as a full strategic partner. The human resources department seem to have adopted a strategically proactive role when it decided, three years back, to adopt a competency based approach, where all functions (e.g. recruitment, selection, performance appraisal) are linked back to core skills and competencies, contributing greatly to the achievement of Fattal's business objectives. There are currently 7 employees working in the human resource department in the following divisions: Personnel Administration, Training, Compensation & Benefits, Recruitment, and Communication & Bonding, better known in Fattal as "the five pillars of Human Resources", as Mr. Messara describes them. The ratio of HR staff to total employees is 7 to 932, which reflects a high level of professionalism and productivity of the HR staff.

**Q2:** *Mr Messara stressed that the operational and strategic pillars are equally important parts of the Human Resources department; "operational does not mean that it is not important and strategic does not mean that it is theoretical." Critically examine this statement and elaborate more on the "duality" of HRM's role as well as critical factors for success*

**A2:** Despite the evolution of the human resource department over the years and its increasing involvement in strategic initiatives, it still has to cater for the basic administrative tasks, which need to be exercised with a high level of expertise. The strategic role of the human resource department cannot be deployed before all operational and administrative tasks are attended to. The duality of the HRM role is thus inherent to the nature of the function and the human resources department has to balance between operational and strategic, and reactive and proactive.

The reactive role can be seen at Fattal when the human resources department contributes to the execution of the business strategy by "cascading business objectives" through its systems and procedures, monitoring their execution, and following up to completion or finalization. This can be seen in the role played by the human resources department in its new assignments and recruitment for HR in Syria and Iraq. This is a reactive role in which HR has been deeply involved in executing strategy.

The proactive role comes from the strategic part of HR – HR is always invited to be part of the "think-tank" of the company and is invited by the CEO and Director to join in the decision-making about next steps. HR's proactive role is therefore quite important in Fattal; for example, the firm had an issue regarding whether or not to open a subsidiary in Libya – it is an investment, the country is new to the firm, and they will need new suppliers. Mr Messara

explained that the HR department was involved from day one and discussed the viability, feasibility and implications of opening in Libya, and how to go about it. HR is involved in the organization's major business decisions and takes part in strategy setting meetings wherein they offer their own input. HR's input is considered in the final outcome. HR also maintains open lines of communication with the Chairman, CEO, all the General Managers and Country Managers.

### **Exercise 2.2 (p.45): Obstacles facing SHRM**

**Q1:** *Many qualified Human Resources managers often fail to manage the function strategically. Who is to blame? The Human Resources manager? Organizational factors? Environmental factors? List and discuss all possible factors that might impede proper SHRM initiatives*

**A1:** There are a variety of factors that can preclude the human resources manager to effectively play a strategic role. These factors can be located at multiple levels: national, organizational and individual. We should bear in mind that the human resources manager is embedded within an organization, itself embedded in a wider institutional context that plays a role in shaping HRM practices and policies. Institutional mechanisms (e.g., legislation with respect to conditions of employment, collective bargaining agreements, employment security, trade union influence, employee representation) shape employment relationships and HR decision making in organizations.

To better understand the impact of these multi-level factors on the human resource manager's effectiveness, we will flesh them out by level of analysis:

- Macro level factors
  - o Labour law, labour unions and employment regulations: for example Emiratization imposes a mandatory quota for private companies to hire nationals as opposed to expatriates in the United Arab Emirates
  - o National culture and existing social practices that do not support all type of HR practices (for example many countries with high power distance and high uncertainty avoidance prefer seniority pay to pay for performance schemes).
  - o Economic, political and market conditions: for example achieving a growth strategy is more difficult in markets characterized by political instability and shortage of talent.
- Organizational level
  - o Lack of top management's support that does not leave for HR to contribute to strategy.
  - o Lack of line managers' support to effectively implement the HR initiatives
  - o Low budgets allocated to the HR function
  - o Unhealthy organizational culture
  - o Internal politics and lack of accountability
- Individual level
  - o The HR manager lacks good interpersonal skills to generate buy-in of employees and managers
  - o The HR manager does not understand the business and the key success factors
  - o The HR manager is not able to manage culture and lead change

## End-of chapter questions (p.48): For discussion and revision

**Q1:** *Explain the evolutionary roadmap from personnel management to SHRM. What are the factors that triggered this evolution?*

**A1:** The traditional personnel management approach was prevalent in the first part of the twentieth century and reflected management currents revolving around Weberism, Taylorism and Scientific Management. The highlights of personnel management are:

- A transactional low-level record-keeping and maintenance function
- A short-term micro orientation
- A focus on maximizing labour productivity / efficiency
- A concern with legal compliance and streamlining basic administrative and personnel processes.

The evolution of personnel management towards SHRM was triggered by two major events:

- The ascendancy of the human relations and organizational behaviour paradigms in the 1970s that highlighted the complexity of human behaviour and the importance of soft aspects of management. This created the need for the personnel function to reposition “employees as valued organizational resources” and to better orchestrate policies and practices that affect their behaviour and productivity at work. Valuing employees as an important human capital, an investment rather than a cost, was the prevailing assumption permeating this first transformation of the function.
- The second major transformation in the field occurred more recently starting in the 1990s in response to large scale organizational change and an intensely competitive global economic environment. The needs for agility and efficiency have been accentuated and the role of HR brought to the fore given the realization that employees can have a significant impact on the overall success of the organization. SHRM is therefore anchored in a recent appreciation that HR and the effective management of people are critical to profitability and the overall ability of a firm to thrive and compete.

**Q2:** *Why is the application of ‘Best-Practice’ models of SHRM in organizations problematic?*

**A2:** The universal approach also commonly referred to as the best practice approach to SHRM posits that some HR practices are always better than others, and that all organizations should adopt these best practices. The logic is that all firms are likely to see improvements in their performance if they identify and implement best practice and that the HR-firm performance link is universal across the population of organizations. The most renowned model in the best practice approach is that of Pfeffer (1994), who argued that greater adoption and use of 16 management practices such as employment security, selectivity in hiring, incentive pay, high wages, empowerment, participation, training and skill development and promotion from within, result in higher productivity and profit across firms. These practices have been labelled as high performance work practices, as they are believed to induce high performance.

The main problem of the best practice approach is that it assumes that these best practices are universal, and will lead to higher performance regardless of the context of their application. The reality however is far more complex and the success of HR practices need to be tailored in accordance to some macro-level factors (i.e. national culture, legislations, labour market and labour law, etc..) as well as per industry type (e.g. high tech / manufacturing), organizational size, organizational strategy, among many other factors. The contingency and configurational approach has therefore developed to account for these factors as seen in the next question.

**Q3:** *In what way have the contingency and the configurational approach to HRM contributed to your understanding of SHRM?*

**A3:** The contingency approach, or what is commonly referred to as the best fit approach, argues that HR strategy will be more effective when it is appropriately integrated with its specific organizational and broader environmental context. Basically, successful implementation of any of business strategy relies heavily on human resource management and its moulding of appropriate employee behaviour.

The configurational approach to HRM bridges between the Best Practices and contingency approaches and suggests that a firm will perform better through internal appropriate fit among HRM practices (the configuration fit) and through external appropriate fit between a firm's business strategy and HRM practices. According to this approach, the appropriate unit of analysis for studying the strategic link between different HRM practices to performance does not involve individual practices as much as interrelated and internally consistent practices, called "bundles". As such, for HRM to improve organizational performance there should be a vertical fit (between HR practices and business strategy) and an horizontal fit (among bundles of HR practices).

**Q4:** *How does the RBV contribute to your understanding of SHRM?*

**A4:** One of the key contributions of the RBV to date has been a theory of competitive advantage and how firms can achieve and sustain competitive advantage. Barney (1991) posits that desirable resources must meet four conditions: value, rareness, inimitability and non-substitutability. Within the field of human resource management, the RBV has made important contributions in the rapidly growing area of strategic human resource management. It contributed significantly in terms of putting people on the strategy radar screen and highlighting the importance of people to competitive advantage.

The resource-based view of the firm has provided a core theoretical rationale for HR's potential role as a strategic asset in the firm and broadened the foundation for exploring the impact of HR on strategic resources. It suggests that human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm-specific, produce complex social relationships, are embedded in a firm's history and culture, and generate organizational knowledge. In resource-based terms, HR policies and practices may be valuable because they are socially complex (i.e., competitors may not be able to replicate the diversity and depth of linked processes that sustain them) and historically sensitive (Barney, 1991; Wright, McMahan, & McWilliams, 1994).

**Q5:** *The link between HRM practices and organizational performance is not direct and HRM scholars often refer to the existence of a "black box" between the two concepts. Divide the class into groups of three. Each group should discuss what this black box entails. Share your findings with other groups and discuss them.*

**A5:** Since 1990, many research projects have aimed to uncover the black box between HRM practices and organizational performance. Although the HRM-Performance link is well recognized, it remains unclear why this link exists. Little is known about the mechanisms by which HR practices translate into competitive success. Due to the lack of understanding on mediating variables and their effect on HRM-Performance linkage, the existing gap in explaining this link is referred to the "black box". There is no consensus in the scientific literature as to content of the "black box". Many variables have been suggested to mediate or moderate the link between these two concepts. The instructor shall expect each group of students to come up



with a different set of factors that they consider to be entailed in the black box. Examples of these variables are employee behaviours, motivations and attitudes, leading to HR related outcomes such as employee satisfaction, commitment and organizational citizenship behaviour, creativity, productivity, leading to higher organizational performance.

**Q6:** *Defining the effective Human Resource manager:*

- *What does an effective human resource manager look like? What skills, competencies and knowledge do they require to become a business partner? Try to collect information from a range of sources, for example: corporate websites, HR practitioner journals (HR magazine, Personnel Today, People Management), other journals (Human Resource Management Journal, International journal of HRM, personnel review), the Chartered Institute of Personnel Development and The Society of Human Resource Management websites and HRM textbooks to develop a profile of an effective HR Manager in the twenty-first century.*
- *Discuss your findings with other students in your class. What conclusions can you draw?*

**A6:** Students are expected to identify key skills and competencies a human resource manager has to master to effectively play the role of a strategic business partner. Students' responses may vary but should revolve around the following points:

- Good knowledge of the business
- Good change management and culture shaping skills
- Good mastery of human resources practices
- High level of credibility and trust
- Good interpersonal skills
- Good negotiation and conflict resolution skills
- Values and manages diversity

### **Case study (p.51): Strategic human resource management: insights from Deloitte ME's experience**

This case is based on several rounds of interviews with Mrs Rana Ghandour Salhab, the first woman admitted as partner in the Middle East in the 80 year of history of the firm in the region. It can serve as a general base for discussion about the strategic contribution of the human resources management function to the business. It is also useful to tackle the concept of standardization/ localization of HR practices in various countries of operation as well as the challenges women face in managerial positions.

**Q1:** *Mrs Salhab stated that "During these times of rapidly changing economics, we believe human resources is faced with a stark choice. It can either evolve and make a significant contribution, or be diminished and dispersed in the business." Use Figures 2.4 and 2.5 to explain how the human resources department at Deloitte adds value to the business.*

**A1:** The case of Deloitte exemplifies the strategic contribution of the human resource management to the business. The Human resource Management philosophy at Deloitte can be captured in the "develop, deploy and connect" model (depicted in Fig. 2.4.). This Model reflects

a talent strategy and a Career Value Map tool to reinforce the steps individuals can take to own their careers and leverage Deloitte’s resources and tools within each of the model areas. According to Salhab, by focusing on these three elements, Deloitte ME can generate capability, commitment and alignment in key workforce segments which in turn improves business performance. This clearly reflects the strategic role played by the human resources function and the value it adds to the business.

Moreover, Deloitte ME have an interesting regional Talent Attraction Program (TAP) and e-recruitment, revolving around a referral scheme, university relations, alumni and experienced hire program, supplier relations, web and social networks sourcing and Google ad words.

Deloitte Invites Top Talent (DITT) program also aims at attracting top students from leading universities around the region to source offices with GCC nationals and Arabic speaking professionals. Their screening techniques focus on assessment centers, competency based behavioural interviewing, psychometric testing, and a global development program for their workforce. The Deloitte performance management system is the key development employee tool, with technical and shared skills competency model, that facilitates year round career conversations and a coaching culture. Through the ME Deloitte Retention and Advancement for Women Program (DRAW) the firm is committed to creating an environment where both high achieving women and men reach leadership roles.

We clearly see that there is a perfect horizontal fit along the various human resources management practices at Deloitte ME as well as vertical fit between the HR practices and the business strategy.

This strategic orientation is the result of a deliberate and sustained effort by Mrs Salhab to balance between a strategic HR agenda with a long term impact and operational day to day HR activities. She realizes that the drivers and challenges to the business are transitioning HR’s core efforts towards providing a competitive advantage to the business by moving away from a focus on administration to a focus on value creation through the selection and design of HR practices that support firm strategy (Figure 2.5). An examination of figure 2.5 allows us to understand the balance that Mrs Salhab was trying to achieve to maximize its value added to the business. We can note that Administrative tasks such as payroll, benefits, compliance and record keeping are executed with a high level of efficiency that would help contain costs and add value (even though minimally) to the business. The service delivery activities such as staffing, training, rewarding and managing can increase the effectiveness of operations and contribute (30%) to value added. Finally, the strategic activities contribute significantly (60%) to the value-added.

**Q2:** *Mrs Salhab is the first woman admitted as partner in the Middle East in the 80 year history of the firm in the region. What additional challenges and opportunities can this have on the successful development of the human resources department?*

**A2:** The Middle East is known to be high on patriarchy and historically, the number of women in high level managerial position is very low. Being the first woman to be admitted as a partner in the region, Mrs Salhab has to demonstrate a high level of professionalism to gain credibility and earn the trust of both management and employees. Mrs Salhab may face gender stereotypes, may be excluded from the “boys club” which require her to make extra efforts to stay current and informed about the major developments in the business. On the other hand, women are known to be more transformational in their leadership style which could be an advantage for Mrs Salhab to make an impact by generating the buy-in of both management and employees.

What could support Mrs Salhab, however, is that Deloitte is recognized as a leader in advancing women and as an employer of choice — thanks in large part to its “waging change” two decades ago when it launched the Initiative for the Retention and Advancement of Women. That

Women's Initiative (WIN) has helped give Deloitte the intellectual capital to meet aggressive growth targets. It was, and is, the smart and right thing to do.

**Q3:** *Do some further research and investigate whether the same human resources practices and policies are applied at Deloitte in various regions of the world. What lessons can you draw?*

**A3:** Students are expected to familiarize themselves with HR practices of Deloitte in various countries. Students can browse Deloitte's website [www.deloitte.com](http://www.deloitte.com) and gather information about Deloitte's Human resources practices globally.

Students should conclude that Deloitte thinks globally and acts locally. Human resource policies are the same worldwide, and focus on talent attraction, development and retention, diversity and inclusion, women empowerment, all within the "deploy, develop, and connect model". However, when it comes to implementation, each region develops its own practices that are locally sensitive and relevant.

Students should also note that if a practice turned out to be very successful in one location, it gets labelled as "best practice" and will be customized and used by other subsidiaries. For example, Deloitte ME developed an orientation package called "Ahlan", an Arabic word meaning "welcome" and it was very well received by new recruits. This orientation program was then customized and adopted in other locations.

Finally, what makes Deloitte successful is the standardization of its human resources philosophy and policies globally, while at the same time leaving room for each subsidiary to develop the practices that would allow them to successfully implement those policies, taking into account to specificities of each geographical region.

## CHAPTER 3: Human resource management in contemporary transnational companies

### Mini Case Study 3.1 (p.59): The changing management process at Farmers' Future

**Q1:** *How does a transnational company differ from companies that operate under a more ethnocentric orientation?*

**A1:** The ideal transnational corporation is structured as an integrated *network* of distributed and interdependent resources and capabilities. Thus, the relation between the centre and the subsidiaries becomes less hierarchical; “headquarters” have minimal control (maintaining rather a symbolic position) over subsidiaries that become almost completely autonomous. However, in practice, there is hardly any corporation that fits that completely decentralized and networked model. The vast majority of companies that we call “transnational” maintain some clear control over subsidiaries, especially when these are located in developing countries. On the other hand, the more ethnocentric a company is, the more centralized its functions are, with “headquarters” playing a significant and direct role in controlling the activities of subsidiaries. Another way of understanding the difference between a transnational and an ethnocentric company is by looking at the nationalities of senior managers. In an ethnocentric company, senior managers are mostly (or exclusively) from the country of origin, while an ideal transnational company would have an even distribution of nationalities in its senior staff, from all the countries the company operates.

**Q2:** *What types of management structures and processes are essential for becoming a transnational firm?*

**A2:** A transnational company is characterized by management structures and processes that are listed in Box 3.1 (p.58).

### Mini Case Study 3.2 (p.61): The quest for a global mindset

**Q1:** *What is the main problem that Alice is encountering?*

**A2:** The main problem for Alice is how to go about creating a team of people with a global mindset that has team members who can recognize that their local decisions could have an impact in another part of the world, that they may have no personal involvement with.

**Q2:** *What are some solutions for this problem? How would you go about convincing the local sales manager?*

**A2:** The particular problem Alice faces is how to convince her sales manager in Japan to talk to the investment decision maker, who is also in Japan, about a project that would generate an order not in Japan, but in Dubai. The solution can only be for her to meet and explain to the sales manager in Japan the broader picture of the project in Dubai and how important that project is for the company as a whole, irrespective of the fact that for the sales manager there will be no direct benefit.

### **Mini Case Study 3.3 (p65): Worldwide coordination and its mechanisms of control**

**Q1:** *Can you help Steve to facilitate his work with people who are dislocated across the world?*

**A1:** Steve would benefit by developing his crosscultural understanding. This requires, first of all, awareness of his own cultural frame of reference; that is an understanding of the limitations of that frame of reference, i.e. the specific ways he understands the world and other people through the limits of his own culture. By achieving that awareness, he could understand how his own culture affects his thinking and behaviour. He then needs to apply that understanding to the communications he is having with people across the world.

**Q2:** *How would you resolve Steve's problems to check whether your own team members have implemented the work in the correct way? Can you think of two additional strategies?*

**A2:** Other than exercising direct control at every stage, Steve could try to develop ways of cooperation based on trust. That could happen if the people he works with understand the context of the job and how it should be done, but are left on their own to carry it through. Another strategy would be for Steve to involve everyone from the beginning and build up a team where everyone is involved in every step of the project, thus eliminating the need for direct control altogether.

**Q3:** *Reflect on the nature of your control strategies. Do you use direct or indirect mechanisms of control? Do you rely on more ideological forms of control?*

**A3:** In this open question one should reflect on their own managerial style and how much "hands on" they are. There are many ways one can exercise control, other than directly. Control also depends on the particular circumstances, the qualities, educational level etc of the people involved, how experienced they are, etc. For example, working in a team of creative people would require very little direct control; the opposite could be true for a team of manual labourers.

### **Mini Case Study 3.4 (p66): The search for effective crosscultural training**

**Q1:** *What challenges do companies face in managing the complexities of working with global professionals?*

**A1:** Global professionals are not typical expatriates. Broadly speaking, rather than working for one company and be moved to one location abroad, these individuals are internationally mobile and move to where the jobs are, either at long(er) term or, more likely, for short-term/project work. Quantitatively, this category is a small minority of highly-skilled individuals, whom only recently have come under the attention of HRM scholarship. For companies, they are an entirely

different category of employees who do not rely for their career advancement on one company/one job.

**Q2:** *How can human resources activities support the creation of a global mindset?*

**A2:** There are a variety of approaches that companies can use, such as: intercultural training and awareness raising, development of global leadership skills and cultural intelligence, and internationally oriented career development planning.

### **End of chapter questions (p.69): For discussion and revision**

**Q1:** *Can you think of three localizing and three globalizing forces in business today?*

**A1:** Examples of localizing forces could include religious sentiments and beliefs, customs and traditions, employees who (for a variety of reasons) want to be employed always locally. Examples of globalizing forces could include the current crisis (in all of its complexities and implications), technological developments and the consequences of global warming and environmental degradation (whose effects are locally experienced but a meaningful solution can only be global).

**Q2:** *Can you think of other functions within transitional companies besides human resources that might show a strong tendency to diversify in line with local conventions?*

**A2:** Diversification of practices in line with local conventions could be adopted, for example, by marketing, sales and logistics, but less likely in finance, accounting and production. Marketing and sales strategies, techniques and practices are always affected, at times significantly, by local customs, tastes and practices. For example, the cultural acceptance of the human body (in various stages of nakedness) for the advertisement of a product can range from full acceptance, as a more or less “natural” thing in Northern Europe, to complete prohibition in places like Saudi Arabia. On the other hand, there are internationally accepted standards in accounting and finance that leave very little room for local practices (which may actually be deemed illegal).

**Q3:** *Would you prefer to work as a global professional or as an expatriate manager? Why?*

**A3:** In this open-ended question an answer should consider the pros and cons of each, as seen through the life-style and preferences of an individual. For example, people who strongly wish to have a family and “settle down” are less likely to become global professionals, especially if international mobility becomes a way of life. On the other hand, younger professionals as well as those with many decades’ of experience, (both groups are less likely to have significant family ties) may seek to become global professionals.

**Q4:** *What do you think of the argument that specific culture knowledge (for example, on eating and greeting rituals) promotes stereotypical thinking?*

**A4:** Specific cultural knowledge can be very useful and practical on certain occasions. On the other hand, if it is the only thing someone understands about another culture, it could also have a limited, “one-sided” and possibly stereotypical outcome. For example, assuming that a country’s culture is characterized by the party and drinking behaviour of some of its people can result in a very distorted understanding of that culture.

**Q5:** *How does the notion of the global professional match the nature of the transnational organization?*

**A5:** The existence of a global professional could only happen because of the transnational corporation. They are utilized in order to coordinate functional domains on a worldwide basis, rather than at a local level, as an expatriate.

**Q6:** *Identify the main challenges for organizations working with global professionals?*

**A6:** Global professionals can be a rather distinct group of people in an organization and have different requirements from their employment. Every HRM function, when at its focal point are global professionals, can become more complicated and distinct. For example, assessing and rewarding for (multi) intercultural awareness and effectiveness is quite different from assessment and rewards for a “typical” managerial position. Also, the same could apply for the development of leadership skills, career development, etc.

**Q7:** *How has globalization changed the nature of intercultural competencies?*

**A7:** Globalization has aided the development of intercultural understanding and competencies, but has also raised some significant challenges. It is through globalization and its effects (like improved communications, the internet, cheap flights, etc) that we are able to communicate, interact and visit people in all corners of the earth, with much more easy nowadays, than in other time in human history. But at the same time, we are exposing ourselves to new cultures and customs and beliefs that at times can be alien to ours and difficult to comprehend. The danger could be that some, unable to understand the world with all of its cultural multiplicity and feeling threatened by other cultures, would choose to revert to “traditional” outlooks and ways of life and reject other cultures as “inferior”.

### **Case Study (p.71): View Corporation**

**Q1:** *Although Pete likes to work in an international context, he clearly experiences some frustration in the way in which View Corporation manages its international work. What kind of advice would you give the organization to improve this?*

**A1:** First of all, “commuting” needs to be rethought as a (preferable) alternative to expatriation and family relocation. Exploring more technological advances in video/PC-conferencing can also reduce excessive travelling. Also, the range of countries that one global professional is involved with can be reduced.

**Q2:** *How do you evaluate View’s training policy?*

**A2:** There is actually little direct information here to assess View’s training policy, but it seems by characterizing depth of information and also by making interconnections between cultures.

**Q3:** *What are the specific needs of global professionals in terms of crosscultural interaction?*

**A3:** Fundamentally, global professionals need to enjoy cross-cultural interaction across a variety of situations. They also need to be able to understand and relate to more than one culture at the same time.

**Q4:** *Reflect on Pete’s strategy for working effectively with his colleagues across the world.*

**A4:** Pete has decided not to engage very deeply with the culture of his worldwide colleagues, but rather (as he says) “go with the flow”. Whether that is an effective approach or not, really

depends on the person concerned, his/her character, intellect, way of life, etc. For example, knowing a lot about baseball could make for an excellent topic for discussion – and for the opportunity to make friends – in parts of the world, such as the US and Japan, but this sport (or sports in general) are not necessarily liked by all.



## CHAPTER 4: Diversity management

### Critical Thinking 4.1 (p.79): The discourse of diversity management

**Q1:** *Is diversity management a repackaging of EEO to make it more attractive to business organizations while paying lip-service to disadvantaged workers?*

**A1:** Diversity Management – depending on how it is really practiced – could actually be nothing more than a gesture. Since it is voluntary, it is left up to the companies' good will and their managers' attitudes and social sensitivities to prove how they understand diversity. The lack of legal enforcement makes "diversity management" attractive to companies, which in that way avoid regulatory "interference."

**Q2:** *What tangible differences in outcomes may be identified as a result of the change from EEO to diversity management?*

**A2:** Quite possibly, none whatsoever. This is precisely what makes the "diversity management" approach attractive to business, because they do not have to produce any tangible evidence to support their claims of being "diverse." In sharp contrast, legally-mandated EEO and even more so AA, do require the production of hard evidence. For example, under traditionally defined AA (now disallowed) employers (under the threat of penalties and fines) needed to have a minimum number of employees from particular ethnic or racial groups that lived in their areas.

### Critical Thinking 4.2 (p.81): The challenges of managing diversity

**Q1:** *If the majority group remains resentful towards disadvantaged employees, is it at all useful to implement diversity management in the workplace?*

**A1:** Broadly speaking, in most cases, the benefits of a diverse workforce outweigh any disadvantages. In cases where the "majority" group feels resentment, more constructive communication is needed. Management that implements diversity policies should be more proactive in communicating the benefits and helping to make people more aware of the benefits for making workplaces more representative of the communities they exist within. In that respect, fragmentation along, for example, gender or racial lines, should be seen as a management failure. The literature recognizes that only in exceptional circumstances group homogeneity (along ethnic, gender etc. lines) can be an advantage.

**Q2:** *What can organizations do to alleviate any apprehensions in the majority group?*

**A2:** Apprehensions in the majority group should be seen as a challenge by management, which, if left unchecked, can result in fragmentation of the workforce and outright hostility between groups. That can be a very serious situation and can have deleterious consequences (violence,

physical or emotional, or the threat of it, bullying, etc.). Management needs to be pro-active and vigorously educate and communicate to the workforce the benefits of diversity.

### **End of chapter questions (p.91): For discussion and revision**

**Q1:** *Why is it inappropriate to treat diversity management as an organization specific issue?*

**A1:** Diversity (and its management) is not just an organizational issue; it is first and foremost a societal issue that has direct impact on every organization that operates in a society. Perceptions about gender, ethnic or racial roles, for example, are originating from the cultural norms and beliefs of a society and infiltrate they ways organizations are managed. That is, of course, not to say that organizations can do nothing but wait for society to change its attitudes first. Organizations need to keep at least in tune with the changing values of their societies and whenever possible to be proactive and promote good practice through enlighten approaches to the management of their employees.

**Q2:** *Critically review the legislative framework of diversity management in your country. What are its strengths and weaknesses?*

**A2:** A comprehensive answer to this question needs first to present the legal framework of equal opportunities and non-discrimination on employment and then assess its impact. Such framework could range from very elaborate and explicit to hardly existent. On assessing its impact, a methodological decision should be made on what grounds it should be carried out. In other words, what does the legal framework of equal opportunities and non-discrimination on employment achieve and how can we measure or assess it? At a country level, one could look at statistics on, for example, the employment rates of women and their earnings. Are these as close as possible to the rates for men? If not, then there is an issue of discrimination. Generally speaking, a credible assessment of legislative efforts on equal opportunities and non-discrimination on employment should be carried out through the assessment of what they have achieved in practice (and not how good the intentions of those who enacted them were).

**Q3:** *What key steps can an organization take in order to manage diversity effectively?*

**A3:** The key steps an organization should take are described by the US Government Accountability Office (pp 84-86) and include: leadership commitment, diversity as part of an organization's strategic plan, diversity linked to performance, measurement, accountability, succession planning, recruitment, employee involvement, and diversity training.

**Q4:** *Why is it important to understand the local context in order to manage or research diversity?*

**A4:** As with many other aspects of HRM, discussed elsewhere in this book, the management of (and research on) diversity are greatly influenced by local context. Broadly speaking, that works in two ways: local context affects the manager in the ways that she/he applies diversity and equal opportunities practices and, in turn, the manger can have an impact on local context. Let's take the example of Saudi Arabia (an extreme, but illustrative example of the issue). Any western (and not only) notion of equal opportunities, diversity, etc, is here challenged by the necessity (legal, as well as cultural) to have separate work places for women and men. In such environment, HRM policies need to be adapted and through their adaptation to try to influence the local context. Conceivably, nothing can stop a company from actively promoting women in

decision-making roles of responsibility, while at the same time enforces the rule for separation of work and social space.

**Q5:** *What are current best practices in organizations in your country to manage diversity?*

**A5:** A comprehensive answer in this open-ended question could bring about examples of innovative practice, which often can be found not only in large companies, but also on smaller, more “intimate” organizations, where employees and management develop closer and more personal working relationships and may understand better the problems people face and the concerns they have.

### **Case Study (p.93): Samina’s Experiences in Retail Co.**

**Q1:** *What are some of the issues that Samina seems to be facing in relation to her work and recent promotion?*

**A1:** Samina faces the expectation of having a family from her parents and suspicion of her abilities among some of her co-workers. Her parents expect from her to marry and have children soon, and her co-workers, envying her progress, attribute it to her being an ethnic origin female that the company promoted solely on “diversity” grounds.

**Q2:** *What are your views on the positive action initiatives that Retail Co. has put in place?*

**A2:** The Company has not put in place any positive action policies; instead it seems to be going to great lengths to explain that it is giving everyone a fair chance.

**Q3:** *What challenges is Samina facing balancing her work and personal life demands?*

**A3:** Like many other career women at her age, she is having to balance a demanding career on one hand, and social (as well as her own) expectations for having a family on the other.

**Q4:** *Could these challenges be influenced by different factors (for example, race, religion, gender or age)?*

**A4:** In her case, such pressures could be more pronounced. However, we should not take the stereotypical view that *all* women of Asian origin are under extreme pressure from their families to marry and have children as soon as possible.

**Q5:** *Do you think Samina’s experiences may be different from those of white women or ethnic minority men in her organization? Why or why not?*

**A5:** The retail industry (especially the lower end of the market) is notorious for long working hours and tough conditions of employment. Any person advancing through the ranks would have had very similar experiences in making it as a store manager.

**Q6:** *During her lunch break, Samina was reflecting on her experiences in Retail Co. and on having a mentor. How important is mentoring in one’s career? What issues could people from minority groups face in selecting a mentor?*

**A6:** Mentoring is a relatively new HRM practice area that all research and experience shows can have a significant positive impact on the lives of people that are fortunate enough to have a good mentor. Mentoring can indeed be decisive for an individual, especially in cases where a role model is absent from their lives. It is hard to generalize about mentoring for ethnic

minorities, as it is always an individual issue. In the case of Samina, maybe her mentor thought that he would be doing something more worthwhile by helping and talented and hard working ethnic minority woman, than an equally dedicated white male.

## CHAPTER 5: Human resources management and ethics

### Exercise 5.1 (p.104):

**Q1:** Reflect on the activities associated with HRM in your own organization, or in one in which you have worked.

- Can you identify any ethical issues (issues with moral content) associated with such activities?
- What are they?

**A1:** There are plentiful examples of an ethical nature in any organization. The current crisis may make these even more profound by augmenting the ethical dilemmas. For example: “if I do not do X, my job is on line...” (in times that finding a job is getting harder and harder).

### Critical Thinking 5.1 (p.113): Applying the frameworks

**Q1:** How would each of the four ethical frameworks presented here view this situation?

- A utilitarian perspective?
- A rights perspective?
- A virtue perspective?
- A care perspective?

**A1:** A **utilitarian** perspective might argue that the economic benefits that the company brought to many outweighed the health effects. A **rights** perspective would see as the death of a person wrong, due to lack of protective equipment, regardless of any other issues. A **virtue** perspective would focus on the lack of integrity and a **care** perspective would ask who was responsible for the lack of care that resulted in the person’s death.

### End of chapter questions (p.120): For discussion and revision

**Q1:** How has ‘globalization’ impacted on ethics and human resources?

**A1:** Economic globalization has raised a number of unique ethical challenges to managers and businesses. Globalization also brought increased social scrutiny of the impact that international business and investment is having on working conditions, the environment, and every-day lives of people. As the crisis of the financial and ecological systems is unfolding, many are questioning the dominance of un-regulated global capital and laissez-faire capitalism. In the contemporary crisis, questions arise as to not only what companies do with their profits, but also *how* they make them. HRM practices, with their “western” biases, may augment rather than ameliorate the effects that the crisis has on people.

**Q2:** *In what realms may human resources decisions have an ethical impact?*

**A2:** HRM decisions have an ethical impact under all circumstances, as they are directly affecting the lives of people.

**Q3:** *How do ethics and 'values' differ?*

**A3:** Human practices reflect values (“the way things are done here”) but not necessarily ethics. In other words, because certain practices can be widespread this does not mean that they are right. For example, paying bribes to government officials for obtaining documents or getting them processed faster is widespread in several countries, but nowhere is considered as “OK”; an outcome of underdevelopment, exploitation, or necessity, perhaps, but nowhere as a usual experience.

**Q4:** *Discuss the relationship between ethical reasoning and moral imagination using two human resources activities to illustrate your answer.*

**A4:** Ethical reasoning allows for an evaluation of possible actions and a determination to be reached as to what is right under particular circumstances. Moral imagination recognizes that a particular decision could have a harmful effect on others. Recruitment and selection practices should be applied in an ethical manner, through the use of moral imagination to determine which particular methods may have a harmful effect on prospective employees.

**Q5:** *In what ways are neo-classical economics and 'ethical egoism' linked?*

**A5:** Neo-classical economics assumption that people are motivated to act in their own best self-interest is an application of ethical egoism (see Box 5.4).

**Q6:** *How do consequentialism and deontological principles differ?*

**A6:** Consequentialist principles consider the consequences of decisions made by people in order to determine right and wrong courses of action. Deontological principles are the opposite of consequentialist, by judging actions as right or wrong in themselves, without examining their consequences.

**Q7:** *How do both virtue and care ethics differ from utilitarian frameworks? Illustrate your discussion by reference to two human resource activities.*

**A7:** Taking as example selection methods, a **virtue** perspective would examine the lack of integrity of the process that has been followed. A **care** perspective would ask who was responsible for the recruitment process, if any lack of care resulted, for example in unfair treatment.

### **Case Study (p.122): Global working hours at HDS**

**Q1:** *How would each of the four ethical frameworks presented earlier view this situation? (Be sure to comment on ethical relativism, ethical absolutism and ethical pluralism in your responses.)*

- *A utilitarian perspective?*
- *A rights perspective?*
- *A virtue perspective?*
- *A care perspective?*

**A1:** We can choose to assess the situation from the point of view of each of the participants. From the eyes of Randy Sheen, the **utilitarian** perspective might explain the situation adequately and outweigh other considerations. Company policy should be adhered to, regardless of the effects it has to the personal lives of a minority of its employees. What matters most is the success of the company and the devotion of employees to company practices. From the point of view of Josh, a **rights** perspective would see as wrong the irrational expectation not only to have meeting before dawn, but, even worse, provide the only training opportunities during this time. From the point of view of Gustav, a **virtue** perspective would focus on the lack of fairness and integrity in the way he is being treated by Randy's email, after so many years of unblemished and successful service in the company. Vera, through the **care** perspective, could deem that the company practice of late evening teleconferencing shows lack of care for extending significantly her working hours and thus, forcing her to act irresponsibly towards her family. Each one – and especially Randy – could be seen to act in an **ethically absolutist** way (their own way of seeing the situation is the correct). The solution to the problem might be described as an exercise on **ethical pluralism** for Randy (he needs to begin to understand that there are indeed other issues that might prevent people in distant parts of the world from attending these teleconferences). As for Vera, Josh and - especially - Gustav an **ethically relativist** approach would help them appreciate Randy's seemingly incomprehensible email.

## CHAPTER 6: Human resources planning

### Mini Case Study 6.1 (p.139): Casual workers at the BankInfo Call Centre

**Q1:** *How can HRP in the call centre be configured to achieve cost-effectiveness but also ensure that more complex customer enquiries are dealt with appropriately?*

**A1:** As the bank will be processing a broad range of customer queries, some that are routine and others that are complex, there is room to engage both core and peripheral workers. The core workers, who may require greater investment in HR training and development, can be given responsibility for the more difficult enquiries. The peripheral staff may not require the same levels of HR investment and can be used to deal with routine questions.

### End-of chapter questions (p.143): For discussion and revision

**Q1:** *What are the HRP implications associated with an increase in the services sector?*

**A1:**

- Need employees who can cope with high levels of emotional labour when dealing with face to face service roles.
- The employment conditions in the service sector tend to require a more flexible approach as demand for labour changes with the presence/absence of customers. In response organizations may need to alter both hours of work for existing staff and also make greater use of the peripheral work force i.e. casual and part time labour.

**Q2:** *Under what conditions is a qualitative approach to demand forecasting preferable?*

**A2:** When:

- conditions are changing and previous data no longer predicts future trends.
- a company is small and the collection of quantitative data is not necessary or meaningful.

**Q3:** *Do you agree that environmental changes render HRP so problematic that it becomes infeasible? Is there a way to approach HRP under volatile conditions that still adds value?*

**A3:** If the environment is changing dramatically it is difficult to usefully predict exact labour requirements. It is still useful however to prepare a range of labour responses to possible scenarios.

**Q4:** *Discuss why some commentators argue that job descriptions have become redundant.*

**A4:** As organizations face increasing change there are implications for the employee – employer relationship. Rather than employees being set up in a given role, an organization that seeks to



respond to a turbulent environment in innovative ways may have less definite work roles. Employees may be expected to develop and fit in with changing expectations.

**Q5:** *How can an organization's resource munificence be used to assess whether downsizing is a morally or socially appropriate response?*

**A5:** An organization's resource base can be used to evaluate the extent of its obligations to 'downsized' employees. If firms are doing well, then the expectation is that employment should be stable and secure. When organizations engage in downsizing merely to increase an already adequate rate of profit, however, they are likely to be held more culpable for such actions than when environmental forces such as technological change or competitive conditions constrain them. Consistent with this, when organizations are characterized by declining resource munificence, downsizing is more ethically justifiable.

**Q6:** *If an organization is committed to retaining talented workers, what sort of HRM initiatives may assist in the retention of valuable workers?*

**A6:** Adopting 'employee focused' HR approaches can be helpful. These can include efforts to design or make work more interesting and challenging, direct participation and the extensive provision of information provision. Guest (2002) also identified the importance of family-friendly, equal opportunity and anti-harassment initiatives. Pocock (2005) similarly makes the business case for a link between the work/life balance and the attraction and retention of a firm's workers. The increase in the number of women in the workforce, coupled with an ageing population base that requires carers, elevates and increases the need for companies to support valued employees who have family responsibilities.

Employees' expectations for personal growth also need to be considered. Employees now tend to have a greater appreciation of opportunities to upgrade their knowledge, skills and abilities so that they can remain in demand in the wider employment market.

### **Case study (p.145): The Australian Cladding Company**

**Q1:** *What are the immediate and underlying problems facing ACC?*

**A1:** Immediate problems :

- Low profitability of company -
  - Students could make the connection here between HR and profitability. They could use the Resource Based Theory argument that HR is a key to competitive advantage and that at the moment resource is not being managed well
- Problem with the use of staff time
  - may be a job design problem – again this is HR related and may require a job analysis to see who is doing what in order to better determine job flow
  - also may be an HR planning problem – students might mention that this might be caused by an over reliance on permanent workers
- Low staff morale and retention issues
  - this could be an outcome of workplace culture and poor job allocation and design
- OHS and EEO are priority areas that require some immediate attention:
  - EEO

- Increase in the number of accidents are connected with a lack of any co-ordinated OHS approach
- Potential sexual harassment cases
  - This is a very important issue that needs to be addressed quickly – seems to be driven by a systemic, ‘boys club’ culture

The underlying problem is that the company has grown very quickly and the HR has been reactive and operational. Students may mention the economic downturn but environmental conditions really exacerbate the existing problems in the company rather than being an underlying cause in itself.

**Q2:** *What sort of human resources activities need to be put in place reasonably quickly, and what human resources approaches need to be taken in the longer term to ensure ongoing strategic competitive advantage?*

**A2:** Priority that should be given to EEO / AA and OHS issues

- *The sexual harassment issue* - This might mean interviewing the parties concerned and trying to resolve issues at that level. It also requires some strong communication from management that the behaviour will not be tolerated. This could be followed up with some appropriate training for line managers.
- *Another issue is AA compliance.* This company now has over 100 employees and they will be required to submit an affirmative action plan to show how they are providing opportunities for women in the workplace.
- *OHS* is another issue that needs to be dealt with quickly and this may mean training line managers
- *The company’s approach to downsizing* – The main point that should be made is that wide-scale reactive sacking of workers may not be the best approach.
- *In the longer term, what sort of HR approaches need to be taken to ensure ongoing strategic competitive advantage?* It seems that this is a good time to adopt a more strategic approach to HR. This means:
  1. Having a full time HR person who should have a senior management position and be part of any decisions that are made with respect to business
  2. Start to consider designing HR policies *that are integrated with* each other in areas such as
    - HR Planning – workforce structure – number of casuals V permanents – dealing with work assignments during the economic downturn
    - Performance management that will provide insights into training needs
    - Training programs in EEO and OHS
    - Compensation that is tied to performance and training progress
  3. Devolving more HR activities to line managers and making them aware that HR is everyone’s responsibility.

## Chapter 7: Job and work design

### Critical Thinking 7.1 (p.153): The case of Schmidt

**Q1:** *Identify the ethical issues associated with the choice of Schmidt for this study.*

**A1:** Clearly Schmidt was an exceptional worker and as such the results were exaggerated. Ideally, two groups of average workers should have been studied, one group working under 'Taylorism' and one under normal conditions. From this the results should have been averaged across the two groups to gain a more realistic set of results.

**Q2:** *Do you agree with Schmidt's wage increasing by 60 per cent compared with the productivity gain of 300 per cent?*

**A2:** No because the original idea was that both labour and capital would win under the guise of scientific management. However, it was clear at this early stage that management were not sharing the benefits evenly. Particularly, considering it was the effort of labour that had increased profits.

### End-of chapter questions (p.170): For discussion and revision

**Q1:** *Why has the concept of job design proved to be attractive to both employers and employees?*

**A1:** Employer:

- Increased productivity
- Better industrial relation climate
- Lower turnover
- Reduced absenteeism
- Increased commitment and engagement on the part of the workforce

Employees:

- Increased satisfaction, opportunities and accords with the social needs of employees to work in groups.

**Q2** *Explain the 'Hawthorne effect'.*

**A2:** Based on research at the Hawthorne plant of GE – when people are engaged in their work it can increase productivity independent of physical changes to the workplace.

**Q3:** *Despite the criticisms and research, why does the mechanistic approach remain a dominant force in work design today?*

**A3:** Ingrained and emphasis cost-cutting where human resource are not a key asset to retain and develop.

**Q4:** *What are the potential issues that organizations have to deal with when developing HIWSs?*

**A4:**

- Middle management threatened by loss of control and negating these teams
- Increased resource to develop maintain and management these teams

**Q5:** *How is work design evolving in the early 21st century? Explain some of the key features?*

**A5:** Increased use of autonomous teams at the same time as increased intensive working – the paradox is that modern 21<sup>st</sup> century industries like call centers are effectively the factories of the 21<sup>st</sup> century using Taylorist techniques.

**Q6:** *Considering what we know today about job satisfaction and work design, do you think it is ethical for employers to continue to develop work patterns and practices along Taylorist/Fordist lines?*

**A6:** No because they know the problems associated with them but choose to ignore them - often called churn and burn HRM.

### **Case Study (p.172): Job Design at TechCo**

**Q1:** *Critically analyze the case of TechCo, identifying the key features that makes the company's approach to job and work design so successful.*

**A1:**

- They asked the workers what they wanted and followed through
- They thought outside the box in terms of how to facilitate these requests
- They managed the processes well
- All this was done with the clever use of job design strategies
- It made them an employer of choice whilst reducing turnover by 70%
- All adds to the bottom line of success

## CHAPTER 8: Recruitment and selection

### Mini Case Study 8.1 (p.188): Does your company need a highly structures interview format?

**Q1:** *Was David Hill correct to commission a firm of HRM consultants to develop a highly structured interview format?*

**A1:** On reflection, it may have been very appropriate to commission and use a structured interview, as some, like John Oliver, have the “tendency” to ask inappropriate questions during interviews. The challenge in that perspective is how to get them to stick to the questionnaire.

**Q2:** *If structure is a ‘good thing’ in terms of improving the validity and reliability of interviews, could there be situations in which structure would be disadvantageous?*

**A2:** In reality, during an interview what is primarily sought is to discover whether the candidate would culturally “fit in” with the company. That is, whether his/her background, points of view, beliefs, ideas, appearance and personality in general could fit with the existing organizational culture (In that respect, someone who looks/dresses/speaks, for example, like a hard rocker, is extremely unlikely to get a job in a bank). A highly structured interview could discover how well a candidate can potentially perform in the job, based on past performance and his/her skills and capabilities. However, the “fit in” element is, in reality, always important, especially in roles where “soft” skills are important, or in situations where (culturally) getting along with colleagues is perceived as essential.

**Q3:** *How should the chair of an interview panel deal with maverick interviewers who either:*

- *Deviate from the standardized format; or*
- *Ask personal or intrusive questions?*

**A3:** The role of a chair of an interviews’ panel would be to make sure that a similar and comparable process is followed across all interviewees. When there is any deviation from that, the role of the chair should be to restore order.

### End of chapter questions (p.202): For discussion and further reading

**Q1:** *If you had entered into a joint venture with a foreign company but knew that women were not treated fairly in that culture, would you consider sending a female expatriate to handle the start-up? Why or why not?*

**A1:** For this type of job, a job analysis that discovers the “person-like” rather than the “job-like” characteristics of the position, is more suitable. The resulting job description should focus on the personal qualities needed for carrying out that job, rather than what the job entails, as it is the current job description. The above could be applicable in any situation and job, but are

especially relevant for a telecommuting job, that requires the jobholder to organize the space, time and place parameters of the job him/herself.

**Q2:** *Evaluation hiring is a procedure in which a job candidate is hired by a staffing company but put to work at another company. After a set period of time (usually 90 days), the company decides whether to hire the person as a permanent employee. Analyse the benefits for the company that arise from using such a procedure. What ethical issues are involved in evaluation hiring?*

**A2:** Any procedure could be suitable depending on the labour market segment, skills, background, salary expectations etc, that the company wants to recruit for. Telecommuting by itself does not call for a specific recruitment process. But, it can be a factor, among many, as to who is attracted to such a position. For example, it could be more attractive to women who re-enter the labour market and have children at home, but it is up to the company to decide if they want to target that group for recruitment. If they do, local press and internet based ads would be more suitable than head-hunters.

**Q3:** *Should applicants be selected primarily on the basis of their ability or on personality/fit? How can fit be assessed?*

**A3:** As suggested above, the new job description should be “person-like”; thus, the factor of telecommuting would call for a self-organized person who can work effectively under minimal supervision.

**Q4:** *You work for a medium-sized, high-tech firm that faces intense competition on a daily basis. Change seems to be the only constant in your workplace, and each worker’s responsibilities shift from project to project. Suppose you have the major responsibility for filling the job openings at your company. How would you go about recruiting and selecting the best people? How would you identify the best people to work in this environment?*

**A4:** There are many factors that influence the work of those who telecommute. Primary among them is the isolation that they may experience, especially if they had been accustomed to the social life of a typical office environment. Further, the lack of career advancement prospects is also a serious concern. Being away from “the office” reduces visibility and networking and, thus, can reduce opportunities for promotion. An experienced HRM professional should be in the position to engage telecommuters with the “core” of the company: invitations to social events, regular meetings (once a month or less) with colleagues, access to all company email, news and intranet networks, etc.

**Q5:** *In many organizations that have worked to a team structure, the team is the principal unit where the work gets done. However, most organizations recruit and hire as though there were one job description and the team did not exist. If there are distinct roles to be played within a team, how would you go about recruiting and hiring for them? The characteristics needed by individual team members depend on the team and the strengths and weaknesses of other team members. How could you include this dynamic and interactive nature in the recruitment and hiring process?*

**A5:** It may be a good idea to involve team members in the recruitment process and take into consideration their views on the suitability of different candidates. However, some caution should be exercised on the danger of having, at the end, a very homogeneous group, made up of people with pretty much the same socio-cultural backgrounds, ideas, views etc, whom they would produce predictable outcomes.

**Q6:** *One of the strategic staffing choices is whether to pursue workforce diversity actively or passively. First suggest some ethical reasons for an active pursuit of diversity, and then suggest some ethical reasons for a more passive approach. Assume that the type of diversity in question is an increasing representation of women and ethnic minorities in the workforce.*

**A6:** There has been a lot of research and literature on diversity that, more often than not, suggests that the gender, racial and ethnic make up of any labour force is not altered on its own, without some meaningful, active intervention. Those who are already “in” usually find ways (from the more obvious discrimination to the very subtle ways of exclusion) to keep out “others”. The financial and banking sector in the City of London is practically a “textbook” example of why and how the “passive” approach to diversity management (i.e. “let the market take care of it, and don’t regulate nor intervene”) results in no or very slow change. Women at senior positions in The City are still a tiny minority. There is anecdotal evidence that suggests that during the late 1990s and early 2000s there had been a wave of highly skilled women, frustrated by the lack of progress, exiting jobs in finance and banking to start up their own businesses.

**Q7:** *Why is it important for the organization to view all components of staffing from the perspective of the job applicant?*

**A7:** Among the most important reasons would be to make sure that the processes followed are fair, ethical and portray a positive image of the company to any other prospective applicants.

**Q8:** *Assume that the organization you work for practises strict adherence to the rules of objective, scientific and rational recruitment and selection. But beyond that, it seems that ‘anything goes’ in terms of tolerated staffing practices. What is your assessment of this approach?*

**A8:** On this peculiar situation, one may wonder whether the purpose of recruitment is to take on a certain type of employee, perhaps through a tough and elaborate process, after which, he/she, as a recognition of achievement, is left to do as he/she pleases.

**Q9:** *Do you think that targeted recruitment systems, for example those targeting older workers, women, minority groups or people with the desired skills, are fair? Why or why not?*

**A9:** “Fair” here can be a debatable word, understood in different ways. It is fair for a company to seek employees with certain skills (but unfair to those who do not have them). Similarly, it can be fair to seek to redress injustices of the past, by targeting women and ethnic minorities (but that may be perceived as unfair practice from those who are now treated less favourably).

**Q10:** *Cognitive ability tests are one of the best predictors of job performance, yet they have a substantial adverse impact on minority groups. Do you think it is fair to use such tests? Why or why not?*

**A10:** Cognitive, psychological, as well as IQ tests are known to be biased towards the capabilities and achievements of white, middle class, academically-educated, Anglo-Saxon men. This is due to the initial design by such people, with their peers in mind. What they “measure” is socially constructed and dependant, and not free of gender, racial, and ethnic biases. That is why all these tests should be never be considered as a reliable, single-source prediction of future job performance, but rather as one of several methods (interviews, tests, etc).

**Q11:** *Do you think it is ethical for employers to select applicants on the basis of questions such as ‘Dislike loud music’ and ‘Enjoy travelling around the world with a backpack’ even if the scales that such items measure have been shown to predict job performance? Explain your answer.*

**A11:** Such questions, important as they might seem, should not be deemed as a reliable, single-source prediction of future job performance, but rather as one of several methods of selection (interviews, tests, etc).

**Q12:** *Given recent changes in the nature of work, especially during the period of economic turbulence, discuss the relative effectiveness of job analysis techniques and suggest how they might be improved.*

**A12:** It could be argued whether the current crisis is affecting (or not), the ways job analyses are carried out. A recent trend has been (also depending on the specific job and industry) to emphasize personal qualities and skills (thus, asking candidates to explain how all their previous experiences, gained in a variety of situations, can be applied in the new job), rather than on the tasks on the job itself (thus, asking candidates what exact similar jobs they had done in the past). As unemployment increases and many jobs are lost forever, it may be reasonable to expect that the above trend would continue

**Q13:** *Suppose that you are asked to write a recommendation letter for a friend you like but consider unreliable. Would it be ethical for you to write a positive reference even though you anticipate that your friend will not be a good employee? If not, would it be ethical for you to agree to write the letter knowing that you will not be very positive in your assessment of your friend’s abilities?*

**A13:** Writing a reference letter for a friend would be a “character reference” (even though it is doubtful whether anyone nowadays would ask and take seriously such a letter). From the point of view of the reference-writer, the letter must not contain any inaccuracies. Thus, the writer, if he/she agrees to write it, may choose, as an ethical compromise, to focus primarily on the good points of the friend, using some neutral language for any negative attributes. Nonetheless, it is because of this ethically impractical situation that employers should make clear that letters from relatives and friends are not acceptable.

### **Case Study (p.204): The design of a new multinational personnel selection system at MobilCom**

**Q1:** *Describe in detail all the modules included in the two-tiered selection system proposed by the team.*

**A1:** As the case details, the first tier would consist of three modules: viewing of application forms, an unstructured telephone interview, and three letters of reference containing a statement about the candidate’s personality. The second tier would have four modules: a panel interview, an in-depth interview, a group simulation, and some tests.

**Q2:** *What is the critical analysis of the case study?*

**A2:** A critical analysis of this case study could examine many of its aspects, such as the relations between the team members and their inability to leave aside personal points of view and focus on achieving consensus.



## CHAPTER 9: Performance management

### Mini Case Study 9.1 (p.223): Ethics: performance appraisal Travelscence

**Q1:** *How would you describe the management of the human resources function at Travelscence?*

**A1:** The management of the HR functions at Travelscence could be described as impoverished. The HR manager is not trusted by the MD. Performance appraisals of the six older members of staff, now under consideration for dismissal, were never conducted with the complicity of the MD (here the HR manager was clearly sidelined). Finally, the redundancy process was assigned to the Financial Controller and not the HR department, as would typically be the case in most companies.

**Q2:** *What are the ethical issues in this case?*

**A2:** The fundamental ethical issue is the unjust treatment of the group of six older members of staff, who, unknowingly to them, are put forward for dismissal, because of their age. The underlying assumption here is that because they are older, they are probably “dead wood” and should go. However, since performance appraisals were never conducted for them, there is really no proof that they might be under-performing.

**Q3:** *What are the personal and professional dilemmas for Keith Gavin, and what do you believe is the right action for him to take?*

**A3:** In addition to the ethical issue, as described above, Keith needs also to decide who he is going to dismiss, based on a set of fair and justified criteria that be legally – if needed – defended in court, should any of the dismissed employees decides to take action. But also, the criteria for these dismissals should also be defensible in public, especially in a small community, such as Hunter Valley. Keith is also a member of that community and he could be jeopardizing his social position in the community if word spreads that he had been responsible for the unfair treatment of his colleagues. The decision, in particular, to dismiss these older members of staff can be unsound. The point of dismissals is to save the company money. Dismissing these older workers, who are entitled to substantial compensations, is, thus, ill-advised. Besides, they are going to be retiring soon. Instead, younger in seniority members of staff should be sought, especially if it can be shown that they had been, in some ways, under-performing.

### Mini Case Study 9.2 (p233): Point of view: unfair performance management in schools in England

**Q1:** *Is this another disgruntled teacher, or is there evidence of more widespread performance management problems in the British school system?*

**A1:** The case suggests that there might be widespread performance management issues in the British school system. In particular, there is lack of time for the required meetings between key staff to complete the performance evaluation process. There need to be not only class observations and meetings between the appraisee and the line manager/appraiser in a school, but also meetings among school headmasters, local authorities' inspectors and OFSTED personnel, to agree upon and establish targets for each school, which then can be converted into targets for each teacher. Moreover, there is the general problem of establishing what constitutes "progress" in a child's education, given the (at times), enormous socio-economic and cultural differences from area to area. For example, could more "progress" be made in a class of mostly non-native English speaking children in a poor urban school, or in a class in a wealthy suburb?

### **End of chapter questions (p.237): For discussion and revision**

**Q1:** *How has globalization changed the nature of the performance appraisal?*

**A1:** In addition to the special case of expatriate managers (parent country nationals, PCNs) globalization and the consequent increased internationalization of firms, have created other categories of employees: Host country nationals (HCNs) and third country nationals (TCNs). In a subsidiary HCNs and TCNs play an increasingly important role. Yet, appraisal systems of a company have been designed with mostly PCNs in mind. Thus, performance appraisal systems need to be adapted to the cultural norms of the various subsidiaries, that is to the cultures of HCNs and TCNs employed locally.

**Q2:** *How does performance appraisal differ from performance feedback?*

**A2:** Performance feedback could be an informal system of appraising an employee's performance, especially in small companies. There are no formal documents and processes, just an informal "chat" between manager and employer. But, feedback is also a part of any (formal) performance appraisal. In this context, "feedback" does not only involve the manager telling an employee how well, or not, she/he is doing, but also, and most importantly, how she/he can do better.

**Q3:** *What are the challenges involved in giving feedback to employees from a different culture?*

**A3:** Culture plays a significant role in the function of a performance appraisal scheme in an MNC; similarly, in giving feedback to employees who do not share the same culture with the appraiser. For example, a Japanese manager cannot point out directly to an employee a work-related shortcoming, as face-to-face confrontation is considered culturally inappropriate. Rather, the manager would explain to the employee the consequences of a mistake or an error, in general, and letting the employee to realize himself/herself that it is his/her fault. In general, giving feedback, especially face-to-face, is affected by a plethora of cultural, social, religious and gender factors and should not be considered as straightforward as just talking to someone about their work. In that way, a 360-degree feedback might not work well in practice in cultures where subordinates, out of respect, could not discuss any shortcomings of their superiors, but only praise them.

**Q4:** *How can leaders influence the creation of a performance-based culture in a MNC?*

**A4:** There are many ways that leaders can be instrumental in the establishment of a performance-based culture in a MNC, but also many pitfalls along the way. If by "performance-

based culture” we mean the ceaseless pursuit of ever increasing profits, at any costs, then the result would be catastrophic. Thus, we suggest that “performance-based culture” must be first and foremost ethically oriented. For an MNC, cultural issues are also important. The reward of performance through an appraisal system that is trusted by all and is deemed to be valid and reliable would promote the strategic objectives of the MNC. The leadership of the company has a crucial role to play in both of these issues.

### **Exercise (p.237)**

**Q:** Go to the University of Massachusetts (UMASS) website at <http://www.umass.edu/humres/library/PMPGuide.pdf> and review the information on the performance management process for academic staff.

- Assess the procedure and criteria used at UMASS and suggest the strengths and weaknesses of the system.

- Compare and contrast performance management at UMASS with that of the multinational healthcare company Medtronic after looking at their website:

<http://www.medtronic.com/2010CitizenshipReport/totalemployee/global-learning.html>

**A:** The exercise could bring out a comparison of public v. private sector performance management systems and processes. The fundamental question here is whether (and how) the performance of someone working in the public sector (and thus provides, primarily, a service to the public) can be measured and assessed by using similar methods for those working for a company, whose primary objective is to make a profit. How (if, at all) “output” or “productivity” can be measured for public sector employees, such as university professors?

### **Case Study (p.239): Performance appraisals in the not-for-profit sector**

**Q1:** Describe the major HRM issues at The Foundation?

**A1:** Everything here seems to go wrong. Favouritism governs over professionalism, organization of work and lines of responsibility and control are unclear and shift easily. At the end, it was no surprise that a major donation – which to a well functioning not-for-profit would have been a cause for success – caused instead the resignation of several key people, unable, presumably, to handle the increased load of responsibility. In this disorganized environment, the head of HR appears a very weak figure, marginalized and not able to do her job properly.

**Q2:** If you were the head of human resources at The Foundation, how would you have handled this situation?

**A2:** The head of HR should have implemented a more formal and professional organization of work in this company. There should have been better job descriptions, no confusion of who is responsible for what and a clear line of reporting. Social factors and personal sympathies should have not undermined professionalism and, at the end, the very existence of the company.

**Q3:** Describe the role of objectives and feedback in this case.

**A3:** At The Foundation there is a really confusing line of responsibility and accountability. This is made worse by the prominence of social relations outside work (informal organization) on decision-making and day-to-day operations of the company. In simple words, people who get

along well with each other and have similar social interests run the company and anyone who is outside their circle is pushed aside, regardless of their ability and performance.

**Q4:** *Discuss the process you might implement to strengthen the performance management process at The Foundation.*

**A4:** First and foremost, a performance appraisal must never be conducted without the active participation of the appraisee (as the case is here). It should be contacted by the line manager, (here the Vice President of Programs), and be a serious and formal matter, not some discussion over lunch, about psychological tests (as it was here). Moreover, 360-degree feedback could have been sought and discussed. Last, but not least, as a matter of principal, an appraisal must not be directly linked to a dismissal. An appraisal is an opportunity for identifying ways to improve and not a process for penalizing employees.

## CHAPTER 10: Reward management

### Exercise (p.246): Employee Reward

**Q1:** *What would you say are the three most important functions of any system of employee reward, and why do you think these are the most important overall?*

**A1:** Adopting a pluralist (i.e. multi-stakeholder) framework, the answer will very likely depend on the stakeholder's perspective.

- From an employer perspective, the three most important functions of a reward are:
- attracting a sufficient number of employees with the desired profile of knowledge, skills and abilities;
- retaining those employees the most capable employees and those who contribute at the highest level; and
- motivating current employees to deliver effort within and beyond that required by the role.
- From an employee perspective, the three most important functions of a reward are:
- to address the employee's basic material needs and those of their dependants;
- to address the employee's psychological needs for esteem, recognition and social status; and
- to address the employee's expectations of distributive justice or reward equity, particularly the expectation of fair reward for personal capability and contribution.

### Critical Thinking 10.1 (p.253): Pay Dispersion

**Q1:** *Is it better for an organization to have high vertical pay dispersion or a low degree of vertical dispersion?*

**A1:** Vertical pay dispersion refers to the degree of inequality in total pay between positions low in the organizational hierarchy – such as line employee jobs – and positions at the upper end of the hierarchy – such as senior manager and executive roles. Whether a greater or a lesser degree of vertical pay dispersion is more desirable is likely to depend chiefly on the organization's preferred structure and culture. Where the structure is mechanistic and pyramidal and where the dominant culture is traditional 'command and control' and low-involvement in nature, a high level of vertical pay difference is likely to deliver positive outcomes, including signaling the appropriateness and worth of hierarchy, promotion and power inequality within the organization. Low vertical pay inequality would be incompatible with these settings. Conversely, where the structure is flat and organic or fluid, and where the culture is high-involvement in nature, a more equal pay structure would be more appropriate,

since it would signal the worth of group contribution and self-management while de-emphasizing managerial power and status.

**Q2:** *How might the appropriateness of high variability differ according to the company's social and cultural context?*

**A2:** According to cross-cultural management theorists such as Geert Hofstede, some societies and cultures favour hierarchy, inequality of income and wealth and power, whereas others value egalitarianism and frown on inequalities of wealth, income and power. Hofstede refers to the former as cultures with low 'power distance' (low PD) and the latter as high 'power distance' (high PD) cultures. In general, English-speaking countries are said to have low PD, while many non-Anglophone countries are said to favour high PD. As such, a firm operating in a high PD culture can expect local employees to have a positive attitude to a high degree of pay inequality between the organization's apex and base variable pay. Conversely, in a low PD context, a high degree of vertical pay inequality may have negative consequences, including feelings of pay inequity and dissatisfaction amongst line managers and ordinary employees.

\* The question as printed in the textbook refers to variability but it should refer to vertical dispersion.

### **Exercise (p.254): Job Pricing**

**Q1:** *When it comes to pricing jobs, what are the three main advantages of focusing on 'internal equity' considerations via the use of job evaluation?*

**A1:**

- Provides clearly defined absolute and relative measures of job size (i.e. common standards); hence has high reliability.
- Has the appearance of objectivity, rationality and consistency and helps to create pay relationships between jobs which employees perceive as being fair.
- Can help to identify and eliminate inequities in the existing pay structure.

**Q2:** *What are the three main disadvantages of such an approach to job pricing?*

**A2:**

- Emphasizes job size over job-holder contribution.
- Does not take account of external market situation (e.g. scarcity).
- May be too inflexible to cope with rapid changes in technology and job content.

### **Exercise (p.258): Reward Systems**

**Q1:** *Why do the reward systems of some organizations place such a strong emphasis on voluntary benefits?*

**A1:** By offering additional benefits to selected employees, an employer has the flexibility to target benefits to assist in attracting and retaining high-value employees with specific reward 'valences' and expectations. For instance, additional in-house child care benefits, flexible work arrangements and/or additional paid parental leave may be offered to working parents as a way to retain high-performing professional women in their 30s.

### **Exercise (p.261): Non-Cash recognition plans**

**Q1:** *When it comes to recognizing and rewarding individual performance, what are the three main advantages and three chief disadvantages of using non-cash recognition plans?*

**A1:** The main advantages of non-cash recognition plans are that they:

- Represent a flexible, low-cost source of extrinsic motivation.
- Can address the higher order human needs for social recognition, esteem and self-actualization (as does the content theories of motivation proposed by Maslow, Herzberg and others).
- Have ‘trophy value’; that is, they may provide the recipient with a lasting memory of the association between the performance given and the reward received in a way that a cash reward may not do.
- Some of the main disadvantages associated with non-cash recognition plans are that they:
  - Can foster an atmosphere of ‘star employees’ and ‘losers’ (in cases where the same employees are rewarded frequently).
  - May be seen as offering only tokenistic rewards.
  - May give rise to the suspicion that they are being used as an alternative to regular pay.

### **Critical Thinking 10.2 (p.268): Pay variability**

**Q1:** *Is it better for an organization to have a high or a low level of pay variability?*

**A1:** Pay variability refers to the extent to which pay outcomes vary by performance rather than being fixed or guaranteed. Whether a greater or a lesser degree of pay variability is more desirable is likely to depend chiefly on the organization’s preferred ‘employee value proposition’ or espoused psychological contract. Where the psychological contract is ‘relational’ in nature, the basis proposition put to employees is for job security over the long-term with pay that is generally fixed or guaranteed, rather than performance-variable. In such situations, the emphasis in managing the reward system will be on incremental base pay adjustment rather than performance pay or incentives. A firm that is in a relatively stable product market context and wishes to recruit and retain capable and loyal employees for long tenure is likely to prefer this approach. Conversely, where the espoused psychological contract or employee value proposition is of a ‘transactional’ nature, pay-for-performance will be very much to the fore, while long-term tenure and fixed pay will be downplayed. This approach is likely to be favoured by firms that trade in and across rapidly changing product markets and are willing to pay high performance pay to high-contributing employees, but that also see employees as short-term contributors rather than as long-term assets.

**Q2:** *How might the appropriateness of high variability differ according to the social and cultural context?*

**A2:** According to cross-cultural management theorists such as Geert Hofstede, some societies and cultures celebrate the prospect of high return for risk-taking whereas others prefer the security of fixed pay and shun pay that is ‘at risk’ or contingent on individual or group performance. Hofstede refers to the latter as high ‘uncertainty avoidance’. In general, English-speaking countries are said to have low uncertainty avoidance (low UA), while many non-Anglophobe countries are said to demonstrate high uncertainty avoidance (high UA). As such, a

firm operating in a low UA culture can expect local employees to have a positive attitude to variable pay (i.e. pay for performance), while high pay variability may be inappropriate in a high UA context. However, this is also complicated by whether the host culture is individualist or collectivist/egalitarian in orientation. In certain low UA contexts, individual performance pay may be preferable whereas in others group incentives may be a better cultural fit.

### **Critical Thinking 10.3 (pp.269-70): Reward information**

**Q1:** *In what circumstances might pay secrecy be appropriate or justified?*

**A1:** Here, we take pay secrecy to mean the non-disclosure of the pay outcomes of individual employees to the rest of the workforce. Pay secrecy may be justified where the organization has a high degree of internal pay inequality driven by a combination of high vertical pay dispersion, high horizontal pay dispersion (see Critical Thinking Box 10.1 p.253) and high pay variability (see Critical Thinking Box 10.2 p.268). In such situations, full disclosure of pay outcomes may give rise to string feelings of pay inequity. Likewise, where a firm has had to pay significantly more to recent hires in certain jobs than previous hires in the same jobs, perhaps because of a recent shortage in supply, and where the firm is under pressure to contain payroll costs, it may prefer to keep the widening horizontal pay dispersion a secret in an effort to avoid flow-on demands from previous hires. Full disclosure of labour costs may also compromise a firm's competitive strategy. Additionally, identifying to the market strong performers who are highly paid is likely to prompt poaching by other employers. Thus the standard justification for maintaining pay secrecy is that where pay levels are disclosed employees will have a lower tendency to be frustrated over low pay, demand pay increase, or be poached by competitor firms. Either way, these actions would all force firms to increase wages. Pay secrecy is also appropriate during times of uncertainty, such as mergers and acquisitions or crisis situations, to avoid fuelling further insecurity among employees.

Pay secrecy may also relate to the pay structure as opposed to individual pay outcomes. Some employers prefer to maintain their pay structure confidential as a strategic measure, because they do not want comparator firms to replicate the same.

**Q2:** *Can an organization have too much pay transparency?*

**A2:** Pay transparency is more prevalent in unionized workplaces and public sectors than in non-unionized private sectors. Similarly, pay openness is more common in organizations that have pay structures characterized by low pay dispersion and low pay variability. Many researchers have evidenced decrease in pay inequalities on the basis of gender or race in organizations with high pay transparency.

An organization can have too much pay transparency if total openness contradicts the structure or culture within the firm. For instance, pay transparency may be incompatible with a hierarchical organizational structure and a low-involvement culture. Excessive pay transparency can also become a basis for minority groups to accuse the employer of bias, while the actual reason for the difference in their pay might be lower performance.

Full disclosure of the pay structure may also allow competitor firms to replicate the approach and so negate any competitive advantage that might otherwise have been available.

**Q3:** *When and how should reward information be communicated to employees?*

**A3:** A reward system and structure that is not communicated to and understood by employees is very likely to under-perform. Unless employees understand the basis on which they are paid,



the reward system will lack 'line of sight' and the reward practices will not elicit the desired work attitudes and behaviour. The need to effectively communicate the basis of the reward system and the associated pay structure (as opposed to revealing individual pay outcomes to all and sundry) holds true, irrespective of whether the organization has a hierarchical or flat structure and/or a traditional or a high-involvement culture. Whatever the specific employee value proposition, inadequate or inconsistent communication of pay system details is likely to lead to a perceived breach of the psychological contract.

Communication should commence at the point of recruitment and selection – via job advertisements and selection interviews. Induction programs are also an important communication point. It is advisable to provide a total rewards report communicating the organization's overall reward philosophy and pay system elements. This information should be contained in new recruit orientation packages and be accessible during the entire term of employment, (e.g. via organization's intranet).

Since they are the ones who make the crucial decisions regarding individual pay level and adjustment, supervisors/line managers must be comprehensively knowledgeable about the system of base pay adjustment, performance standards and performance pay. Being the primary contact point between employees and the organization, they are best suited to communicate this information and address employee queries about remuneration or appraisals. It is also preferable that communication is consistent and frequent throughout the life cycle of employment, especially around times of recruitment and selection, on-boarding, performance review, promotion, transfers and times of uncertainty.

Regarding benefits packages and equity-base LTIs, however, it is the HR professionals who are best placed to communicate plan details and options since these elements are generally administered centrally rather than via the line manager.

### **Exercise (p.274): Host country employees**

**Q1:** *What are the three main differences between an 'exporter' and an 'adaptor' approach to managing the rewards of host country employees?*

**A1:** 'Exporter' approach to reward management aims to transfer/replicate the parent firm's reward system to the overseas affiliates, to foster a 'common mindset' driven by headquarters thinking.

An 'adaptor' reward strategy, in contrast, selects practices devised to suit the local context as closely as possible.

### **End of chapter questions (p.276): For discussion and revision**

**Q1:** *Why should a firm use base pay at all?*

**A1:** A fixed or guaranteed amount of base pay addresses employees' fundamental requirements by assuring a minimum level of income security during their period of employment. This may be crucial to staff attraction and retention. A fixed level of base pay also addresses compliance requirements for minimum pay.

**Q2:** *Why does the gender pay gap persist, who is responsible for it, and what (if anything) can be done about it?*

**A2:** A range of historical and social factors and labour market influences have influenced the gender pay gap. The continued gap in average total earnings between male and female employees can be attributed, in part, to the following factors:

- Females are over-represented in casual or part-time roles, which entail lower total earnings and offer fewer prospects for training and career advancement.
- Jobs that are female-dominated – i.e. ‘women’s work’ - have conventionally been valued less highly in external labour markets than have those jobs dominated by males – i.e. ‘men’s work’. This is partly because of social and institutional factors that deem ‘hard’ skills of the type acquired through formal training as being more important than the ‘soft’ inter-personal skills that are typically to the fore in female-dominated ‘caring’ or ‘emotional’ work.
- Earnings from performance pay are more prevalent and higher for males than females. This appears to be the case even where the males and females are in the same occupation and position.
- There is some evidence that in pay negotiations, women are more inclined than males to understate their capabilities and contribution.

Possible solutions:

- A more rigorous regulatory approach to combating labour market bias against the valuation of soft skills and emotional labour.
- Using in-house job evaluation to eliminate gender-bias in job ‘sizing’ and pricing.
- Configuring position-based base pay on the skills and competencies, genuinely applicable to the role, as opposed to ascribing job worth to the gender of the job holder (as this might encourage gender-bias or stigma attached to females).
- Set up gender-neutral targets and performance criteria.
- Empower women to be more assertive in pay negotiations and performance assessment.
- Organizational policies on performance reviews and bonuses must be documented and accessible by all employees.
- Making managers more accountable upholding gender equality of opportunity in job allocation, promotion decisions, base pay progression decisions and performance pay decisions.

**Q3:** *What makes for an effective employee share plan?*

**A3:** Considerations for an effective employee share plan:

- Top management support for plan.
- Extensive communication about the nature of the plan and company finances.
- A high level of employee eligibility (i.e. the plan should be broadly-based).
- A high proportion of employees who actually own shares.
- Eligibility for new hires as well as existing employees.
- Employees owning a high proportion of overall company equity.
- Participative development of the ESOP itself.
- Accompanied by a meaningful employee involvement program.
- Favourable economic climate and share market.
- Limited employee exposure to downside risk/loss – especially the risk associated with exposure to repayment of debt under a share purchase plan.

**Q4:** *What are the tell-tale signs of failure of a performance and reward system?*

**A4:** Although a failing reward system may be manifested in a variety of ways, some of the key signs of failure include; declining individual and group performance, low employee engagement, motivation, commitment and satisfaction, rising absenteeism, low recruitment effectiveness, rising rates of voluntary staff turnover, rising payroll costs relative to staff performance.

### **Case Study (p.282): The strategy and practice of rewards in Chinese MNCs**

**Q1:** *Do you think that the 'dual' approach to international reward management preferred by Chinese MNCs is sustainable over the longer term as Chinese firms become progressively more integrated into the global economy?*

**A1:** As the case notes observe, the dual approach adopted by Chinese MNCs reflects the dilemma of wanting to embrace aspects of host country practice while also keeping close control over subsidiary practices so as to limit the discrepancy between subsidiary and home practice, particularly in relation to expatriates. The chief challenge at present, therefore, relates to expatriate reward and, in particular, how this might feed back into reward levels for managers and professionals in China itself. Whilst this home-host difference is likely to remain a consideration for a considerable time to come, it does appear that reward practice in China itself is also undergoing significant change, with a greater emphasis on western pay practices. As such, the current discrepancies may eventually be overtaken by a convergence of Chinese pay practices with those of western countries. It should, also be remembered that western MNCs now have a major presence within the Chinese private sector. Taking these underlying trends into account, it may ultimately be that Chinese MNCs will become so globally-integrated that they abandon the uneasy compromise between exporter/ethnocentric and adaptor/polycentric approaches to off-shore reward configuration in favour of an approach that is more thoroughly international or, at least, regional in approach – just as has occurred in the case of many western MNCs.

**Q2:** *If Chinese MNCs are to make greater use of HCNs in their staffing, how might they best modify their reward practices to support this change?*

**A2:** This is already happening, with a clear trend to adaption to (if not adoption of) host country reward practices and pay levels. In essence, the next step would involve implementation of a total rewards approach to host country employee remuneration, including person-based base pay (as opposed to a rigid job-based model), voluntary benefits provision, a mix of individual and group short term incentives, non-case recognition, developmental rewards (perhaps including 'inpatriation' opportunities in China for host country employees) and, where possible, equity-based long term incentives for home country nationals.

**Q3:** *As China consolidates its position as an economic superpower, how might the reward practices preferred by Chinese MNCs influence trends in international reward management?*

**A3:** We know that most Chinese state-owned enterprises and private companies currently prefer to strike a balance between fixed and variable pay, prefer position-based pay structures and prefer to limit both horizontal and vertical pay dispersion. If anything, therefore, the growing influence of Chinese MNCs may have a moderating influence on western pay practices, at least in the short term. However, as pressure builds for labour to receive a greater share of the wealth generated by economic growth in China itself, rising pay expectations amongst Chinese managers and employees may ultimately transform the basis of Chinese domestic

reward practice, effectively reducing the uniqueness of the Chinese approach and opening the way for a more genuinely international model of reward practice in Chinese MNCs.

## Chapter 11: Training, development and learning

### Mini Case Study 11.1 (p.301): Learning from narratives and experiences

**Q1:** *What approach would you take with Suzy if you were Jose?*

**A1:** Consider her view as one of many, but also be curious as to how and why she reached them. In that way, Jose might come to a better understanding of Suzy, without abandoning his way of perceiving the world.

**Q2:** *Could Suzy learn anything from Jose? Or Jose anything from Suzy?*

**A2:** They both can and should learn from each other. Jose could admit that he has a well-formed viewpoint and that he may not allow it to be challenged all the time, and Suzy should become open to the idea that her viewpoint might not be the only valid, and at times just one of many.

### Mini Case Study 11.2 (p.306): Social ties as means of problem solving

**Q1:** *What kinds of social tie could be enhanced through short-term assignments?*

**A1:** Diverse ties with people from all walks of life, locations and positions that the person may get to know, during several short-term visits. (Also, of course, depending on the personality of the visitor and how extravert he/she is).

**Q2:** *Combining social ties theory with what we know about expatriation (such as absorptive capacity), create a flowchart outlining a training programme for managers about to be sent on an international assignment.*

**A2:** A possible such flowchart could combine home-country cultural training, and expatriate training, followed by short country visits and further home-country cultural training. Such loop could be repeated a few times, depending on the needs and progress of the individual, even though costs should also be taken into consideration.

### End of chapter questions (p.307): For discussion and review

**Q1:** *Contrast and compare traditional forms of learning with more contemporary forms. From a management perspective, what are the strengths and weaknesses and issues for reflection?*

**A1:** As depicted in Figure 11.1, traditional methods of training include traditional classroom instruction and on and off-the-job training. Contemporary forms are more reflective and challenging, building on the contemporary understanding that knowledge acquired needs to be

practiced so that cognition and behaviour can work together. From a narrow managerial perspective, a point for reflection could be how contemporary or traditional methods of learning and training may contribute to increased productivity and performance and which methods are the more advantageous.

**Q2:** *Think of any organization whose text–context learning pattern could be influenced. In taking a narrative perspective, describe how text–context knowledge may change over time.*

**A2:** Based on the text-context relations, a narrative may be constructed. Every person familiar with that company may provide a different narrative and all together, if they can sit around telling to each other their stories, could build up a different common narrative. Listening to others' narratives is an important source of learning.

**Q3:** *Collect at least 10 articles of research related to multi-methods of learning. Using this approach, discuss how organizational knowledge could be challenged and updated over time for an automotive firm such as a car retailer or manufacturer.*

**A3:** This exercise would be instrumental in unravelling contemporary methods of learning. The collection and study of research papers on learning could provide a personal insight on the contemporary understanding on learning. Not everyone might understand the same about what these research papers put forward, but, at an individual's level, various assumptions could be made about organizational learning. Furthermore, these understandings about learning-in-general could be extrapolated onto the level of the collectively acquired knowledge of an automotive firm and how that can be updated.

### **Exercises (p.308)**

**Q1:** *Design a fictitious merchandising organization that produces T-shirts and related apparel that has one factory outlet and a head office. The total size of the company should be 100 people, with generally one manager for every eight workers. The company is approximately 10 years old but is facing stiff competition in terms of better designs and merchandising, including electronic merchandising and selling. Sales have dropped by 15 per cent during the year, and workers are starting to fear for their jobs. Annual turnover had peaked at \$10 million. Staff complaints are common, and the organization relies on the design skills of two or three workers. Competencies and skills are often not matched to position statements, and there is no internal training/learning policy.*

*In outlining your design for the company, include a list of jobs and job functions most likely to be practised. Concentrate only on the managers. Perform a needs analysis followed by a position description and training plan. The latter should be focused on how the company can solve its immediate problems by concentrating on new management skills. Take about an hour in total for this exercise.*

**A1:** The focus of this exercise is firstly on identifying new skills that managers in this fashion company should have, and secondly on suggesting how the company could go about helping them acquiring these. There is a plethora of methods than can be used. Nevertheless, it would be helpful if a plausible justification is to be given as to what method may be used for each particular set of skills

**Q2:** Organize the class into two broad groups. Imagine that one group learns only through traditional training, whereas the other learns through multi-method training and access to a variety of text-context learning forms.

Initiate a class debate on the following topic 'Traditional learning is far more valuable in practice than multi-method learning', with one group arguing in support of the statement, and the other against it.

**A2:** This exercise would benefit from using real-life examples of how and why some people learn better using one method rather than the other.

**Q3:** Using your laptop or a class-based computer, log on to

[http://www.brainboxx.co.uk/A2\\_LEARNSTYLES/pages/roughandready.htm](http://www.brainboxx.co.uk/A2_LEARNSTYLES/pages/roughandready.htm)

On this webpage, you will find a sample of Honey and Mumford's learning styles inventory. Go through the exercise (activist, pragmatist, theorist, reflector) in your tutorial or at home and bring your answers to share in class.

**A3:** (The outcome of this exercise depends very much on each individual, so that a general answer or guidance cannot be given).

### **Case Study (p.310): Sanyo**

**Q1:** To what extent did Sanyo's activities fall into the area of experiential learning?

**A1:** On reflection only some of the learning that took place in Sanyo during Nonaka was experiential, probably mostly concentrated on the outcomes of older strategies that were already in place. Most of learning was implicit.

**Q2:** It could be argued that experiential learning only went so far. What went wrong?

**A2:** It could possibly be argued that there was too much reliance on implicit learning and institutionalized behavioural views; in other words there was not much strong analysis that would have shown the lack of an existing market for the products that Nonaka and her team envisioned.

**Q3:** Is there evidence of a 'social constructionist' approach to knowledge here? If so, what evidence is this?

**A3:** The story may suggest that, in simple words, there was perhaps too much belief in what the senior management team said it could happen.

**Q4:** In relation to the previous question, was this approach successful or not? What does the case indicate about 'other' voices?

**A4:** Other voices, from the older "hard heads" who were emphasizing the importance of strong analysis of the market for environmentally friendly products, were put aside. On reflection, these voices and the valuable knowledge and long-term experience of the company that they were carrying, should not have been ignored.

**Q5:** To what extent was the double-loop learning process adopted? What does the case indicate about organizational learning?

**A5:** The case shows the drawbacks of the over reliance in one form of organizational learning, especially on what is considered as a more contemporary method of learning.

**Q6:** *In terms of learning and knowledge, what other approach might have worked better for Nonaka? Give examples.*

**A6:** Nonaka could have benefited from listening to the older “hard heads” who were stressing the importance of strong analysis of the market for environmentally friendly products. If their views were listened to, the company might have not lost more money and Nonaka her position.



## Chapter 12: Change management and human resource management

### Exercise 12.1 (p.322):

*In small groups of three or four, discuss and then give feedback on your responses to the whole group on the following questions:*

**Q1:** *What do you believe an effective change manager spends his or her time doing?*

**A1:** This is an open-ended question and many suggestions could be put forward. For example, it can be argued that an effective change manager spends his/her time on finding the most “effective” ways of implementing change (i.e. the ways that minimize disruption, if possible). Also, communicating with people affected by change and those asked to implement changes, could be important aspects of a change manager’s job.

**Q2:** *What skills or qualities do you believe that an effective change leader should possess?*

**A2:** It can be argued that in order for an effective manager to find the less disruptive ways of implementing change, a very broad understanding of the business is required (i.e. the manager needs to understand what every part of a business does and, ideally, how things are really done on the ground), so that changes can add positively to the existing ways of doing business. (Unless, of course, a major disruption or a radical change is required). Also, a strategic understanding of the business is essential (i.e. the manager needs to know where the business is going, so that changes can serve the long term objectives of the business). Finally, people skills are crucial for communicating changes and convincing employees for the necessity of change (especially if the change is disruptive).

**Q3:** *How do you believe that effective change managers get the best from the people who work for them?*

**A3:** It can be argued that they get the best from those working for them, by explaining to them the necessity for change and the ways that these changes are to be implemented, so that employees feel that they are informed and involved in the process.

### Exercise 12.2 (p.324):

**Q1:** *In small groups of two or three, consider some of the reasons why employees may resist change. These are likely to be linked to their perceptions of the positives and negatives related to change. The table below shows some examples to start you off. Also consider how the negatives may be addressed.*

*Positives and negatives related to change*

<i>Change positives</i>	<i>Change negatives</i>
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<i>More opportunities</i> <i>Improvements to processes</i>	<i>Stress and uncertainty</i> <i>Fear of the unknown</i>
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**A1:** There are many positives and negatives associated with a change process. This question can be answered best by the members of the group through examples from real change processes (from either work, or, even, personal life) that individuals have experienced. They may explain to the rest how they felt during and after a process of change. It can also be debated in the group whether some people are, by their character, more favourably predisposed to change, even continuous change and uncertainty, while others prefer stability and certainty. Perhaps, the discussion here could also consider Hofstede’s model (especially the “risk avoidance” factors) presented elsewhere in the book. The discussion could also include factors such as age, gender and socio-economic background and how these may affect resistance to change. There is, for example, research that has demonstrated that woman managers are more “cautious” than men. Caution, however, should be exercised to avoid stereotyping categories of people (i.e. all old people are adverse to change, etc).

**Exercise 12.3 (p.329):**

*Change management is usually perceived to be a top-down, management-driven approach.*

**Q1:** *Is it possible for an employee to introduce change management to her or his supervisors?*

**A1:** In theory, nothing prevents that from happening, especially if the workplace encourages involvement, sharing of ideas and participation in managerial decision-making. Broadly speaking, the less hierarchical an organization is and more autonomy people have over their work, the more likely they are to feel able to suggest changes to their supervisors. Moreover, people are more likely to do so if they know their jobs, and those of their friends at work, will not be in danger.

**Q2:** *In what circumstances and how could this be possible, and what could be its possible Implications for the employee and the organization?*

**A2:** People would need to feel empowered to act and contribute their ideas. It would be helpful, in that way, if people know that their own jobs are not endangered, and that a positive outcome for their daily work experiences will be the result of the changes.

**Exercise 12.4 (p.334):**

*Few planned change efforts run as smoothly as managers would like them to, primarily because many run into resistance.*

**Q1:** *What are some possible sources of or reasons for resistance?*

**A1:** There could be many reasons for “resistance to change”. In general speaking, perceiving change as a threat is the most common reason for resistance among employee. In addition, individual preferences, personal values, and self-interest all are important factors.

**Q2:** *How may managers best tackle such resistance to change?*

**A2:** Resistance can be lessened, or, on the other hand, channeled into a constructive “check and balance” mechanism of management plans; that is achieving a balance between those who initiate and those who are affected by change. In either case, the removal of the feeling of fear

is essential. In addition, addressing directly the individuals affected by change and discussing with them the effects on them, would be beneficial.

**Exercise 12.5 (p.336):**

**Q1:** Consider some of the potential advantages and disadvantages of utilizing internal/external change agents. Each box contains some examples to start you off. Working in small groups, add two or three more items to each box and discuss your findings.

	<i>Internal change agents</i>	<i>External change agents</i>
<i>Advantages</i>	<i>Know the company</i>	<i>Are unbiased</i>
<i>Disadvantages</i>	<i>Might have own agenda</i>	<i>Can walk away when change implementation has been completed</i>

**A1:** There are many advantages and disadvantages one could consider for using internal or external agents of change. But, a lot of advantages and disadvantages could be dependant on the particular circumstances of the company that undergoes change. A good answer should provide a real life example from the experiences of group members.

**Mini Case Study (p.337): Foodco: a short case in how not to introduce change**

**Q1:** Which of the four eras of change described here is this organization most closely associated with and why?

**A1:** The process of change at Foodco is shifting from the paradigm of the Taylorism to that of Human Relations. Whereas middle managers and supervisors were dismissed literally overnight, without any consultation or consideration for the effects after the takeover employee involvement, training and empowerment became the norm in the company.

**Q2:** Utilizing Table 12.6, explain the key change strategies that took place in Foodco and the resulting advantages and disadvantages.

**A2:** Following Table 12.6, we can observe that “education (training) and employee involvement” had the advantages that are listed, without any of the disadvantages. “Changes in staffing” (the downsizing of all middle managers and supervisors) produced the disadvantages listed, but none of the advantages. And the overall “changes to structures and systems” had the advantages listed.

**Q3:** How could the change agents and Foodco management have undertaken a different change approach, and what do you think the potential results of this approach would have been?

**A3:** If training of employees in the new ways of working had been introduced from the beginning (rather than just getting rid of all middle managers and supervisors), the results might have been equally positive for the company and the people. Nonetheless, it is open to debate

what the reaction of the middle managers and supervisors would have been. Would they have resisted the new ways of working, as their power and control over the workforce would have been diminished? Would they need to be retrained for a different capacity (i.e. team leaders) that, perhaps, some of them would have found impossible to handle? Finally, how could all these changes have worked without the takeover and the subsequent updating of machinery that necessitated new ways for organizing work? Possibly, the process of change would have been much slower and the outcomes not so impressive.

### **End of chapter questions (p.339): For discussion and revision**

**Q1:** *Resistance to change is normal and should be expected when organizational change is introduced. Give two reasons why an employee might resist change, and two strategies outlining how that resistance might be addressed.*

**A1:** Perceiving change as a threat is a significant reason for employee resistance. Also, personal values, self-interest and individual preferences play important roles. Resistance can be diminished, or channelled into a constructive “check and balance” mechanism of management plans, through the removal of the fear factor and also by addressing directly with the individuals affected, the effects it would have on them.

**Q2:** *Choose one ‘era’ outlined in this chapter and identify the key theories, concepts and models that are associated with that era. Then consider whether those theories, concepts and models are still being used today, and if so, whether you consider them to be effective.*

**A2:** It would be a mistake to consider that once an era has been bypassed by new developments, everything from those times is erased and every organization is adopting the new model. What happens is that “old” and “new” continue to exist alongside, and in various proportions, according to specific organizational conditions, the industry and the situation of the economy etc. Let’s take for example the scientific management era, characterized by a clear division between labour (that strictly executes) and management (that directs). The objective of scientific management was to find the one and only best way of doing something and having management implement that, through authority, to the workforce. Work, thus, becomes repetitive, mechanistic and standardized. The “fast food” industry is a typical example of Taylorism surviving to our era (along side modern concepts). Food is prepared according to strict and standardized guidelines (a big Mac is a big Mac everywhere in the world). People work fast, in repetitive movements, which are carefully designed so that no time is wasted. But, there are also plenty of influences from the Human Relations approach. Teamwork and job roles alternate among members of a team (shift). Performance is measured not only individually, but also as the performance of the whole team. Motivating people is an important aspect of the job of a manager and contribution is recognized through the “employee of the month” award.

**Q3:** *‘Resistance to change is inevitable.’ Consider this statement and discuss whether or not you agree with it, and why.*

**A3:** Broadly speaking, this statement is correct. What is referred to as “resistance to change” is a natural reaction, and thus should be expected. A detailed answer should include the ways that resistance to change is displayed and its rationale, based on people’s natural instinct to fear the unknown.

**Q4:** *Contemporary organizations are characterized by unrelenting change. Drawing on some of the key concepts in this chapter, discuss how managerial actions can assist effective change processes.*

**A4:** This question can be answered best by using real examples from a person's life experiences to address how some of the concepts presented in this chapter can assist effective change processes. Such concepts include: the role of the change agent (external or internal), the change strategy that is followed and the role of technological innovation. For example, technological innovation, introduced externally to an organization (e.g. automated systems of production, or computerized office work) require new skills and knowledge that need to be acquired through training the existing work force, or (unfortunately as it does happen sometimes) by getting rid of the existing workforce and hiring new people already skilled.

### **Case Study (p.341): Change management in TV Middle East**

**Q1:** *What were some of the problems associated with TV Middle East before the new CEO headed up the organization?*

**A1:** The Company was characterized by an "entrepreneurial mode" of operations. Sporadic growth was the result of having no clear and strategic direction. The company needed a more "mature" and professionally organized management system, with clear lines of accountability, responsibility and decision-making making processes.

**Q2:** *What approach to organizational change was adopted, and what were the key outcomes?*

**A2:** A transformation in organizational culture was sought, through restructuring of management layers, as well as at lower ranks. Assessment centers, a leadership programme and succession planning were also introduced. Significant changes on the company's structure in terms of decision-making processes, communications and team-based project work were also implemented. The result was a complete transformation of the organization.

**Q3:** *How did the organizational development manager attempt to 'anchor change' in the organization?*

**A3:** In attempting to "bed down" changes, the OD manager introduced a new reward and recognition policy that rewarded initiative and effectiveness. He also set up "mini 360-degrees" feedback meetings. The purpose of these was to make employees feel valued and rewarded for their efforts, especially through the traumatic period of changes.

## Chapter 13: Human resource management, productivity and employee involvement

### Exercise 13.1 (p.349):

**Q1:** Choose one of the micro-organizational dimensions that impact on employee voice as specified by Dundon and Gollan (2007). Use an example of a company you know of to explain how this dimension could affect employee involvement.

**A1:** Management strategies towards trade unions, if are successful in lessening the strength of a trade union, could result in the decreased impact of employees' voice, or, if unsuccessful, could strengthen the resilience and collective voice of employees. Occupational identity and group solidarity, such as that historically exemplified by miners in the UK, or contemporarily by track drivers protesting fuel taxes, enhance employees' voice. Similar examples could be given for autonomy at work, trust (to employees and/or management), as well as for power and influence over work processes.

### Exercise 13.2 (p.350):

**Q1:** Consider your own experiences of employee involvement within an organization.

- Using Marchington and Wilkinson's (2002) typology, how were you involved?
- What channels of involvement did you find most effective? Why?

**A1:** The Marchington and Wilkinson's typology is summarized in Table 13.1 where the four categories of employee involvement are presented: downward communication, upward problem solving, task participation and financial involvement. For example, meetings where management informs of future plans is an example of downward communication. A task force to tackle a particular issue is an example of upward problem solving. Similarly, self-managed teams are examples of task participation. Finally, profit-sharing, share ownership plans, and share-based incentive schemes are all examples of financial involvement.

### Mini Case Study 13.1 (p.359): A comparative analysis between Australia and Britain

#### Australia:

*In light of the objectives of the Fair Work Australia Act 2009 (Cth), consider the following questions:*

**Q1:** How can you relate the objectives of the new legislation to the objectives of employee involvement as described by theory?

**A1:** The major object emphasizes the importance of balance, cooperation and productive relations in order to promote social inclusion and economic prosperity. This links with the theoretical objectives of employee involvement at individual, team and organizational level,

such as: enhancing employees' abilities, skills and motivation; enhancing the meaning of work, job satisfaction and morale; enhancing commitment and loyalty; enhancing performance; enhancing cooperation and engagement; creating networks; allowing employees to express complaints or grievances; reducing conflict; tapping into employees' skills, creativity, knowledge and ideas and incorporating these into decision making; enhancing employee discretion and autonomy.

One of the specific objects of the legislation explicitly relates to employee involvement – in terms of ensuring fairness and representation at work. Employee involvement schemes are a key means of ensuring fairness and representation at work – whether through direct or indirect arrangements and in the process of enterprise bargaining.

**Q2:** *What are the likely future outcomes for employee involvement in Australia given the new legislation introduced in 2009?*

**A2:**

- Increase in hybrid forms of employee involvement (direct and indirect operating simultaneously)
- Increase in unionized forms of employee involvement
- Increase in enterprise bargaining agreements
- Increased quality of industrial relations in terms of greater fairness, representation and cooperation at work between employers and employees leading to more positive outcomes such as: greater employee engagement, motivation and commitment; improved productivity; and, reduced industrial conflict.

**UK:**

*In light of the introduction of the ICE Regulations (2005) in the UK, consider the following questions:*

**Q1:** *Why might employees value information and consultation that is imposed by legislation?*

**A1:**

- Increases employees' dignity at work and personal development
- Increases employees' job satisfaction, morale, loyalty and commitment
- It increases the performance and productivity of the organization by enabling employees' to contribute ideas for improvement and change and influence management decision making which can lead to alternative and/or better decisions
- Increases employees' acceptance of change
- Increases the quality of industrial relations through partnership approaches between employers and employees

**Q2:** *What are the benefits for organizations of informing and consulting employees?*

**A2:**

- Increases employees' dignity at work and personal development
- Increases employees' abilities, skills and motivation
- Increases employees' job satisfaction, morale, loyalty and commitment
- It increases the performance and productivity of the organization by enabling employees' to contribute ideas for improvement and change and influence management decision making which can lead to alternative and/or better decisions
- Increases employees' acceptance of change

- Creates networks among employees
- Allows employees to express complaints or grievances to management and may therefore reduce conflict and counteract alienation
- Increases the quality of industrial relations through partnership approaches between employers and employees
- Improve quality and customer service
- Extend the range of tasks employee's undertake

**Q3:** *What factors are likely to influence a company's strategy for information and consultation in the workplace?*

**A3:**

- The institutional environment (legal, economic and political environment)
- Management attitudes, style and strategy
- Presence and strength of trade unions
- Occupational identity and group solidarity
- Culture of the organization and degree of embeddedness of information and consultation
- Employees attitudes
- Trust between employer and employees
- Level of power and influence of the parties

### **Exercise 13.3 (p.362):**

**Q1:** *What behaviours should managers employ to facilitate employee involvement in the workplace?*

**A1:** Generally speaking, managers might facilitate employees involvement through attitudes that fosters co-operation and joint effort, rather than unilateralism and emphasis on managerial prerogatives

### **End of chapter questions (p.365): For discussion and revision**

**Q1:** *How does employee involvement link to SHRM?*

**A1:** Employee involvement is an element (one bundle) of high-commitment and high-performance management approaches designed to increase an employee's abilities, motivation and opportunities to perform in the workplace.

Employee involvement is based on the notion that employees are a source of competitive advantage – and therefore that involvement increases the stock of ideas in an organization, enhancing employee commitment, cooperation and high-trust relations.

**Q2:** *Why is labour productivity a better measure of the impact of human resources practices than profitability?*



**A2:** Labour productivity is a better measure of the impact of human resources practices than profitability because it is solely concerned with the management of people. Labour productivity is defined as the value of labour outputs proportional to the cost of labour inputs. The objective is for HRM to be cost-effective. Employee involvement is one human resources practice that can enhance labour productivity.

**Q3:** *Distinguish between three categories of employee involvement.*

**A3:** Students can discuss three of the four categories of employee involvement: downward communication; upward problem solving; task participation; and, financial participation. These should be distinguished by their nature and objectives (pgs 349-350).

**Q4:** *Discuss the differences between direct and indirect consultative voice.*

**A4:** Direct consultative voice: two-way mechanisms of employee communication and involvement (examples: team briefings, quality circles, suggestion schemes).

Indirect consultative voice: representative arrangements of employee involvement and participation (examples: joint consultative committees, union representation structures and non-union representations structures such as company councils or staff associations).

**Q5:** *Identify two major trends in employee involvement since the 1980s. What have been the implications of these trends for managers, employees and trade unions?*

**A5:** Trends include: a decline in union representation; a rise in non-union representation arrangements; a rise in direct employee representation arrangements; rise of globalization; rise of neo-liberal economic policies.

- Implications for managers: a decline in union representation structures and employee involvement through unions; a rise in the use of management led and initiated representative and non-union structures for employee involvement; an increase in hybrid representation and involvement structures; greater use of downward communication and task-based participation.
- Implications for employees: an increase in hybrid and alternative forms of representative structures for employee involvement; a decline in union representation; greater use of downward communication and task-based participation.
- Implications for trade unions: a decline in union representation – measured in absolute membership numbers and union density; use of greater managerial prerogative; the use of hybrid representative structures in the workplace for employee involvement and participation.

**Q6:** *What are the limits of legislated employee involvement systems?*

**A6:** The law is slow to change attitudes and behaviours. In most Anglo-American economies, although the legislation can dictate the form of employee involvement and participation, it cannot specify how organizations manage or deal with such structures in practice. The legislation does not remove the discretion available to managers, employees and unions in the everyday practice of employment relations.

**Q7:** *Why is it important for employee involvement systems to be socially embedded within an organization?*

**A7:** Several reasons: social legitimacy is a strategic goal of SHRM; employee involvement relates to a range of stakeholders' interests; employee involvement is impacted and shaped by a range of internal and external factors.

**Q8:** *How can an organization achieve socially embedded employee involvement systems?*

**A8:** By: accounting for different stakeholder interests; ensuring that human resource practices and employee involvement systems are legally compliant, ethical and socially responsible; ensuring that employee involvement is autonomous, enables employee influence and empowerment; ensuring that employee involvement systems are not thwarted by managerial prerogative; ensuring employee involvement systems are aligned and integrated with the culture of the organization and are permanent; building a social contract with employees, which includes employee involvement systems, that are centred on cooperation and commitment; ensuring management actively encourage and promote employee involvement in practice.

**Q9:** *Why is it difficult to establish a causal link between employee involvement systems and performance and productivity?*

**A9:** Individual contingencies and the context of the firm act as determinants of employee involvement schemes – meaning variation in practice. It is difficult to tease out the impact of individual HR practices (employee involvement) on performance and productivity.

Cause and effect problem – what is the cause and what is the effect? Is employee involvement the cause or effect? This can only be determined through longitudinal research.

Much of the existing research relies on managers' interpretations of the perceived impact of employee involvement on performance and productivity. There is also a need to investigate employees' perceptions and experiences.

It is difficult to measure the embeddedness of employee involvement practices in an organization and how they shape and change organizational behaviour over time.

### **Case Study (p.370): Employee involvement at Paper Co**

**Q1:** *Utilizing Marchington and Wilkinson's (2002) typology, how would you classify the JCF at Paper Co?*

**A1:** The JCF falls into three of the four categories put forward by Marchington and Wilkinson (2002): downward communication, upward problem solving and task participation.

**Q2:** *What are the strengths and weaknesses of the JCF in Paper Co?*

**A2:** Strengths/benefits of the JCF:

- Ensures the equal treatment of staff regarding employee involvement, and information and consultation matters at Paper Co. Until the establishment of the JCF, only manual workers had access to collective representation (via the Operating Council) which enabled them to receive business information, voice their ideas or concerns, and/or influence company decisions.
- Employee representatives are 'independent' of management. Representatives are elected by their constituency (other employees) rather than being appointed by management. The use of anonymous ballots enables employees to cast their votes which are free from management interference and coercion.
- The JCF has increased the involvement of non-manual workers at the organizational level (albeit within parameters set by management) and staff access to senior management.
- Provides an additional source of information that gives employees greater insights and understanding into key business issues and developments. The upward nature of the forum also allows management to solicit and capitalize on employees' knowledge,

Weaknesses of the JCF:

- The operation of the JCF is management-controlled and the constitution is not enforceable by law.
- Employee involvement is 'shallow' (depth) in terms of acting as an information sharing mechanism rather than meaningful consultation. The agenda is one-way and bottom up. Employees have little, if any, influence on high-level issues (e.g. redundancies). Consultation at this level is tokenistic (i.e. occurs retrospectively when management have already made the decision).
- There is a lack of a collective frame of reference among the non-union representatives - likely due to their unfamiliarity with such structures. The lack of group solidarity reduces their ability to form a united front to management.
- The JCF is preoccupied with local, 'trivial' issues, despite more significant issues being raised (e.g. flexible working, performance-related pay).
- The JCF has no union-backing.

**Q3:** *To what extent do management at Paper Co exhibit a lack of buy-in or commitment to employee involvement?*

**A3:** Management buy-in and commitment to employee involvement is demonstrated by the following:

- The JCF was implemented of management's own accord and in consultation with employees (rather than management-imposed). Management were under no legal obligation to extend information and consultation rights to non-manual workers, as employees had not formally requested an agreement via statutory procedures (the ICE Regulations).
- Senior managements' presence on the JCF (Finance Director, Operations Director).
- Employee representatives given the 'capacity to act' on behalf of their constituents e.g. rights to time-off to collate employee suggestions, hold and attend pre-meetings with the other representatives, organize feedback meetings. External training also provided to all parties directly involved in JCF meetings, including managers.
- Tangible changes have been made as a result of employee suggestions (e.g. dress down Friday, cycle to work scheme, canteen facilities) and management have been proactive in their approach to consultation in some areas – e.g. HR policy (smoking, bullying and harassment, pensions).

At the same time however, management's lack of commitment and buy-in to employee involvement is also evidenced by the following:

- Management are selective in the information they provide employees – seen to communicate in the 'good times' only.

- Management's approach to consultation concerning high-level issues/strategic decisions is reactive and tokenistic i.e. redundancy decision presented as a *fait accompli*.
- The Finance Directive is perceived a 'reluctant chair'.
- Management have not reviewed the effectiveness or impact of the JCF since its introduction.

**Q4:** *Employee representatives on the JCF reported a lack of interest among employees. What factors might explain the indifference of employees to the JCF?*

**A4:** Employees' lack of familiarity with this type of structure/level of involvement, or lack of desire for more involvement than they already have. The JCF, after all, was management-initiated.

- The JCF provides them with no new information.
- The JCF's lack of decision-making powers, compared to the Operating Council, and inability to shape high level issues.
- Representatives rarely feedback information to employees.

**Q5:** *The CEO of Paper Co has asked you to strategically advise on how the JCF can be developed in order to be more effective in the future. Identify and justify your recommendations for the improvement of the JCF.*

**A5:**

- Review the effectiveness of the JCF: e.g. hold focus groups or workshops with managers and employees across the organization to establish peoples' attitudes and expectations regarding the JCF and employee voice in general.
- Revamp the JCF, with a new constitution outlining the purpose and competencies of the body (possibly merge the JCF and Operating Council together). Hold joint training sessions before creating the constitution, in order to align management and employees' expectations in terms of what constitutes consultation and what does not.
- Appoint a new, more enthusiastic, senior manager to chair the body.
- Make the consultation process more meaningful - consult employees when decisions are at the contemplative stages to demonstrate its importance, and management commitment and buy-in to employee involvement.
- Increase senior management visibility across the organization.

## Chapter 14: Work-life balance in the 21<sup>st</sup> century

### Critical Thinking 14.1 (p.378): Fathers and WLB

**Q1:** *What are the longer term implications of fathers not spending time with their children? Think of the impact this situation can have for both home life and organizations.*

**A1:** Children that grow up with a mostly absent father may face various psychological problems in their teenage years and in adulthood. To follow, the lack of a male role model could be prominent among them. Thus, home life could suffer, affecting, possibly, the effectiveness of the male parent at work.

**Q2:** *Imagine you are a human resources manager. Your organization has well-developed policies on WLB initiatives and flexible working arrangements, but you are aware that the 'take-up' of these initiatives is much lower for male than female staff. You will head a group meeting to discuss ways to encourage all staff who might benefit from these initiatives to utilize them. What would be your main recommendations? What barriers could you envisage facing?*

**A2:** Main recommendations would centre on the benefits for the children and their psychological well-being of having a father who is more involved in their upbringing. It is also a very rewarding and unique experience for the father himself. For the organization, happy, fulfilled and psychologically balanced employees are also more productive employees. Barriers encountered would include traditional views for a less "hands-on" father involvement in the upbringing of children.

### Critical Thinking 14.2 (p.382): All about choice?

**Q1:** *In the context of the agency versus structure debate, reflect on key issues discussed in this chapter in relation to WLB. How important to do you think women's and men's choices are in relation to balancing work and life?*

**A1:** Choices individuals make are important, in so far as they are free to make them. How often, though can that be the case? Structural (cultural, religious, personal etc) constraints often play a decisive role. Another point of view on that debate could be that every individual is part of a society and thus is directly affected by the prevalent norms.

**Q2:** *What would you consider to be the key constraints in taking up flexible working and other WLB initiatives offered in organizations?*

**A2:** As it is indicated at various points in this chapter, financial constraints are usually the most decisive reason. For example, fathers may not be so keen to take up (unpaid) parental leave for two weeks, not because they do not want to be with their children, but rather because their salary may hardly afford to them that opportunity.

**Q3:** *Do you think there are issues or concerns that may affect some social groups more than others? Extend your discussions beyond a focus on gender, to include other groups such as ethnic minority or disabled groups.*

**A3:** WLB may be understood in different terms by various socio-cultural, ethnic, racial, and religious groups. Even though the role of the mother is universally central (for obvious reasons), the expected role of the father is not quite so. But, there are also significant differences than can be attributed to class. In Victorian England, fathers in the upper classes would be very little involved in the upbringing of their children (in contrast to fathers of a working class background), and it would be expected that by 8 years old, children would leave home to join a boarding school. Nonetheless, a good answer to this question needs to be supported by research evidence and not by presuppositions that may mask personal biases. For example, assuming that disabled people may need more support in bringing up a family, while a gay couple would need none may be false.

#### **Exercise 14.1 (p.385):**

**Q1:** *What issues do women – and men – face in employment today in relation to balancing work and personal life commitments?*

**A1:** This is a very broad question that should be answered through the use of specific examples, taking into consideration socio-cultural, ethnic, racial, gender and religious differences of people. It would be too broad to talk about men and women in general.

**Q2:** *There may be additional concerns for other social groups (that is, ethnic minority groups, people with disabilities and so on) in relation to balancing work and life. Discuss.*

**A2:** Of course there are, and this how such question should be approached. In other words, there can be, for example, no men “in general”; there are rich, poor, white, Jewish, Muslim, gay, etc etc. men and all possible combinations of the socio-cultural, ethnic, racial, and religious characteristics that differentiate one individual from the other.

#### **End of chapter questions (p.389): For discussion and revision**

**Q1:** *What areas do WLB debates seem to be focusing on?*

**A1:** Fundamentally, WLB debates are focused on the effects that intensification of work and career expectations have on family life. Prominent in these debates is the position of women (in advanced industrial countries) who are searching for the thin (and, at times, illusionary) balance between high career aspirations and a happy and fulfilling family life.

**Q2:** *Would you consider this to be limiting? If so, in what way?*

**A2:** The primary limitation here would be to assume that the issues faced by middle-class professional women in advanced economies (struggling with demanding careers and their biological need to have families) are the same for everyone else. There could enormous variations on how WLB needs are perceived, according to socio-cultural, ethnic, racial, religious, etc diversities.

**Q3:** *What can be the costs of an ‘overwork’ culture to both employees and organizations?*

**A3:** The costs of an “overwork” culture can be significant but not always easily proven, as they may involve long-term effects on the well-being of individuals, their families, the society and the national economy. Overwork can cause fatigue and illnesses, can prohibit the formation of a family, or make it dysfunctional, can contribute to a dropping birth rate and damage the prospects of a national economy for long-term growth.

**Q4:** *What key legislation can you cite which protects social groups from discrimination?*

**A4:** Legislation is country-specific and a good answer here must provide the national context of legislation. In the UK, for example, the Equality Act of 2010 is the most recent and significant piece of legislation regarding discrimination at work. For EU countries, though, one must not forget the EU Directives that national legislation (such as the Equality Act of 2010) is implementing.

**Q5:** *What legislation can you cite in relation to employment and work and life?*

**A5:** Similarly as above, employment legislation is always country-specific. A good answer must identify the national context of legislation. In the UK, the Equality Act of 2010 is the most recent and significant piece of legislation regarding employment protection matters. Moreover, in EU countries, one must not forget the EU Directives that national legislation (such as the Equality Act of 2010) is implementing, but also bear in mind that a range of employment matters do not fall in the domain of EU law. It is only employment issues that affect the health and safety of employees (widely interpreted) that are the domain of EU law; all other issues (such as wages, and trade unions) are left to member states to legislate on.

**Q6:** *Highlight key differences in how employers and employees may be dealing with WLB in different regions. Think of examples in the Western, developed economies and also in non-Western, emerging markets.*

**A6:** The ways WLB issue are understood and dealt with can vary considerably within countries as well as across the globe. In some places “personal circumstances” are not considered at work; employees are required to perform and work hard, regardless of what else may happen at home. Elsewhere, and especially so in developed economies that are plagued by persistent low-birth rates (and adversity to immigration), serious efforts are under way (often backed by enlightened company policies) to create an enabling environment where women can both pursue a career and have families.

**Q7:** *If you were a senior human resources manager in an MNC who has been transferred to the Chinese office, how would you attempt to implement the flexible working arrangements and family-friendly policies designed at the parent company? What issues would you need to consider?*

**A7:** Taking into consideration that the vast majority of Chinese couples observe the one-child government policy, implementing a “western” style WLB policy might actually be easier than thought. Indeed, WLB policies in Europe and North America have, implicitly, also come about because of (Chinese-style) low-birth rates, aiming for – among others – higher birth rates (2+ children per family). In China, of course, that is not an issue.

### **Case Study (p.391): Balancing work and life in a non-Western economy**

**Q1:** *What are the key issues Adesuwa is facing at work and at home?*

**A1:** Adesuwa faces long hours and a seemingly unsympathetic boss at work. At home she has children who miss her, and parents and a husband who expect from her a more traditional role in the upbringing of children.

**Q2:** *Is she receiving support from her organization? What is her relationship with her manager?*

**A2:** The company, a bank, does not have any WLB policies in place. Her manager is obsessed with long hours of work and cannot see the damage that his leadership is creating in people's lives.

**Q3:** *What areas could be improved at work to help her better balance her work and personal life demands?*

**A3:** Flexible working hours and the ability to work from home could be very helpful. But for that to happen, a better organization of work is needed at her workplace; one that does not take for granted that people would be at their office from early morning till late at night.

**Q4:** *Is she receiving support from her family? What is the form of this support? Could her husband and parents further support her in order to alleviate her stress?*

**A4:** In her case, the support she receives from her family is very valuable, but also shows its limitations. Her parents complain that they should not be raising children for the second time, (their daughter's) and the husband would like her to be at home more hours of the day. Other than not complaining, parents and husband cannot really do much more, at the face of organizational indifference.

**Q5:** *Could the long work hours that both Adesuwa and Osagie experience have an impact on their relationship with their daughters? In what ways?*

**A5:** The long and relentless long working hours have a direct and dramatic effect on the relationship with their daughters; they are hardly around to see them during the day, let alone be parents to them.

**Q6:** *Could there be any cultural elements that readers need to be sensitive in when offering their suggestions?*

**A6:** The underlying cultural element is the traditional view held by all, even by the career-oriented mothers, that their place should be, mostly, at home with children. There is here, in other words, a contradictory cultural "pull" between the expectation for mothers to be at home with their children, and the necessity to earn a living as professional women.



## Chapter 15: Managing human resources and quality

### Critical Thinking 15.1 (p.400): Is TQM a control mechanism for management?

**Q1:** *Given that TQM may result in an increased control of the workforce in order to maximize labour productivity, what ethical implications must be considered when designing and implementing TQM in an organization?*

**Q2:** *How can organizations achieve a balance between employees' consent and control over employees?*

**A1 & 2:** To create a total quality culture where quality is perceived to be the responsibility of everyone at every level from top to shopfloor requires an organization-wide management system where control of both people and working systems and procedures are core to the success of TQM. It is therefore not surprising to see in reality a TQM-driven organizational context is dominated by detailed procedures and working standards that need to be closely followed by employees. This could create a perception for the employees that TQM basically brings about more managerial control than empowerment and delegation of authority. Employees are left with more responsibility and being accountable for any outcomes. Any deviation from the agreed work plans and goals could have negative ramifications for the employees. Of course this the view of HRM advocates who interpret the TQM's focus on process control to be executed through employee control. But in a true quality-driven organizational context employees are expected to feel otherwise and free from any punitive mechanism. See the list of references at the end of this commentary for full details of the pros and cons of process control of TQM.

### Critical Thinking 15.2 (p.410): Individual versus system influences on performance

**Q1:** *Is it possible to reconcile HRM's focus on individual performance with TQM's focus on system improvement?*

**Q2:** *What possible changes in performance appraisal are likely after the implementing TQM in an organization?*

**A1 & 2:** The focus here should be on a comparison between traditional/conventional performance appraisal with its focus on individual-based appraisal (and employee punishment and control) with modern or TQM-driven appraisal with its focus on team, system, and performance improvement.

### End of chapter questions (p.417): For discussion and revision

**Q1:** *Define TQM and HRM. Discuss the popular perspectives on TQM and HRM.*

**A1:** TQM is an approach to improving the effectiveness and flexibility of business as a whole. TQM is seen as holistic and organizational-wide approach based on customer focus, process orientation and continuous improvement (see box 15.1) HRM focuses on improving organizational performance through the utilization of human resources. Both share an organizational outlook based on people.

**Q2:** *How do TQM practices support HRM to take the lead in retaining and motivating a high-quality workforce?*

**A2:** TQM interfaces with and complements HRM in retaining and motivating a high quality workforce, through emphasis on expanding job roles, problem solving, team work, and group performance.

**Q3:** *What are the fundamental differences between TQM and HRM with regard to appraising and rewarding employee performance?*

**A3:** TQM, by its very nature is set against a solely individual performance appraisal and calls for the inclusion of other factors into an appraisal system, such as peer and customer review and a developmental perspective. Similarly, performance rewards need to account for group performance, quality improvements and innovations and not merely individual efforts.

**Q4:** *Using the four key elements of the HRM cycle, discuss how TQM can contribute to achieving the intended objectives of each of these elements?*

**A4:** The four key elements of the HRM cycle, as shown in Figure 15.1, are selection, rewards, appraisal, and development. This is a very broad question, essentially summarizing the whole chapter. Briefly, TQM can contribute in selection by concentrating on identifying problem-solving team players; in rewards by focusing on not only individual recognition but also team rewards; on appraisal by paying attention to on both past and future performance; and on development by its emphasis on continuous personal development.

### **Case Study (p.419): ABC**

**Q1:** *What are the main challenges or problems facing organizations that decide to adopt TQM practices? How can such problems be overcome?*

**A1:** Focus should be on resistance to change from employees and effective management of change programmes such as TQM.

**Q2:** *What do you think are the advantages of adopting TQM for (1) the HRM department and (2) the employees?*

**A2:** The HRM department could benefit from quality system which in turn results in recruiting quality people and retaining them for longer period of time with less employee turnover and mobility of employees due to job dissatisfaction. Employees have a sense and feeling of fairness, they are aware of the fact that under TQM regime there is always room for improvement, there is no a culture of blame but the idea behind employee appraisal is to improve their performance.

**Q3:** *To what extent is HRM focused on individual performance instead of system improvement? How can TQM help HRM to enhance its overall focus?*

**A3:** HRM is indeed focused on individual performance, than system improvement. TQM can address that by shifting the focus to teamwork, continuous improvement, problem-solving, innovative and systemic thinking, etc.

**Q4:** *How does the concept of TQM apply to a service organization such as a university, hospital or bank? What differences does it make for the managers and service employees involved in back-office and front-office operations?*

**A4:** Focus should be the application of TQM in services: service quality management. Service quality is judged based on the difference between a customer's expectation and perception of a service. Use of Quality Gap Model (see Parasuraman et al., 1988) is recommended here. Back-office employees do not interact with customers and require different type of training, and front-office do interact with customers. Both technical and interpersonal trainings (soft) are needed for front-office employees as they need to handle customer queries, complaints. The point is that each customer has a different expectation and perception of service quality and this subjective judgment makes the job of a service manager a challenging one.

## Chapter 16: Human resource management in small to medium-sized enterprises

### Mini Case Study 16.1 (p.431): A window opportunity for staff: the effects of poor human relations practice on productivity in a medium-sized manufacturer

**Q1:** *If you were placed as the associate in this company, which human resources practices would you concentrate on, and why?*

**A1:** This question gives the student plenty of scope with wider HRM. The absence of any form of HR means that the obvious starting point would be to design an HR strategy for the company. The lack of profit despite investments in new plant and machinery, little respect for employees, an authoritative management approach, no delegation or communication and high employee turnover means that consistent policies for recruitment and retention, reward, involvement and participation, training and skills might be a good starting point. One of the biggest problems is the high staff turnover. Think about which HR practices could assist in reducing this?

**Q2:** *How would you gain the commitment of the managing director to allow you and other staff to place a greater emphasis on human resources?*

**A2:** The starting point would be to educate the MD of the benefits of good HRM policies and practices. In particular, you would need to establish the link between HRM and performance and employees as a source of competitive advantage. Emphasis, for example, could be placed on the resourced based approach to HRM. As the MD is very profit focused, highlighting how HRM adds to efficiency and hence higher profit would be essential. Give examples of the benefits from good recruitment and retention, involvement and participation, job design, delegation, reward, etc.

### Critical thinking 16.1 (p.438): Comparative study of employment relations in SMEs across 17 European countries

**Q1:** *To what extent does national context affect employment relations in SMEs?*

**A1:** The different political, economic, social, technological, educational and legal contexts, to name just a few, are highly important in the approach that different countries take toward their HRM. Whether employee relations are dealt with centrally, locally or even on a voluntary basis has had a dramatic effect on the management of human resources.

**Q2:** *Which elements of the macronational context are most relevant in shaping the nature of employment relations in SMEs?*

**A2:** The way that the various social partners (trade unions, employers, state) interact with each other is extremely important. As with question 1, all of the contextual influences are important: education, approaches to equality and diversity, quality of work/life balance are examples of

just some of the major elements that mark major differences in the approaches to managing HR. Take the examples of Sweden and the U.S. whose approaches to each of these issues would be at opposite ends of the scale.

**Q3:** *Compare and discuss the differences in employee management in SMEs in two or more countries.*

**A3:** Try to think about the different ways in which the various countries approach the management of HR. Germany's dual system of representation and strong role for collective bargaining contrasted against the voluntaristic approach of the UK; France's short working hours culture contrasted against the long hours culture of UK/US; Weak representational institutions in UK/US compared with stronger forms in Denmark, France, etc.; formal training in France, informal in UK.

### **Mini case study 16.2 (p.440): Keeping things personal: human resources in a high-growth financial services firm**

**Q1:** *How important was the introduction of HRM to Mortgage Co's recent performance?*

**A1:** HRM was very important to the company as it supported their growth process. The formalization of HRM allowed the owner-manager to delegate responsibility to others within the firm through appropriate structures, and helped to regulate these structures through a range of working practices. It was apparent that HRM formed an integral part of the firm's wider strategy from recruitment and selection through to retention. Try to think about how the industry sector within which the firm competes promoted this more formal approach.

**Q2:** *Critically assess what other developments occurred and the nature of the relationships between them.*

**A2:** The development of a business model and strategy to drive and control the growth of the company was accompanied by a number of developments. An overall financial and performance measurement system assisted the company in being able to set key performance indicators from which to assess the achievement of their strategy. To support this, the company had introduced professional departments and structures including allowing delegation of these functions to department heads. This in turn had allowed senior management to take a much more strategic overview role and hence use HRM to structure and drive the way forward. Performance measurements also cascaded to employees through annual appraisals and so forth.

### **End-of chapter questions (p.441): For discussion and revision**

**Q1:** *What role do SMEs play in employment and in the growth of an economy?*

**A1:** This question should look at the fact that SMEs account for over 99% of all businesses and around 60% of employment. The more efficient these companies are the greater the impact on the overall economy. The potential for job creation, the promotion of innovation through industrial districts and clusters are also important to this debate. One should not forget that for many SMEs skill development for employees and management is normally regarded as

comparatively low as are overall investment levels. Again to be able to increase in these areas would have a very beneficial effect on the economy.

**Q2:** *Critically examine the nature of employment relations in SMEs.*

**A2:** Employment relations in SMEs are typically regarded as very informal and close to the sources of ownership/management. Whilst some would argue that this creates a 'harmony' environment, others have argued that it is more likely to be a 'sweatshop' environment. Students should take on board the reality of the heterogeneity and complexity of the SME sector and seek to understand the differing dynamics. SMEs are not 'small large firms', neither are they all managed in the same way.

**Q3:** *Why is the formality of HRM practices seen as a contentious issue for SMEs?*

**A3:** SMEs are traditionally seen as being informally managed because of their size and the close proximity of owners and employees. However, that should not mean that they are incapable of formalizing their policies and practices. Many confuse the formality of systems and processes with higher costs and increased levels of bureaucracy. Whilst this may be partially true in that SMEs generally have less money to invest this does not necessarily mean that they cannot reap the efficiency effects from such practices.

**Q4:** *In what ways are SMEs different from large firms with regard to HRM?*

**A4:** One of the key arguments to take on board here is that of Rainnie (1989) who argued that SMEs are largely under the control of larger firms. Whilst this may be so for many SMEs it is not the case for all. In reality there are many internal and external factors that will impact on the strategic orientation of SMEs and hence their relationships with large firms. Yet key differences are noted between small and large firms including the availability of resources (incl. capital, human, social), the sophistication practices and policies, and the degree to which professional management are present and so on.

### **Case study (p.442): HPWSs in a European context**

**Q1:** *Why are SMEs seen as the potential beneficiaries of a high-performance approach?*

**A1:** Some argue that the low levels of formal HRM practices found in SMEs demonstrate the 'potentiality' of HRM in an SME context. Others assert that SMEs are more innovative, informal, flexible and in touch with their employees, a view that is very much related to the 'harmony' perspective on SMEs. What is problematic here is that HRM research tends to concentrate on the formal properties of firms and assumes that large firm practices can and should be applied in SMEs. When little evidence of formal HRM is found in SMEs these firms are seen to be deficient to their larger counterparts. Rather, it is actually that no one model of HRM and performance exists for SMEs and one should not automatically assume that HRM can and should be applied uniformly across all firms.

**Q2:** *Having considered the above results, what are the key differences in approach taken by British and French firms to the adoption of human resources practices associated with a model of high performance?*

**A2:** Key differences were found in the way that firms approached issues relating to skills and development, quality management, involvement and participation, and strategy, to name a

few. French SMEs tended towards a more collective/integrated approach whereas British SMEs tended towards a more individualistic approach.

**Q3:** *How can the difference in approach taken by British and French SMEs be attributed to a firm's institutional setting?*

**A3:** There are notable differences between the roles of the state in France and the UK. The state in France has played an active role in regulating such areas as collective bargaining, pay, working hours, and training and holidays whereas traditionally the UK state has generally upheld the voluntarist approach toward the management of human resources.