Derek Torrington, Laura Hall,
Stephen Taylor and Carol Atkinson

11th Edition

Human
Resource
Management

P Pearson

HUMAN RESOURCE MANAGEMENT

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GUIDED TOUR

Learning Objectives work in conjunction with the chapter-ending Summary Propositions to quickly show you what you will learn about in the chapter and help you compare how well you have understood the learning you undertake.

Window on Practice boxes provide you with examples of real organisational practice, survey results, anecdotes and quotations and court cases, helping you to build up your knowledge of real-World practice and prepare you for life after study.

Activity boxes encourage you to regularly review and critically apply your learning, either as an individual or within a group. These have been developed for both students with little or no business experience, as well as those with more practical knowledge.

Regular **quotes** throughout help to enliven and contextualise the subject.

CHAPTER 7

ORGANISATIONAL AGILITY AND FLEXIBILITY

THE OBJECTIVES OF THIS CHAPTER ARE TO:

1 Explain the principles of organisation design and assess the need for organisational agility
2 Outline the most common types of organisation structure
3 Discuss the reasons for and types of workforce flexibility
4 Discuss forms of both employer and employee flexibility and the extent to which they are implemented in practice

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however, there has been a trend to much *flatter* hierarchies with much *wider* spans of control. This trend has been termed 'delayering' and is the process of taking out layers of management in the hierarchy in order to speed response times and make the operation more efficient.

WINDOW ON PRACTICE

Delayering in large organisations

From the mid-1980s onwards many organisations that had traditionally had tall hierarchies set about the process of delayering. This was common practice in financial services organisations such as large banks (see e.g. Atkinson 2002) and in some newly privatised companies. The logic behind this restructuring process was to make organisations more flexible and responsive to increasingly dynamic and competitive market conditions by devolving decision-making responsibilities to those closest to the customer. In removing layers of middle management, which had come to be seen as blockages to change and responsiveness, organisations sought to improve the efficiency and effectiveness of their operations.

While the theory behind delayering was sound, its implementation was in many instances problematic. As is often the case with change programmes, senior management gave insufficient consideration to the people aspects of delayering. There is a large body of research from this period which identifies the negative impact on the morale and motivation of those remaining in delayered organisations. Those left behind were said to suffer from 'survivor syndrome', characterised by mourning for lost colleagues, fearing for their own future job security and suffering work intensification as they struggled to cope with often increased workloads with fewer staff. In the face of these conditions, the hoped-for efficiency gains were rarely achieved.

ACTIVITY 7.2

What experience have you, or someone you know, had of organisation restructuring? What happened? To what extent was agility improved by the restructuring? What workforce issues resulted?

Despite the problems identified in the Window on practice, the search for a responsive organisation structure continues, with a contemporary emphasis on agility (Holbeche 2015). While a huge variety of organisation structures is possible, most can be categorised into one of three broad types: entrepreneurial, bureaucratic and matrix.

The entrepreneurial form

The entrepreneurial form relies on central power and can be described as primarily organic. It is like a spider's web, with one person or group so dominant that all power stems from the centre, all decisions are made by the centre and all behaviour reflects expectations of the centre. There are few collective decisions, much reliance on

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The nature of health and well-being

The links between employee health and performance were identified long ago. Indeed, the origins of personnel management lie with social reformers such as the Cadbury family who, in the late nineteenth century, began to provide housing, healthcare and education to their workforces. Welfare officers, the early incarnation of today's HR officers, were appointed to oversee the well-being of the workforce. Although altruism played a part in this paternalistic approach towards employees, there was also a strong business case underpinning these practices. Healthy and well-educated workforces are more productive than those struggling in poor accommodation and with insufficient access to education and healthcare. The impact of this focus on well-being on workers' lives was substantial, as can be seen in Cadbury's museum in Bournville which documents these early attempts at improving employee health and well-being.

However, HRM's development has had many stages and, for many years, there was little enthusiasm to associate the function with what came to be viewed as a 'tea and sympathy role'. Certainly the supposed evolution of personnel into HR management in the 1980s, and its preoccupation with the strategic aspects of business, left little room for considerations of employee health. In recent years, however, health and well-being have again become central to the HR agenda. CIPD, for example, has demonstrated significant interest in health and well-being, arguing that it is wide-ranging in nature:

Given that good leadership and people management practices form the foundations of building a healthy workplace, every employer needs to focus their attention on these areas if they want to make a long-term and sustainable difference to people's well-being. (CIPD 2019)

Health and well-being thus go beyond the typically narrower concerns of absence management to include a holistic approach to managing employees that recognises links to other important concepts such as engagement. Although a widely agreed definition is lacking, there is a general consensus that employee health and well-being underpins strong performance and productivity: a sound business case clearly underlies attempts to improve the workers' lot.

The re-emergence of health and well-being in the HR agenda can perhaps be explained by the changes to the employment relationship which have been widely reported since the mid-1980s. Changes to the psychological contract have given rise to far less job security for employees, organisational restructuring has led in many sectors to work intensification and the negative consequences for employee morale have been widely reported. Alongside this, there has been an explosion in stress-related illness and absence and an increased focus on supporting mental health. An ageing workforce (see Chapter 23) also requires greater consideration of employee health and well-being. A need to refocus on employee well-being to prevent detriment to organisations has become apparent. A further impetus has come from the increasing interest in corporate social responsibility within firms. Employers have a responsibility to create healthy workplaces for reasons beyond performance, bearing a responsibility to society to ensure employees are well treated and healthy. Promoting the work environment as a source of better health and improving health in the workplace acts as means to reduce social inequality through employment.

Summary Propositions provide a useful revision tool enabling you to recap and check your understanding of the chapter. In conjunction with the chapter-opening Learning Objectives, you can quickly determine whether you are prepared enough to move on, or need further study.

General Discussion Topics are useful both as a basis for group discussion within tutorials or study groups, as well as activities to help develop your better understanding of the topics covered within the chapter.

Theory into Practice case studies or learning activities that enable you to put your learning into practice within a realistic scenario. Improve your employability by answering the associated questions and developing a better understanding of business practice.

Chapter 3 HRM around the world

SUMMARY PROPOSITIONS

3.1. While there are important similarities between the approaches to HRM that are prevalent in different countries, there are also very significant differences and only limited evidence of any international convergence over time.

3.2. The largest economies in the world over recent decades – the USA, Japan and Germany – have each developed distinct models of HRM which have proved to be globally influential in different ways.

3.3. Academic opinion tends to be split between those who consider that cultural differences explain the ongoing differences between national approaches and those who favour institutional explanations.

3.4. It is possible that we will in the future see greater divergence in HRM practice around the world rather than convergence as organisations in particular countries increasingly specialise in defined forms of industrial endeavour.

GENERAL DISCUSSION TOPICS

1. Why might it be important for managers in a nationally based organisation that is about to expand internationally to be aware of the different ways that HRM is customarily carried out in different countries?

2. Some argue that the future will bring both increased convergence and increased divergence internationally as far as HRM practice is concerned. How is this possible?

3. To what extent do you find the models put forward by Geert Hofstede either compelling or practically useful?

THEORY INTO PRACTICE

You work in the HR department of a large corporation which operates a well-known chain of fashion stores (Large Co). Your company has outlets on the high streets of all the major UK cities and is steadily increasing its presence in out-of-town shopping complexes and airports. In addition, recent years have seen the start of what is intended to be a major expansion overseas with the opening of new flagship stores in a number of European cities. International online sales are also growing rapidly.

As part of its overseas expansion plans, a few weeks ago, your company took over another organisation (Small Co) which operates three high street fashion outlets in South East Asian

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Part 1 Human resource management in the modern world

cities and also supplies garments to a range of retailers in the UK from its factories. It employs around 400 people in India, Pakistan and Bangladesh.

You have been seconded for a year to work at Small Co which has not to date ever employed a professionally qualified HR manager.

Soon after your arrival at Small Co, you become aware of various management practices which you are uneasy about and which are very different indeed from what you are used to at Large Co.

Pay rates, for example, do not appear to be established using any rational system. Its staff are appointed at a variety of rates according to what they were able to negotiate when they start working for the company. There are also a good number of junior managerial staff who are working in excess of 60 hours each week. Trade union membership is actively discouraged, while training and development opportunities are minimal. There is no formal induction provided and no staff handbook. Health and safety procedures appear to be minimal. Staff turnover is running at 35%. You are even more concerned when you visit some of the stores and garment factories that Small Co operates in Asia. Here pay is very low and hours of work are long. The more senior posts all seem to be held by male relatives of top managers (all themselves men), while people seem to be hired and fired on a whim. While the managers you meet deny bullying their staff, this is not what the staff themselves say to you when you speak to them confidentially. Moreover, while it is denied that anyone under the age of 15 is employed, some staff look to you to be considerably younger. You are also concerned to observe that water contaminated with dyes and fixing agents appears to be being channelled directly into a river behind one of the factories you visit.

You are taken aback by what you observe in your first few weeks at Small Co. You are used to working in Large Co with its big HR division, range of 'good practice' employment policies and prominent corporate code of ethics. None of this exists at Small Co and there is no sign at all that any kind of ethical culture has been developed. It is, however, a very profitable business.

Questions

1 What are the main strands of the business case you could make in support of the introduction across Small Co's operations, as a matter of priority, an ethical culture alongside ethically sound HR policies and practices? What counter-arguments might you expect to have to answer?

2 To what extent might the differences in the way HR is practised in Large Co and Small Co operations be explained by cultural or institutional factors?

FURTHER READING

In recent years we have seen an explosion in interest in comparative HRM and the publication of numerous books and articles examining different aspects of the subject.

You might find it useful to start an exploration of this subject by reading Geert Hofstede's classic book pioneering thinking in the field. You can also visit his website and download short video presentations in which he explains different aspects of his theories. His most widely read book is: *Culture's Consequences: International Differences in Work-Related Values* (1980).

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Further Reading sections provide guided access to some key readings in the area, and help you to further develop your skills and learning.

Guided Tour

Questions

1 What staffing and other problems might be anticipated by the strategy of running a for-profit and a not-for-profit hospital on the same site in exactly the same manner? How might these potential problems be alleviated?

2 How would you design and implement HR practices so that they support the mission and margin strategy? Give examples and justify for each HR practice – include recruitment/selection, development and reward practices as a minimum, but add other relevant practices to these.

3 To what extent could this mission and margin strategy be used in other types or organisation. What are the reasons behind your assessment?

Source: Kellner, A., Townsend, K. and Wilkinson, A. (2016) 'The mission or the margin? A high-performance work system in a non-profit organisation' The International Journal of Human Resource Management, Vol. 28, No. 14, pp. 1938–59.

FURTHER READING

Bailey, C., Mankin, D., Kelliher, C. and Garavan, T. (2018) *Strategic Human Resource Management*. Oxford: Oxford University Press.

This is a very readable yet thorough and wide-ranging text of strategic HR. Chapters 5, 6 and 8 are particularly relevant for our chapter here.

Boxall, P. and Purcell, J. (2016) *Strategy and Human Resource Management*. Basingstoke: Palgrave Macmillan. Fourth edition

A very useful source book, particularly good on the best practice/best fit debate and on black box thinking. Also very useful for its exploration of strategic HRM in different contexts: manufacturing, services, multi-divisional firms and multinational firms

Jiang, K., Takeuchi, R. and Lepak, D. (2013) 'Where do we go from here? New perspectives on the Black Box in strategic human resource management research', *Journal of Management Studies*, Vol. 50, No. 8, pp. 1448–80.

This article provides an excellent summary of the mechanisms mediating the HR–performance link. It provides an excellent review of all the literature in this area and proposes a multilevel model (organisational, team, individual) of how mediating mechanisms work.

Piening, E., Baluch, A. and Ridder, H. (2014) 'Mind the intended–implemented gap: Understanding employees' perceptions of HRM', *Human Resource Management*, Vol. 53, No. 4, pp. 545–67.

The authors report four case studies in German health and social services organisations and explore the links and potential gaps between intended, implemented and perceived HR practices. In particular they explore the importance of employee expectations.

WEB LINK

www.cranet.org

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Some chapters list relevant **Web Links** that can help expand your understanding of the topics covered within the chapter.

Detailed **References** provide quick and easy access to the research behind the chapter and additional sources of information to support your learning.

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PREFACE

This book has evolved steadily for over forty years to this eleventh edition. Our objective has always been to track the development of the personnel/HR function and its activities in a way that fits with the changing approaches to the teaching of the subject in universities. There is no doubt that academic research and teaching has an important impact on practice. We see our role as helping the teaching and learning process to assist those working, or aspiring to work, in HR or kindred roles. We hope those who read it will move on to work in a way that contributes to the productivity of the organisation in which they are employed. The British economy has one of the lowest rates of productivity improvement in the western world. HR people believe that improvement can be achieved by making people's work more satisfying and effective in making a success of their jobs. That personal success must be connected, even if indirectly, to productivity improvement. Without that link between the decent work and overall productivity improvement, the success is shallow and fragile. Our updating of every chapter includes the implications of Brexit, the increasing use of artificial intelligence (AI) in different parts of HR. We have also developed our treatment of small and medium enterprises.

We live and work in Britain and basing a text in a specific context gives it more substance and meaning to its readers. Things that were understood in isolation fit together and acquire new meaning when applied in a specific setting. Nonetheless, we recognise the increasingly global nature of HR activities and our many readers who are working and studying in very different countries, so we try hard to be outward-looking, with international examples and references.

Our structure is of seven distinct parts with thirty-five chapters having a structure of objectives, text, summary propositions, general discussion topics, theory into practice, further reading and references. Bearing in mind that many of our readers as yet lack work experience, we entitle our chapters on skills as 'Employability skills', those basic skills that can be to some extent learned and practised away from the workplace. We see advanced skills (in the final chapter) as those often associated with more senior roles, such as chairing meetings or managing consultants, in which experience is an essential element in acquiring *skilfulness*.

As before there are several design features to assist readers further in using and learning from the text; these include:

- **Window on Practice boxes** provide illustrative material throughout the text, including examples of real company practice, survey results, anecdotes and quotations, and court cases.
- Integrated **Activity boxes** encourage readers to review and critically apply their understanding at regular intervals throughout the text, either by responding to a question or by undertaking a small practical assignment, individually or as part of a group. In recognition that this text is used on both professional and academic courses, most of the exercises reflect the fact that many students will have little or no business experience. Others may appear to exclude students who are not in employment by asking readers to consider an aspect in their own organisation; however, the organisation could be a college or university, the students' union, a political body or sports team.
- **Discussion topics:** at the end of each chapter there are two or three short questions intended for general discussion in a tutorial or study group.

- **Theory into Practice** at the end of chapters enable readers to review, link and apply their understanding of the chapter to a business scenario. For skills chapters 'Theory into Practice' becomes 'Putting it into Practice' as an indicator that these are generally more practical than traditionally academic.
- **Further readings** for each chapter suggest further relevant readings, with guidance on their value.
- **References** at the end of chapters aid further exploration of the chapter material, as required. Glossary of topics taken from the text is in the companion website.

Sections of *Human Resource Management*, 11th edition that match the CIPD Level 5 (Undergraduate)

CIPD	Chapters
Business issues and contexts of Human Resources	2
Using information in Human Resources	5
Managing and co-ordinating the Human Resources Function	30
Resourcing an talent planning	8–10, 19
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Improving organisational performance	4, 11–13, 15
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Employment law	22
Organisation design and development	7, 16
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This mapping leaves out the vital elements of this book that go above and beyond the CIPD framework, namely:

- A full chapter on the HR function and how it has developed into what it is today.
- Three chapters on global issues and managing internationally, as well as constant international references throughout the text and in the exercises at end of chapters.
- The book has chapters on health and well-being, business ethics, AI, analytics and planning.
- There are six chapters on employability skills, designed to enable new recruits in HR to "hit the ground running" in their first week.
- Finally there are two completely new chapters: one on the future of work, and the other on HR in small and medium enterprises, one of the main elements of economic growth that is usually ignored in mainstream management literature.

PUBLISHER'S ACKNOWLEDGEMENTS

PART 1

HUMAN RESOURCE MANAGEMENT IN THE MODERN WORLD

CHAPTERS

For those entering the HR profession, this book aims to demonstrate the interconnectedness of the discipline to which we are introducing you and Part 1 puts in place the totality of HRM in six ways. First, in Chapter 1 comes the nature of HRM, a specialism which is everywhere and in everything. Chapter 2 sketches in the background of the global context within which we operate, as what you do in your small corner has to make sense not only in your business but in the local, national and international situation. A closer look at this issue is in Chapter 3, reviewing how HR practice varies across different countries. Chapter 4 deals with strategy, which not only sets the course of the business but also ensures that the strategy is right and how it could be implemented. Implementation requires planning, the story of Chapter 5 is analytics or the application of statistics to many aspects of HR work; to deal with a question or a problem you need some information to know what it is and then you need some data to measure it with. We close, in Chapter 6, with a bundle of basic skills for employability and effectiveness in HR work.

Part 1 is the biggest in the book, but what you read and learn here will be a constant reference point throughout the rest of the book. We sincerely hope it works well for you

CHAPTER 1

THE NATURE OF HUMAN RESOURCE MANAGEMENT

THE OBJECTIVES OF THIS CHAPTER ARE TO:

1 Define the term 'human resource management'
2 Explain the different ways in which the term 'human resource management' is used
3 Set out the main objectives of the human resource function
4 Review the historical evolution of the modern HR function
5 Discuss links between HRM activity and business performance

Human resource management (HRM) is the basis of all management activity, but it is not the basis of all business activity. A business may depend fundamentally on having a unique product, like the Dyson vacuum cleaner, or on obtaining the necessary funding, like a bid to stage the Olympic Games, or on identifying a previously unnoticed market niche, like Saga Services. The basis of management is always the same: getting the people of the business to make things happen in a productive way, so that the business prospers and the people thrive.

All organisations have to draw on a range of resources to function and to achieve their objectives. They need access to capital to finance their operations, land and premises to operate from, energy, equipment and raw materials in order to manufacture a product or deliver a service. They also require access to some form of distribution network so that they can publicise, sell or dispense their goods and services. In addition, human resources are required in order to provide organisations with know-how, ideas, skills and experience. In a competitive market economy, the effectiveness and efficiency with which an organisation manages its relationship with the suppliers of all these kinds of resources often determines its success. And the scarcer the resource and the more critical it is to a particular organisation's operations, the greater the expertise, time and effort needed in order to manage the relationship.

There was a time when most people employed by organisations were required simply to provide manual labour. Relatively little skill, experience or intelligence was needed to do the jobs. The requisite training was cheap and speedy to provide, and payment methods unsophisticated. Finding people to do the work was rarely a problem and there were no restrictions of significance when it came to firing those were not satisfactory or who displeased managers in some other way. This remains the situation in some industries and in some parts of the world, but in industrialised countries it is now increasingly rare. Instead we have a situation in which the majority of jobs require their holders to have mastered some form of specialised skill, or at the very least to possess attributes which others do not share to the same extent. The demand for higher-level skills has grown particularly quickly, there being a need for many more people to fill professional and managerial jobs than was the case twenty years ago. Moreover, almost all informed commentators believe that these established trends will accelerate in the future (Ross 2016, UKCES 2016).

Just as the workforce has changed, so have the methods used to manage its members. The more specialised their roles, the harder it has become to find individuals with the right skills, qualifications, attributes and experience to undertake them. It has also become harder to keep people once they are employed because competitors are always keen to secure the services of the most talented people by offering them a better deal. Employing organisations have had to acquire a capacity for developing people effectively, together with increasingly sophisticated approaches to recruitment, selection, retention, employee relations and performance management. Further sophistication is required thanks to the substantial body of employment regulation that now governs the management of the employment relationship in most industrialised countries. The process becomes more complex still in the case of organisations that employ people in different countries. Not only do they have to grapple with a range of often diverse legislative and public policy regimes, but also have to find ways of effectively managing people whose expectations vary significantly for cultural reasons.

These developments have led all over the world to the evolution of a more complex human resource management function, charged with overseeing all aspects of managing the relationship between an organisation and its people in a professional and productive

manner (Lawler and Boudreau 2015, 2018). The management of people, however, can never be a responsibility shouldered by specialists alone. It is an area of management activity that all managers must share if it is to be carried out effectively and contribute to the achievement of competitive advantage.

In this chapter we introduce HRM by setting out its purpose and showing how the effective management of people helps organisations to achieve their objectives. We go on to examine the historical development of HR work and speculate on how this may evolve further in the future. The final part of the chapter introduces thinking about the extent and nature of the link between HR activities and organisational effectiveness and performance.

WINDOW ON PRACTICE

In 2008, twenty-five years after it was first planned, Terminal Five at Heathrow Airport in London finally opened its doors to passengers. The total cost of the building was £4.3 billion. The new terminal was exclusively for the use of British Airways who had been planning for several years to move all its existing operations from the various other terminals at Heathrow into Terminal Five and had gone so far as to contribute £330 million to its flamboyant interior design. The day before the opening an article in the *Financial Times* reported executives' concerns that the look of the place would raise expectations too high, but that it was 'beyond imagination to contemplate failure' (Blitz, 2008). Yet spectacular failure was what followed.

In the first few days of operation over 300 flights scheduled to depart from Terminal Five were cancelled, very long queues formed at check-in and transfer desks, while some 28,000 passengers found themselves separated from their luggage. The immediate cost to British Airways was £16 million, but the long-term direct costs were authoritatively estimated to be around £150 million (BBC 2008a) let alone vast further losses resulting from a deterioration in the airline's already poor brand image.

And why did this debacle happen? It appears that the major reason was simply extraordinarily poor management of people. The major immediate problem arose because the staff were not properly trained to use the equipment at Terminal Five and were unprepared when it came to solving the technical 'glitches' that quickly appeared once the baggage handling machinery started operating. In addition, long delays were caused on the first day as a result of staff being unable to find the staff car park or get through security screening on schedule. Later on, as flights began to arrive, staff simply failed to 'remove luggage quickly enough at the final unloading stage' (BBC 2008b).

Matters were not helped by the persistence over a long period of very poor employment relationships at British Airways. Done and Wilman (2008) reported that the failure of the airline to solve this fundamental problem was the real underlying cause of the Terminal Five debacle. An unnamed Heathrow executive said that they had all been expecting an outbreak of 'fuck'em disease' as the new terminal opened and some staff simply decided 'not to work very hard'. British Airways' staff were neither committed to the success of the operation nor to their employer. Goodwill was in short supply leading staff to be intransigent and uncooperative when effort, positive enthusiasm and flexibility were what was required.

Defining human resource management

The term 'human resource management' (HRM) has been defined in a number of different ways. Until quite recently it was common for commentators to make a distinction between 'an HRM approach' to the management of people in organisations and a more traditional approach associated with terms such as 'personnel administration' which were less overtly strategic in nature. Nowadays 'HRM' is much more frequently and simply used descriptively to refer to the range of different activities that are involved in the management of the relationship an organisation has with its people. These may be employees, but are often skilled people who are hired using a variety of other contractual arrangements to help it meet its objectives. The role of the human resource function is thus best explained by identifying its key purposes. Six objectives form the foundation of HR activity in most contemporary organisations.

Staffing objectives

Human resource managers are first concerned with ensuring that the business is appropriately staffed and thus able to draw on the human resources it needs. This involves designing organisation structures, identifying under what type of contract different groups of employees (or subcontractors) will work, before recruiting, selecting and developing the people required to fill the roles: the right people, with the right skills to provide their services when needed. There is a need to compete effectively in the employment market by recruiting and retaining the best, affordable workforce that is available. This involves developing employment packages that are sufficiently attractive to maintain the required employee skills levels and, where necessary, disposing of those judged no longer to have a role to play in the organisation. The tighter a key employment market becomes, the harder it is to find and then to hold on to the people an organisation needs in order to compete effectively. In such circumstances increased attention has to be given to developing competitive pay packages, to the provision of valued training and development opportunities and to ensuring that the experience of working in the organisation is, as far as is possible, rewarding and fulfilling. Recent years have seen organisations take a more strategic approach, at least in their rhetoric, towards the meeting of staffing objectives. They are, for example, increasingly seeking to differentiate and position themselves in their labour markets vis-à-vis competitors by engaging in employer branding exercises and by seeking to be recognised as 'employers of choice'.

Performance objectives

Once the required workforce is in place, human resource managers seek to ensure that people are well motivated and committed so as to maximise their performance in their different roles. Training and development have a role to play, as do reward systems to maximise effort and focus attention on performance targets. In many organisations, particularly where trade unions play a significant role, HR managers negotiate improved performance with the workforce. The achievement of performance objectives also requires HR specialists to assist in disciplining employees effectively and equitably where individual conduct and/or performance standards are unsatisfactory. Welfare functions can also assist performance by providing constructive assistance to people whose performance has fallen short of their potential because of illness or difficult personal circumstances.

Last but not least, there is the range of employee involvement initiatives to raise levels of commitment and to engage employees in developing new ideas. It is increasingly recognised that a key determinant of superior competitive performance is a propensity on the part of an organisation's employees to demonstrate discretionary effort. Essentially this means that they choose to go further in the service of their employer than is strictly required in their contracts of employment, working longer hours perhaps, working with greater enthusiasm or taking the initiative to improve systems and relationships. Willingness to engage in such behaviour cannot be forced by managers. But they can help to create an environment in which it is more likely to occur. A term that is currently very fashionable in HR circles is 'employee engagement', an idea which encapsulates what is required if organisations are successfully to enhance individual performance. Engaged employees know what is expected of them, have a sense of ownership of their work, are satisfied (hopefully very satisfied) with their jobs and, as a result, prepared to contribute positively both with their effort and their ideas.

Change-management objectives

A third set of core objectives in nearly every business relates to the role played by the HR function in effectively managing change. Frequently change does not come along in readily defined episodes precipitated by some external factor. Instead it is endemic and well-nigh continuous, generated as much by a continual need to innovate as from definable environmental pressures. Change comes in different forms. Sometimes it is merely structural, requiring reorganisation of activities or the introduction of new people into particular roles. At other times cultural change is sought in order to alter attitudes, philosophies or long-present organisational norms. In any of these scenarios the HR function can play a central role. Key activities include the recruitment and/or development of people with the necessary leadership skills to drive the change process, the employment of change agents to encourage acceptance of change and the construction of reward systems which underpin the change process. Timely and effective employee involvement is also crucial because 'people support what they help to create'. However, it must also be remembered that change, particularly when imposed without genuine employee involvement, is also a major potential source of conflict in organisations. This can be minimised if plenty of time is available, but a degree of conflict is inevitable where groups of staff lose out in some way as a result of change. The effective management of conflict and its avoidance through careful management of expectations and involvement in decision-making are thus also significant features of an effective HR managers' role.

Administration objectives

The fourth type of objective is less directly related to achieving competitive advantage, but is focused on underpinning the achievement of the other forms of objective. In part it is simply carried out in order to facilitate an organisation's smooth running. Hence there is a need to maintain accurate and comprehensive data on individual employees, a record of their achievement in terms of performance, their attendance and training records, their terms and conditions of employment and their personal details. However, there is also a legal aspect to much administrative activity, meaning that it is done because the business is required by law to comply. Of particular significance is the requirement that payment is administered professionally and lawfully, with itemised monthly pay statements being

provided for all employees. There is the need to make arrangements for the deduction of taxation and national insurance, for the payment of pension fund contributions and to be on top of the complexities associated with Statutory Sick Pay and Statutory Maternity Pay, as well as maternity and paternity leave. Additional legal requirements relate to the monitoring of health and safety systems and the issuing of contracts to new employees. Accurate record keeping is also central to ensuring compliance with a variety of other legal obligations such as the National Living Wage and the Working Time Regulations. HR professionals often downgrade the significance of effective administration, seeking instead to gain for themselves a more glamorous (and usually more highly paid) role formulating policy and strategy. This is a short-sighted attitude. Achieving excellence (i.e. professionalism and cost effectiveness) in the delivery of the basic administrative tasks is important as an aim in itself because it can provide a source of competitive advantage vis-à-vis other organisations who struggle administratively. Moreover, as Stevens (2005:137) demonstrates, sound administration in HR matters is important to achieve if 'potential legislative risks' are to be minimised. It also helps the HR function in an organisation to gain and maintain the credibility and respect that are required in order to influence other managers in the organisation. In this respect it can be persuasively argued that efficient administration is a pre-requisite if the HR function is to make a really significant contribution in the three other areas outlined above.

Reputational objectives

In many organisations, particularly larger companies whose names are synonymous with valuable brands, the need to build and maintain a positive reputation has become a central corporate objective. This need has grown steadily in recent years as the media environment has become increasingly competitive and particularly since the advent of social media which by its nature is very difficult to influence, let alone control. The notion that the HR function should properly be concerned with helping to maintain an organisations wider corporate reputation links up with the ideas both of those who conceive of the HR role as being primarily about effective risk management (see Stevens 2005) and those who take a particular interest in the ethics of HR practices (see Pinnington *et al*. 2007, Klikauer 2014).

In organisations with a high public profile which are obliged to compete hard in order to survive, HR managers can find themselves thinking in risk management terms. Their main role, put simply, is to ensure that the organisation:

- avoids damaging, negative media coverage on account of its employment practices,
- is not required to defend itself in the employment tribunal,
- does not develop an image as a poor employer in its key labour markets,
- retains a good relationship with regulatory authorities,
- avoids disruptive strikes and other forms of industrial action,
- maintains positive relationships with customers and suppliers.

There is a particular need nowadays for managers in private sector organisations to reassure those whose job is to assess the long-term financial viability of the organisation that it is competently managed and is well placed to meet the challenges that lie ahead in both the short and the longer term. This includes fund managers who decide where to invest their clients' money as well as the financial journalists and advisors who influence them.