Chapter 4 - Strategic human resource management at Halcrow Group Limited

Answers to Case study questions

1. Provide a brief overview of Halcrow Group’s strategy.

Like many other former civil engineering companies Halcrow has extended its range of disciplines to cover architecture, project management, environmental science, transport planning and other non-engineering but related skills. To reflect the future needs of the business Halcrow’s operations were brought together in 2001 as four main business groups: Consulting, Property, Transport and Water.

The structure of the company was seen as an important component in delivering the strategy. It changed to a matrix structure. There are eight geographical regions meaning that appropriate employees or teams may be brought together for specific projects throughout the world. Each of the four business groups is led by a management team comprising five people including a Group board director or managing director. Within each business group, professional and technical (Professional and Technical staff are assigned to technical skills groups, the leader of whom is responsible for their training and career development. Employees are also assigned to an office in one of the regions. These vary in size from less than 10 to more than 500 employees. The business groups and regional offices are supported by Corporate Support Services, comprising all the corporate and business support functions, including HR, and located predominantly within the United Kingdom.

In 2004, Halcrow launched their change programme, ‘Act now’, which was designed to help the group ‘to continue to develop in a dynamic and sustainable way’. The focus of ‘Act now’ was to align employees' behaviours and approaches to Halcrow’s purpose, values, codes of behaviour and business principles thereby improving individual, team and overall business performance.

2. Outline the linkages between Halcrow Group’s strategy and its strategic human resource management.

The focus of the Halcrow change programme, ‘Act now’, was to align employees’ behaviours and approaches to Halcrow’s purpose, values, codes of behaviour and business principles. The intention was that this would improve individual, team and overall business performance.

This change programme is intended to be continuous rather than having a specific end date. It emphasises the need for flexibility and the sharing of good practices and learning throughout the group, the centrality of employees to achieving this and the need to monitor and evaluate.

The ‘Act now’ change programme is central to everything that Halcrow plan to do in relation to the HRM strategy. The overriding concern is to change the organisation’s culture. It is often said that the Group is full of people who are professional engineers and who take pride in a job well done. In essence, technical excellence has previously taken precedence over commercial success. By the very nature of their training Halcrow people tend to be concerned with ‘detail’ rather than seeing the bigger picture. This has served the group well. But a recent client satisfaction survey commissioned by the group did not show Halcrow in a uniformly glowing light. It reported that Halcrow emerged as technically excellent and a ‘safe pair of hands’ but that clients were looking for much more than technical competence and a track record. They wanted business partners whose behaviours were aligned to their own needs. In addition the group was also seen as rather ‘grey’. The challenge for Halcrow is to retain the reputation for technical excellence and reliability while becoming increasingly commercially aware, flexible and, above all, more responsive to customer needs. It is a challenge, which the SHRM strategy, through the change programme, is designed to meet.

Overall, the key change issue that is driving SHRM is the need for Halcrow to be more responsive in the light of a more competitive industry. Therefore, the principal aim of the new HR initiatives is to generate more competitive employee behaviours which, in turn, is envisaged will generate better all round employee and business performance.
3. What obstacles do you think that Halcrow management will face as it works to change the Group’s culture from one dominated by technical excellence to one that also embraces commercial awareness?

Obstacles related to changing the culture highlighted in the case include:

- The knowledge and understanding (and qualifications) of the workforce need to be developed to ensure that employees have the requisite commercial skills. At present approximately 80% of Halcrow’s employees are classified by the group as professional and technical (P and T) staff who have a minimum of an undergraduate degree in engineering or a related subject and are also members of a relevant professional institution.

- The focus of employees is on a job well done. As noted in the case, the group is full of people who are professional engineers and who take pride in a job well done. In essence, technical excellence takes precedence over commercial success. Although Halcrow needs to retain its reputation for technical excellence and reliability, the organisation’s employees must become increasingly commercially aware about the group’s profit performance, flexible and, above all, they need to be more responsive to customer needs in the light of a more competitive industry.

- This is all occurring in an environment in which Halcrow’s customers are taking technical excellence for granted when making decisions about which consultancy group to employ. In view of Halcrow’s reputation for technical excellence this is also an obstacle.

4. What measures might Halcrow take to increase its retention of young professional graduates?

Based on the available data, labour turnover amongst young professional graduates is clearly perceived as a critical problem within Halcrow with the potential to frustrate the achievement of its strategic business plans. The sustainability of their commitment to continued dynamic growth and quest for superior business performance as a route to competitive advantage are being jeopardised by the high levels of labour turnover being experienced amongst Halcrow’s cadre of graduate engineers and, more generally, across P and T staff. This problem of labour turnover assumes greater significance within the prevailing organisational context, characterised by: a shortage of high quality consultants throughout the construction and engineering sectors; fierce competition for such labour; progressive decline in the number of students studying relevant degree courses; and increasing client expectations that projects require a stable staffing base to support their delivery.

Despite the frequent reference to the problem there is little hard data available in the case on the extent of labour turnover or its causes. Further, apart from benchmarking within their business sectors, there is no evidence of any broader external comparisons that might shed more light on the problem. Therefore, a useful starting point for increasing the retention of young professional graduates is the use of thorough evaluation to address these gaps. However, and in fairness, steps have already been taken in this direction. Employee survey results have highlighted feedback, recognition and employee involvement and engagement as being particularly problematic areas requiring attention. There is also reference to problems concerning the managerial environment, the leadership and management skills base, organisational culture, the attractiveness of the financial sector as an alternative career pathway, increasing concerns over staff development and the lack of succession planning together with a clear acknowledgement within the company that these issues require attention.

The cursory analysis above at least provides pointers towards future action that can be taken to improve the retention rate of young professional graduates at Halcrow. However, this has to be set in the context of an increasingly articulated specification of the HR base required by Halcrow to achieve its organisational objectives. This embraces required values, codes of behaviour and core competencies that underpin the HR strategy designed to improve the organisation’s human capital base. A key consideration is how these HR requirements are being translated into HR practice and the impact that they may have on future retention. How, for example, is recruitment and selection being conducted to maximise the probability of bringing appropriate staff into the organisation and avoiding such HR requirements becoming mere platitudes, and to what extent
does successfully matching employer HR demands and the employee attributes of recruits impact positively on their retention? Further exploration of how recruitment and selection could contribute to improving the retention of young professional graduates could be directly linked to Chapter 8.

Apart from its role in contributing to the acquisition and maintenance of required employee behaviours, human resource development (HRD) represents another important potential area for improving retention. A failure to undertake effective induction and to audit training undertaken may in themselves exacerbate labour turnover and cause employees to question the organisation’s commitment to their development and succession planning. There is also, worryingly, a lack of detail with respect to HRD particularly with respect to knowledge management and creating a learning environment given the organisation’s emphasis on the need to develop an open culture within which learning transfer is facilitated. Attention to those features alone may help young professional graduates engage with and commit to the organisation. In addition greater emphasis may need to be placed on a ‘grow your own’ philosophy. From the case details it is not clear what proportion of young professional graduates are recruited directly into the organisation and what proportion are ‘grown’ through company training schemes. However, where labour shortages persist it may well be in the organisation’s interest to recruit school leavers into sponsored training programmes to meet their future professional and technical requirements. This may even be done in conjunction with other companies in the sector to increase the attractiveness of construction and engineering and to secure an increase in the future supply of such staff. This would seem to be particularly appropriate if directed at increasing the participation rate in the sector of previously underrepresented groups such as females.

Lastly, another possibility emerges from the outputs of internal evaluation activities. Currently senior managers are working with Kaisen Consulting Ltd to create processes through which employees can become involved in developing actions to improve the managerial environment, which if successful is likely in itself to have a positive impact on retention. As part of this, why not actively involve the ‘at risk’ employee group – young professional graduates – in evaluating the causes of labour turnover and developing action plans to improve retention? This would be entirely consistent with organisational aims to address issues around feedback, recognition, employee involvement, career development and succession planning. Such an approach could incorporate areas such as recruitment and selection and HRD but would almost undoubtedly surface other areas for consideration and action planning.

Picking up on this last point, it is accepted that we have been highly selective in the areas we have brought to bear on the problem of increasing retention of Halcrow’s young professional graduates. It is recognised that the reader could range more widely over the content of the book to focus on how such areas as structure, culture, HR planning, performance management, reward management and diversity management can all be brought into the equation for developing measures for reducing turnover and increasing retention.

5. (a) What hurdles do you think that Halcrow will have to overcome in its attempt to ensure international employees adopt the Group’s codes of behaviour?

(b) Now visit the Halcrow Group website (http://www.halcrow.com) and read Halcrow’s Statement of Business Principles, paying particular attention to the Code of Business Practice. Expand your answer in the light of what this tells you about the Group’s views regarding business integrity, and what is expected of Halcrow staff.

The case reports that the fact that there has been no HR function in any of the offices until recently suggests that HR has experienced a very low profile in Halcrow’s international operations. In fact, the function in all but the most basic administrative sense has been nonexistent. However, the HR director was keen for this to change. A catalyst for this drive is the group’s recently published codes of behaviour. These stress the need for honesty, transparency and integrity in all Halcrow’s business operations.

However, the lack of an international HR tradition in Halcrow means that the HR director clearly
has a large task on hand establishing the relevance of the function and the mission that HR is attempting to deliver through the change strategy. That is not to say that the employees will openly doubt the relevance of the HR effort, but committing to it fully is a different matter. Delivering a strategy through adjusted employee behaviours is a way of thinking with which most will be totally unfamiliar.

Of course, there are the inevitable cultural and communication problems, which may attempt to change employee behaviours. Look again at the list of employee behaviours that Halcrow are trying to encourage throughout the group:

- Treat everyone with respect, trust and dignity;
- Help each other – share experiences and lessons learned;
- Be polite;
- Never undermine anyone directly or indirectly;
- Work together to resolve disagreements;
- Be professional and ethical at all times;
- Listen to others’ points of view;
- Be honest and open.

The wording of the list presents immediate potential misunderstandings. Does the concept of ethics have the same meaning in all cultures, is the notion of professionalism and what it means accepted consistently internationally.

The Halcrow website (http://www.halcrow.com/html/documents/pdf/corporate_info/bus_princ.pdf) contains a very clear account of business principles with helpful statements of what is required from the staff and what the staff may expect from the company.

6. To what extent does the data collected by the employee survey allow the HR director to evaluate the extent to which HR initiatives are supporting the Group’s strategic direction?

The core content of the questionnaire has remained substantially the same since 2000 enabling benchmark comparisons over time. The 30 questions are used to ascertain employees’ views on 10 key areas that relate clearly to the group’s strategic direction. These include clarity about their job, client focus, their competence, resources to do their job, empowerment, involvement, cooperation from others, feedback to them and recognition.

Additional supplementary questions are also included, for example on employee commitment, to allow specific issues to be evaluated. By including location information, such as regional office, business group and skill group, comparisons can be made between different parts of the group highlighting areas that are performing both above and below the Group average.

High response rates for the survey (over 67% of employees worldwide returning their questionnaire in 2002 and 72% in 2004) mean that the data collected are more likely to be representative of the Group.

7. (a) How does Halcrow currently make use of primary and secondary data to evaluate the extent to which initiatives to engage employees within the Group are working?

Through the 2000 employee survey (primary data), Halcrow was able to identify those areas of strategic HRM highlighted by employees as being most in need of attention. These were: feedback, recognition and involvement of employees. Benchmarking the surveys in 2002 and 2004 against the 2000 employee survey, has allowed Halcrow to establish the extent to which these issues are being addressed through HR initiatives. Results from the surveys suggest that there have been improvements in all three areas. However, data from the survey (and other sources) suggest that there is still more to be done to improve these and other aspects of HRM such as employee engagement.

Data from Halcrow’s employee survey has been used to calculate an HR Enablement Index for the group. This is an average score of responses to all the questions in each of the ten key areas and provides an overall indication of the extent to which employees are engaged with their work within the Group. Average scores for each of the 10 key areas are then be used to
highlight those aspects where satisfaction is relatively low and where action may need to be taken. Comparison of the 2004 HR Enablement Index score with that for 2002 revealed that there had been no significant change in employees’ engagement. Secondary data on retention rates for the same period revealed that this was within a context of declining labour turnover. This led the HR Director to ask why engagement had only remained constant in a labour market characterised by a shortage of suitably qualified people. The answer to this question is currently being sought from a range of primary and data including employee exit interviews, staff workshops around the world to discuss issues associated with employee engagement and further analysis of the employee survey data.

(b) What other measures do you think they might adopt?

There are a whole host of other measures that might be adopted to evaluate the extent to which initiatives to engage employees within the group are working. These will relate to data already held by the organisation in HR records such as the technical versus organisational focus of training and development courses attended (secondary data) as well as collecting additional data. For example, subject to agreement and issues of confidentiality, annual reviews between line managers and employees might be developed to explore and feedback issues related to organisational engagement.

In addition Halcrow appears only to have considered employee engagement from the perspective of the employees. Given their need to develop commercial awareness it is important that they also seek to understand their customers’ views regarding this. This might be done with focus groups with customers or a series of in-depth interviews.
Chapter 5 - Answers to Case study questions

Answers for the Daimler–Chrysler (DC) case study have been presented in the form of a PowerPoint presentation that can be used to respond to class discussion and analysis of the case study.

1 As the HR-Director of DC (Stuttgart, Germany) you are required to develop a ‘suitable HR strategy’ and to propose solutions to the problems raised by the actual situation of DC and the intentions of the CEO described above. State your understanding of the situation at DC and determine the needs of DC (problems within DC and reasons for the new organisational structure); also describe some strategic elements of the organisational structure.

Question 1 New HR Strategy
Downsizing and “Decruitment” Options
• sharing Firing and/or layoffs
• Voluntary Severance Incentive Program
• Recruitment stop
• Transfers
• Reduced workweeks
• Early Retirements
• Job
• Regular Unpaid Sabbatical

Common Mistakes in Restructuring & Creating New HR Strategies
• Not involving management and employees
• Avoiding employee input when times get tough
• Faulty belief that downsizing employees will boost financial performance
• Breaking the psychological contract that reflects the common interests of employers and employees
• Failure to treat employees fairly and with dignity
Whereas German companies like Deutsche Bank AG, Lufthansa AG or Allianz AG are seen by specialists and scholars as ‘truly’ global companies with excellent strategic HRM policies, Daimler’s Chrysler lacks such a reputation. There were incredible problems integrating Chrysler in the DC group. It took years to fix many post-merger problems. There are many other examples of a poor international HR policy of DC. This may also be a reflection of a generally rather poor (strategic) HR management of DC’s head office.

You are therefore also asked to answer the following questions:

- In light of the intentions in the announcement of DC (text above), which HR areas or HR challenges are concerned?
- Please name some of these challenges. Then establish a plan of action by formulating and justifying possible solutions to the challenges you have identified.
Question 2 Improving organizational effectiveness at DC: Key HR Challenges

- Centralization of strategic functions
- Concentration of operational functions which are demanded by different companies of DC-Group (realization of synergies)
- Decentralization of all other operational functions which are specific for each business units
- Tendency toward a “matrix structure”
- Flatter organizations: Quicker communication, empowerment, cost savings fewer layers of management
- Creating a more “horizontal” company (defining the firm’s core processes)
- More networking in a matrix
- Reassigning support staff from headquarters to divisional offices and workplaces
- Empowerment of employees

**Improving organisational effectiveness at DC: Key HR Challenges**

**Fundamental Challenge**

**Organizational Designs (1)**

- **Functional Organization**
  - CEO
  - VP Production
  - VP Marketing
  - VP HRM
  - Production Manager A
  - Production Manager B
  - Marketing Manager A
  - Marketing Manager B
  - HRM Manager A
  - HRM Manager B

- **Product Organization**
  - CEO
  - VP Product A
  - VP Product B
  - Product Manager A
  - Product Manager B

**Fundamental Challenge**

**Organizational Designs (2)**

- **Matrix Organization**
  - CEO
  - Functional Managers
    - Production
    - Marketing
    - HRM
  - Manager Product A
  - Manager Product B
  - Manager Product C
  - Manager Product D
3 What type of organisational structure should be created and implemented to support the new HR strategy?

![Question 3 Possible (Matrix-) Structure of DC](image)

4 What are possible advantages (and disadvantages) of creating a new organisational structure?

![Question 4 Global Product Division](image)

How to provide a DC-culture of empowerment, involvement, participation and innovation?

- Explain business plans and strategy
- Explain the necessary change of employees’ role and responsibilities.
- Organizational development
- Effective organisation (Business Success, improved productivity and quality...)
- Stimulating and Nurturing Innovation and an Innovative culture
- Employee (Enabling, motivation, training, confidence...)
- Involve Unions as partners
- A “new” leadership style with Mercedes

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5 In developing and implementing the new structures, the company will have to recruit new international managers. How could the company really select and develop a group of experienced international managers? What instruments would you use?

### Question 5 Recruiting New International Managers

**Managing the Change Process**

- Establish a sense of urgency
- Mobilize commitment to change through communication and involvement
- Access to information on business plans and operational performance.
- Create a winning coalition; involve unions and workers representatives as partners at every stage
- Develop a shared vision and communicate the vision
- Enable employees to make the change (team structure and development, training, and information flow)
- Show short-term wins; give incentives
- Anchor the new ways of doing things in the company’s culture
- Monitor progress and adjust the vision as required

### DC’s SHRM Approach in a truly global Company

1. Develop and manage Common International Culture vs. national or corporate Culture
2. International Recruitment, Staffing, Assignment and Performance Management
3. Train Employees and Managers, build up International “people pool” without regard to nationality
4. HRM is “state of the art” (Instruments, processes, systems; e.g. admin services, cross-cultural training, compensation, competency management)
5. International Communication and network (projects, cross-cultural teams, conferences, matrix)
6. Manage cultural diversity and draw benefits out of it
Chapter 6 - Answers to Case study questions

1. Drawing on the information given in this case, construct a cultural web for DICOM group. Inevitably the visual cultural webs that you construct can be different. However, each sphere is likely to contain at least some of the following elements drawn from the case:

**Routine:** this is the way that different members of the organisation link behave towards each other and link together or ‘the way we do things around here’. Johnson and Scholes (1993:60) continue that at their best such routines ‘lubricate’ the workings of the organisation. DICOM is promoted to its staff as the ‘DICOM Family’. The unofficial (although heavily endorsed by senior management) aim is ‘To make money and have fun doing it’. Consequently, management and staff operate together with the minimum of supervision necessary and allow staff great freedoms to do their jobs in their own way, albeit within the confines of company procedures and policies (paradoxical as it might sound). As senior management would put it, ‘We like to steer with very long reins’.

**Rituals:** these are performances that re-enforce the routines above, such as training programmes, assessment and promotions.

Training is a very important part of DICOM’s culture. All levels of staff are encouraged to take advantage of both in-company and external training programmes. If there is a business advantage in the training, then DICOM will finance it and allow the individual the time to complete it. At present within the UK office, staff are attending courses as divers, as CIPD diploma, Open University CMS and a number of technical staff are undergoing Microsoft Certification training. DICOM have recently introduced a new initiative, ‘The DICOM Academy’. As part of the programme all DICOM management (and those identified as management for the future) are being offered a series of one-week courses at various venues around the world, taught by Harvard Business School professors alongside DICOM board members. These have included Leadership and Marketing.

Performance appraisal is carried out annually, with three monthly reviews in some areas. The onus is very much on the staff to review their own performance. They fill in their own appraisal schedule with their line manager, and are asked things such as, ‘How do you rate your punctuality on a scale of one to ten’? If the member of staff has very different ideas of the rating to his/her manager, then a discussion is held and a compromise reached. Wherever possible, staff are given as much responsibility as they can handle as quickly as possible in both their own development and their working lives. Wherever possible, internal staff are promoted into managerial positions as they arise. Where this is not possible, they are involved in the writing of the job specification and the recruitment process, including the interview and selection process.

**Stories:** these are told by members of the organisation to each other, outsiders, new recruits and mavericks. Their aim is to create awareness of organisational history, personalities and important events.

Stories form a very important part of the way DICOM portrays itself. They are used to illustrate the company's values to visitors, new hires and people who come for job interviews. In the main, all the stories emphasise the humanity and caring nature of the Swiss based board of directors and how this permeates the entire company. The case highlights the story regarding the company’s tenth anniversary celebrations. All the 800 company staff from around the world and their partners were invited to Switzerland for all expenses paid weekend of celebrations at the Lucerne opera house, which was hired exclusively for the company for the whole weekend. Legend has it that the company chairman paid for this out of his own pocket.

Announcements regarding company performance and other news are communicated regularly to the whole company through email from the CEO. He always begins the email, ‘Dear Friends’, and always makes a point of finishing off by thanking everyone for their hard work and commitment.

DICOM's board of directors asked all subsidiaries to complete an annual report on promotions, hires of disabled staff and donations to charity. This is done with the aim of promoting ‘ethical awareness’ amongst DICOM's management. Subsidiaries are also expected to produce a bimonthly
newsletter for local staff, keeping them informed of company news and performance, as well as giving them to opportunity to include their own personal and departmental news.

**Symbols**: these include things such as offices, cars, logos, titles and terminology, which themselves can become representative of the nature of the organisation. Virtually all employees work in an open plan offices and symbols of rank and seniority are discouraged. Language is very important within DICOM with unique ‘organisational’ meanings being given to some everyday words. This would make some conversations within the organisation fairly unintelligible to outsiders, although completely sensible to those within. This helps reinforce the feeling of camaraderie, and membership. For example:

<table>
<thead>
<tr>
<th>DICOM word</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Standards!’</td>
<td>Well done! Congratulations! For example, we have set the standard to our competitors.</td>
</tr>
<tr>
<td>We don’t wear stripes</td>
<td>Everyone has the right to have their say and be involved in decision-making.</td>
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</tbody>
</table>

**Control systems**: these are measurement and reward policies that emphasise what is important to the organisation, and focus attention on it accordingly.

Measurement is a continual process, even if official performance reviews are not. Workgroups normally meet on a monthly basis to discuss problems and progress. All are encouraged to make suggestions to improve workgroup performance against certain measurable criteria. Where performance of an individual is exceptional, managers have discretion to reward them in a way most valuable to the individual. This might be the granting of extra holiday, a meal for them and their partner or a public display of gratitude at an award ceremony. Every year at the Christmas celebration, a number of awards and prizes are given out to individuals and workgroups who have been voted as exceptional by their colleagues.

**Power structures**: these are associated with the key constructs of the paradigm. Senior management is most likely to be associated with the core assumptions and beliefs as to what is important to the organisation. You are likely to find this sphere more difficult to discern from the case. However, the role of senior management in the group’s tenth anniversary celebrations emphasises how management are associated with core assumptions and beliefs that are important to the organisation.

**Organisational structure**: this is the more formal way in which the organisation functions, and is likely to demonstrate power structures, relationships and again what is important to the organisation. DICOM has a very flat organisational structure. Within the United Kingdom, there is the Managing Director, Senior Managers, Junior/Workgroup Managers and staff. As noted within the case, although employees do have ‘rank’ the display of ‘stripes’ is not encouraged. When visitors are shown around the company, managers introduce their staff saying ‘These are my colleagues’. If anyone said ‘These people work for me’ or ‘these are my staff’ people would become quite annoyed and expect a later apology.
2. Assess the extent to which DICOM Group’s culture is aligned to its vision and mission. Having constructed your cultural webs, you are likely to find this and subsequent questions far easier to answer. The vision and mission are both set out clearly at the beginning of the case. We have found that in answering the question, you can benefit most from seeing how each sphere in your cultural web enables each of six bullet points that make up the mission are addressed using a simple table. These then enable DICOM to work towards its vision. For example:

<table>
<thead>
<tr>
<th>Mission statement</th>
<th>Cultural web sphere</th>
<th>Evidence</th>
</tr>
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<tbody>
<tr>
<td>We care for our customers better than anyone else in our industry.</td>
<td>Limited evidence</td>
<td></td>
</tr>
<tr>
<td>We are a premier business partner of the world’s leading system integrators,</td>
<td>Symbols</td>
<td>Language is very important within DICOM with unique ‘organisational’</td>
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<tr>
<td>software developers, IT resellers and OEMs</td>
<td></td>
<td>meanings being given to some everyday words. For example, ‘standards’.</td>
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<tr>
<td>We only compete with superior products and services in fast growing information</td>
<td>Symbols</td>
<td>Language is very important within DICOM with unique ‘organisational’</td>
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<tr>
<td>technology sectors in which we can achieve and maintain a dominant market</td>
<td></td>
<td>meanings being given to some everyday words. For example, ‘standards’.</td>
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<tr>
<td>We hire the highest calibre employees available and continually invest in their</td>
<td>Rituals</td>
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<td>development.</td>
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<td>performance.</td>
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<td>We constantly aim to achieve attractive returns for our shareholders.</td>
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<td></td>
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<td>performance against certain measurable criteria.</td>
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<td>To us respect, integrity and loyalty constitute very important values, reflected</td>
<td>Routine</td>
<td>DICOM is promoted to its staff as the ‘DICOM Family’. The unofficial</td>
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</table>
3. To what extent do you consider that DICOM Group’s culture exhibits characteristics identified by Hofstede (Table 6.1) and by Trompenaars and Hampden-Turner (Table 6.2) for Switzerland? Give reasons for your answer.

Hofstede

Power distance relates to the extent to which less powerful employees accept that power is distributed unequally. Within DICOM inequalities between people appear to be minimised and consultative decision appears more likely to be used.

Individualism/collectivism refers to the extent to which individuals are orientated to themselves and their immediate family, rather than wider strong cohesive in-groups that offer protection in exchange for unquestioning loyalty. In DICOM contracts of employment appear to be based on mutual advantage, DICOM providing training and good physical conditions. This suggests the organisation is more collectivist.

Masculinity/femininity refers to the extent to which assertiveness and decisiveness are prioritised over more caring values such as nurturing and concern for quality of life. Within DICOM importance is placed upon competition and high performance emphasising the ‘masculine’ aspects of this dimension. At the same time, the resolving of differences by discussion emphasises the feminine aspects of this dimension.

Uncertainty avoidance relates to the extent to which people feel threatened by ambiguous or unknown situations. It is less clear from the case where DICOM is placed upon this dimension.

Confucian dynamism captures the long- or short-term orientation. Although DICOM places emphasis on the importance of social obligations, the emphasis on results and high performance suggests a more short-term orientation.

Trompenaars and Hampden-Turner

Relationships with people

Universalism versus particularism. Relationships with people are important within DICOM. However, personal relationships are not anticipated to impact upon business decisions. Rather they are expected to be made logically, impartially and professionally suggesting a more universalist focus.

Individualism versus communitarianism emphasises that societies can be individualistic or collectivist. Within DICOM employees appear to regard themselves as part of a group and consequently more communitarian than individualistic.

Neutral versus emotional highlights the extent to which it is acceptable to express emotions publicly and communicate the full extent of personal feelings. Within DICOM, by establishing rapport between individuals, it appears possible to discuss performance issues and communicate personal feelings.

Specific versus diffuse is concerned with the relative importance ascribed by different cultures to focusing on the specific, for example analysing issues by reducing them to specific facts, tasks, numbers or bullet points. This is contrasted with a focus upon analysing issues by integrating and configuring them into relationships, understandings and contexts. From the information within the case, it is uncertain where DICOM would be placed on this dimension.

Achievement versus ascription
This focuses upon the way in which status is accorded. DICOM places relatively high values on achievement rather than status.

Attitudes to time
This focuses particularly on whether time is viewed as linear and sequential (past, present and future) or circular and synchronic (seasons and rhythms). These differences are likely to impact on how planning and organising takes place, little information on which is provided in the case.
Chapter 7 - Answers to Case study questions

We would like to emphasise that we have used Salama et al’s (2003) work as a vehicle for an analysis of HRP particularly as it applies to mergers and acquisitions. It should be stressed that this was not the main point of focus in their study and their published work obviously reflects this. It should be remembered throughout that there is limited specific data available on the HRP processes and activities deployed by the case companies. Therefore, at times, it has been necessary to make assumptions that we recognise in reality may be open to question.

In answering the case study questions we found it helpful to keep in mind that mergers and acquisitions comprise a number of key stages. First, there is a pre-merger or integration phase where organisations have the opportunity to assess the compatibility or fit between the merging organisations. Second, there is the post-merger or integration phase where plans to exploit the potential synergies provided by mergers and acquisitions are finalised and implemented. Salama et al (2003) refer to these two phases as the courting and the marriage phases respectively. As such these phases arguably cover the due diligence period ahead of merger and the short to medium-term HRP time horizon following merger. Third, is a longer-term, post-merger consolidation phase that may also incorporate further, significant strategic change.

1. Compare and contrast the three outline cases from an HRP perspective. What are the main similarities and differences between them?

In all three cases it appears that any HRP considerations lie downstream from a first-order strategic decision to merge. One possible exception is the Deutsche Bank and Bankers Trust merger where it might be argued that the results of the cultural assessment exercise could have resulted in ‘the marriage’ being called off. However, it seems to us that the exercise was designed more to identify issues that would have to be addressed during the marriage phase than to determine whether the merger should go ahead or not.

In all three cases attention is being paid to second-order strategic issues concerning structures. For Deutsche Bank/Bankers Trust and Volvo and Ford restructuring is at a corporate level whereas with British Petroleum (BP) and Amoco it appears to be more concerned with merging functional operations.

In all three cases there appears to be an understanding of the importance of cultural compatibility and the need to successfully manage any emerging acculturation process. This reflects concern for soft HRP issues. There is also evidence that hard HRP issues are being pursued. For Deutsche Bank/Bankers Trust this has a clear line through to downsizing/redundancy whereas with BP/Amoco and Volvo/Ford we are reading ‘synergies’ as a euphemism for rationalising business functions, leading to redundancy as a natural consequence.

In terms of process both BP/Amoco and Volvo/Ford established integration teams to help manage the merger although their emphasis appeared to be more on identifying potential operational synergies. Across all three cases, and particularly with Deutsche Bank/Bankers Trust and BP/Amoco, where there is more detail available, it is not clear what HRP processes being used to generate the HRP initiatives being implemented. However, with Deutsche Bank/Bankers Trust there appears to be a close fit between the analysis of results from the cultural assessment exercise and subsequent management action and HR initiatives deployed. This is unlikely to have happened by accident and suggests that deliberate planning lies behind such integration.

Communication, a vital ingredient to successful mergers and acquisitions, appears being handled differently across the three cases. For Deutsche Bank/Bankers Trust the communication focus appears to be directed at employees during the courting phase through the cultural assessment exercise and enhanced communication to close the information gap revealed by its findings. For BP/Amoco the focus appears to be on the marriage phase with different approaches adopted for managers and employees. For the former there were regular meetings designed to breakdown barriers between BP and Amoco managers whereas for the latter attitude surveys are being used to surface issues that managers would need to address if they are to win over the ‘hearts and minds’ of employees. For Volvo/Ford there is no explicit reference to communication processes. However, the
fact that a cultural analysis of the two companies has been derived from employee perceptions implies that some form of employee survey has been conducted during the courting phase. With Deutsche Bank/Bankers Trust and BP/Amoco there is evidence of specific downstream HRP initiatives designed to facilitate achievement of strategic objectives whereas with Volvo/Ford such HRP appears, at best, to have been deferred until after operational synergies have been achieved. Although the integration team in Volvo/Ford was seen ‘as an important vehicle for overcoming cultural differences’ there is no suggestion as to how this was to be achieved.

Lastly, despite the process being essentially top-down there is evidence pointing to the use of ‘employee voice’ to provide a bottom-up perspective. This would certainly appear to be behind the cultural analysis at Volvo/Ford and can be seen to be driving management thinking at Deutsche Bank/Bankers Trust. However, involvement beyond this is not evident although at BP/Amoco it might be part of the input into establishing desired work behaviours, systems and processes.

2. If you had been responsible for the HRP dimension of each of the three merger situations, which do you think was handled most effectively and why?

Interestingly, in each of the three cases there is no real indication as to the role, if any, being played by any HR function in planning and implementing the merger. However, on the basis of available information, we found it easier to identify Volvo/Ford as the merger situation we believed to have been handled least effectively from an HRP perspective. Here, apart from the initial cultural analysis and organisational restructuring, HR concerns appear to play second fiddle to other functional concerns arguably raising the risk of merger failure because of poor HRP as highlighted by Appelbaum and Gandell (2003).

The choice between the other two case scenarios is much more difficult as there is merit in both their approaches to HRP. In the HRP chapter summary it was argued that ‘When viewed as the vital link between organisation and HR strategies HRP can be regarded as a bridging mechanism fulfilling three vital roles: aligning HR plans to organisational strategies to further their achievement; uncovering HR issues that can threaten the viability of organisational strategies and thereby lead to their reformulation; and acting in a reciprocal relationship with organisational strategies such that HR issues become a central input into the strategy formation process’. We would argue that both the Deutsche Bank/Bankers Trust and BP/Amoco cases evidence the first role of ‘aligning HR plans to organisational strategies to further their achievement’. However, we were initially attracted to the Deutsche Bank/Bankers Trust case where we felt there was more explicit concern to incorporate the second of these HRP roles concerned with ‘uncovering HR issues that can threaten the viability of organisational strategies’.

From this perspective it could be argued that the Deutsche Bank/Bankers Trust case evidences a more comprehensive approach to HRP than BP/Amoco, particularly with respect to their handling of the pre-merger integration phase.

However, contrary to this initial position, we would argue that BP/Amoco comes out stronger in the post-merger integration phase. Apart from a concern to challenge prevailing working values, the Deutsche Bank/Bankers Trust marriage appears to overly focus on the hard HRP issues surrounding business efficiency. While this is a critical consideration there is evidence that not only is this dimension being actioned within BP/Amoco but that they are also dealing with soft HRP issues to a greater extent. With BP/Amoco we particularly liked the fact that rather than imposing a cultural blueprint they appeared to be more concerned to identify and develop appropriate behaviours from an analysis of current patterns of employee behaviour. There is an apparent concern to develop a new corporate culture and the commitment to build from current patterns of work behaviour is also evident in the approach being adopted for integrating systems and processes, including HR. Here ‘best practice’ is being used as the guiding criteria for such decisions irrespective of where it appears across the constituent companies.

Throughout the cases there is very little reference to arguably a third phase of mergers and acquisitions, the post-merger consolidation phase. This incorporates a longer-term perspective and we particularly liked the intended use by BP/Amoco of regular monitoring of employee attitudes to shape future managerial action to secure their commitment to the new company.
There appeared to be less concern for longer-term HRP issues within the Deutsche Bank/Bankers Trust case.

In conclusion, based on the above analysis, we believe that the HRP dimension of the respective merger scenarios was handled most effectively within BP/Amoco. However, this could have been improved significantly if greater attention had been paid to HRP during the courting phase and the outcomes of this used to further guide HRP decisions during the marriage phase.

3. If you had been responsible for the HRP dimension of each of the three merger situations what would you have done differently and why?

More general points relating to HRP in the three merger situations are covered in our answer to question four below. Here, we concentrate more on detailed operational HRP issues arising from the case scenarios. We have simply provided short, bullet point responses to provide examples of the sort of HRP practices we would have advocated. These can be used to facilitate a discussion around developing a broader and deeper analysis of the three case scenarios from an HRP perspective.

**Deutsche Bank/Bankers Trust**

1. Given the challenge to existing Deutsche Bank working values, develop a new corporate culture for the merged company.

2. Translate this cultural blueprint into those over-arching employee values and behaviours (perhaps using a competency framework) thought to be necessary to achieve long-term merger and corporate business success.

3. Use these values and behaviours as the operational criteria when making HR decisions with respect to selection for redundancy, transfers, promotions, human resource development (HRD), reward allocation etc.

4. Develop communication channels/initiatives to cover the ‘marriage’ phase of merger and the longer-term consolidation phase.

5. Consider the approach to employee involvement in key areas such as ‘integration team’ membership and development of new working values as well as a broader consideration of the employee relations strategy to be adopted. 6. Identify further key HRP issues and develop appropriate responses. Apart from communication and employee involvement identified above, these might include, for example, managing survivors, HR systems and processes such as job grading and remuneration, HRD strategies for acculturation and organisation structures to facilitate the emerging corporate culture (or vice versa).

**BP/Amoco**

1. A clear HRP focus in the ‘courting’ phase to establish what will be the likely HR issues that will need to be addressed as part of the merger process (core values, attitudes, competences; structures; change management approaches; employee relations strategies etc.).

2. Make more explicit the nature and scope of employee involvement with respect to the ‘integration team’, development of core behaviours, development of new corporate culture, analysis of ‘best practice’ etc.

3. Significant investment in communication to keep employees informed and engaged in the merger process (and beyond).

4. Challenge the apparent quota-based approach to manager selection and replace with a performance and/or competency-driven approach.
5. Work through key organisational structures and assess the HRP consequences of any revised structures.

6. Plan how to manage the fallout from any: restructuring; functional rationalisation, particularly in terms of downsizing/redundancy; and performance management.

**Volvo/Ford**

Here we would have done just about everything differently. In terms of the information available we would certainly have wanted to work through the HRP implications of identified cultural differences between Volvo and Ford and the major structural reorganisation as well as making explicit the HR remit of the integration team if it is to fulfil its role as ‘an important vehicle for overcoming cultural differences’. More generally we would have given active consideration to all the other points raised above against the Deutsche Bank/Bankers Trust and BP/Amoco cases.

4. Critically evaluate the HRP process and practice evident in the three cases against the subject content of the chapter.

Again we would suggest that our responses here leave scope for further development through facilitated discussion in-class.

While a merger can be seen as an example of first-order strategy it does not in itself constitute the long-term corporate strategy of the organisation. What this corporate strategy might be in the three case scenarios is not made explicit in the information provided. This throws up two important limitations in HRP terms. First, the absence of a broader corporate strategy makes it impossible to evaluate the appropriateness of any HRP activity directed at furthering its achievement or to uncover HR issues that might threaten its viability. At best, it might be surmised that the mergers reported on are designed to achieve competitive advantage through cost minimisation but this is almost certainly not the whole picture. Second, in terms of temporal analysis, the focus in the cases is on short-term and, to a lesser extent, medium-term HRP activity. This ignores HRP related to the ‘long-term cycle’. As identified by Gratton et al (1999), the long-term cycle requires different clusters of people processes to secure strategic integration compared to those required for the ‘short-term cycle’. In the case scenarios there is no clear division or distinction in identified HR interventions between those relevant to short and long-term planning cycles.

The above analysis throws up two further important limitations in all the case scenarios presented. First, there is no evidence that the third ‘vital role of HRP identified in the chapter summary has played any part in organisational thinking. This third role concerned the ‘reciprocal relationship with organisational strategies such that HR issues become a central input into the strategy formation process’. As far as can be seen here, HRP concerns appear to be almost exclusively directed at the output rather than the input level. Second, and very much related to Gratton et al’s (1999) temporal perspective, it is difficult to discern any HP consideration around the general issues of managing change and enhancing organisational competence to deal with planned changes (e.g. the merger) let alone future shocks.

What is apparent throughout the chapter case study is that within the consideration of three mergers involving international companies there is little or no detailed information on the HRP processes deployed by the case organisations. We are in the dark as to how HR interventions have been determined and as to how they fit into a broader HRP process. There does not appear to be any evident HR strategy underpinning HRP (in an HR strategy input–HRP output relationship) or deriving from it (in an HRP input–HRP strategy output relationship). Further, there is no mention of HRP ownership making it difficult to discern the role, if any, of any extant HR function or the extent to which HRP has been embedded in line managers’ role responsibilities. Without this it is not possible to determine which conceptual models of HRP might apply to practice in the case companies.

As will be evident from answers to earlier questions, there is also little focus on any post-merger consolidation phase. This may be an important phase if the marriages are not to subsequently breakdown and lead to ‘divorce’.
Although there is hard HRP thinking evident in the first two case scenarios we are left to speculate on the extent of any labour demand and supply forecasting. This means that the quantitative dimension of HRP receives no substantive coverage and that the overall scope of any HRP is in consequence restricted. While the evident concentration on cultural issues exemplifies soft HRP concerns it is arguably at the expense of a broader consideration of the soft and hard HRP issues surrounding mergers and acquisitions.

In brief, against the chapter content, we flag up three further considerations:

1. That the above critique, together with answers to Questions 1–3, only serves to demonstrate how difficult it is to practice strategic HRP. Despite the adage 'to fail to plan is to plan to fail' our review of some of the HRP issues to be confronted in mergers alone exemplifies the complexities associated with the process and lends credence to those who question its operational efficacy.

2. Notwithstanding the complexities associated with HRP our review should also lead to a greater understanding of the possible consequences of ineffective or non-existent HRP (in this case with mergers).

3. The centrality of flexibility to HRP, if it is to gain credence as an operational HR tool, is not surfaced by any of the three case scenarios. There is no evidence of any contingency or scenario planning being used to inject flexibility into the HRP process or steps being taken to build flexibility into the workforce itself so that it can better deal with the vagaries of future uncertainties as well as planned change.

References


Chapter 8 - Answers to Case study questions

The first two of four case study questions are embedded in the case itself and have been answered here as we expected our readers to answer them. Therefore, although further material relevant to these case questions may be revealed as the case unfolds, Questions 1 and 2 have been answered solely on the basis of what has gone before in the case narrative.

1. Based on the information provided with respect to organisation context, strategy, vision, mission statements and annual key objectives, what core competencies do you feel will underpin Southco’s recruitment and selection processes?

For us the key words appearing in the opening section of the case (covering organisation context, strategy, vision, mission statements and annual key objectives) that impact on recruitment and selection are:

- ‘leading global source of engineered access …………… solutions’;
- ‘continuous growth’;
- ‘seamless teamwork’;
- ‘operational excellence’;
- ‘performance management’;
- ‘a climate of constant change’; and
- ‘appreciation of cultural diversity’.

Putting our own strategic interpretation on these contextual statements, it would seem that the organisation is pursuing a mixture of growth, innovation and quality strategies underpinned by a performance, team-based culture. At times these strategic intents may surface internal contradictions that may put further pressure on recruitment and selection practice. Further, we would argue that these strategic concerns are being pursued in a dynamic global market place where change is a constant. All of this leads potentially to very demanding person specifications although we argue that in a team working environment it is not necessary for all members to possess all required core attributes. What we advocate instead is that teams need to contain a critical mass of the required attributes among its membership.

Working from this analysis, we would argue that competencies associated with innovation, quality enhancement, performance management, managing change, diversity, foreign languages and teamwork are likely to be ‘core’ to Southco realising its strategic imperatives.

A useful starting point to competency analysis to meet the strategic requirements of innovation and quality is the work of Schuler and Jackson (1987), developed further in Chapter 2. They identified the following required employee behaviours to support the respective strategies of innovation and quality enhancement:

**Innovation** – high degree of creativity, longer-term focus, high degree of co-operation and interdependence, equal attention to process and results, high degree of risk-taking, and high tolerance of ambiguity.

**Quality enhancement** – repetitive and predictable behaviours, long/intermediate-term focus, modest degree of co-operation and interdependence, high concern for quality, modest concern for quantity, high concern for process, low risk-taking, and high commitment to organisational goals.

A number of the above employee behaviours are arguably also relevant to other identified competency requirements. For example, a high degree of co-operation and interdependence, and equal attention to process and results can be related to effective team working and a high degree of risk-taking, and high tolerance of ambiguity to managing change. Adding to this, Cockerill (1989:54–55) cites 11 competencies that are associated with high performance management in rapidly changing environments:
To operate successfully in an environment of dynamic change arguably requires a critical mass of employees who possess competencies associated with continuous learning and development, and transformational leadership skills. These include, for example: experiments; admits mistakes; openness; encourages ideas; makes joint decisions; charismatic; inspirational; goal directed; adopts rational approaches to problem solving; and with a strong concern for the needs of individuals with a capacity to contribute to their further development (Bass, 1990; Evenden, 1993). As before, a number of these overlap competency boundaries. With respect to teamwork, for example, it could be argued that admits mistakes, openness, encourages ideas, makes joint decisions and concern for the needs of individuals with a capacity to contribute to their further development are all relevant.

Standing somewhat outside this list are the competency requirements around foreign languages required by global operations. This may simply be expressed in terms of fluency in a number of particular languages but would need to embrace the full range of linguistic competencies, verbal, written, comprehension etc.

We could go on but what is already emerging is a very demanding list that leads us to three further points. First, is a reminder that core competencies represent those required in sufficient quantity in the workforce as a whole to support the achievement of corporate strategies and do not represent a person specification to be applied to every prospective employee. Second, the legitimacy of our ideas can be discussed further through class discussion. We would argue, for example, that: the list could be augmented, particularly in the area of diversity (where we have been deliberately silent but where Chapter 13 can be used as a source of ideas); some entries are open to challenge; and others require further exploration to establish their full meaning or legitimacy. Third, any debate around core competencies should be accompanied by the caveat that, however, the competencies are generated they need to be validated in the specific organisational context to which they apply if they are to serve a useful purpose.

2. What do you think would be an appropriate recruitment and selection procedure for Southco to follow? Map out your answer providing as much detail as possible on the recruitment and selection methods you would use.

We start with a given that recruitment policy at Southco dictates that in the first instance vacancies must be advertised internally. However, irrespective of whether the focus is internal or external we would advocate that the process should start with the development of comprehensive role descriptions and person specifications that capture the demands arising form the strategic and competency analysis presented immediately above. Therefore we would expect these recruitment documents to adequately reflect role responsibilities and competencies associated with organisational requirements with respect to innovation, quality enhancement, performance management, managing change, diversity, foreign languages and teamwork. The job description and person specification will be used as the basis for the creation of a realistic job and organisational preview to be shared with candidates, as stakeholders, at every opportunity. This would start with the production of objective job advertisements providing sufficient detail to enable the prospective candidate to assess their continued interest in the vacancy. We recommend that this should be supported by open access to a help line to discuss the vacancy and, when recruiting externally, the organisation, to ensure a realistic preview of both is fully communicated. For major recruitment exercises involving multiple vacancies, key managerial appointments and areas of short supply we advocate that this be supplemented by open days/evenings designed to enable prospective candidates to subject the organisation to close scrutiny.

With respect to external advertising it is difficult to be precise because specific copy and media placement will depend on the particular vacancy in question. However, this must be preceded by a detailed analysis of potential recruitment sources augmented by an evaluation of the company’s previous recruitment exercises.
For each vacancy we would require a competency-based application form that reflects precisely
the core organisational and job competencies demanded by the role. Although some of the
information will be common the competency-based component of the application form will need
to be tailor-made if it is to be fit for purpose.

To provide greater objectivity we would propose that applications received are evaluated
independently by three stakeholders against the persons’ specifications. These stakeholders
would then meet to determine the shortlist. Initially the shortlisting panel should identify all those
applicants where there is agreement amongst all three stakeholders that they meet the shortlist
criteria based on their independent assessments. Hopefully any panel discussion will then be
about discussing finer distinctions between such applicants before finalising the shortlist.

Cockerill (1989) argued that competencies can be assessed reliably through direct observation
and simulated assessment centre conditions. Given the likely complexity of the persons’
specifications the use of multiple selection methods will almost certainly be necessary if
reasonable levels of validity are to be achieved. Under these circumstances assessment
centres, which feature direct observation as one of their elements, would be a sensible option.
Based on the competency analysis we would anticipate the use of psychometric testing to
assess dimensions such as attitudes, intelligence, motivation and personality supported by
simulated group exercises to further assess teamwork competencies. In-depth interviews would
be competency-based, structured and behaviourally oriented to assess directly those
competences incorporated into application forms. Assessment centre exercises directed at work
sampling would be designed so as to actively involve other important stakeholders and enable
their participation in the selection process. This is seen to be particularly relevant to support the
assessment of cultural fit, attitudes to others, interpersonal competencies and teamwork.
If there is an interest in exploring the topic of strategic recruitment and selection in greater depth
then a further, demanding exercise would be to take competencies identified under Question 1
and work through how each one could be assessed in detail within the multiple selection
method context advocated. So, for example, taking risk-taking or high tolerance of ambiguity the
task would be to work through how these could be assessed through interview, psychometric
testing, work sampling etc.

3. To what extent could Southco’s approach to recruitment and selection be classified as
strategic? Justify your answer with evidence drawn from case material.

Encouragingly there appears to be evidence of both external, vertical integration (Mabey et al,
1998) and institutional integration (Mabey and Iles, 1993) of HRM at Southco where the
corporate alignment of the HR function is seen as a critical success factor and the most senior
HR manager is regarded as an indispensable member of the senior management team. This is one of
the key measurables relating to performance delivery against corporate goals. How this
feeds through to recruitment and selection practice, however, is less clear-cut.

With respect to the primary features of strategic recruitment and selection (strategic integration,
long-term perspective and formalised HRP), the concern for candidate fit both with organisation
culture and its global context and the requirement for candidates to be able to adapt to the fastpaced
business environment characterising Southco all reflect a strong strategic focus.
Although not incorporated into the case study, this was exemplified by the process used to
recruit a new managing director during the time the case study was being written. Here the
strategic objectives of the organisation were used to identify the key role responsibilities and
related objectives of the managing director over the short and longer-term and the personal
competencies necessary to deliver these successfully. These key role responsibilities,
objectives and competencies then became the basis for all subsequent recruitment and
selection activity. What is not evident, however, is the extent to which this overtly strategicallydriven
approach to recruitment and selection, demonstrating both the primary features of
strategic integration and a longer-term perspective, is used to underpin the recruitment and
selection of staff lower down the organisational hierarchy. This is not to say that this is not the
approach followed and, on the basis of evidence available from the case, it can at least be
argued that the over-arching concern for organisational fit directly reflects these primary
features.
With respect to the secondary features of strategic recruitment and selection (adoption of a front-loaded investment model, rigorous evaluation, the use of sophisticated selection methods and a multi-stakeholder approach) there is certainly some clear evidence to support some of these features. Here we would argue that the adoption of a front-loaded investment model, the use of sophisticated selection methods and a multi-stakeholder approach are evidenced by:

- the philosophy that recruiting the ‘wrong’ person leads to substantial organisational costs;
- the use of a competency-based approach;
- the information material sent to candidates to establish realistic organisational and job previews;
- the length of selection events;
- the use of behaviourally-based interviews, competency assessments, psychometric testing, presentations and the assessment of team interaction;
- the involvement line managers and more senior levels of the management hierarchy, the HRD manager and the current role holder; and
- the joint decision-making process conducted against competency and cultural fit assessments.

On the basis of the evidence available, and acknowledging that this will not necessarily represent a complete picture, we conclude that at the very least Southco are operating a highly professional and sophisticated recruitment and selection process and that at the very best it has strong strategic underpinnings. However, as revealed by our answer to the last case question below, on the basis of available information the process does not meet all of our criteria for strategic recruitment and selection and therefore as currently evidenced is classified as largely but not fully strategic.

4. What changes would you make to Southco’s recruitment and selection processes in order to more fully meet the model, core dimensions and conceptual framework of strategic recruitment and selection captured respectively in Figures 8.3, 8.4 and Key Concepts 8.4?

From the foregoing analysis it is argued that the following changes or additions are necessary in order for Southco’s recruitment and selection processes to more fully meet the model, core dimensions and conceptual framework of strategic recruitment and selection captured respectively in Figures 8.3, 8.4 and Key Concepts 8.4 in Chapter 8:

- evidence of closer strategic alignment for a wider range of appointments throughout the organisational hierarchy;
- evidence that the qualities of the organisation’s existing HRs are being considered as an input into strategy formulation to establish two-way strategic integration;
- the explicit use of a HRP mechanism or equivalent to translate corporate objectives into valid core competencies;
- the clear articulation and use of a set of core values and/or competencies to inform recruitment and selection decisions broadly throughout the organisation;
- evidence of a long-term focus being adopted in addition to the more immediate job requirements in most appointments throughout the organisational hierarchy;
- rigorous evaluation of recruitment and selection processes and outcomes to assess: the validity of specified competencies and appointment decisions; stakeholder satisfaction; cost effectiveness;
- contribution to the achievement of corporate objectives and strategies, and the successful management of change; and to inform the further development of recruitment and selection practice; and
- more comprehensive evidence that key stakeholders are routinely being involved in recruitment and selection exercises.

References


Chapter 9 - Answers to Case study questions

1. What action is needed to ensure that Tyco managers play their full part in ensuring that the performance management system is effective?

The handbook, which outlines the details of the scheme specifies that managers must:
- set and clarify employees’ goals;
- support employee development and possible career progression;
- provide useful, frequent and candid feedback;
- assess performance fairly.

Clearly it is how effectively the managers conduct these activities that will determine that the performance management system is effective. The most important precursor to the pursuit of these activities is that the managers must be committed to the effective principles of the scheme. This is easier said than done. In many organisations performance management is seen as just another personnel department imposition: ‘as long as it’s done and the forms are filled in that is all that is necessary’. Unfortunately, the ‘metrics’ based performance measurement approach to performance management tends to encourage such a bureaucratic outlook. This is clearly not the approach at Tyco as the second and third aims of the performance management scheme make clear:

- it empowers employees to take an active and influential part in the processes; and
- it is designed to assess not only the results that employees achieve but the way in which these results are achieved.

The implications for managers of these twin aims are important. It suggests that commitment to the effective principles of the scheme is not enough. What is also necessary is an enlightened attitude to the management of people, which believes that how people do what they do is as important as what results they achieve. This is profoundly different from the ‘metrics’ based performance measurement approach to performance management where the emphasis is solely on results.

Commitment to the performance management scheme and an enlightened attitude to the management of people must be allied with training in the skills of goal setting, development needs identification, feedback giving and assessment. All this will mean that Tyco managers should play their full part in ensuring that the performance management system is effective.

2. What action is needed to ensure that Tyco employees are equipped to gain the maximum benefit from the performance management system?

The handbook which outlines the details of the scheme specifies that employees must:
- work hard to achieve their goals;
- take responsibility for their own professional development;
- solicit, listen to and act upon feedback;
- assess their performance objectively.

In the same way as managers must be committed to the principles of the performance management scheme at Tyco so must employees. The second responsibility that is thrust upon employees as part of the scheme, to take responsibility for their own professional development, demands a quite different psychological approach from that with which many employees are familiar. They are used to the idea of the employer accepting responsibility for employee development. After all, many of us have grown up with the idea of the organisation being a ‘good company to work for’, which will ‘look after us’. This is very different from the idea of employees accepting responsibility for their own career planning and development. It is consistent with characteristics of the ‘new psychological contract’ which are set out in Table 9.1.
The third responsibility that is thrust upon employees as part of the scheme, to solicit, listen to and act upon feedback, is consistent with the personal acceptance of responsibility for career development. It demands an openness that, again, will be quite difficult for many employees who are more used to defensiveness when faced with criticism, even of the more constructive type. Assessing their performance objectively obviously demands similar openness.

3. What should be the priority concerns of Tyco HR specialists in their attempt to ensure that the performance management system is fully integrated with other HR activities?

The chapter goes into some detail about how performance management systems may be fully integrated with other HR activities. Vertical integration may be achieved by reinforcing to the Tyco mission, and, crucially, relating the organisation’s business objectives to those of the individual. This, and the notion of the necessity for employees to accept more responsibility for their own development, is consistent with what the chapter notes about performance management being seen as part of a so-called ‘high performance’ HR strategy.

The characteristics of such a strategy are:

- decentralised, devolved decision-making, made by those closest to the customer – so as constantly to renew and improve the offer to customers;
- development of people capacities through learning at all levels, with particular emphasis on self-management, team capabilities and project-based activities – to enable and support performance improvement and organisational potential;
- performance, operational and people management processes aligned to organisational objectives – to build trust, enthusiasm and commitment to the direction taken by the organisation;
- fair treatment for those who leave the organisation as it changes, and engagement with the needs of the community outside the organisation – this is an important component of trust and commitment-based relationships both within and outside the organisation.

All this suggests an emphasis upon attention to organisation structural design (see more detail in the chapter); and training and development to support performance management.

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**Table 9.1 Characteristics of the ‘old’ and ‘new’ psychological contract**

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<thead>
<tr>
<th>Characteristic</th>
<th>Old</th>
<th>New</th>
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<td>Focus of the employment relationship</td>
<td>Security and a long-term career in the company</td>
<td>Employability to cope with changes in this and future employment</td>
</tr>
<tr>
<td>Format</td>
<td>Structured and predictable</td>
<td>Flexible and unpredictable</td>
</tr>
<tr>
<td>Duration</td>
<td>Permanent</td>
<td>Variable</td>
</tr>
<tr>
<td>Underlying principle</td>
<td>Influenced by tradition</td>
<td>Driven by market forces</td>
</tr>
<tr>
<td>Intended output</td>
<td>Loyalty and commitment</td>
<td>Value added</td>
</tr>
<tr>
<td>Employer’s key responsibility</td>
<td>Fair pay for a fair day’s work</td>
<td>High pay for high job performance</td>
</tr>
<tr>
<td>Employee’s key responsibility</td>
<td>Good performance in present job</td>
<td>Making a difference to the organisation</td>
</tr>
<tr>
<td>Employee’s key input</td>
<td>Stable income and career</td>
<td>Opportunities for self-development</td>
</tr>
<tr>
<td>Employee’s key input</td>
<td>Time and effort</td>
<td>Knowledge and skills</td>
</tr>
</tbody>
</table>

Adapted from Hilltop (1995:290).
4. What problems may be encountered in applying a standardised performance management system throughout the 100 countries in which Tyco operate?

The overall aim of Tyco’s performance management system is to contribute to the company’s goals of achieving operational excellence and becoming one unified company. The aim is to unite Tyco teams throughout the world into a single operating company with a healthy culture characterised by alignment and growth opportunities.

This suggests that the key task for Tyco management is to communicate the performance management strategy and policy throughout its operating companies and to train all those involved in its operation. But, given all that Chapter 3 says about cultural adaptation that is clearly easier said than done.

Part of the section defining national culture in Chapter 3 states that ‘(national culture) affects all aspects of how people think, solve problems and make decisions both within and outside their employing organisations’. The complexity of ideas contained in the previous answers to this case study suggests that Tyco employees in different operating countries will think very differently about some of the issues.

Take, for example, the notion of individual responsibility for self-development. If this is a problem for many organisations in highly individualist cultures like the United States and the United Kingdom, it follows that it is likely to be even more so in cultures where dependence upon the employer has traditionally been prevalent.

An example here is China, whose state-owned enterprises for much of the latter part of the 20th century operated a cradle to grave welfare system where the employer accepted responsibility for all aspects of the employee’s life, both inside and outside work.

Chapter 3 specifies three ways of dealing with national cultural differences: ignoring the differences; minimising the differences and utilising the differences. The first approach sees cultural differences as irrelevant, or at least to push them to one side in the pursuit of standardisation and efficiency.

This may be an important part of the MNCs overall business strategy since the strength of international brands such as Wal-Mart and Starbucks depends upon the customer receiving a similar experience in whichever part of the world the store is situated. Tyco may admire the marketing strategy of these organisations but this implies an HR strategy that is similarly uniform, which seems intuitively wrong.

The second approach to dealing with national cultural differences is minimising cultural differences. This perspective sees cultural differences as a problem but does not ignore such differences. Operating companies in different countries are given some decision-making autonomy on the basis that ‘local people know what is best for them and the part of the organisation, which is located in the host country should be as local in identity as possible’. This approach does not rule out the possibility of the MNC developing a strong corporate culture: but there is sufficient flexibility to adapt that culture to local conditions’ (Perlmutter, 1969). Indeed, such flexibility may be dictated by the necessity for adapting to local custom and legislation.

The third approach is utilising cultural differences. Here Tyco will be concerned to use cultural differences as a learning opportunity and a source of competitive advantage. This will enable the company to take advantage of different ideas and insights from wherever they may come. At first sight, this seems consistent with Tyco’s desire to ‘become one unified company….to unite Tyco teams throughout the world into a single operating company with a healthy culture characterised by alignment and growth opportunities’. But the cost of this is the element of standardisation of the performance management system.

We are left wondering whether an effective standardised performance management system is possible. It may be that standardisation is consistent only with bureaucracy and effectiveness with differentiation. So Tyco’s aim, however laudable, may not be realisable.
References

Chapter 10 - Answers to Case study questions

1. How is INA trying to build a learning culture and how would you assess its success to date?

INA’s commitment to the development of a learning culture and the critical strategic significance of it doing so successfully are clearly evident. In moving to the position where the company intends to compete on the basis of its skill base, the development of a culture of continuous improvement and building towards a learning organisation are seen as essential in order for it to realise its strategic vision. The company regards its survival and future success as being dependent on its ability to learn faster than the rate of change.

Although only a short way into its period of strategic re-alignment, the company has already taken a number of significant steps towards building a learning culture. An interesting initiative was the initial step taken to hold individual meetings with all employees, which surfaced their perceptions on the obstacles confronting the development of a learning culture and ideas on how they could be addressed. The fact that management responded to their ideas with a clear set of actions communicated early confirmation of the importance of employee voice and of managers’ own recognition of their need to learn. Another key initiative was the development of systems to support company financed individual learning plans (similar to EDAPs) particularly, as it transpired, that some of the HRD outcomes of these plans involved employees attending non work-related study in their own time. Such investment should have communicated a clear message that the company values and is prepared to support learning for its own sake.

The re-launch of a suite of NVQ programmes was clearly designed to underpin the development of the company’s skill base. The introduction of the NVQ level 2 programme in performing manufacturing operations for all of the company’s production operators exemplifies INA’s commitment to learning and development throughout the organisation. Another important milestone was the development of a learning centre. Here, computerised learning facilities provide a network of HRD possibilities for all staff and as an example of its impact to-date 100 employees have signed up for the Government-initiated Learndirect courses.

In-house continuous improvement courses further reinforce the focus on learning and, importantly, this is increasingly being supported by those already trained becoming involved as coaches, mentors and NVQ assessors in order to help cascade the outputs of the various training programmes throughout the organisation. As roles are redefined HRD support is also being offered to help facilitate these changes such as programmes to develop meetings skills to support the active engagement of employees in the works council and its sub-committees. Interestingly the trade union Amicus also appears to be fully committed to fostering the development of a learning organisation. It has secured significant funding for investment in the company’s learning centre and appoints and sponsors four learning representatives and uses TUC courses to support their role development.

At this early stage it is obviously impossible to assess how successful INA has been in its intent to develop a learning culture because it is, by definition, a long-term project. However, early signs are encouraging. For some operators gaining the NVQ award represented their first ever external qualification and a number already seem to have got the learning and development bug as they are now progressing through levels 3 and 4 of the programme. Other encouraging signs are: the active use of learning centre facilities by employees; the transfer of non work-related study to work situations by some employees; the general organisational commitment to learning being valuable in its own right; and the cyclical impact of learning and development as those already trained increasingly get involved in the development of others and thereby further develop their own skills base.

2. In a number of models of SHRD, employees, line managers and senior managers are identified as having important roles to play in its development (for example Mabey et al, 1998; McCracken and Wallace, 2000). To what extent do these stakeholders represent obstacles to the development of SHRD in INA and how are any such obstacles being addressed?
The starting position for business turnaround was not particularly propitious. The workforce was characterised by long-serving employees who had received little task-based HRD. In addition the workforce was generally cynical about management’s change intentions because of the failure of previous turnaround initiatives. This cynicism was arguably evidenced by the operation of the ‘grapevine’, which was not only rife but had become the most believed source of information in the company. From the collective (union) perspective: the works council was regarded as little more than a forum for discussing housekeeping issues; shop stewards viewed confrontation and not collaboration as the natural modus operandi; and employee relations had deteriorated to such a low level that despite INA’s dire predicament strike action was being actively mooted in response to a number of unresolved issues.

For line and senior managers the major frustration was that they could not adequately fulfil their role responsibilities, including those related to HRD. In response to the company’s predicament, the demands of production had resulted in the HR roles of managers, supervisors and team leaders becoming diluted. In a chain reaction team leaders were spending too much time helping out with production meaning that the management hierarchy had become distorted with supervisors operating as team leaders and managers as supervisors. Also management’s previous track record in HRD did not augur well for INA’s change in strategic direction. Previous attempts to build skills through NVQ (National Vocational Qualifications) programmes had foundered because of lack of time and commitment amongst supervisors to undertake the necessary assessments of employee competencies.

Based on the above, the identified stakeholders could have represented a very significant impediment to the proposed strategic re-alignment. However, action being taken appears not only to be addressing identified obstacles but doing so successfully. As a starting point we would argue that the steps being taken to build a learning culture described immediately above, carry with them significant potential to successfully address the obstacles presented by stakeholder attitudes, behaviours and competencies.

For employees, two steps appear to be particularly important. First, was the one-to-one meetings directed at: communicating the company’s position honestly; explaining the company’s vision for business turnaround; and signaling management’s commitment to that vision. Second, was the direct HRD investment by INA in its employees such that even if the latest attempt at business turnaround failed those employees would have at least been equipped with high-level, portable skills that would significantly enhance their employability. A key step from the collective perspective was the forging of a partnership agreement with the trade union Amicus. This resulted in the union signing-up to the change programme and appears to have been a major contributory factor in changing the employee relations climate and opening up a genuine two-way dialogue as exemplified by the re-alignment of the works council’s remit and operation.

For managers, supervisors and team leaders an important step has been the redefinition of their role responsibilities to enable them to commit to their HRD responsibilities. This has been supported by training needs analysis to identify skills gaps that might constrain effective role performance and appropriate training to meet identified needs such as communication. This has led, for example, to the introduction of an NVQ level 3 in business improvement techniques for supervisors and an NVQ level 3 in management for team leaders.
3. Where would you position INA along the HRD strategic maturity continuum (Figure 10.8) and how would you justify your placement decision?

Drawing on the work of Garavan (1991) and McCracken and Wallace (2000), the strategic credentials of INA’s HRD activities have initially been analysed against their 9 characteristics of HRD as follows:

1. There is clear vertical strategic alignment between INA’s decision to compete on the basis of quality and its commitment to develop workforce capability through switching investment in machinery to investment in human capital in order to build an employee skill base capable of realising the company’s strategic vision. Although there is reference in the case to the works council now playing a key role in developing strategy there is too little detail here to suggest that this vertical strategic integration is anything but downstream at this stage and is therefore more consistent with Garavan’s views.

2. Consistent with Garavan, the active support of senior management for HRD is apparent through the many initiatives detailed above. This is reinforced by the assistance senior managers provide in customising training to meet INA’s context and their participation in its delivery to those with leadership roles. However, no clear picture emerges that senior managers are adopting the strategic HRD leadership role championed by McCracken and Wallace.

3. The strategic and consequent HRD re-alignment, identified in 1 above, appears to have been formulated directly from environmental scanning. However, this is again more consistent with Garavan’s views as it appears to reflect the previously cited downstream strategic relationship rather than a senior management role to scan the environment for HRD implications as advocated by McCracken and Wallace.

4. HRD plans and policies appear to be being systematically integrated with organisational strategy within a clearly defined HRD strategy directed at developing a continuous improvement culture and building towards a learning organisation consistent with the SHRD views of McCracken and Wallace.

5. There is clear evidence of line manager commitment and involvement. This is consistent with their pivotal role in HRD anticipated by Garavan. However, there is no substantive evidence of line managers developing strategic relationships with HRD specialists as propounded by McCracken and Wallace.

6. The case provides no substantive evidence related to HRD being developed alongside and in a complementary way with other HRM activities. Therefore, although there may be some implicit evidence to the contrary, it is argued that horizontal integration is missing from the strategic equation.

7. The case provides no substantive evidence related to the roles of training specialists in INA. However, reports of INA’s story by Roberts (2003) and Evans (2004) both appear to indicate that the Personnel Manager in delivering his HRD role responsibilities is fully engaged as an innovative change consultant consistent with McCracken and Wallace’s construction of SHRD.

8. Again consistent with McCracken and Wallace’s construction, there is an evident and significant role being played by HRD to influence and change organisational culture.

9. The case provides no substantive evidence related to the process of evaluating HRD in INA. However, the summary of achievements to date, detailed at the end of the case, point to the success of the changes being made at INA particularly in terms of their strategic contribution. Without further data it is impossible to assess the contribution of the various HRD interventions although against this it could be argued that this must have been substantial for the company to be named ‘Welsh people development company of the year’ in 2003 and shortlisted for CIPD’s annual People Management
Award in both 2003 and 2004.

In addition, it is argued that evidence of multi-stakeholder involvement in HRD places INA towards the right hand side of the continuum of HRD strategic maturity depicted in Figure 10.8 in the chapter. Apart from the involvement of senior managers, line managers and training specialists apparent in the foregoing analysis, this includes:

- collaboration with a local college in delivering the NVQ level 2 programme in performing manufacturing operations;
- employee representatives through their participation in the works council, its subcommittees and as learning representatives;
- support of the trades union Amicus in part funding INA’s learning centre; and
- the pivotal role being played by line staff in transforming the company’s skill base.

On balance we argue that the above analysis (points 1, 2, 3, 5 and 9) reflect more Garavan’s (1991) depiction of SHRD although elements of McCraken and Wallace’s depiction are evident in points 4, 7 and 8. This, together with evident multi-stakeholder involvement, pushes our placement of INA on the continuum (Figure 10.8) further to the right. In conclusion, although recognising that there is limited evidence of two-way vertical strategic integration, we argue that INA’s current position on the 6 point continuum of HRD strategic maturity is significantly to the right of point 4 (‘HRD’) and just short of point 5 (‘SHRD’).

4. Either – what recommendations would you make to help INA move further towards strategically mature HRD?

Or – what further evidence would be needed to justify positioning INA at the SHRD end of the HRD strategic maturity continuum (see Figures 10.3 and 10.8)?

Given our analysis in Question 3 above we argue that to fully satisfy positioning INA at the SHRD point on the continuum and to move it even further to the right towards the final point of SHRD plus requires:

- two-way strategic integration where HRD more explicitly informs strategy formulation and subsequently leads to the position where employee capabilities become identified as the organisation’s core competence;
- the development of strategic partnerships between line managers and those with specialist HRD role responsibilities;
- concerted attention being paid to horizontal integration to ensure the development of a complementary bundle of HRM activities; and
- success criteria of HRD interventions to be defined at the point of their development and subsequently evaluated using transparent processes with results being openly disseminated throughout the organisation.

With a nod to the second option of Question 4, it could of course be that INA is already doing the above and all that is required is evidence to this effect. More directly, we would argue that to fully justify our current positioning of INA on the continuum requires additional evidence in support of:

- HRD plans and policies being developed within a clearly articulated and coherent HRD strategy;
- the organisation change consultant role of HRD specialists;
- the strategic contribution being made by those with specialist responsibility for HRD;
- HRD’s input into shaping and managing culture change; and
- evaluation of the direct strategic contribution of HRD.

Lastly, it is argued that it is too early to position INA against a concept that is fundamentally long-term in its orientation and that what will be needed is an accumulation of confirmatory
evidence over time.

**References**


Chapter 11 - Answers to Case study questions

1. Why do you think that the creation of internal consistency was such an important objective of the new reward strategy?

The key to the answer to this question lies in the second and third objectives of the broader framework for reward, which the company wished to introduce across the company. These were to:

- address tactical issues impacting negatively on employee motivation and engagement, and create a culture where performance drives reward and recognition; and
- create competitive advantage for Tibbett and Britten Group in the marketplace, particularly by improving its reputation as a contractor and employer of choice.

Clearly it was felt that such fundamental concerns of reward strategy were being prejudiced by a lack of internal reward consistency. The potential harmful outcomes of a lack of internal reward consistency are always the perception by some employees that they are being unfairly treated in comparison with others. One of the basic ‘truths’ of reward management is that all of us, as employees compare our salaries with someone else, both inside and outside our employing organisation. Preventing perceptions of unfairness is well-nigh impossible. But employers can take as many steps possible to lessen these by attempting to achieve internal consistency within the organisation and external consistency with similar jobs and similar employers in the relevant labour market. Tibbett and Britten sought to do this through bringing a measure of internal consistency to reward by establishing a group policy framework that would: help managers communicate a coherent policy on reward; guide country managers in the alignment of reward policies and projects within overall group principles; initiate a cost-effectiveness review of current reward expenditure in light of what is identified as valued by employees; and maintain the flexibility for local innovation and adaptability to customer's needs.

It should be borne in mind that most of Tibbett and Britten Group's employees were transferred from major customers such as Debenhams, Homebase or IBM. These employees retained their existing terms and conditions of employment. This meant that there were a wide variety of pay and grading arrangements in operation. These varied by country and by contract. There were short- and long-term incentives and other benefits. There were also differing local relationships with trade unions. Local managers had traditionally agreed to vary certain arrangements locally and to pay upper quartile rates, for instance, or to use a particular form of competency-based pay. While the use of Tibbett and Britten Group incentives and benefits had become more consistent, many contracts were determined by the terms and conditions transferred from the customer. Most non-management employees were not on Tibbett and Britten Group terms and conditions. Managing the anomalies thrown up by this inconsistency was a key issue in the company's relationships both with employees and customers.

2. Look again at the ten principles. Do you think there may be any potential contradictions inherent in these principles?
Some potential contradictions are suggested. These may be:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Potential contradictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Think global, act local’ by creating programmes that employ group principles and maintain optimum internal consistency and cohesion, while providing the flexibility to adapt to local market requirements and practices.</td>
<td>It may sound a bit pedantic but the very act of providing the flexibility to adapt to local market requirements and practices may in itself contain the potential to lead to internal inconsistencies. To deny the opportunity for managers the scope for flexibility to adapt to local market requirements would, of course, be unworkable, but the threat of internal inconsistencies must be recognised.</td>
</tr>
<tr>
<td>Pay for performance, strongly differentiating rewards, which reflect the underlying contribution of individuals through performance assessment against stretching objectives.</td>
<td>As the chapter points out, one of the problems of problems of paying for individual job performance is that managers find differentiating between individual performance levels is very difficult. This may be for a variety of reasons. One of these, which the Tibbett and Britten Group reward principle opposite overlooks, is that the contribution of individuals may be broadly similar. This can lead to a situation of ‘forced’ differentiation which contains the potential for internal inconsistency and perceived unfairness.</td>
</tr>
<tr>
<td>Implement rewards selectively and tactically, where justified, in recognition of the unique characteristics of certain roles.</td>
<td>Again, it may sound a bit pedantic, but the emphasis upon the unique characteristics of certain roles, as opposed to their similarity, leads to differentiation which potentially leads to internal inconsistency and perceived unfairness.</td>
</tr>
<tr>
<td>Support and encourage all managers to ‘recognise from the heart’ the contribution of individuals and teams, as a critical component of the Total Rewards strategy.</td>
<td>The pursuit of internal consistency suggests to us an activity associated with cool rationality; ‘recognition from the head’ rather than ‘recognition from the heart’. The latter suggests the potential for subjectivity rather than objectivity, and for inconsistencies such as favouritism.</td>
</tr>
<tr>
<td>Incorporate flexibility in the design of reward programmes, to provide the benefit of choice across our increasingly diverse workforce and to facilitate controlled tailoring to customer requests.</td>
<td>Again, the components of this principle; flexibility, choice, diversity, responding to customer requests; suggests decisions which do not reflect internal consistency.</td>
</tr>
</tbody>
</table>
The answer to this question may strike you as rather over-critical. Does not all human activity contain the potential for contradiction? Are we all as humans entirely rational and consistent in our thoughts and actions? Of course, we are not. And Tibbett and Britten Group reward principle designers are no different from the rest of us. Preventing internal inconsistency is, arguably, impossible and may be undesirable. Being aware of its potential is neither.

3. What potential benefits do you think may accompany the achievement of greater transparency in the new reward strategy?

Look again at the answer to Question 1. The point was made that preventing perceptions of unfairness is well-nigh impossible. But employers can take as many steps possible to lessen these by attempting to achieve internal consistency within the organisation and external consistency with similar jobs and similar employers in the relevant labour market. It is tempting for employers to conceal their reward decisions as much as possible on the basis that concealment heightens management control while transparency lessens management control.

After all, the less employees know about pay reward decisions the weaker position they are in to challenge those decisions.

While managers at Tibbett and Britten Group may not want to go as far as revealing all the details about the rewards to individuals the basis upon such reward decisions were made will lessen the possibility of perceived unfairness.
Chapter 12 - Answers to Case study questions

1. Outline the main driving factors for the development of social partnership in Ireland?

2. Why do you think it was so important to have a tripartite agreement between the national Government, employers and trade unions?

3. Why do you think it has been possible to develop and sustain social partnership in Ireland for such a long period?

4. Do you think it would be possible and/or beneficial for the UK to develop its own model of social partnership?

The answers to this case study are presented in the form of a handout that can be used in answering the questions presented in the case study or for studying the subject of employee relations approaches in more depth.

Social Partnership Handout

Broad aim: to understand the development of classical and competitive neo-corporatism and to examine social partnership in the Irish Republic against this theoretical background.

**Question 1 Factors driving social partnership in Ireland**

Governments and Pay

The Irish Government were seeking to have an influence on the pay and working conditions of its Citizens. The answer to this question arises from their role in management of national economies. In neutral terms, overall aim might be defined as the achievement, maintenance and enhancement of national prosperity – involving pursuit of objectives like low inflation, a balance of payments surplus, favourable currency exchange rates, full employment and so on. But there clearly are choices – political choices – to be made about, which will have priority. And an important influence will usually be the ideological disposition of the government.

Its political approach might be:

- neo-liberal/individualistic (‘Thatcherite’);
- social democratic (‘labour’/socialist);
- communitarian (populist/’green’/grass-roots);
- or even corporatist (on which, see more later).

Approach may also depend on whether it has sectional interests, like unions or employers, to take care of. This is not to argue that governments have no scope for independent, autonomous action – that they are always prisoners of ideology and/or interest groups, or of the capitalist system itself. It is simply to note that we are dealing here with a matter of popular controversy – one at the core of the public policy-making process.
Neo-laissez faire

Crouch uses 'liberal' in original 19th Century sense – as demanding the freeing of individuals from all forms of community, economic, moral and political restraints. In particular:

‘Freedom from interference by the state in the economy (in the 19th Century) meant allowing market forces to work without interference. Similarly, individualism meant liberty for the individual to grasp opportunities available to him; but it also meant being forced to remain an individual and not to combine with others ‘ (Emphasis added).

Revived in Ronald Reagan’s America and Mrs Thatcher’s Britain in 1980s, as a product of neoliberalism, its three essential tenets are:

1. pursuit of individual self-interest is the engine of economic progress;
2. state must ensure that vested interests – especially trade unions – are not permitted to interfere, using essentially illegitimate collective power, with the totally free operation of markets;
3. no role for government in setting pay and conditions of employment, and no role for interest groups in formation of public policy.

In late 1970s British unions were still strong – so it was necessary, to attain neo-laissez faire IR, for them to be weakened, using a number of measures: by legal restrictions on union power in workplace – help employers resist unionisation, and make it more difficult to engage in industrial action by ‘de-regulation’ of the labour market: no minimum wage; no ‘union labour only’ contracts; privatisation of state enterprises; tendering for public services; erosion of legal job security rights; accepting unemployment as method of wage regulation by ending ‘social partnership’: elimination of unions and employers from influence on formation of government social and economic policy.
Free collective bargaining

To operate in their purest forms, both liberal and corporatist systems require a weak, or at least quiescent, trade union movement.

It was the growing strength of trade unionism – the strength that people gained by facing the economic system not as individuals but as part of a combination (or collective) of people – which forced 19th century economic liberalism away from laissez faire individualism towards an accommodation with union-based collectivism.

The product of this accommodation with the new power of the unions was encouragement of free collective bargaining (FCB) between employers and independent, representative unions.

This was liberal in traditional ideological terms, but also liberal in a modern sense – meaning tolerant, progressive and defensive of diversity.

In Britain and Ireland FCB also retained in one important respect the key liberal canon of ‘no state interventionism’: governments were to be – more or less – bystanders as regards industrial relations.

FCB faith was based on conviction that both order on the streets and just as importantly, economic and social justice were most likely to be assured by unregulated free collective bargaining; and free meant:

- virtually total independence of industrial relations system from government control;
- general distrust of law and its restrictive effects;
- complete self-reliance and independence of TUs, employers and employers’ associations.

These ‘freedoms’ were regarded as so essential that the only real interventions by governments were:

- to offer further support for FCB;
- to provide a substitute for it and/or;
- to apply moral pressure.

Support: took form of state-funded conciliation and arbitration, designed to provide help when ‘normal’ bargaining had not produced agreement.

Substitute: was represented in what later came to be known as Wages Councils, which set minimum wages in certain trades.

Exhortation: the most a government operating a rigorous liberal collectivist FCB policy might do as regards wage levels was to urge the parties to moderation

Classical’ Neo-Corporatism

As we have already noted, neo-corporatism was generally influenced by a social democratic ideology, and was popular in Europe in 60s and 70s. It involved state and organisations of employers and workers working jointly to achieve social justice.

It usually included incomes (control) policies, and the effective redistribution of wealth. What actually provoked the European turn to neo-corporatism from 1960s onwards? Two things:

- high inflation, industrial militancy, low productivity;
- slow down in post-war boom – including a so-called ‘investment strike’, under which the
captains of capital invested in property, for example, rather than entrepreneurial ventures.

In response, governments sought to change the behaviour of both the employers and the trade unions by giving them a role in policy-making. ‘Classical’ agreements usually involved increases in public spending – often funded by borrowing. Sometimes this also involved labour market regulation concessions to unions, such as:
  - legislation protecting employees from arbitrary or unfair dismissal;
  - ‘top-down’, representative employee involvement in organisational decision-making.

(In Ireland the late 1970s legislation requiring appointment of worker directors to boards of semi-state companies is a good example of this).

**Competitive Neo-Corporatism**

But, as in Ireland, this tradition of neo-corporatism virtually withered on the vine in Europe in the 80s. Why?
- economic recession;
- globalisation of markets;
- ideological shift towards neo-liberal thinking.

But it revived in 1990s – in a different form. It was now about competitiveness, enterprise and cutting public expenditure. The focus of agreements now turned towards:
  - pay deals consistent with national competitiveness;
  - sustainable levels of public expenditure;
  - reform of tax and social welfare systems;
  - measures to increase flexibility, skill and quantity of labour.

Union sides no longer claiming pacts as major, beneficial negotiating breakthroughs. Instead found themselves on defensive: ‘best that could be achieved in difficult economic conditions’.

There was also effective abandonment by many governments of Keynesian demand management. This reflected not only an ideological move to the neo-liberal right, but also curtailed latitude that existed to use public spending to prime economic activity. In defence of absence of specific mechanisms to reduce inequality, poverty and want, the argument was that ‘a rising tide lifts all boats’ – in other words, everyone would benefit automatically from economic success.

Instead of labour market regulation, new neo-corporatist pacts began to include de-regulation, in a variety of forms – including some of the mechanisms used by the Thatcher government in 1980s:
  - on employee involvement, emphasis changed too, towards employers’ rather than workers’ interests;
  - direct, ‘bottom-up’, individualised, employee involvement, linked to promotion of company objectives, especially achieving competitive edge.

However, looking back at our policy choices, perhaps only serious choice now is between neolaissez faire and neo-corporatism? We shall now look at the case of social partnership in the Republic of Ireland Inherited policy: free collective bargaining.
**Question 2 Back to National Agreements: The importance of a tripartite agreement?**

The role played by social partnership in Ireland’s current economic success cannot be overstated. In the space of a little over a decade the employee relations climate has been transformed from a confrontational win/lose model to one that is far closer to modern win/win corporate relationships.

The tripartite bodies representing employers Irish Business Employers Confederation (IBEC), employees Irish Congress of Trade Unions (ICTU) and government continued their work, and the National Economic and Social Council (NESC) was to play key role in revival of neocorporatism. In 1986 it produced a comprehensive prescription for economic recovery including – most significantly in view of involvement of the unions in the NESC – the cutting of public expenditure.

Implementation would, of course, only be possible with the agreement of the social partners – government, unions and employers. But why go back to partnership?

For the unions there were several considerations:
- first, under tripartite National Understandings the weakest and lowest-paid members were protected by agreed minimum pay increases;
- second, wage dispersion in the 1980s widened the gap between top and bottom, and threatened to undermine solidarity of TU movement;
- thirdly, falling membership and increasing unemployment made leaders fear that what was happening to unions in Thatcher’s Britain might also occur in Ireland. A return to social partnership promised help on all these fronts.

For employers decentralised bargaining had been a mixed blessing. Number of strikes had fallen significantly, and trends in wage levels had begun to moderate. But all governments had relied on borrowing rather than cutting expenditure to meet social spending.

And while pay increases outstripped inflation and thus threatened competitiveness, the ‘social costs’ of employment – taxation, pensions and social welfare – were also an increasing burden. Though the employers were not exactly inspired by the idea, then, centralised bargaining (‘neo corporatism’ or ‘social partnership’ in other words) did seem to offer the possibility of linking economic and fiscal reform with pay determination, and preferably pay restraint Fianna Fáil (FF) and a new partnership. FF viewed the difficulties of the 1983–87 Coalition with more political concern than political pleasure.

Main reason was that they were going to inherit those difficulties – as in due course they did, as a minority government formed in 1987. But the FF ‘social partnership’ inheritance had also been reasserting itself, and some careful wooing of ICTU figures in advance ensured that the unions, at any rate, were already on-side.

The result was a 3-year tripartite agreement – the grandly-titled Programme for National Recovery (PNR). It set sharp limits on pay, with only a 3% per annum increase on first £120 per week of earnings, and 2% thereafter – with underpinning minimum of £4. The most significant features were (‘competitive’?) commitments to the control of public expenditure and a reduction in government borrowing.
But PNR included other broadly expressed ‘classical’ commitments:
- to promote increased employment through industrial development;
- to improve social welfare provision;
- and to reduce direct taxation on lower paid workers covered by the PAYE system.

From PNR to PESP

There was widespread recognition by employers and unions that the PNR had beneficial effects; so it was followed by a similar agreement, the Programme for Economic and Social Progress (PESP), covering the period up to 1993.

This allowed of much the same percentage increases, but also permitted extra amount to be negotiated at enterprise or plant level. Although it seemed to be working well, there were some serious economic setbacks during the PESP period, including devaluation of the Ir£ that government had tried hard to resist.

As well as several pay-related crises, there were also major rows over income tax increases – and about cuts in social welfare benefits, which were argued by the unions to be in breach of the PESP. Yet the programme still held together, and also weathered change of government – when FF made run for a majority in a snap election in 1989, failed, and was obliged to make a coalition pact with the new Progressive Democrat party (PDs). The PDs, with only a very small number of TDs, had a ‘new right’, neo-liberal economic agenda. Yet this had no discernable effect on the government’s approach to PESP.

From PESP to Programme for Competitiveness and Work (PCW)

In 1992 that Government was succeeded by a more left-leaning Fianna Fáil/Labour Coalition. Against the background of a recovering economy, a new agreement was fairly inevitable. So PESP was succeeded by Programme for Competitiveness and Work (PCW). Its tight pay given to non-pay issues. As title suggests, one of the main non-pay issues addressed by the PCW was unemployment. Another was employee involvement (EI); for ICTU now wanted more than the lip service paid to this in the PNR and PESP. Significantly, an ICTU internal report on new management methods seemed to endorse ‘bottom-up’ EI with a ‘competitive edge’ component. What was wanted was for partnership at national level to be complemented by partnership in the enterprise, the plant and the office.

But while there were more words about participation in the PCW, IBEC (Irish Business and Employers’ Confederation – the successor to FUE) fought hard against anything too prescriptive. There was further disappointment for ICTU when post-agreement discussions produced little more. PCW ended on a sour note, with public service workers complaining loudly that they had done poorly in comparison with other groups.

P2000 – Making partnership a priority

Although this made negotiation of a new agreement more difficult, the continuing economic success, which attended the PCW ensured, once again, that a deal would be done in the end. Negotiating this time with a Fine Gael (FG)/Labour/Democratic Left (‘Rainbow’) Coalition Government, ICTU set itself very different targets than those outlined for the PNR almost a decade before. As well as the obvious – better pay and tax relief – it demanded ‘mechanisms to develop partnership at the workplace level; and a focus on equality, long-term unemployment and social exclusion’.
The tone was set by the name – Partnership 2000 (or P2000); it had a key part devoted to ‘developing partnership in the workplace’.

ICTU saw it ‘as a watershed in the evolution of social partnership’ and believed ‘it would determine whether it develops or dies’. It was a last opportunity ‘to widen and deepen the national partnership process into a genuine partnership at the level of the workplace’. So implementation of chapter on partnership ‘is the most important challenge for all the parties’.

The extent of new workplace partnership would be ‘the union benchmark when we come to assess its success or failure’, to meet the benchmark a National Centre for Partnership was established to promote partnership in enterprises and workplaces.

But P2000 also included strong commitments to ‘promoting enterprise’ and the setting up of a National Competitiveness Council. Private sector companies were encouraged as well to reward employees by means of profit-sharing.

Finally, a vexed labour market regulation question, concerning union recognition, was passed for resolution to a tripartite ‘High Level Group’.

On to the equality, employment and ‘social inclusion’ aspects, it was argued that economic growth had accelerated in a period marked by increasing income inequality, low pay and high levels of relative income poverty (Allen 2001; Kirby 2002). In other words, there were too many marginalised people not enjoying any of the fruits of the ‘Celtic Tiger’.

Adding a more traditional or ‘classical’ neo-corporatist dimension, then, P2000 laid stronger emphasis on dealing with such issues. New agreement contained Government commitments to spend £25m on a range of important social projects before 2000. Targeted specifically were the long-term unemployed, the educationally disadvantaged, those on low incomes and those living in the more deprived areas of the country.

Where to after P2000?

There were a number of other things to cheer supporters of social partnership

Though anecdotal evidence suggested wage drift beyond agreed norms, a survey of 1,000 pay settlements confirmed that the level of adherence was ‘remarkably high’.

And there were other achievements:

- agreement in broad terms to a procedure for union recognition;
- unemployment had dropped sharply.

**Programme for prosperity and fairness**

In January 2000 union leaders agreed that a new offer of 15%, plus another 10% in tax cuts, was the most they could obtain from the talks process. The new agreement was called the Programme for Prosperity and Fairness (PPF).

Under final PPF terms, workers on basic national minimum wage (NMW) were to receive increases worth 18.65% over 33 months; workers on IR£200 would receive 16.3% and other workers 15.75%. Social Welfare Bill to give increases worth another £5 a week to workers earning under £200 per wk.

The NMW started at IR£4.40 and rose to IR£4.70 in July 2001; it increased to IR£5 (€6.25) in October 2002 – when the agreement expired. Several interesting ‘non-pay’ parts to the deal, including agreement to increase of 1,500 primary school teachers. PPF also sought to deepen the workplace partnership measures begun under P2000. Built on too were earlier programmes
involving the social partners in a range of areas of public policy, under the aegis of five ‘frameworks’. Arising from these, 20 working groups came into existence to address policy development and implementation in a number of areas: childcare; family-friendly work; housing; and gainsharing. Small wonder some of those involved complained of ‘partnership fatigue’!

**Question 3 Why has social partnership remained in Ireland: arguments for and against.**

*Stick with partnership?: no!* On the neo-liberal side it was argued:

- firstly, the unions had ‘pushed their luck’ too far. Moreover, ICTU was no longer the authentic, majority voice of Irish workers; it now represented predominantly public sector employees;
- and it had failed to convince most investors – especially the US high-tech companies – to recognise trade unions;
- secondly, it was claimed that the aims that prompted the birth of social partnership in the late 80s had been almost fully realised. Needed now was a dose of free market, *laissez faire* industrial relations – to sharpen up the act of the unions, management and employees;
- thirdly, the pay agreement at the core of the PPF was becoming a fiction. Increases in the booming parts of the private sector appeared to be exceeding the PPF’s pay norms. And pay militancy was rising in the public sector. Could increases really be held to 2 – 3% in a highly successful economy with real labour shortages?;
- fourthly, there was widespread ‘partnership fatigue’ arising from the 20+ working groups set up under the PPF on work, housing, gain sharing etc. This demanded return to the ‘leaner’ and less complicated agreements of the late 80s and 90s.

*Stick with partnership?: yes!* As against all that, three main pressures for a continuation of social partnership:

- firstly, a simple argument was that the cumulative benefits of social partnership were so obvious that it would foolish to throw them all away. It would be even more regrettable to abandon the uniquely Irish neo-corporatist model – one that incorporated both classical and competitive neo-corporatism, and represented, as it were, neo-liberalism with a social conscience;
- secondly, there was some apprehension that a return to unfettered FCB would be too much of a shock for the industrial relations system. Associated worry that many managers and union officials were ill-equipped to deal with face-to-face negotiating at firm and plant level;
- thirdly, and perhaps most telling, it was argued that retaining neo-corporatism was essential in face of an economic downturn. With so much US investment, Ireland is especially vulnerable to effects of the US recession of 2001, that was deepened by the 9/11 terrorist attacks. To make economic matters worse, soon after the 2002 General Election – which returned the FF/PD coalition for a second term – suspicions about looming problems in public finances were proved justified. Expenditure running well beyond expectations, but tax receipts appeared to be in serious decline too. This was not the right moment, so it was argued, to make any radical change of approach. Social partnership might be essential for economic stability.
Question 4 Bringing it all together

Eight out of 25 EU member states came to pacts of a competitive neo-corporatist kind in the recent past (Belgium, Finland, Germany, Greece, Italy, The Netherlands, Portugal and Spain).

But of course the new Irish pacts actually contained elements of both old and new neocorporatism:
- classical – fairness and social justice;
- competitive – recognition of the importance of success of the national economy.

Competitiveness obviously became a stronger component with passage of time, but issues of justice and fairness have not been lost sight of. The present Irish model of social partnership thus represents what we might call a ‘balanced’ version of neo-corporatism – unique to RoI; would surely be a mistake to let this major indigenous institutional achievement fall by the wayside.

But was neo-corporatism/social partnership a major factor in the development of the Celtic Tiger?

What created the Celtic Tiger and can social partnership work in the United Kingdom?

Cynics dismiss social partnership as causal factor; so let us try to evaluate what actually was responsible for recent Irish economic growth:

- European money (‘Euro-gold’) – OK, but this could only be used for infrastructural projects;
- educated labour force – important, but shared with United Kingdom;
- English speaking – once again shared, but Republic of Ireland is the only English-speaking country within the Eurozone;
- Industrial Development Authority is good at selling Ireland – yes, but have to have a good product to be a good salesperson;
- low corporation tax – a crucial advantage;
- low social costs – yes, but social costs are even lower in the United Kingdom;
- low value of the euro – this is the one no one talks about, but it must not be discounted!;
- good government? – who knows!;
- Favourable conjunction of circumstances? – in other words ‘luck’!

All these factors would play a part in the creation of a social partnership agreement in the United Kingdom.

Table 12.1: Key policy elements sustaining progress factors the United Kingdom could consider in a social partnership agreement.
<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Themes</th>
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<tbody>
<tr>
<td>Macro-economic</td>
<td>Public expenditure</td>
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<td>taxation</td>
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<td>Competitiveness and inflation</td>
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<td>Building, maintaining and sharing economic</td>
<td>Infrastructure</td>
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<td>Development and prosperity</td>
<td>The environment</td>
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<td></td>
<td>Adaptation to continuing change</td>
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<tr>
<td>Delivering a fair and inclusive society</td>
<td>Poverty and social inclusion</td>
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<td></td>
<td>Health and addressing health</td>
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<td>Inequalities</td>
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<td>Equality</td>
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<td></td>
<td>Access to quality public services</td>
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<td></td>
<td>Challenge of delivering a fair and inclusive society</td>
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<tr>
<td>Workplace relations and environment</td>
<td>Protecting employees rights</td>
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<td></td>
<td>ensuring greater equality</td>
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<td>Improving skills</td>
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<td>Promoting health and safety</td>
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<td>Achieving a better work-life balance</td>
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<td></td>
<td>Developing integrated policies for migrant workers</td>
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<tr>
<td></td>
<td>Partnership in the workplace</td>
</tr>
</tbody>
</table>
Social partnership: two clear potential benefits for the United Kingdom:

- low inflation – a key factor early on;
- psychological effect – arguably the most important in the long-term, for both the United Kingdom and for potential investors.

It seems impossible, then, to conclude other than that social partnership was key if not the key, to recent economic success of the Republic of Ireland and could be a key to future economic success in the United Kingdom.

But as well as those relating to employee relations and economic results, there is another wider lesson to be learned by the United Kingdom from social partnership

- because the Irish experience shows that neo-corporatism is a real and demonstrably effective policy alternative to full-blooded neo-liberalism.

That a social partnership/neo-corporatist Ireland and a free market/neo-laissez faire United States were both among the best performing economies 1990s and early 2000s is an adequate testimony to this.

**Further Reading**


Also worth a look are:


Irish Congress of Trade Unions website at [http://www.iol.ie/ictu].
Chapter 13 - Answers to Case study questions

1. Do you consider Worcestershire County Council to be adopting a managing diversity or equal opportunities approach to diversity management? Give reasons for your answer.

In order to answer this question, it is worth first reflecting on what is understood by managing diversity and equal opportunities approaches.

The equal opportunities approach is based upon on compliance with legislation, reiterating the traditional arena of equality of status, opportunities and rights, valuing equality and avoiding unfair disadvantage.

In contrast the managing diversity approach is based on an explicit strategy of valuing differences such as gender, age, social background, disability, personality, ethnicity and work style. These differences are an asset to work being done more efficiently and effectively and organisational goals being met.

With regard to ethnicity, Worcestershire County Council’s employees reflect the composition of the county as a whole, the council complying with legislation. However, they have recognised that for some parts of the county there is a marked mismatch between ethnicity of employees and that of residents in receipt of services. In addition their workforce monitoring has highlighted a lack of women in more senior positions within the organisation. Alongside this the council’s Chief Officers Management Board has realised that to get the best from all employees, there was a need to recognise diversity. In the case it is stated that they were determined to address these issues and raise the awareness of all staff to the diversity of needs of those living in Worcestershire and of their employees.

The approach that Worcestershire County Council has taken is to force employees to recognise that diversity issues are important, need to be addressed and, as part of this, to challenge widely held perceptions. This managing diversity approach, as illustrated by the diversity and equality training, is based on an explicit message that differences are to be valued and are an asset to meeting the needs of the population of Worcestershire.

2. How has legislation impacted upon Worcestershire County Council’s approach to diversity management?

Worcestershire County Council are keen to be seen as not just ‘ticking boxes’ to meet legislative requirements, such as those set by the Disability Discrimination Act 1995 and the Race Relations Amendment Act 2000. Rather they wanted be taking actions that actually made a difference to those living in the county and working for the County Council. In addition to monitoring to assure compliance with equal opportunities legislation, Worcestershire County Council has focused upon development and training activities required in response to Race Relations Amendment Act 2000. However, alongside this it has also stressed that the County Council’s commitment to equality and dignity is much broader, the underpinning principles of the council’s approach consisting of four interrelated and overlapping phases embracing all diversity issues:

- Phase 1 – Capturing attention (awareness campaign)
- Phase 2 – Addressing the issues (training)
- Phase 3 – Operational briefings for managers
- Phase 4 – Embedding the learning
3. Do you agree with Worcestershire County Council’s phased approach to diversity management; what do you see as the key strengths and limitations of this approach?

Obviously, there is no one right answer to this question. However, Worcestershire’s phased approach has been based upon the premise that people learn best when they are motivated and interested. Consequently all employees needed to know that the County Council was treating diversity and equality as special and important issues and had been provided with thought provoking information prior to commencing diversity awareness training (phase 2). This was the basis for the ongoing poster campaign. Subsequent to this diversity training commenced and is again still ongoing. Updates on this training and the associated successes can be found in the Council’s newsletter Equality News. Copies of this can be downloaded from http://worcestershire.whub.org.uk/home/wcc-chief-exec-equality-news

The Council’s approach is both time consuming and expensive as the authority has over 17,500 employees. By not making diversity training compulsory, employees can opt out of being trained. Inevitably because of the time to train so many employees and the ongoing nature of training in a dynamic environment there will be a need to refresh and update people.

Despite these concerns, the case suggests that diversity is becoming embedded within the County Council. The County Council has employed a Diversity Officer whose job is entirely concerned with diversity issues. Evidence that the phased approach is working include ongoing improvements to the ways in which services are delivered and the fact that both race and disability are issues of legitimate discussion amongst employees.

4. If you were Worcestershire County Council’s Diversity Officer, what specifically would you see as being the key focus of your role? What information/evidence do you think you would need to collect/disseminate to ensure the County Council makes progress towards its goal of better serving residents and of valuing diversity amongst its workforce to make a difference to people’s lives, and not just to comply with legislation?

This work is currently being undertaken by the County Council and is set out in their Corporate Equalities Scheme document. The latest version of this, which will provide the most up to date answer to this question, can be downloaded as a .pdf file from http://worcestershire.whub.org.uk/home/wccindex/wcc-chief-exec-equality-and-diversity.htm
Chapter 14 - Answers to Case study questions

It is expected that you will be answering these questions with the benefits of hindsight and other material, rather than just that contained in the three newspaper reports. However, from the extracts it is possible to develop answers to each of the four questions.

1. Outline the organisational downsizing strategy as adopted by Rover.
MG Rover went into administration after Shanghai Automotive Industry Corporation pulled out of collaboration talks. Approximately 3,000 employees at MG Rover were made compulsory redundant. These employees did not receive the statutory 90 day notice period because of the sped of the redundancies. A few hundred MG Rover staff were retained by the administrators to look after the Longbridge factory site.

As a result of the factory closure, a further 17,000 employees at suppliers of the factory also lost their jobs.

2. Outline the range of support offered to redundant Rover workers. Why do you believe this support was offered?

A range of support was offered to redundant workers. This was part of a £150m package pledged by the government to help the workers at MG Rover and their suppliers who had lost jobs. It included:

- redundancy payments averaging £5,000 each;
- retraining courses for those who had lost their jobs;
- setting up an office on the Longbridge site and the distribution of information packs to redundant workers by JobCentre Plus, the government employment and benefits agency;
- holding a jobs fair on parkland beside the site;
- setting up a register of manufacturing vacancies.

The reasons for this support were, according to the newspaper extracts:

- statutory redundancy requirements;
- the large number of workers upon whom the closure impacted;
- the impact upon the local economy.

3. Why did the UK Government become involved in the downsizing at Rover?

One will never know for sure. It might be argued that as last UK owned major automotive manufacturer, MG Rover was of strategic importance. Others might feel it was due to the redundancies occurring when the Labour Government was campaigning for re-election and the marginal constituency of Redditch was close by!

4. What were the intended and unintended outcomes of the downsizing strategy adopted?

Intended outcomes:

- About 1,250 out of more than 5,000 workers who lost jobs when MG Rover collapsed in April had found new employment within 6 weeks of the downsizing.
MG Rover workers signed up for training courses.

Unintended outcomes

- The impact upon the local economy was less than expected due to the ‘tight labour market’ and the diversification strategy for purchasing components adopted by MG Rover’s previous owner, BMW.

- The Labour government, which was seeking re-election when MG Rover collapsed, pledged £175m and the EU put up £40m. That totalled almost £36,000 per worker.

- Workers who obtained employment were earning less in their new jobs than they did at the Longbridge plant.