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**THEME**

**HUMAN RESOURCES MANAGEMENT IN GREAT  
BRITAIN A FACTOR TO A WELFARE STATE**

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## DEDICATION

I dedicate this work to:

My father, FADEBI Bamigbayé

*Daddy, you support through the years my insatiable curiosity and you are used to telling me to look beyond things and you give me every time and when needed the courage to progress. I thank you a lot. Receive, this work, the fruit of my work and the love and support you have been bringing to me. May the Almighty God bless you and grant you a long life.*

My late mother, EKANLOU Omonyitan

*Mummy, all I can say to you is that "I still love you". I know how you suffered for us and how you loved us. For me, you have been the best of the mothers and nobody can replace you in my heart. May your soul rest in peace. (Amen)*

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## INTRODUCTION

The term ‘Human Resources Management’ (HRM) and Human Resources have largely replaced the term ‘personnel management’ as the description of the processes involved in managing people in management of people, although the philosophy and practices of personnel management still provide the foundation for the philosophy and practices of Human Resources Management. The difference between these aspects of people management according to Michael Armstrong:

*Human Resources management is the act of running and controlling the people’s skills, abilities seen as something a company, an organisation can make use; whereas personnel management is concerned with obtaining, organizing and motivating the Human Resources required by enterprises.*

It refers to major development in Human Resources practices in the last two to three years such as development of the theory and practice of Human Resources Management, talent management and approach to learning and development. Therefore an approach to obtaining analysing and reporting on data which informs the direction of value-adding people management are taken in British enterprises for the development of Human Resources to prospect their enterprise.

From mid 2008 the United Kingdom economy entered a period of deep economic recession, with large numbers of job cuts spread across a range of sector and cross the country. The timing of the downturn is significant, coming at a time of fairly wide-ranging and significant welfare reforms. Of particular importance is the

replacement of Incapacity Benefit (IB) with Employment support Allowance (ESA), a change which was designed to reduce on-flows to sickness benefits and, in the medium term, also to increase off-flows.

The growth of claims for Incapacity Benefit and their subsequent partial decline, as well as the recent trends in claimant unemployment, are examined using the Office for National Statistics (ONS) area classification. The work focuses on men since they have been disproportionately affected by previous recessions, and the emerging evidence suggests this will be true again time.

This work starts with Human Resources Management theory, which explores how we manage people and the factors affecting human resources management; and it continues with the human resources management practice concerning the recruitment, employment relation, human resources development and performance management; it is concluded by workplace health and welfare in Great Britain.

## **Chapter one: Research Contents and Literature Review**

### **1.1- Research Contents**

#### **1-1-1-Problem Statement**

“Britain, a welfare state: a myth or a reality”, is not a topic chosen at random. This choice comes from the information about Britain. So, there is a need to clarify or lay more emphasis on the British people’s conditions. As Britain is one of the world’s richest countries, it may be considered as a paradise; but it is a mix of all (poor a rich, educated and non-educated) ..... The British people situation has changed with the implementation of the “welfare state”.

My core focus for this research work is to shed more light on the “welfare state” in Britain and show whether it is a myth or a reality.

#### **1-1-2-Purpose of the study**

I cannot deal with this research work without pointing out what a “welfare state” is and how it has affected the British people’s life. This study aims at providing a deep understanding of the British “welfare state” before and after 1948.

Another goal of my study is to find out whether a “welfare state” implemented in Britain is a myth or a reality.

Thus, my research work will help to find solutions to the questions raised by the actualisation of the “welfare state”.

### **1-1-3-Significance of the study**

Britain, an important country, had its own problems. This led to the implementation of the “welfare state” in Britain. This situation shows that investigating on this topic: “Britain, a welfare state : myth or reality” can help understanding more about the British “welfare state”.

This study is significant in the sense that will allow people to know more about Britain and its population’s conditions. It will be about health, housing, and other social issues (education, food, employment...).

### **1-1-4-Scope of the study**

I cannot achieve this research work without taking into account the scope of the study; that is the limitation of our study.

This research work is not intended to make an overall study of the topic. So my work is to investigate on some aspects of the British “welfare state” and their consequences on the British people. Thus, I will focus my work on health, housing and other social issues (education, needs, unemployment, inequalities...)

### **1-1-5-Research methodology**

In order to deal with this topic more efficiently, I have first read some articles which give information about Britain especially about the welfare state with its aspect. Besides, internet has also played a great role since I’ve got useful information through it to develop my topic.

For a research work to be then well presented, its writing has to be done in a specific way different from news or journal article. Therefore, it needs to be carried out with scientific methods: data analysis, critical and imaginative analysis of the data are

some of the method used in this work. This study is designed to find out the human resources management in Great Britain as a factor to a welfare state. This goal cannot be achieved unless the research work is orderly, imaginative, logical and accurate.

## **1.2-Literature Review**

In this chapter, we are going to clarify the concept of “welfare state” and have a look at the historical background to show how Industrial Revolution in Britain influenced British people’s life ; thus the “welfare state”.

According to Cambridge International Dictionary of English, a “welfare state” is “a system of taxation which allows the government of a country to provide social services such as health care, unemployment pay , etc.... to people Who need them”. So if a person is on welfare, it means that he is receiving financial help from the state because he is poor or he has not been employed for a long time.

After the implementation of industrial Revolution in Britain, some British people faced some problems in their daily life. To find solutions to these problems, the government created the “welfare state” in Britain.

But how does the industrial revolution occurred?

During the nineteenth century, the United Kingdom, like most of the European and American nations, was touched by a technological phenomenon: the industrial revolution. This revolution touched especially the textile and the metallurgy. Factories were built to improve the production, employing more and more workers. The Industrial Revolution caused technical and agricultural transformations and the

workmen underwent several transformation of their work. It is based on light industry (textile), raw materials (coal), an energy source (vapor), means of transport (railroad), heavy industry (iron and steel industry).

In addition, other domains also benefit from the new techniques of work and machines. For example, we have:

-energy: use for a calorific mineral energy;

-Natural resources: abundance of raw materials;

-demography: population grew without being slowed down by a lack of subsistence;

-mechanical energy replaced human and animal energies;

-transport: the railroad connected the great centers.

In sum, this phenomenon of Industrial Resources increased the number of employment because even if the machines replaced the hands of the farmers, they did not remove them.

But the Industrial Resources does not have only positive aspects. Negative aspects also were observed. For example as life expectancy and birth rate increased, famine was at the gate. There were deep inequalities within the system. The workers were the victims of the economic liberalism as they were not protected by a social law and they simply worked to increase the capital of their employers. So the 19th century attended the birth of a revolution the slogan “property and happiness for all” was a mere illusion. The workmen were ill-treated. Then, there were two classes in the proletarians in opposition to the capitalists. Although most the wealth passed through their hands, proletarians had hard life. Their wages were miserable (2 to 3 livre sterling per day) and less for the women and children (0, 75 to 0, 90 livre sterling per day). They had bad living conditions and they were unfed thus in bad health. Some of them took refuge in alcohol and deprivation. There were also

problems of housing and health because of social exclusion. They don't have access to basic human necessities (education, health, shelter, food ..... ) because of their limited resources.

To sum up, we can say that the Industrial Resources in Britain hadn't improve the living conditions of the poor but inversely, reinforced the emergence of poverty in the lower class poverty has risen since then and is still a present difficulty in Britain. Nearly one in ten Britons has experienced conditions of absolute poverty without human necessities such as enough food, safe drinking water and proper sanitation, according to a report from Bristol and London University. A recent survey for the Joseph Row tree Foundation estimates that a quarter (25 percent) of Britain's population is poor.

As far as children are concerned , many of them are living in poverty than in any other European Union country except Italy, with members having trebled in 20 years, according to UNICEF, the United Nations Children's agency, "one in five children lives in poverty", says UNICEF. In a report published in June 2000, Britain came 20<sup>th</sup> out of 23 countries in a legal table of relative poverty.

Poverty is more common for women than for men as far as adults are concerned, children are even more likely to be in a poor household. Unemployed households are the most likely to be poor, followed by lone parents families but the greatest number of the poor continue to be the elderly. (See the table below).

## **Chapter Two: Theoretical Framework**

This chapter underpins the rest of the dissertation. It deals with the approach and philosophies that affect how people are managed in organizations, the roles of the HR (Human Resources) function. The term ‘people management’ embraces the two related concepts of Human Resources Management (HRM) and Human Capital Management (HCM), which are defined and explained in this chapter. These have virtually replaced the term ‘personnel management’, although the philosophies and practices of personnel management still provide the foundation for the philosophy and practices of HRM (Human Resource Management).

### **2-1-Human Resource Management**

The terms ‘Human Resource Management’ (HRM) and ‘Human Resources’ (HR) have largely replaced the term ‘personnel management’ as a description of the processes involved in managing people in organizations. The concept of Human Resource Management (HRM) underpins all the activities described in this work, and the aim of this chapter is to provide a framework for what follows by defining

the concepts of Human Resource Management (HRM), describing the various models of Human Resource Management (HRM) and discussing its aims and characteristics.

### **2-1-1-Human Resource Management Defined**

Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets- the people working there who individually and collectively contribute to the achievement of its objectives.

Storey (1989) believes that HRM (Human Resource Management) can be regarded as a '*set of interrelated policies with an ideological and philosophical underpinning*'. He suggests four aspects that constitute the meaningful version of HRM (Human Resource Management):

- 1-A particular constellation of beliefs and assumptions;
- 2-A strategic thrust informing decisions about people management;
- 3-The central involvement of line managers; and
- 4-Reliance upon a set of 'levers' to shape the employment relationship.

### **2-1-2-Aims of Human Resources Management**

The overall purpose of human resource management is to ensure that the organization is able to achieve success through people.

'HRM systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities'. Specifically, HRM (Human Resource Management) is concerned with achieving objectives in the areas summarized below.

Extensive research has shown that such organization can make a significant impact on firm performance. HRM (Human Resource Management) strategies aim to support programmes for improving organizational effectiveness by developing policies in such areas as knowledge management, talent management and generally

creating 'a great place to work'. More specially, HR strategies can be concerned with the development of continuous improvement and customer relations policies.

### **2-1-2-1- Human capital management**

The human capital of an organization consists of the people who work there and on whom the success of the business depends. Human capital has been defined by Bontis (1999) as follows:

*Human capital represents the human factor in the organization; the combined intelligence, skills and expertise that give the organization its distinctive character.*

The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization.

Human capital can be regarded as the prime asset of an organization and business need to invest in that asset to ensure their survival and growth. HRM aims to ensure that the organization obtains and retains the skilled, committed and well-motivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people their contributions, potential and employability-by providing learning and continuous development opportunities. It involves the operation of rigorous recruitment and selection procedures, performance-continent incentive compensation systems, and management development and training activities linked to the needs of the business.

It also means engaging in talent management-the process of acquiring and nurturing talent, wherever it is and wherever it is needed, by using a number of interdependent HRM (Human Resource Management) policies in the fields of resourcing, learning and development, performance management and succession planning.

### **2-1-2-2- Knowledge management**

Knowledge management is any process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations. HRM (Human Resource Management) aims to support the development of firm-specific knowledge and skills that are the result of organizational learning processes.

### **2-1-2-3- Reward management**

HRM aims to enhance motivation, job engagement and commitment by introducing policies and processes that ensure that people are valued and rewarded for what they do and achieve and the levels of skill and competence they reach.

### **2-1-2-4- Employee relations**

The aim is to create a climate in which productive and harmonious relationships can be maintained through partnerships between management and employees and their trade unions.

### **2-1-2-5- Meeting diverse needs**

HRM (Human Resource Management) aims to develop and implement policies that balance and adapt to the needs of its stakeholders and provide for the management of a diverse workforce, taking into account individual and group differences in employment, personal needs, work style and aspirations and the provision of equal opportunities for all.

### **2-1-2-6- Bridging the gap between rhetoric expressed above and reality**

The research conducted by Gratton *et al* (1999) found that there was generally: *a wide gap between the sort of rhetoric expressed above and reality*. Managements may start with good intentions to do some or all of these things but the realization of them-‘theory in use’ –is often very difficult. This arises because of contextual and process problems: other business priorities, short-termism, limited support from line

managers, an inadequate infrastructure of supporting processes, lack of resources, resistance to change and lack of trust. An overarching aim of HRM (Human Resource Management) is to bridge this gap by making every attempt to ensure that aspirations are translated into sustained and effective action. To do this, members of HR (Human Resource) function have to remember that it is relatively easy to come up with new and innovatory policies and practice. The challenge is to get them to work.

### **2-1-3-Human Resources Management and Personnel Management**

A debate about the differences, if any, between HRM (Human Resource Management) and personnel management went on for some time. It has died down recently, especially as the terms HRM (Human Resource Management) and Human Resource is now in general use both in their own right and as synonyms for personnel management. But understanding of the concept of HRM (Human Resource Management) is enhanced by management have evolved to become the present day practices of HRM (Human Resource Management). Torrington (1989) suggested that:

*Personnel management has grown through assimilating a number of additional emphases to produce an even richer combination of experience... HRM is no more revolution but a further dimension to a multi-faceted role.*

Human Resource Management is regarded by some personnel managers as just a set of initials or old wine in new bottles. It could indeed be no more and no less than another name for personnel management, but as usually perceived, at least it has the virtue of emphasizing the virtue of treating as a key resource, the management of which is the direct concern of top management as a part of the strategic planning processes of the enterprise. Although there is nothing new in the idea, insufficient attention has been paid to it in many organizations.

The similarities and differences between Human Resource Management (HRM) and personnel are summarized in table 1

**Table 1:** Similarities and differences between Human Resource Management (HRM) and personnel management

<b>Similarities</b>	<b>Differences</b>
<p>1-Personnel management strategies, like Human Resource Management strategies, flow from the business strategy.</p> <p>2-Personnel management, like Human Resource Management, recognizes that line managers are responsible for managing people. The personnel function provides the necessary advice and support service to enable manager to carry out their responsibilities.</p> <p>3-The value of personnel management and at least the ‘soft’ version of Human Resource Management are identical with regards to ‘respect for the individual’, balanced organizational and individual needs, and developing people to achieve their maximum level of competence both for their own satisfaction and to</p>	<p>1-Human Resource Management place more emphasis on strategic fit and integration.</p> <p>2-Human Resource Management is based on a management and orientated philosophy.</p> <p>3-Human Resource Management attaches more importance to the management of culture and the achievement of commitment (mutuality).</p> <p>4-Human Resource Management places greater emphasis on the role of</p>

<p>facilitate the achievement of organisational objectives.</p> <p>4-Both personnel management Human Resource Management recognize that one of their most essential functions is that of matching people to ever-changing organizational requirements-placing and developing the right people in and for the right jobs.</p> <p>5-The same range of selection, competence analysis, performance management, training, management development and reward management techniques are used both in Human Resource Management and personnel management.</p> <p>6-Personnel management, like the ‘soft’ version of Human Resource Management, attaches importance to the processes of communication and participation within an employee relations system.</p>	<p>line managers as the implementers of Human Resource Policies.</p> <p>5-Human Resource Management is a holistic approach concerned with the total interests of the business the interest of the members of organization are recognized but subordinated to those of the enterprise.</p> <p>6-Human Resource specialists are expected to be business partners rather than personnel administrators.</p> <p>7-Human Resource Management treats employees as assets not costs.</p>
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The difference between personnel management and human resource management appear to be substantial but they can be seen as a matter of emphasis and approach rather than one of substance. Or, as Hendry and Pettigrew (1990) put it, Human Resource Management can be perceived as a ‘*perspective on personnel management and not personnel management itself*’.

## **2-2-Role of Human Resources function**

Human Resources functions are concerned with the management and development of people in organizations. They are involved in development and implementation of Human Resources strategies and policies and some or all of the following people management activities: organization development, human resource planning, talent management, knowledge management, employee relations, health and safety, welfare, Human Resources administration, fulfilment of statutory requirements,

equal opportunity and diversity issues, and any other matters related to the employment relationship.

The 'clients' or 'customers' of the Human Resources function are not just management. They also comprise the front-line managers who actually implement Human Resources policies and on whom the function relies to get things done, employees, and potential recruits.

### **2-2-1-The overall role of the Human Resources function**

The role of the Human Resources function is to enable the organization to achieve its objectives by taking initiatives and providing guidance and support on all matters relating to its employees. The basic aim is to ensure that the organization develops Human Resources strategies, policies and practices that cater effectively for everything concerning the employment and development of people and the relationships that exist between management and workforce. The Human Resources function can play a major part in the creation of an environment that enables people to make the best use of their capacities and to realize their potential to the benefit of both the organization and themselves.

Essentially, the Human Resources function provides the advice and services that enable organizations to get things done through people. It is in the delivery business. Ulrich (1998) points out that:

*The activities of Human Resources appear to be and often are disconnected from the real work of the organization. He believes that Human Resources should not be defined by what it does but what it delivers.*

The more sophisticated Human Resources functions aim to achieve strategic integration and coherence in the development and operation of Human Resources Management policies and employment practices.

Strategic integration could be described as vertical integration- the process of ensuring that Human Resources strategies are integrated with or ‘fit’ business strategies. The concept of coherence could be defined as horizontal integration – the development of a mutually reinforcing and interrelated set of Human Resources employment and development policies and practices.

### **2-2-2-The role of Human Resources in facilitating and managing change**

If Human Resource is concerned – as it should be – with playing a major role in the achievement of continuous improvement in organizational and individual performance and in the Human Resource processes that support that improvement, then it will be concerned with facilitating change. Ulrich believes that one of the key roles of Human Resource (HR) professionals is to act as change agents, delivering organizational transformation and culture change. Strategic Human Resources Management is as much if not more about managing change during the process of implementation as it is about producing long-term plans; a point emphasized by Purcell who believes that: *“We should be much more sensitive to processes of organizational change and avoid being trapped in the logic of rational choice”*.

In 2001, that change is specially important in Human Resources Management strategies, ‘since their concern is with the future, the unknown, thinking of and learning how to do things differently, undoing the ways things have been done in the past, and managing its implementation’. He believes that the focus of strategy is on implementation, where Human Resource can play a major part.

Organizations which successfully manage change are those which have integrated their human resource management policies with their strategies and the strategic change process...training, employee relations, compensation packages and so on are not merely operational issues for the personnel department; they are crucially concerned with the way in which employees relate to the nature and direction of the

firm and as such they can both block strategic change and be significant facilitators of strategic change.

### **2-2-2-1- The contribution of Human Resource (HR) to change management**

The Human Resources function may be involved in initiating change but it can also act as a stabilizing force in situations where change would be damaging. The human resources function can help the organization develop the capability to weather the changes that will continue to be part of the organizational landscape. It can help with the ongoing learning processes required to assess the impact of change and enable the organization to make corrections and enhancements to the changes. It can help the organization develop a new psychological contract and ways to give employees a stake in the changes that are occurring and in the performance of the organization.

### **2-2-2-2- How Human Resource can facilitate change**

Ulrich (1998) argues that Human Resource professionals are *'not fully comfortable or compatible in the role of change agent'*, and that their task is therefore not to carry out change but to get change done. But Human Resource practitioners are in a good position to understand possible points of resistance to change and they can help to facilitate the information flow and understanding that will help to overcome that resistance.

### **2-2-2-3- Change guidelines for Human Resource**

To facilitate change, Human Resource has to be fully aware of the reasons why people resist change and the approaches that can be adopted to overcome that resistance, indeed to gain agreement that change is desirable.

Useful guidelines (quoted by Ulrich, 1998) on how Human Resource can facilitate change have been produced by the Human Resource department in General Electric. These are to ensure that:

- Employees see the reason for change;
- Employees understand why change is important and see how it will help them and the business in the long and short term;
- The people who need to be committed to the change to make it happen are recognized;
- A coalition of support is built for the change;
- The support of key individuals in the organization is enlisted;
- The link between the change and other Human Resource systems such as staffing, training, appraisal, rewards, structure and communication is understood;
- The systems implications of the change are recognized;
- A means of measuring the success of the change identified;
- Plans are made to monitor progress in the implementation of change;
- The first steps in getting change started are recognized;
- Plans are made to keep attention focused on the change;
- The likely need to adapt the change over time is recognized and plans can readily be made and implemented for such adaptations.

### **2-2-3-Marketing the Human Resources function**

Top management and line managers are the internal customers whose wants and needs the Human Resources function must identify and meet. How can this be done?

First, it is necessary to understand the needs of the business and its critical success factors – where the business is going, how it intends to get there and what are the things that are going to make the difference between success and failure.

Market research data needs to be converted into marketing plans for the development of products and services to meet ascertained needs – of the business and its managers and employees. The marketing plan should establish the costs of introducing and maintaining these initiatives and the benefits that will be obtained from them. Every effort must be made to quantify these benefits in financial terms. The next step in the marketing process is to persuade management that this is a product or service the business needs. This means spelling out its costs and benefits, covering the financial and human resources required to develop, introduce and maintain it, and the impact it will make on the performance of the business. Identifying the business need and convincing management that a product or service is worthwhile will be easier if the initial customer research and product development activities have been carried out thoroughly. Credibility is vital. This will be achieved if the proposal for expenditure is credible in itself, but the track record of the HR function in delivering its promises is equally important.

This approach is akin to ‘branding’ in product planning. This identifies the product or service, spells out the benefits it provides and differentiates it from other services, thus bringing it to the attention of customers. Presentation is important through logos and distinctive brochures. Some HR departments brand products with an immediately identifiable name such as ‘Genome’ or ‘Gemini’.

### **Chapter Three: Factor Affecting Human Resources Management**

This chapter of the dissertation is concerned with the factors affecting employment in organizations. It explores the employment relationship and motivation.

#### **3-1-The employment relationship**

It explores the nature of the employment relationship and the creation of a climate of trust within that relationship.

The term employment relationship describes the interconnections that exist between employers and employees in the workplace. These may be formal, e.g. contracts of employment, procedural agreements. Or they may be informal, in the shape of the psychological contract, which expresses certain assumptions and expectations about what managers and employer have to offer and are willing to deliver. They can have an individual dimension, which refers to individual contracts and expectations, or a collective dimension, which refers to relationships between management and trade unions, staff associations or members of joint consultative bodies such as works councils.

### **3-1-1-Nature of the employment relationship**

The parties are managers, employees and employee representatives. The 'substance' incorporates the job, reward and career of individuals and the communications and culture of the organization as it affects them. It can also include collective agreements and joint employee relations machinery (works councils and the like). The formal dimensions include rules and procedures, and the informal aspect covers understanding, expectations and assumptions. Finally, the employment relationship exists at different levels in the organization (management to employees generally, and managers to individual employees and their representatives or groups of people).

The operation of the relationship will also be affected by processes such as communications and consultation, and by the management style prevailing throughout the organization or adopted by individual managers.

### **3-1-2-Managing the employment relationship**

The dynamic and often nebulous nature of the employment relationship increases the difficulty of managing of it. The problem is compounded because of the multiplicity of factors that influence the contract: the culture of the organization; the prevailing management style; the values, espoused and practised, of top

management; the existence or non-existence of a climate of trust; day-to-day interactions between employees and line managers; and the Human Resource policies and practices of the business.

The nature of the employment relationship is strongly influenced by Human Resource actions. These cover all aspects of Human Resource management.

But how people are treated in such areas as recruitment, performance reviews, promotion, career development, reward, involvement and participation, grievance handling, disciplinary procedures and redundancy will be particularly important. How people are required to carry out their work (including flexibility and multi-skilling), how performance expectations are expressed and communicated, how work is organized and how people are managed will also make a significant impact on the employment relationship. Human Resource specialists can contribute to the development of a positive and productive employment relationship in the following ways:

- By during *recruitment interviews* – presenting the unfavourable as well as the favourable aspects of a job in a ‘realistic job preview’;
- In *induction programmes* – communicating to a new starters the organization’s personnel policies and procedures and its core values, indicating to them the standards of performance expected in such areas as quality and customer services, and spelling out requirements for flexibility;
- By issuing and updating *employee handbooks* that reinforce the messages delivered in induction programmes;
- By encouraging the development of *performance management* processes that ensure that performance expectations are agreed and reviewed regularly;
- By encouraging the use of *personal development* plans that spell out how continuous improvement of performance can be achieved, mainly by self-managed learning;

- By using *learning and development programmes* to underpin core values and define performance expectations;
- By ensuring through *manager and team leader training* that managers and team leaders understand their role in managing the employment relationship through such processes as performance management and team leadership;
- By encouraging the maximum amount of *contact* between managers and team leaders and their team members to achieve mutual understanding of expectations and provide a means of two-way communications;
- By adopting a general policy of *transparency* – ensuring that in all matters that affect them, employees know what is happening, why it is happening and the impact it will make on their employment, development and prospects;
- By developing *Human Resources procedures* covering grievance handling, discipline, equal opportunities, promotion and redundancy and ensuring that they are implemented fairly and consistently;
- Developing and communicating *Human Resource policies* covering the major areas of employment, development, reward and employee relations;
- By ensuring that the *reward system* is developed and managed to achieve equity, fairness and consistency in all aspects of pay and benefits;
- Generally, by advising on *employee relations procedures*, processes and issues that further good collective relationship.

These approaches to managing the employment relationship cover all aspects of people management. It is important to remember, however, that this is a continuous process. The affective management of the relationship means ensuring that values are upheld and that a transparent, consistent and fair approach is adopted in dealing with all aspects of employment.

### **3-1-3-Trust and employment relationship**

The trust should be regarded as capital – the fund of goodwill in any social group that enables people within it to collaborate with one another. Thompson (1998) sees trust as a *‘unique human resource capability that helps the organization fulfil its competitive advantage’* – a core competency that leads to high business performance. Thus there is a business need to develop a climate of trust, as there is a business need to introduce effective pay-for-contribution processes, which are built on trust.

Trust, as defined by the Oxford English Dictionary, is a firm belief that a person may be relied on. An alternative definition has been provided by Shaw (1997) to effect that trust is:

*The belief that those on whom we depend will meet our expectations of them. These expectations are dependent on ‘our assessment of another’s responsibility to meet our needs.*

This ideal state may seldom, if ever, be attained, but it does represent a picture of an effective organization in which, trust is an outcome of good management. The employee trust management when it is more likely to be trusted by employees when latter

- Believe that the management means what it says;
- Observe that management does what it says it is going to do – suiting the action to the word;
- Know from experience that management, in the words of David Guest ( Guest and Conway, 1998), ‘delivers the deal – it keeps its word and fulfils its side of the bargain’;
- Feel they are treated fairly, equitable and consistently.

A number of writers have generally concluded that trust is ‘not something that can, or should, be directly managed’. He cites Sako (1994) who wrote that:

*Trust is a cultural norm which can rarely be created intentionally because attempts to create trust in a calculative manner would destroy the effective basis of trust.*

It may not be possible to ‘manage’ trust but, as Thompson argues, trust is an outcome of good management. It is created and maintained by managerial behaviour and by the development of better mutual understanding of expectations – employers of employee, and employee employers. But those issues of trust are not in the end to do with managing people or processes, but are more about relationships and mutual support through change.

Clearly, the sort of behaviour that is most likely to engender trust is when management is honest with people, keeps its word (delivers the deal) and practices what it preaches. Organizations that espouse core values (‘people are our greatest asset’) and then proceed to ignore them will be low-trust organizations.

More specifically, trust will be developed if management acts fairly, equitably and consistently, if a policy of transparency is implemented, if intentions and the reasons for proposals or decisions are communicated both to employees generally and to individuals, if there is full involvement in developing HR processes, and if mutual expectations are agreed through performance management.

Failure to meet these criteria, wholly or in part, is perhaps the main reason why so many performance-related pay schemes have not lived up to expectations. The starting point is to understand and apply the principles of distributive and procedural justice.

To treat people justly is to deal with them fairly and equitably. There is distinction between distributive and procedural justice.

*Distributive justice* refers to how rewards are distributed. People will feel that they have been treated justly in this respect if they believe that rewards have been

distributed in accordance with their contributions, that they receive what was promised to them and that they get what they need.

*Procedural justice* refers to the ways in which managerial decisions are made Human Resource procedures are managed. People will feel that they have been treated justly if management's decisions and procedures are fair, consistent, transparent, and non-discriminatory and properly consider the views and needs of employees.

### **3-2-Motivation**

All organizations are concerned with what should be done to achieve sustained high levels of performance through people. This means giving close attention to how individuals can best be motivated through such means as incentives, rewards, leadership and, importantly, the work they do and the organization context within which they carry out that work. The aim is to develop motivation processes and a work environment that will help to ensure that individuals deliver results in accordance with the expectations of management.

#### **3-2-1-The process of motivation**

What is motivation? A motive is a reason for doing something. Motivation is concerned with the factors that influence people to behave in certain ways. The three components of motivation are:

- *Direction* – what a person is trying to do;
- *Effort* – how hard a person is trying;
- *Persistence* – how long a person keeps on trying.

Motivation other people is about getting them to move in the direction you want them to go in order to achieve a result. Motivating yourself is about setting the direction independently and then taking a course of action which will ensure that you get there. Motivation can be described as goal-directed behaviour. People are

motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward – one that satisfies their needs.

Well-motivated people are those with clearly defined goals who take action that they expect will achieve those goals. Such people may be self-motivated, and as long as this means they are going in the right direction to achieve what they are there to achieve, then this is the best form of motivation. Most people, however, need to be motivated to a greater or lesser degree. The organization as a whole can provide the context within which high levels of motivation can be achieved by providing the context within which high levels of motivation can be achieved by providing incentives and rewards, satisfying work, and opportunities for learning and growth. But manager still have a major part to play in using their motivating skills to get people to give of their best, and to make good use of the motivational processes provided by the organization. To do this it is necessary to understand the process of motivation – how it works and the different types of motivation that exists.

A needs-related model of the process of motivation is shown in Figure 2. This suggests that motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which are desires to achieve or obtain something. Goals are then established which it is believed will satisfy these needs and wants and a behaviour pathway is selected which it is expected will achieve the goal.

If the goal is achieved, the need will be satisfied and the behaviour is likely to be repeated the next time a similar need emerges. If the goal is not achieved, the same action is less likely to be repeated. This process of repeating successful behaviour or actions is called reinforcement or the law of effect. It has, however, been criticised as ignoring the influence of expectations and therefore constituting hedonism of the past.

### **3-2-2-Types of motivation and motivation theories**

#### **3-2-2-1- Types of motivation**

Motivation at work can take place in two ways. First, people can motivate themselves by seeking, finding and carrying out work (or being given work) that satisfies their needs or at least leads them to expect that their goals will be achieved. Secondly, people can be motivated by management through such methods as pay, promotion, praise, etc...

There are two types of motivation as originally identified:

- *Intrinsic motivation* – the self-generated factors that influence people to behave in a particular way or to move in a particular direction. These factors include responsibility (feeling that the work is important and having control over one's own resource), autonomy (freedom to act), scope to use develop skills and abilities, interesting and challenging work and opportunities for advancement.
- *Extrinsic motivation* – what is done to or for people to motivate them. This includes rewards, such as increased pay, praise or promotion, and punishments, such as disciplinary action, withholding pay, or criticism.

Extrinsic motivators can have an immediate and powerful effect, but it will not necessarily last long. The intrinsic motivators, which are concerned with the 'quality of working life' (a phrase and movement that emerged from this concept), are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside.

#### **3-2-2-2- Motivation theories**

Approaches to motivation are underpinned by motivation theory. The most influential theories are classified as follows:

- *Instrumentality theory*, which states that rewards or punishments (carrots or sticks) serve as the means of ensuring that people behave or act in desired ways.
- *Content theory*, which focuses on the content of motivation. It states that motivation is essentially about taking action to satisfy needs, and identifies the main needs that influence behaviour. Needs theory was originated by Maslow (1954), and in their two-factor model.
- *Process theory*, which focuses on the psychological processes which affect motivation, by reference to expectations, goals are perceptions of equity.

These are summarized in table 2 on page (.....?)

**Table 2**: Summary of motivation theories

Category	Type	Theorists	Summary of theory	Implication
Instrumentality theory	Taylorism	Taylor	If we do one thing it leads to another. People will be motivated to work if rewards and punishments	Basis of culture attempts to motivate people by incentives. Often used as the implied rationale for performance-related pay although

			are directly related to their performance	this is seldom an effective motivator
Content (need) theory	Hierarchy of needs	Maslow	A hierarchy of five needs exist: physiological, safety, social, esteem, self-fulfilment. Need at a higher level only emerge when a lower need is satisfied	Focuses attention on the various needs that motivate people and the notion that a satisfied need is no longer a motivator. The concept of a hierarchy has no practical significance
Two-factor model	Satisfiers/ dissatisfies	Hertzberg	Two groups of factors affect job satisfaction: (1) those intrinsic to the job (intrinsic motivators or satisfiers) such as achievement, recognition, the work itself, responsibility and growth; (2) those extrinsic to the job (extrinsic motivator or hygiene factors) such pay and working conditions	Identifies a number of fundamental needs, i.e. achievement, recognition, advancement, autonomy and the work itself. Strongly influences approaches to job design (enrichment). Drew attention to the concept of intrinsic and extrinsic motivation and fact that the intrinsic motivation mainly derived from the work itself will have a longer-lasting effect. Therefore underpins the proposition that reward systems should provide for both financial and no financial rewards
Process/cognitive theory	Expectancy theory	Vroom, Porter and Lawler	Motivation and performance are influenced by (1) the perceived link between effort and performance, (2) The perceived link between performance and outcomes, and (3) the significance (valence) of the outcome to the person. Effort (motivation) depends	The key theory informing approaches to rewards, i.e. that there must be a link between effort and reward (line of sight), the reward should be achievable and should be worthwhile

			on the likelihood that rewards will follow effort and that the reward is worthwhile	
	Goal theory	Locke Latham and	Motivation and performance will improve if people have difficult but agreed goals and receive feedback	Provides the rationale for performance management processes, goal setting and feed back
	Equity theory	Adams	People are better motivated if treated equitably	Need to develop equitable reward and employment practices

### 3-2-3-Motivation and Money

Money is the form of pay or some other sort of remuneration is the most obvious extrinsic reward. Money provides the carrot that most people want. Doubts have been cast on the effectiveness of money because, they claimed, while the lack of it can cause dissatisfaction, its provision does not result in lasting satisfaction. There is something in this, especially for people on fixed salaries or rates of pay who do not benefit directly from an incentive scheme.

They may feel good when they get an increase; apart from the extra money, it is a highly tangible form of recognition and an effective means of helping people to feel that they are valued. But this feeling of euphoria can rapidly die away. Other dissatisfactions list of hygiene factors, such as working conditions or the quality of management, can loom larger in some people's minds when they fail to get the satisfaction they need from the work itself. However, it must be reemphasized that different people have different needs and wants and Herzberg's two-factor theory

has not been validated. Some will be much more motivated by money than others. What cannot be assumed is that money motivates everyone in the same way and to the same extent. Thus it is naive to think that the introduction of a Performance-Related Pay (PRP) scheme will miraculously transform everyone overnight into well-motivated, high-performing individuals.

Nevertheless, money provides the means to achieve a number of different ends. It is a powerful force because it is linked directly or indirectly to the satisfaction of many needs. It clearly satisfies basic needs for survival and security, if it is coming in regularly. It can also satisfy the need for self-esteem (as noted above, it is a visible mark of appreciation) and status – money can set you in a grade apart from your fellows and can buy you things they cannot build up your prestige. Money satisfies the less desirable but still prevalent drives of acquisitiveness and cupidity.

Money may in itself have no intrinsic meaning, but it acquires significant motivating power because it comes to symbolize so many intangible goals. It acts as a symbol in different ways for different people and for the same person at different times. As noted from their research into the ‘affluent workers’, pay is the dominant factor in the choice of employer and considerations of pay seem most powerful in binding people to their present job.

Do financial incentives motivate people? The answer is yes, for those people who are strongly motivated by money and whose expectations that they will receive a financial reward are high. But less confident employees may not respond to incentives that they do not expect to achieve. It can also be argued that extrinsic rewards may erode intrinsic interest – people who work just for money could find their tasks less pleasurable and may not, therefore, do them so well. What we do know is that a multiplicity of factors is involved in performance improvements and many of those factors are interdependent.

Money can therefore provide positive motivation in the right circumstances, not only because people need and want money but also because it serves as a highly tangible means of recognition. It can also be argued that money may be an important factor in attracting people to organizations and is one of the factors that will influence their retention. But badly designed and managed pay systems can demotivate.

## **Chapter Four: Recruitment And Employee Relation**

This chapter explores the recruitment and employee relation in Great Britain.

### **4-1-Recruitments**

The overall aim of the recruitment and selection processes should be obtained at minimum cost the number and quality of employees required to satisfy the human resource needs of the company.

#### **4-1-1-Online Recruitment**

The internet and web-based technologies have transformed the process of recruitment and job-hunting in recent years. Online recruitment has the virtue of being available to candidates and employers, 24 hours a day, 7 days a week and 52 weeks a year. It is always on and easily adjustable to meet changing requirements.

Online recruitment can take place through a company's own bespoke website or through specialist providers such as Hobson's Graduate Jobs services or the worldwide post Jobs and search Resumes on Monster.com. It can be used for large-scale hiring. For example on July 16<sup>th</sup> 2007, Peopleclick, Inc., and Mc Donald's Restaurants Limited announced that Mc Donald's will use Peopleclick's High Volume hiring technology to recruit staff for its 1,200 UK-based stores. Mc Donald's UK currently employs over 67,000 employees. The company will use the peopleclick system for its store management and crew recruitment process in a shift from a paper-based process to automated recruitment system. Candidates can apply online anytime, anywhere in the world. The new system is said to:

- Make it easier and faster for restaurants to respond to job applications
- Reduce the time it takes to hire applicants
- Reduce 'candidate abandonment rated', and
- Provide a faster, friendlier process

Peopleclick is the only talent acquisition organization able to provide a comprehensive solution for the management of the entire workforce of an organization of this size. This scalability was a leading factor in our decision to move forward with Peopleclick as a partner. By using peopleclick's unique constant sourcing model for our high volume hiring, we will be able to create a strategic talent pool base on key high volume positions to attract the right people at the right time.

According to Larry Cucchi, managing director and head of peopleclick's EMEA operations:

*As a globally recognized brand, McDonald's has seized the opportunity to create an industry leading programme, designed to bring high quality candidates to the organization. With peopleclick's talent acquisition offerings addressing the unique needs of recruiting all types of labour – full time, hourly and contract – we have seen significant demand for this type of comprehensive solution throughout the world.*

Peopleclick High Volume uses a constant sourcing model designed for restaurant, retail and other high volume hirers. It provides a “just-in-time” pool of candidates for a business, eliminating the need to create new job requisitions each time a vacancy arises. “Requisitions” or job categories are opened all the time so that positions that continuously need to be filled remain open and seeking applications continuously. This means that a pool of qualified and pre-screened candidates is available at hand for the next available position.

#### **4-1-2-E-Recruitment**

Online recruitment and the use of new emerging technologies have many advantages for the modern recruiter. It makes the process of finding candidates and new business opportunities quicker, cheaper and more efficient. The one drawback, however, is that online recruitment can appear to be a daunting subject. The

Internet, in fact, has completely revolutionised the role of the traditional recruitment. Gone are the days where cold calling and candidate networking were the only option available to identify new potential candidates. Now it's about searching through hundreds of thousands of CV's placed on personal web pages and browsing online corporate staff directories. This is not all the internet has to offer, with billions of both personal and corporate websites available to browse and over 7 million new pages being added every day, the internet can provide vital business intelligence information for all sectors of the market place.

In a candidate-starved market, the Internet can prove a valuable resource for finding potential candidates that are not necessarily looking to change their current jobs but would be opened to the 'right' opportunity. Meanwhile in a candidate rich marketplace, we can use the Internet to find relevant 'live' job vacancies where companies have advertised directly on the web. You can also use the internet to find information on company's financial results, their budget information, who has recently been appointed, and business wins and losses. In fact, with the right search technique, you can normally find exactly what you are looking for. It is true to say that the Internet is a goldmine of valuable resources that will increase the performance of any recruiter that understands how to find it.

There are many techniques that can be used for finding accurate information that will be of invaluable use to a recruiter on the Web. The most popular industry terms include words like 'flipping', 'X-raying' and 'peeling back'. It is these terms that are slowly reinventing the role of the traditional recruiter and changing the way that forward thinking recruitment agencies operate. Let's take a look at what the industry jargon means and exactly how we would use it to identify potential candidates and generate new business.

'X-raying', for example, is a technique achieved with the use of some simple search commands in many of the major search engines. Much of the information on a large

website reside on pages that are not linked to the main web pages or on other pages that are available to the casual visitor, therefore are effectively invisible when you visit the site. Search engines may find all pages on a website, regardless of where they are linked and therefore when you x-ray a website you may see web pages that would be otherwise unobtainable or invisible to you.

‘Peeling back’ is not so much a technique as a process that should be used whenever a web page is found that contains information that is of interest to you. One of the first things to understand when you first start searching the web is how a web site is structured. It is identical to the way you would save your documents. If you ‘peel back’ a web address, which basically involves you deleting the last part of the web address up to the last forward slash (/), this will show you all of the information that is contained in that folder.

‘Flipping’, meanwhile, is used to find the relationships between web pages based on how they are hyperlinked together. The theory is that many people create home pages, alumni pages or brief listings about themselves and link those to the sites that are significant to their experience, including companies that they have worked for and professional associations that they are members of. Companies may have page links to their customers or business partners. These techniques can significantly reduce the time and effort involved in identifying relevant information from the billions of publicity accessible web pages. Whether you are looking for candidate CV’s, staff lists, conference attendees or users groups, advanced Internet recruiting is definitely the way forward.

#### **4-1-3-Spotlight on Recruitment and Retention**

On April 11 2008, with the government offering former midwives a “golden hello” package worth £3,000 to encourage them back into the profession the issue of recruiting and retaining employees is a topical subject. However, to secure the best staff in today’s competitive market, there are tools and benefits which employers

can use to their advantage. It's claimed that the top three reasons for difficulties in recruitment are a lack of specialist skills, insufficient experience and individuals having higher pay expectations than organisations can meet.

If an employer face difficulties in finding the right candidates, it is important to evaluate the current recruitment tools and explore other avenues to widen the field of candidates, such as internal advertising, newspaper, trade magazines, internet sites and recruitment agencies. When further advertising isn't fruitful, organizations could consider reviewing the qualifications required for the role to ascertain whether a broader range of qualities and skills can be taken into account. Or you could appoint candidates who don't have all the requirements, but have the potential to grow and develop into the role. Coupled with this is the provision of training to allow internal staff to fill the vacant posts.

Evaluating and subsequently redefining the job and changing the way the work is organised are also options to consider, particularly when you want to fill vacancies internally. There are a number of ways that organisations can attract candidates. For larger or well-known organisations, using the company brand in the recruitment process can be a powerful tool. Also, try offering incentives to current staff for introducing potential employees to the company, such as a "recommend a friend" scheme, as this can find candidates who may be overlooked in traditional recruiting. Finally, employers may have to consider offering "golden hellos"- like the government's midwife scheme - or increasing the starting salaries or benefits package to attract the right candidates.

Since employers face difficulties in recruiting suitable candidates, more should be done to address turnover rates and to skilled staff. The main reasons for leaving employment are a change of career, promotion outside the organisation, lack of career development, and level of pay. Employers also highlight retirement as a main reason for labour turnover. To address retention issues within the company,

employers should be evaluating employee's reasons for leaving and current employees' reasons for dissatisfaction. This can be done through exit interviews, performance appraisals and conducting an employee attitude survey. Employers can then decide on the appropriate retention strategy. This may include increasing learning and development opportunities, improving the induction process and selection techniques, increasing pay and improving benefits. Improving working conditions and the working environment may also help boost employee satisfaction and encourage staff to stay with organisation. The introduction of some well-planned attraction and retention initiatives can make all the difference in becoming an employer of choice in the current employment market.

## **4-2-Employee relations**

The term employee relations describe the interconnections that exist between the employees in the workplace.

### **4-2-1-Mediation and conflict Resolution At Work**

A recent report finds that United Kingdom businesses are being badly affected by poorly managed conflicts in the workplace. According to Fight, Flight or Face It, a report jointly authored by business psychology firm Overseas Property Professional and the CIPD, the average British employee is spending more than two hours a week dealing with conflicts. This adds up to the more than 370 million working days a year, costing United Kingdom employers more than £24 billion.

The studies cited in the report show stress and heavy workloads as major causes of conflict (34% and 33%) by employees. But around a half (49%) point to personality clashes and warring egos as the number one cause. According to Robert McHenry, Chief executive Officer of Overseas Property Professional:

*Workplace conflict is nothing new. But in the context of the current economic downturn, businesses could see steep rises in conflict as*

*workloads increase, budgets shrink and stress levels rise. The fact that there are too few managers in British business with the insight to handle it effectively could cost us dearly.*

When dealt with in the right way, conflict can actually lead to positive outcomes such as more effective teamwork and greater innovation. Training is vital because it allows managers to understand and deal with the underlying causes. Offering a practical and wide-ranging treatment of meditation, the book is aimed primarily at those people in organizations who are the front line and who have daily to anticipate, pre-empt or defuse conflicts in the support of performance or the preservation of productive working relationships. It should also be useful to experienced and trainee mediators.

#### **4-2-2-Welsh Trade Union Membership Grows**

The Department for Business has released figures showing trade union membership in Wales grew by nearly 6,000 members (1.5%) in 2007. This greater than any other United Kingdom nation and reflects similar growth in the previous year. The statistics show that more women than men joined a trade union in Wales during the year. There was also a significant increase in part-time working members. The figures were resoundly welcomed by the Wales Trade Union Congress (TUC).

These figures show trade union members are earning more than non-members, a decade of stable union membership, and the own figures show that the rise in membership in unions belonging to the Trade Union Congress (TUC) is the largest in a decade. This increase is almost certainly the result of the huge resources unions have put in to reaching out to workers, delivering work place learning and consolidating their role as key social partners representing the interest of working people across all Wales.

Union has continued to put on members amongst managerial and professional staff, and during the last year have stepped up their efforts to organise and support

Britain's two million vulnerable workers. The challenge for unions now is to build on their membership base, particularly among young workers - and with more people in work than ever before, unions need to do all they can to recruit and organise working people in every economic sector. According to the Labour Force Survey (LFS) figures published by Department for Business, total union membership across the United Kingdom has changed little in the last 10 years - from 7,427,000 in 1995 to 7,411,000 in 2007. However, both Trade Union Congress (TUC) and Certification Officer Figures show an increase in membership in 2007-2008.

Trade Union Congress (TUC) General Secretary Brendan Barber said:

*It's good to see union membership holding steady despite this year's major economic difficulties (2008), and my advice to workers worried about further shocks to the economy would be to join a union as soon as they can. If nothing else, these figures show trade union members tend to earn more than non-members, earning an average of £12.74 an hour compared to £11.02 an hour.*

These figures show a decade of stable union membership. Their own figures are slightly more optimistic and show that the rise in membership in unions belonging to the Trade Union Congress (TUC) is the largest in a decade. This increase is almost certainly the result of the huge resources unions have put in to reaching out to young workers - the next generation of union members.

Membership amongst women continues to rise (half a million more women have become members since 1995) and women are now just as likely to be union members as their male colleagues. Unions have continued to put on members amongst managerial and professional staff, and during the last year have stepped up their efforts to organise and support Britain's two million vulnerable workers.

Then the challenge for unions now is to increase the number of trade union members, and with more people in work ever before, unions need to do all they can to recruit and organise members, especially in the private sector.

#### **4-2-3-The future of trade unions**

A series of legal restrictions on unions sought to undermine our capability to recruit and represent our members effectively. Industrial action had fallen, and there had been some significant union failures to advance through strike action. The cults of yuppie greed and macho management ruled in the boardroom, and shareholder value was becoming the sole objective. Above all there was wide restructuring across much of the economy, usually to the detriment of trade union membership and influence.

There was a big decline in the kind of large workplaces that once made up the backbone of employment - the mines, the steel works, and the car factories. Male manual work- both skilled and unskilled - has been in inexorable decline. And as any historians will know the two great waves of growth of trade unionism's early years came from male manual workers -first craft workers and then the new unionism that organised the less skilled. The utilities were privatised and shed jobs. Parts of the public sector were contracted out, and many public services run down. That unemployment was a price well worth paying. Indeed job insecurity began to be seen as almost a desirable policy objective. Jobs for life we were told were at an end – though some of us had failed to see them start in the first place. The new orthodoxy was that we would all hold portfolio jobs in the future. Easy hire and fire was the new shortcut to economic prosperity - though perhaps not for the fired.

In recent years Union density has stopped falling and is now relatively stable. And as total employment has increased in recent years, in some years the union membership has increased. The decline in density has mainly been among men. Women's density has fallen only slightly over the whole period under review. The result is that the grassroots of the trade union membership is overwhelmingly male. The organisation

is almost the same proportion of men and women at work. Ethnicity is far more complex, and different groups have rather different rates of union membership, but the pattern is again largely the same - holding on to ethnic minority density rather better than the working population as a whole. But in general, when it comes to gender, working status and ethnicity trade union membership now looks rather like the rest of the workforce. The trends in skill levels and social class are similar.

The view of trade unions as manual, blue-collar male workers is now very out of date. Union members are as likely to be professional white-collar workers. But there are two ways in which union membership differs sharply from the workforce as a whole, and they go to the heart of the challenges facing trade unionism in Britain today. First British people are far stronger in the public sector than in the private sector. Three out of every five workers in the public sector are members of unions, while only one in five of private sector employees are in unions. Another way of looking at this is to compare service sector employment. Again unions do well in the service sectors that are predominantly public. While in the private service sectors where there are some of the worst employment conditions, union density is low. These are not easy sectors to unionise of course. Unions are about self-organisation of workforces, and where the workforce is highly mobile, often actualised and rarely long term, union organisation is extremely challenging. The other way in which they fail to represent the world of work is our age profile. Density has fallen sharply among young people at work. Some say this is a result in a change of attitudes among young people. The phrase 'Thatcher's children' is often heard. So their problem is not so much that unions don't appeal to young people, but that trade unions are not well organised in the workplaces where young people are employed. But there is a sting in that tail. Research does show that if one does not join a union when he starts work, you are less likely to join in a later job, even in a union workplace. It's best to get the union habit when starting work. Perhaps the most worrying trend for trade unions is the growing proportion of the workforce that has never been a union member. This is

also main conclusion from the author's analysis of the most comprehensive survey of the workplace undertaken periodically - the Workplace Employment Relations Survey (or WERS as us aficionados call it.)

The Trade Union Congress (TUC) has trained 5000 Learning Reps so far and now that this new role has been recognised in law - like the union safety Rep role - we expect to see their new ranks grow rapidly. This is partnership in action. It clearly benefits the employee to learn new skills. It offers the chance to earn more, and to do more interesting work. But it's also clearly of benefit to employers to have more skilled workforce. That's what they mean by the mutual gains approach: strong effective trade unions engaging with employers confident enough to share problems. There is another factor driving partnership even in the midst of what is a very topical row. Unions are increasingly realising that their members own a large part of British industry through their pension funds. Unions are heavily engaged in the regional development agencies. There has been progress on work/life balance. If unions did not exist, someone would have to invent them. Employers need to talk to employees, government needs views from the workplace and above all, employees need a collective voice.

## **Chapter Five: Human Resources Development And Performance Management In Great Britain**

This chapter explores the Human Resources development and performance in Great Britain.

### **5-1-Human Resources development**

Human Resource Development (HRD) is concerned with the provision of learning, development and training opportunities in order to improve individual, team and organizational performance. Human Resource Development (HRD) is essentially a business-led approach to developing people within a strategic framework.

This part considers human resource development under the following headings:

- Human Resources development in small medium sized enterprise
- Film Industry Training Board (FITB)
- 21<sup>st</sup> century skill

#### **5-1-1-Human Resource Development (HRD) in small and medium sized enterprises**

The British small business sector has a long-standing reputation for poor training levels but West head and Storey found considerable variations between the smallest (micro-enterprises) and larger SMEs (Small Medium Enterprises). Smaller firms conducted their training internally with a focus on informal skills learning. Larger SMEs tended to obtain more external, formal training with a good of obtaining recognised qualifications.

In a survey of 6000 randomly selected SMEs in Great Britain, Mathely (2002) found significant differences in owner/manager attitudes and approaches towards training needs of family and non-family employees in their businesses. The needs of family members were seen in terms of firm-specific Human Resource Development issues such as succession planning whereas for non-family employees were focused on individual career needs.

Owner/managers were mostly positive towards training but did not regard it as critical element in overall business strategy. Matlay also found that small business owner/managers frequently claimed to be under pressure from government agencies and private trainers to invest in Human Resources Development were taken by the owner/manager. A mere 7 per cent of small businesses employed a human resource manager but, even in those organisations, the final decisions appeared to be taken by the owner/managers. The study encountered training plans and related budgets in fewer than 6 per cent of micro-enterprises and fewer than 9 per cent of small businesses.

Looking at medium-sized enterprises, Matlay (2002) observes that owner/managers continued to be heavily involved in Human Resources Development issues in just over two-thirds (68 per cent) of the sample despite the increasing levels of complexity and formality found in such organisations. Human Resources Managers took charge of training and Human Resource Development decisions in only 26 per cent of cases. All respondents claimed that they used training plans and related budgets. All respondents saw a strong link between their firms' specific training needs and sustainable competitive advantage. However, despite their positive

approach to training, most owner/managers did not appear to view training as being crucial to their overall business strategy. Instead, they took a tactical perspective, relating training to the perceived Human Resource Development needs of their workforces and seeing training of non-family members as an organisational expense. Conversely, Human Resource Development in family businesses was proactive for family members as part of medium to long-term development and succession strategies.

Matalay found considerable dissatisfaction with the range of training available from external providers. Typically, owner/managers reported that they were faced with a significant range of skills shortages because they were unable to find relevant training for both present and future business needs. Respondents claimed to have searched at local, regional and (in some cases) national levels in order to find economically priced training programmes that were relevant to their particular Human Resource Development needs. When programmes were found, owner/managers were often reluctant to proceed because of the high costs involved and the absence of support. As a consequence, they were likely to adopt 'off the shelf' training packages with a more reasonable cost and guaranteed support despite being more general than the ideal requirements. Concern for the development needs of successors led owner/managers to devote more time and effort into searching for packages that would be relevance to family members.

Hill and Stewart (2000) use a number of case studies to clarify the nature of human resource development in SMEs and the relationship with national policy in the United Kingdom. They confirm a tendency for short-termist and spontaneous Human Resource Development in a wide variety of companies in different industries. Training is informal, reactive, and aimed at solving immediate workplace problems rather than longer-term development of employees. Hill and Stewart also found a tendency to justify the absence of training rather than the active promotion of a development strategy. However, the business philosophy of owner/managers – as

shown by their attitudes and motivation – and their perception of the link between Human Resource Development and performance have a mediating influence.

### **5-1-2-Film Industry Board (FITB)**

The Film Industry Training Board has been set up to enhance skills development in the United Kingdom film industry. This is the first industrial training board to be launched in two decades. Film Industry Training Boards are statutory bodies set up under the industrial Training Act 1982. The FITB will oversee delivery and operation of the skills Investment Fund (SIF), currently a voluntary training levy for the film production industry which will become mandatory towards the end of 2008.

Iain Smith, producer of a number of acclaimed films such as Cold Mountain, Children of Men, The Fifth Element and Seven Years in Tibet, will chair the new board. He was recently honoured with an OBE for services to the United Kingdom film industry. The Film Industry Training Boards will be granted statutory levy powers to ensure that companies across the industry invest in training with the aim of addressing the need for world-class skills in the United Kingdom's film-making organisations.

According to John Denham, secretary of state for Innovation, Universities and Skills:

*Investment in skills is crucial to the development of any successful United Kingdom industry. It is inspiring that the film production industry has embraced a collective responsibility for its own future training and development needs. I pay tribute to skill set for working with government and the industry to support the establishment of this ground-breaking initiative.*

The appointment of Iain Smith, and look forward to working with him. By making an industry-wide commitment to training, the film production industry will continue to renew and expand its skills base, and will have a strong foundation on which to develop its global reputation for innovation and excellence.

### **5-1-3- 21<sup>st</sup> century skills**

The United Kingdom Government has announced a major expansion in skills investment for England of over £11 billion for each of the next three years. By 2010/11, total spending on learning and skills will increase to £12.3 billion a year. This compares with the £6.5 billion spent in 2001/02. The number of apprenticeships supported by government funding will increase from today's 250,000 to 400,000 by 2010/11 – but only if high quality employer places are available. There will be an emphasis on expanding apprenticeships for people aged over 25. 30,000 additional apprenticeships for over-25s will cost £90 million over the next three years. By 2010/11, apprentices for people aged over 19 should reach a total of 125,000 with 281,000 apprenticeships available for those 16-18.

The Chartered Institute of Personnel and Development (CIPD) welcomed the announcement. However, their press statement noted that Chartered Institute of Personnel and Development (CIPD) research shows employers to be more concerned with personal and general employability skills in recruits than they are about basic skills. Nevertheless, the Chartered Institute of Institute of Personnel and Development (CIPD) states that as long as government initiatives fully take into account the need to boost such core employability skills, there should be lower unemployment, lower net migration, higher earnings, more stable employment patterns and a boost in labour productivity. The Government should drop the 'British jobs for British workers' tag from its skills and employment policy rhetoric. He argues that this doesn't make sense in economic terms and appeals to the worst sentiments in our society.

In similar vein British firms are investing heavily in emerging markets overseas and creating employment offshore. Estimates by the Chartered Institute of Personnel and Development (CIPD) indicate that at least 30,000 'British jobs' are being offshored every year, mostly to Eastern Europe, India and China. Although this is inevitably a cause for concern – especially where offshoring is accompanied by redundancies in depressed local economies – the protectionist argument that these jobs should be

retained at home is misguided. There is no guarantee that a limit on offshored jobs would result in more jobs in Britain. There might even be fewer – Chartered Institute of Personnel and Development (CIPD) research finds that organisation engaged in offshoring also create some new, mostly skilled, jobs in the United Kingdom as a result of spin-offs from overseas operations. And this takes no account of the potential long-run benefit to the United Kingdom economy of increased demand for goods and services from economies British investment is helping to grow.

In truth of course the Government's focus on Britishness in this context is designed to assuage mounting public concern about record levels of net migration. The trouble in this respect, however, is that it's harder than one might think to define "British work" for purposes of employment policy. More than 1 in 10 people working in this country are foreign born. Some are footloose but many have put down roots and consider themselves, if not fully British, at least as committed to their work as us natives. More to the point, all who work here legally pay taxes and, assuming they are entitled to remain and have worked for long enough, can receive welfare benefits if made unemployed and should be offered the full range of support, including skills training, to help them find jobs.

The Government makes clear that its aim is to provide skills and jobs for the jobless in order to achieve full employment. If successful, this would limit the need for immigration at current levels, cut the associated costs and buttress the Government's managed migration policy. But clouding this with talk of "British jobs for British workers" is simplistic, misleading and at worst encourages racist and xenophobic elements in our society whose activities undermine the common good. Trade Union Congress (TUC) General Secretary Brendan Barber also welcomes the Government's ambitious plan to raise skill levels across the United Kingdom by expanding Apprenticeships and the Train to Gain programme.

Increase investment in skills will support economic growth and productivity, help employees to progress at work and provide more sustainable employment opportunities for those seeking work.

## **5-2-Performance management**

Performance management can be defined as systematic process for improving organisational performance by developing the performance of individuals and teams.

### **5-2-1-Poor Leadership in Motivating Poorer-Performing Staff**

A new European study by consultants Watson Wyatt has found that employers need to be more effective at helping managers to motivate poorer-performing staff. So managers find it easy to manage top-performing employees but are not so adept when it comes to improving poorer performers. Some of the greatest opportunities for improved organisational performance lie in helping managers raise the bar for moderate and poorer performers but it appears from our study that few employers are doing a good job of this.

Watson Wyatt's 2007/2008 Global Strategic Rewards study encompassed 5,500 employees and 175 businesses across Europe. The study found that, compared to their poorer-performing colleagues, top performers were 66% more likely to say that their immediate bosses did a good job of communicating organisational and performance management issues.

A third of poor performers could say that their immediate supervisors were good at:

- Communicating expectations for organisational financial performance;
- Establishing goals for their individual performance that were linked to business objective, or;
- Providing direct feedback on their individual performance.

Worse, fewer than 30% felt that their immediate manager did a good job of linking organisational performance to rewards or linking individual performance to rewards.

It could be that managers need more support in understanding how to communicate with all their staff, not just the more motivated stronger performers. Employees perform better if they have a clear understanding of their organisation's goals and what they can personally do to contribute toward these. So setting good objectives and getting performance management communication right, especially for the weaker members of a team, is of vital importance.

A survey for RTL in 2007 indicated that United Kingdom bosses' lack of leadership skills in setting objectives, motivating employees and dealing with poor performers has an adverse affect on business performance.

That's only 15 per cent of people who thought that their boss was any good and 8 per cent who thought they were inspirational. But the truth is it's slightly better than it is expected. The fact is that while businesses are quite rightly paying attention to their cost base – squeezing every last ounce of value out of the food chain – they are not so cleverly overlooking a very real business and financial asset. Let's forget the old clichés about 'soft skills' – bad leadership costs shareholders and stakeholders real money. While companies are spending millions on automation and the new Information Technology (IT) architectures they could be spending thousands and saving millions by sharpening up their leadership assets.

### **5-2-2-Three Heads are better than one**

(How good team work can increase positively, performance and productivity)

The working in groups is not effective. Having to compromise ideals and ideas, meetings about meetings, communicating amongst different personalities and then there is always that bloke. Too many buttons undone on his shirt; always getting

drunk and a little over friendly at work events; the guy that tells people outside of work that he is the boss – even though he absolutely isn't.

On a study of 760 students, researchers from an American University tested the relationship between group size and performance by comparing how a number of problems were solved in groups and by individual participant. The students, from the University of Illinois at Urbana-Champaign, solved two letters-to-numbers coding problems firstly on their own and then in groups of one, two, three, four and five. The study concluded that people solved problems both more effectively and more efficiently in the larger groups, with groups of three, four and five consistently solving the problems quicker and more accurately. Meanwhile, even the individuals that scored the best results, on the same tasks, underperformed the worst groups.

The psychologists attributed this performance to the definitive ability of humans to work alongside one another and generate good combined techniques and eventually better ideas. You know, it's the old "two heads are better than one"; although this in fact proved that "three, four or five heads are better than one or two. Working with other people helps groups to reject erroneous responses and effectively process information. So, leading by example, Kellogg uses teamwork consistently throughout their infrastructure to maximise production. Brandon Cornuke, Northwestern, who will graduate from the Kellogg apprentice initiative in 2010 recently admitted to Business Week that:

*Teamwork and collaboration are cornerstones of the Kellogg experience. We do practically everything in teams here: we study in groups, plan events in committees, attend class in "sections", and run for offices in "slates". In the fall, packs of about 30 incoming students travel all over the world as part of pre-term orientation.*

Working in teams is an extremely effective way to ensure that objectives are met, and according to the latest research, spending time improving the way your business uses teams plays a very important part in increasing productivity. Because the

potential performance of a team is greater than the sum of its parts, it is important to get all the participants together to understand these theories as well as the importance of their team and the benefits of working together.

These include a heightened level of responsibility for decisions, greater synergy, higher levels of commitment, clear and honest self-evaluation, and a team willing to seek new approaches to challenges as well as increased positivity, productivity and decisiveness.

Performance psychology looks into how variables affect the performance of teams or individuals. Indicators of teams that are not working effectively include staff moaning and complaining, inability to deal with issues, small cliques developing within teams, over reliance on team captains and a lack of individual/team commitment to projects. These clues indicate that the group has lost sight of goals, or responsibility towards the project as a whole.

Once players have realised the importance of teamwork the next stage is to foster an environment which is fun, where people choose a positive attitude and relationships are more than skin deep. We have run many team building programmes focusing on these three key principles of teamwork and the outcome is that participants involved are more able to deal with the stresses and strains of the modern working environment. Through teamwork we can all connect and consequently become more decisive, more productive and more profitable. A good team should drive a company through the winning posts and ensure every challenge is met with a positive and excited stance.

### **5-2-3-Incentive Schemes Diluted by too many Performance Measures**

Watson Wyatt's 2007 Global Sales Incentive Plan Study shows significant differences between sectors. For example, the banking sector frequently used multiple measures while the hi-tech sector uses far fewer.

At branch management level, the banking sector uses seven dominant measures:

- Revenue volume
- Number of new accounts
- Number of units sold
- Sale growth
- Profit margin
- Expense control, and
- Customer satisfaction

Conversely, a role at a similar level in hi-tech companies typically uses a mere three criteria: revenue volume; management by objectives; and profit margin. Hi-tech companies are ahead of the curve by moving away from using lots of measures. British are likely to see other sectors following suit in having fewer measures. Companies are finding that having too many measures dilutes their effectiveness and the laudable intentions behind them risk getting lost. Two is ideal for any sales role, and three is the maximum. It is revealed that 200 companies in 22 countries, found revenue volume to be the main measure criterion for most industries and job roles. The study also found that team measures were increasingly used because of account management and cross-selling initiatives.

A study of 365 HR professionals by The Work Foundation in 2003 showed that 38% of UK organisations used bonus schemes. Senior managers were the most likely to be:

- Offered a scheme
- Assessed on sales /profit alone
- Awarded a higher proportion of earnings as bonuses

Also, it seems that they were offered bonuses for different reasons. Annual bonuses were more for loyalty and strategic reward, while quarterly, monthly and even weekly schemes were designed to achieve set objectives.

Nearly two thirds (64%) of companies believed that their schemes were effective in meeting organisational objectives.

The most commonly cited objectives for bonus schemes were:

- Improving business performance (67%)
- Creating a direct link between employee and corporate performance (60%)
- In comparison, just 19% cited 'encouraging teamwork' and 14% reducing absence (14%).

More than half (59%) of companies surveyed were operating more than one scheme (the average number of schemes across all employers questioned was 2.9), with larger organisations much more likely to operate multiple schemes. Most companies tried to keep their schemes simple, directly linking performance gains to bonuses.

Stress hogs headlines, but in terms of people affected, Musculoskeletal Disorders (MSDs) are bigger problem, affecting more than a million people a year-and, of course, their families. Work can be both cause and cure. It may cause or aggravate symptoms of Musculoskeletal Disorders (MSDs), but evidence is amassing that with the right support arrangements work can also be part of the recovery by contributing to a person's self-esteem and sense of being productive. What urgently needs to change is the attitude of many General Practices (GPs) and employers that an MSD sufferer must be 100 per cent well before any return to work can be contemplated. Too many see only incapacity rather than capacity. Musculoskeletal Disorders (MSD) may reduce work performance in variety of ways, affecting stamina, concentration and mood as well as mobility and agility. General Practices (GPs) and employers should look beyond obvious physical symptoms in their

management of these conditions. The “biopsychological” model of health emphasising the interrelationship between biological, psychological and social factors offers a useful approach to assessment, treatment and rehabilitation.

The report examined four conditions in detail:

- Back pain: a non-specific condition (no specific diagnosis) usually involving short episodes of pain. At any one time, 33 per cent of the United Kingdom population suffers with back pain.
- Work-related upper limb disorders: also non-specific and affecting over 375000 people.
- Rheumatoid arthritis: A specific condition affecting almost 400 000 people in the United Kingdom with 12 000 new cases each year. It is estimated that almost a quarter of sufferers stop work within five years of diagnosis.
- Ankylosing spondylitis: a progressive and chronic rheumatic disorder mainly affecting the spine, but also other joints, tendons and ligaments; most often diagnosed in young men. Responsible for over 200 000 General Practice (GP) consultations a year.

Dame Professor Carol Black, national director for health and work said:

*I hope that in time Musculoskeletal Disorders (MSDs) will become less relevant to work and working life. Until then, effort to raise awareness of them must continue with ever greater urgency. I welcome this report as a valuable contribution to debate.*

#### **5-2-4-Depression in the workplace**

Depression Awareness Week focused on the workplace. Research studies by the Chartered Institute of Personnel Development, Shaw Trust and Future Foundation show that managers typically underestimate the extent that colleagues and employees suffer from stress, anxiety and depression. In fact, nearly 30% of workers experience a mental health problem in any one year.

In addition to the effect on employees' personal lives, mental health problems disrupt wellbeing and morale, impacting their performance at work. Mental health problems are costly for businesses as employees suffering from depression take an average of 30 days off for each spell of sickness absence.

Spotting and doing something about troubled employees is an important business skill. As well as being good managers in the traditional sense, we urge bosses to look out for early indicators before they develop into something more serious, like stress or depression. Healthy and content workers translate directly into productive employees. Some advices for managers and colleagues on how to spot and deal with mental health problems at work.

- Keep the eyes open...The first sign that someone may depression or a problem with their mental health is often in their day-to-day behaviour. This could be uncharacteristic behaviour such as not being able to cope with their work, seeming distracted, a sudden loss in motivation or absenteeism. Look out for these signs as potential warning that someone may be suffering from the early stages of depression. ...but don't make assumptions: British all have our ups and downs, so a change in behaviour doesn't necessarily mean that there is a problem. If you do notice inconsistent behaviour, then try to establish whether it's just a blip, or perhaps the signs of a more serious problem.
- Get to the root of the problem: it's rare for someone to voluntarily talk about a mental health problem. Approaching a colleague who you feel may be suffering from a mental health issue is not easy. Try and arrange a moment to catch someone privately, and informally ask if they are feeling ok.
- Depression can sometimes be caused because of a work issue or a personal one. If its work related then you have the responsibility and control to help remedy it. If it's a domestic issue, then talk to the individual about the changes you can implement to make things easier, such as flexible working. If

they have not already found support, point them in the right direction towards help from their GP or a counsellor.

- Create a culture: their long-term aim should be to create a working environment which eradicates the stigma mental health can carry. Introducing policies will help doing this, so staff know and feel comfortable in feeling able to talk about the topic. You can also make support options available, like employment assistance programmes or access to occupational health.

### **5-2-5-Stress Factors**

The research published earlier this year in Occupational and environmental Medicine has found that mental health problems in childhood have a detrimental impact on subsequent working life with increased levels of depression and anxiety. Researchers analysed data from over 8000 participants in the 1958 British Cohort, a long-term study of babies born during one week in March of that year. Their mental health was reviewed at the ages of 7, 11, and 16 using information from teachers and parents, and at the ages of 23 and 33 using personal interviews. Participants reaching the age of 45 were invited to discuss their working lives and mental health.

The researchers found that being single, living in rented accommodation, having a chronic illness, or no qualifications were all linked to depression and anxiety in mid life. However, workplace stressors, including lack of control over decisions, low levels of social support, and high levels of jobs insecurity increased the risk of depression and anxiety by two or four times. They suggest mental health problems in early childhood and adulthood may have knock-on effects, inhibiting education and subsequent employment prospects, or resulting in a tendency to opt for apparently less demanding work that turns out to be less rewarding and more stressful.

A study released in 2003 showed that stress was still regarded as a taboo subject in the workplace. Despite the huge costs and high risks associated with work-related

stress, many working environments are still chiefly characterised by high pressure and heavy workloads. Moreover, susceptibility to stress is very much considered to be a weakness that employees cannot afford to highlight without fear of repercussions.

These findings came from Hot collar: how stress is impacting on the 21<sup>st</sup> century business environment completed by Cubiks, a specialist HR consultancy. Specific findings include:

- Complaining of stress will damage your career prospects – 76% of survey respondents thought that their career prospects would be damaged if they complained of stress, and managers confirmed that they are right to think this. 79% of managers said they would be less likely to employ a candidate if they suspected that they were prone to repress and 87% would be less likely to promote an existing employee if they had doubts over their ability to handle stress.
- Stress levels are rising and will get higher – One in four said that their average stress levels at work were either high or very high and almost half expect these levels to increase in the next 12 months.
- The economic downturn is influencing stress levels – Only 9% considered poor compensation and benefits to be a major concern, which indicates that those who have not been affected by redundancy or restructuring are grateful to be in employment. Job insecurity was stated as being a cause of stress for almost half of all respondents.
- It's not just emotive tasks such as dismissing staff or announcing redundancies that cause stress for managers – A large proportion of managers said that core people management tasks such as handling performance appraisals or conducting the recruitment interview were a significant source of stress for them. This suggests that managers are not receiving the training needed to perform in their role.

- Few organisations provide facilities for stressed employees – Only one third (34%) of respondents said that stress was recognised as an issue in their workplace and just 31% of respondents said that personal counselling services were available to them. Fewer still (27%) said that their organisation has any formal process for handling grievances or concerns relating to stress.

Although 49% of respondents did think that their line-manager would be concerned or sympathetic if they complained of stress, a quarter (24%) believed that their line managers would become irritated or annoyed if they raised stress as an issue. Almost half said that their relationship with their superiors was a considerable or major cause of concern for them and one in four (23%) complained that they were suffering from harassment or bullying.

A report from the Society, Occupational stress, published in 2001 showed that almost 70% of people surveyed cited difficulty in balancing work and home demands as a significant contributing factor to occupational stress. Nearly 50% reported unrealistic deadlines and the consequent time pressure as a factor. More than 40% identified poor communications as a factor in raising stress levels.

### **5-3-Health and safety**

Health and safety are workplace issues with considerable organizational and legal implications for Human Resource and other managers. They are concerned with protecting employees – and other people affected by what the company produces and do – against the hazards arising from their employment or their links with the company.

#### **5-3-1-Great Britain's poor health and safety record**

Trade Union congress' (TUC) General Secretary Brendan Barber welcomed a report from the crime and Society Foundation which concludes that unions are keys to tackling the United Kingdom's poor health and safety record that with around ten thousand people dying every year as a result of injuries sustained or diseases had contracted whilst at work, the Government needs to do more to take irresponsible employers to task for their lax approach to health and safety.

In recent years the number of health and safety inspections has fallen and many workplace accidents go unreported. And even when a safety crime is uncovered, few ever result in successful prosecutions. Massive fines like the ones recently incurred by Network Rail and Balfour Beatty for their failings over the Hatfield rail crash may hit the headlines but many negligent employers are quite simply getting away with murder.

Only when the United Kingdom has a new law of corporate killing combined with a law change making directors responsible for the health and safety of their employees and customers will employers start to take their safety responsibilities seriously. Bosses would do well to pay more attention to the warnings coming from unions and their workplace safety reps. it's no accident that workplaces with the best safety records are the ones with employers sensible enough to work hand with unions.

### **5-3-2-Workplace Safety Violations Now a Criminal Offence**

New occupational health and safety duties and criminal liabilities have been added to the Criminal Code that affects both individuals and organizations in Canada. Since March 31, 2004, both individuals and organizations are under increased obligation to take reasonable steps to protect workers and public; they must also ensure accountability for a safe work environment. A wanton and reckless disregard for the lives and safety of others may constitute various offences, including criminal

negligence causing bodily harm or criminal negligence causing death. These new provisions are in response to the May 1992 explosion at the Westray mine in Nova Scotia that resulted in tragic death of 26 miners. Inquiries into the disaster revealed not just incompetence and mismanagement, but also deceit and deliberate cover-ups. Despite this intentional disregard for health and safety laws, no one was held criminally liable for the deaths.

The government has started that the new Criminal Code offences make it easier for companies to face criminal-negligence charges if they fail to protect the safety of workers. Previously, corporations could only be found guilty of a criminal act if the “directing mind” of the corporation committed the prohibited act and had the necessary intent – or was reckless in their behaviour. With the new provisions, the government has extended responsibility for public and employee safety to lower-level supervisors, making the law more reflective of the modern corporate reality. Some current liability laws date back to the 19<sup>th</sup> century, when top management or the directing mind (senior executive) of the company often oversaw all of a company’s day-to-day operations. Now, the new legislation takes into account the complex structure of modern companies, where middle and lower level management often oversee daily operations and even set policies and directives.

The criminal Code now states that everyone who undertakes, or has authority, to direct how another person does work or performs a task, is under a legal duty to take reasonable steps to prevent bodily harm to that person, or any other person, arising from that work or task.

This places focus on the function of the individual and not merely their title. Accordingly, a foreman, supervisor or office manager could find themselves personally charged with a crime, if they recklessly disregarded the bodily safety of a co-worker. The organization will face liability based on mere association with their offending representative. In addition, an organization will be a party to a negligence

offence if, while acting within the scope of their authority, one of its representatives is a party to an offence.

In the case of offences that require the Crown to prove a higher degree of fault than negligence, the organization will be made a party to the offence of their representative where: there was an intent to benefit the organization and one of the senior officers of the organization, acting within their authority was a party to the offence; or did not act to stop it.

### **5-3-3-Occupational Health and Safety Education and training**

Within Ontario, apart from the new Criminal Code offences related to workplace health and safety, the two major pieces of legislation are the Occupational Health and Safety Act (OHSA), and the Environment Protection Act (EPA). These two Acts are significant in that they place specific, personal and legal duties on individuals (workers, supervisors and employers). These are also personal duties that cannot be delegated, and if breached, can lead to personal fines or imprisonment.

It is therefore essential that workplace parties, particularly those with management or supervisory responsibilities be aware of their obligations and duties under this legislation and that they ensure that management systems are in place which will ensure compliance with the legislation and enable them to establish the basis for a defence “due diligence”. There are approximately 33 Regulations under the Occupational Health Act. Some are specific to industry or sectors and others relate to Workplace Hazardous Materials Information System (WHMIS), Training Requirements for Certain Skill Sets and Trades, and Joint Health and safety Committees.

The Occupational Health and Safety Act provide the framework within which employers must manage safety in the workplace. It gives broad powers to the government to make regulations and to inspectors to issue orders with respect to the

protection of the health and safety of workers in virtually every industry and workplace in the province. The legislation specifies the rights and obligations of workers, supervisors, employers, and corporate officers and directors. The Act also specifies penalties for both individuals and corporations convicted of offenses under the Act.

The Environmental Protection Act (EPA) defines and imposes specific duties on anyone causing a spill or having control of a pollutant spilled into the natural environment. This is particularly relevant to those parts of an organization such as science and physical plant where chemicals may be discharged into the water, or air. The Environmental Protection Act (EPA) provides the same obligations imposed on corporations and their officers and directors under the Occupational Health and Safety Act (OHSA), i.e. to “take all reasonable care to ensure that the corporation complies with the Act and regulation”.

## **Chapter Six: Welfare and its Reform in Great Britain**

From mid 2008 the United Kingdom economy entered a period of deep economic recession, with large numbers of job cuts spread across a range of sectors and across the country. The timing of the downturn is significant, coming at a time of fairly wide-ranging and significant welfare reforms.

## **6-1-Welfare in Great Britain**

It explores the government, the administration and Scottish welfare in Great Britain.

### **6-1-1-The government of welfare in the United Kingdom**

The United Kingdom is a unitary state in which central government substantially directs most government activity. However, the structure of services in Scotland, Wales and Northern Ireland differs in certain respects. Each region has both a Secretary of State and administrative department situated in central government, and its own assembly and executive, which take on the role in the region of certain central government ministries. The laws which apply in Scotland and Northern Ireland are different from those in England and Wales. The Scottish parliament has in consequence very much more influence than the Welsh Parliament, and the Scottish Government (a name confusingly used for both government and executive) has the role of a civil service for Scotland, with a social policy in its own right. The administrative structure in Northern Ireland is significantly different: personal social services are the responsibility of the Health Board (as they are in the Republic of Ireland), and public housing is managed by Northern Ireland Housing Executive.

This framework changes frequently. The most important changes in recent years have been the reformation of Department of Social Security into the Department of Work and Pensions, significant transfer of income maintenance to the Inland Revenue (now HMRC, for Her Majesty's Revenue and customs), and the demolition of the Department of Transport, the Regions and Local Government, whose key social policy responsibilities were placed in the Office for the Deputy Prime Minister and have now been relocated mainly into communities and Local Government.

### **6-1-2-The administration of welfare in the UK**

The administration of the welfare state has undergone two major reforms since its inception. The first phase, covering the 1960s and 1970s, saw central government reformed in order to allow the planning and control of public expenditure by the Treasury. The aims of this reform were managerial efficiency and economic planning. The effect was to create a system in which the Treasury allocated resources to departments, and departments to services.

The second phase, which has led in the 1980s and 1990s to restricting of the civil service and the administration of welfare, has three main elements:

- The breakup of the administration into agencies, so that the efficiency of each part of the administration can be assessed individually. Examples are National Health Service (NHS) trusts and the administrative agencies responsible for Social Security.
- The introduction of 'management', with managers being responsible for running agencies in a business-like fashion; this is widespread in health and personal social services.
- Quasi markets Public services are required to act more like economic markets, with the separation of purchasing and provision of services and the introduction of competition. The trend is strongest and social care.

In recent years, the work of many central government agencies serving government, like the Department for Work and pension's (DWP) information technology or the Department of Health's laboratories, have been privatised or contracted out; the main role of the agencies that remain is direct service provision to the public.

### **6-1-3-Scottish Welfare**

The powers of the Scottish Government are devolved from Westminster. There are devolved powers, which are retained by Westminster. Devolved powers include

health, housing, social care, education, local government and civil law. Reserved powers include social security and nearly all taxation.

Currently the responsibilities of Scottish Ministers are divided between

- The office of the First Minister
- Finance and sustainable growth
- Education and lifelong learning
- Health and well-being
- Justice, and
- Rural affairs and the environment

The civil service – also, confusingly, known as the Scottish Government – has been reorganised into “directorates” which do not correspond closely to these briefs.

Despite the nominal division of labour, policy in Scotland is still strongly influenced by Westminster. Economic development is the responsibility of the Scottish government, but individualised employability provisions currently being introduced by the department for Work and Pensions have been done without engaging the Scottish Government. Although education has been independent throughout the history of the Union, Scotland now has a national curriculum directly comparable to the English system. In many instances, such as the introduction of civil partnerships, the Scottish Parliament has referred decisions to Westminster to legislate under the provisions of the “Sewell convention”.

## **6-2-Welfare reform in Great Britain**

This passage concerned the introduction of the employment support allowances, the growth and declined of incapacity claiming and the geography of unemployment in the recession.

### **6-2-1-The introduction of the Employment Support Allowance**

The current economic downturn occurs at a time of rapid changes to the welfare and benefits systems. Changes which are aimed at moving from a passive to an active welfare state, and which have been introduced to help meet the Government's target aspirations of reaching a working-age employment rate of 80 per cent, and reducing the number of people on incapacity by one million, by 2015. An important element of these reforms has been the establishment of the Employment Support Allowance (ESA).

On 27 October 2008, Employment Support Allowance (ESA) was introduced for new claimants to replace Incapacity Benefit and Income Support received on the grounds of incapacity. The changes were a response to the welfare reform Green paper Department for Work and pension (DWP, 2006: 4), A new deal for welfare, which provided the criticism that 'almost nothing is expected of (incapacity) claimants – and little support is offered'. ESA will build on the approaches adopted by the new Deal for Disabled people and Pathways to work (Pathways), which was piloted in 2003 and rolled-out from 2005. The introduction of Employment Support Allowance (ESA) has involved a number of important changes to the previous incapacity regime including:

- Fewer claimants will be exempt from assessment under the Work Capability Assessment (WCA) than under the old Personal Capability Assessment (PCA) medical regime. The Assessment Work Capability (WCA) will also be a more stringent test.
- Most claimants will be expected to be able to prepare for a return to work. The majority of claimants will be into a Work-Related Activity Group, under which

they will receive a Work- Related Activity component (of £24.00 a week) in addition to the basic allowance, as long as they comply with the requirements for work-related activity

- If those in the Work-Related Activity Group do not comply with the regime they may lose 50 per cent of their Work-Related Activity component.

The recent welfare reform Green Paper Department for Work and pension (DWP, 2008b), No one written off, outlined a number of proposals to further amend the Employment Support Allowance (ESA) and Pathways regime. The subsequent white paper Department for Work and pension (DWP, 2008c), raising Expectations, provided further details about the scope of these proposed changes, building on recommendations made by Professor Paul Gregg (2008) in his review of conditionality, Realising Potential. These changes include:

- Between 2009 and 2013 all existing IB claimants are to be reassessed using the assessment Work Capability (WCA), and will become subject to the ESA regime
- There will be a maximum two-year interval between medical assessments
- There will be a requirement that claimants in the Work Related Activity Group undertake some work-related activity in addition to attending their Work Focused Interviews (WFIs) at Jobcentre Plus (JCP) or a Pathways provider.

It is estimated by Department for Work and pension (DWP) that 60,000 more people a year will fail the Assessment.

Work capability (WCA) than previously failed the Personal Current Account under Incapacity Benefit (IB) (DWP, 2008a); this equates to around 10 per cent of the annual on-flow under the old Incapacity Benefit (IB) regime. There is though some early evidence which suggests the figure may end-up to be much higher, with early figures reportedly showing that more than two-thirds of applicants for Employment

Support Allowance (ESA) are being rejected at applicants for Employment Support Allowance (ESA) are being rejected at the Assessment work Capability (WCA) stage (Barker, 2009).

### **6-2-2-The growth and decline of incapacity claiming**

The Incapacity Benefit (IB) rate in Britain has grown significantly over the last twenty years or so. In 1984 the number of working-age male incapacity Benefit (IB) claimants stood at 884,200, but by 2001 this had almost doubled, reaching 1,657,800. Since then, and towards the tail end of the long-period of economic growth experienced since the early 1990s recession, the number had begun to fall and was down to 1,479,200 by 2008 (

Table 3 shows the recent fall in the incapacity Benefit (IB) rate, the proportion of the working-age population claiming Incapacity Benefit (IB), by area type since the national male Incapacity Benefit (IB) claimant number peaked in 2001. All the area types recorded some reduction in their claiming levels, but this was most pronounced in their areas with the highest Incapacity Benefit (IB) rates. This included a sizeable reduction of 3.1 percentage points in Regional centres, which are large urban areas outside London. This reduction was driven largely by the relatively big declines in the claiming rates in some of the big former industrial cities like Glasgow, Liverpool and Newcastle. There were also relatively big declines in centre with industry (1.9 percentage points), again driven to some extent by the bigger cities, in this case Manchester and Birmingham, and there was also a sizeable decline across Manufacturing Towns (2.0 percentage points). These reductions are contrasted with the much smaller declines in more prosperous parts of the country, with reductions of less than one percentage point across London's Periphery and Suburb areas, and Prospering Small Towns, New and Growing Towns, and Prospering Southern England. However, overall claimant rates remained very much lower in these areas.

The reductions detailed in Table 3 began for the first time in more than 25 years to reverse some of the sustained and embedded labour market disadvantage in former industrial towns and cities.

Table 3: IB rate change for working-age men by Office for National Statistics area type: 2001-2008

	IB rate May 2001	IB rate May 2008	Percentage points change in IB rate May 2001-2008
Industrial Hinterlands	15.1	12.0	-3.1
Regional centres	11.8	9.6	-2.2
Centres with industry	11.8	9.9	-1.9
Manufacturing Towns	11.5	9.5	-2.0
Coastal and Countryside	9.6	8.5	-1.1
London Cosmopolitan	9.5	8.1	-1.4
London centre	8.9	7.3	-1.6
London suburbs	6.9	6.3	-0.5
Prospering Smaller Towns	6.4	5.6	-0.8
New and Growing	6.2	6.0	-0.2

Towns			
Thriving London	5.1	4.8	-0.4
Periphery			
Prospering Southern England	3.7	3.6	-0.1

### **6-2-3-The geography of unemployment in the recession**

Attention is now turned to the geography of unemployment in the current recession. The figures presented here draw on claimant count data. The claimant count is the number of people claiming unemployment-related benefits, primarily this is Jobseekers Allowance (JSA), but it also includes some people who don't qualify for JSA payments and receive only National Insurance Credits for being unemployed.

Unemployment can also be measured using the broader International Labour Organisation (ILO) definition which counts anyone who is out of work in the last four weeks. This includes groups who are ineligible for, or chose not to claim, Jobseeker's Allowance. There are therefore differences between the International Labour Organisation (ILO) and the claimant count measures of unemployment. These differences are known to affect Women to a greater degree than men, and also to generally reduce in scope during times of recession (Office for National Statistics, 2002).

There are nevertheless several strengths of claimant count data. The figures are not based on a survey sample and so are highly reliable, they are the most up-to-date measure of unemployment, and they provide accurate information for small areas like local authority districts and wards. As the data used to produce the Office for National Statistics group definitions are at Local Authority level, use of the

International Labour Organisation (ILO) definition drawing on the annual Population Survey would be subject to a significant degree of error. The use of the claimant count also enables the most recent data to be produced, something of great importance at time of rapid labour market change. For these reasons unemployment using the claimant count is reported here.

Some notable can be seen between the Incapacity Benefit (IB) figures for 2001-8 presented in Table 3, and the impacts in 2008-9 of the recession, measured by the change in the proportion of the male working-age population claiming unemployment benefit shown in Table 4. What is immediately apparent is the relatively strong growth in the claimant count across all areas, increasing by two percentage points or more in all area types apart from Central London. However unemployment is growing most quickly in those areas with high rates of Incapacity Benefit (IB) claiming, primarily old industrial areas. The biggest proportionate increase was across the industrial Hinterland and Manufacturing Town area types (growing by 3.7 and 3.6 percentage points respectively). There were also strong increases across Centres with Industry (3.5 percentage points), and perhaps less expectedly, among New and Growing Towns (3.3 percentage points). This contrasts with increases below 2.2 percentage points across London areas, and a 2.0 percentage point's increase in Prospering Southern England.

Table 4: Rate of claimant unemployment for working-age men by Office for National Statistics area type: April 2009, and change, April 2008 – April 2009

	Claimant count April 2009	Percentage points change in the Claimant Count – April 2008- 2009
Manufacturing Towns	7.1	3.7
Industrial Hinterlands	8.0	3.6

Centres with Industry	8.6	3.5
New and Growing Towns	6.2	3.3
Regional Centres	6.6	2.8
Prospering Smaller Towns	4.3	2.5
London Suburbs	5.4	2.2
Coastal and Countryside	4.6	2.2
Thriving London Periphery	4.1	2.1
London Cosmopolitan	7.0	2.1
Prospering Southern England	3.1	2.0
London Centre	5.0	1.5

Sources: Department for Work and pension (DWP), Census, Mid-year population Estimates.

The recent stronger increase in claimant unemployment in weaker labour markets is likely to be the result of two drivers. First, they appear to be being disproportionately hit by increased recession unemployment. This may be the result of a combination of their combination of their different industrial structures, for example their greater reliance on badly affected sectors like manufacturing, as well as their different employment structures, with more contingent employment, for example agency working. Secondly, the claimant count will have been further swelled by the early impacts of welfare reform of Incapacity Benefit (IB) and also of Income Support (IS) for Lone Parents (claimants of which tend to be more heavily concentrated in such areas). The eligibility for IS as a lone parent has been progressively reduced. It previously lasted until the youngest child was 16; this was lowered to 12 in November 2008, and then to 10 in October 2009 (and will be reduced to seven in October 2010). These reforms have increased labour supply as more individuals actively look for work who under previous benefit regimes could

have claimed inactive benefits. This creates greater competition in the labour market, which in the absence of increased demand can feed into rising claimant unemployment. The data do not as yet allow the exact causal effects of these factors to be disentangled and the relative strength of each to be described.

Critically these trends mean that weaker labour markets will need greater employment growth relative to other area types to return to pre-recession employment levels; levels at which they were beginning to see a reduction in their IB stock numbers.

Recently regional employment projections by Cambridge Econometrics and the institute for Employment Research (2008), and covering the period 2007-2017, suggested a much slower period of economic and employment growth for the national economy in the medium term. They suggest per annum employment growth nationally will be around 0.6 per cent over the period, with regional variations ranging from 0.3 in the North East to 0.9 in London. Based on these projections, and bearing in mind the depth of the recession and very large rises in unemployment seen, some of the worst impacted local authority areas could take ten years, or in some cases even longer, to recover to pre-recession employment levels. This problem is likely to be particularly acute in many former industrial areas which began with weaker labour markets, have suffered steeper rises in unemployment, and are largely in the regions predicted to grow the least.

The weakest labour markets will therefore face high and sustained levels of unemployment which will threaten the potential impact of Employment Support Allowance (ESA) in tackling long-term worklessness.

## **CONCLUSION**

In this work I have dealt with the Human Resources Management which occurred previously in response to prospect the public and private enterprises, to develop and perform the people's skill and abilities, to reduce the demand for labour in Britain's old industrial areas, describing how the most significant adjustment has been through increasing levels of economic inactivity, particularly supported through rising incidence of incapacity claims. These rises for men and women were heavily concentrated in old industrial areas. It depends for money that can therefore provide positive motivation in the right circumstances, not only because people need and want money but also because it serves as a highly tangible means of recognition.

Many organizations retain performance measures that dilute incentive schemes because they perceive that the advantages outweigh the disadvantages. However, those businesses that want to emphasize the developmental aspect of performance management and play down, even eliminate, the performance pay element, will be convinced by the objections to rating and will dispense with them altogether, relying instead on overall analysis and assessment.

In the closing decades of the twentieth century, there were signs of a revolt against the welfare state, an expensive luxury for the underdeveloped or Third World nations and a costly investment for many of the developed nations. As the populations of the developed nations grew older and less able to contribute to the maintenance of a national welfare state, perhaps the end of the welfare state was in view. In any event, it would appear that modern social welfare and its institutions

have always risen and fallen in tandem with the trends in national politics-politics being the art and science of what is possible at any given time.

The labour market adjustments which occurred previously in response to reduced demand for labour in Britain's old industrial areas, describing how the most significant adjustment has been through increasing levels of economic inactivity, particularly supported through rising incidence of Incapacity claims. Male IB claimant numbers grew rapidly during the 1980s and 1990s, with working-age claimant numbers also rose steeply over this period, increasing from 355,400 in 1984 to a peak of 1,128,000 in 2004. These rises for men and women were heavily concentrated in old industrial areas. It has also been shown that male IB rates had begun to decline since 2001, in the later period of the long economic boom, and that this decline was most noticeable in the high IB claims areas. The likely impacts which the reform of the sickness benefits system will have on future labour market adjustments were then considered. The argument which has been advanced is that unlike during previous periods of weakened demand for labour, recent welfare reforms mean that job losses are likely to feed more fully into increasing incidence of claimant unemployment.

Overall, the Labour did manage to introduce a well-made Welfare state. The most important thing that the Welfare State managed to do, was bring the problems Britain faced to attention, so that other people could work to make Britain a better place.

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