

## CHAPTER 4

# Strategic resourcing

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### LEARNING OUTCOMES

The objectives of this chapter are to:

- understand role of strategic resourcing as a tool for bridging the strategy–policy divide
- consider the extent to which recruitment and selection, performance management and reward practices influence performance outcomes within organisations
- highlight the importance of developing synergies across resourcing systems
- discuss the extent to which fair and consistent assessment of employees sustains employee motivation and capability
- examine some of the challenges surrounding the practical implementation of resourcing systems
- locate strategic approaches to resourcing within the organisational context, taking account of the interpersonal skills of front-line managers and the values and expectations of individual employees.

Employee resourcing has long been seen as the ‘nuts and bolts’ of HRM practice, however with the increasing integration of HRM into organisational strategy, both policy and practice need to become more proactive in order to enhance the organisation’s ability to fulfil its mission and strategic agenda. It is the organisation’s employees who translate strategy into practice through both their own actions and the impact of their actions on others. Therefore issues of who to employ and how to engage them in the organisation’s core project are central to the achievement of strategy. Ulrich (1991) suggests that employee attachment to the company is high where there is a shared mindset between employees and management which results in shared decision-making processes used to reach organisational goals. This implies a mutually reinforcing relationship between organisation and employee, mediated by human resource practices, which influence the shared mindset by shaping the behaviour of the employee and thereby contributing to customer satisfaction and organisational effectiveness.

This is the core agenda for strategic resourcing: how to attract, engage, motivate and reward a workforce so as to maximise the likelihood of achieving overall strategic objectives through developing and reinforcing the shared mindset. However we also need to consider how we define, measure and evaluate behaviour and performance in order to know whether HRM strategy is achieving its objectives. The rationale behind performance-driven evaluation is to improve the behaviour of a workforce through systematic and continuous measurement. As such, the way the workforce is motivated to achieve the goals of the organisation takes centre stage.

This chapter will begin by marking out the relationships between the core resourcing activities of recruitment, selection, performance measurement, and management and reward. Within this the nature of the employee–employer relationship, and particularly fairness within that relationship, is explored. Performance-driven evaluation requires effective measurement of performance, but defining performance and developing appropriate measures can be difficult. Where unfairness is perceived, either in assessment process or outcome, the employment relationship will suffer damage. Therefore we discuss measurement within resourcing practice. Finally we will discuss these core activities from a strategic perspective.

## EMPLOYEE RESOURCING

Effective employee resourcing strategies allow organisations, and the individuals and groups within them, to achieve mutually beneficial objectives. Approaches to strategy were discussed in Chapter 1, contrasting universalistic, contingency and configurational types. In this chapter we do not intend to revisit these contrasting approaches, as their implications will influence more the content of resourcing strategy than the development and implementation of it. All these approaches share two common themes:

- the need for consistency across resourcing practice
- the significance of the devolution of HRM activity to line management.

Regarding the first point, the suite of resourcing practices needs to be, from a strategic perspective, interlinked and mutually reinforcing. Thus, recruitment and selection practices need to emphasise those core attributes and values that define the business and its purpose. The assessment techniques that are used in selection reflect these attributes, in terms of both what is assessed and how it is done. Induction further reinforces those values that are central to shaping performance management efforts within the business. Similarly, reward strategies support the application and demonstration of those attributes and communicate consistent messages about what the organisation values. Changes to core values can be communicated and reinforced through these same resourcing activities.

However it is not sufficient simply to develop strategy and policy and hope this will result in strategic integration. Regarding the second point therefore, the ongoing enactment of such policies and practices through line management will



be the test by which their success will be evaluated. Such devolution of responsibility requires continuous reinforcement and systems that support, rather than undermine, policy. Enabling line management to recognise and take responsibility for HR activity represents one of the shifts in the role of the HR specialist, leading such developments and influencing organisational practice as a whole, as discussed in Chapter 3.



### REFLECTIVE ACTIVITY

Innocent, the fruit drinks company set up in 1998, which emphasises its socially responsible and environmental credentials, describes its vision as follows:

When it comes to people at Innocent, our vision is simple – we want to be the most talent-rich company in Europe.

To do this, our strategy is to recruit a diverse and brilliant set of people, to create the best possible environment in which they can thrive and achieve as much as they possibly can, and then reward them for doing so.

(<http://www.innocentdrinks.co.uk/us/>)

Look at its website and identify the key points in Innocent's message and how it is communicating this. How does it support this value set through its resourcing activities?

## EMPLOYEE RESOURCING AND EVALUATION

The act of drawing up and implementing HR policy does not guarantee that desired outcomes – improvements in organisational effectiveness – will be achieved. Identifying whether a policy is effectively achieving its objectives requires some form of evaluation. So, how do we assess whether employee resourcing activities have contributed to overall improvements in organisational performance, and within that how do we evaluate employee effectiveness?

Evaluation of the impact of people management practice on organisational performance has a history dating back to classical Tayloristic perspectives on performance measurement to achieve control and cost minimisation. More recently however, HRM techniques associated with new wave managerialism have had a strong emphasis on the motivation of individuals through people-centred skills, not just through performance indicators and target setting. For example Wood (1999) argues that 'progressive' HRM practices aim to improve the motivation of staff, rather than simply control their behaviour. From this perspective, systematic performance appraisals, development and training, involvement in decision-making processes and teamworking are seen as positive and motivating, and an increasing body of evidence demonstrates that progressive HRM practices are positively associated with organisational performance by improving the performance of employees (eg, Arthur 1994;

Becker and Huselid 1998; Hoque 1999; Shipton et al 2006). From a professional perspective, the more we can demonstrate the contribution of effective HR practice to the achievement of overall objectives, the more central HRM activity will become to organisational effectiveness as a whole.

The contrast between Taylorist control-oriented management and 'progressive' HR practice is a common theme in the current HRM and performance debate. However, the perspectives are not mutually exclusive in terms of concept, design and task. Organisations require a balance between control and motivation.



### REFLECTIVE ACTIVITY

Identify the similarities and differences between Taylorist and progressive HRM policy.

## PERFORMANCE EVALUATION

Employee resourcing strategies and policies impact on organisational effectiveness through their effect on individual and group performance. According to Campbell et al (1993), performance is 'something that people actually do and can be observed. ... [It is] not the consequence or result of action, it is the action itself' (pp40–41). Traditionally performance has been interpreted as measurable outputs, the achievement of which is dependent on the skill and effort which the individual brings to the job. However within a knowledge and/or service economy, effective performance relies at least as much on how a task is carried out, or contextual performance, as on the ability to perform that task (task performance), particularly in distinguishing the excellent from the merely good. This challenges traditional notions of resourcing which focus on understanding the job and therefore specifying the skills required to perform it. Where roles are ill defined or changing, specialist skills and knowledge need to be balanced by the personal attributes of the job holder: style becomes as important as substance.

Therefore being able to identify what 'a job' entails – what skills are needed, how best they should be deployed and what successful performance would look like – is less open to scrutiny or definition. Where performance is dependent on the application of knowledge, rather than simply its possession, identifying 'thinking skills' and the range of softer skills or competencies required to apply that understanding presents a challenge. For example, the ability to interact effectively within multidisciplinary teams, to communicate, solve problems or to relate to others, or to persist in the face of adversity may relate more significantly to effective performance than simple expertise. This challenge of what performance is and how to measure it is further exacerbated when thinking about *future* performance, either for recruitment and selection purposes or for



developmental purposes or merely in a rapidly changing environment. It is against this background that the interest in competency frameworks has developed.

### COMPETENCIES: A DIFFERENT APPROACH

Competencies are frequently conceptualised as a 'behavioural' model, focusing on knowledge and skills as well as the approach taken to the task. Boyatzis (1982) defines a competency as an 'underlying characteristic of a manager causally related to the superior performance of the job' (p26). Extending this definition, Boyatzis categorises managerial competencies into five clusters; goal and action management, leadership, HRM, focus on others and directing subordinates. Collectively these five clusters identify the knowledge, skills, performance abilities and motives for managers to perform a job effectively and efficiently.

Competencies are integral to the behavioural repertoire of an individual as mediators that aid or hinder their performance at work. Woodruffe (1992, p17) maintains: 'A competency is the set of behaviour patterns that the incumbent needs to bring to a position in order to perform its tasks and functions with competence.' This definition of a competency is aligned to HRM strategy in the sense it excludes the work performance aspects, such as technical knowledge, abilities and skills. From this perspective a competency is the behaviour that allows a skill to occur – the competency is the means to the end rather than the end in itself. Wynne and Stringer (1997) maintain that such a perspective embodies the US approach to competencies, where inputs are valued just as much as outputs. In contrast they suggest that the UK tends to approach competencies from an output perspective – the display of competence – warning such an approach fails to see competencies in action terms, by which attitudes and behaviours have a significant effect on job performance.

Competencies are subject to the effects of the environment in which the individual works (Schroder 1997). As such, effectiveness is also situational, since the internal and external environment work context contributes to performance. Making a distinction between results and behaviour in terms of competencies helps explain the effects of the environment upon individual effectiveness, where sometimes an individual may display many of the necessary competencies to be potentially effective in a job but circumstances will still inhibit achievement.

Aguinis (2007) distinguishes between threshold competencies; which everyone needs to display to do a job to a minimum standard, and differentiating competencies; those which allow us to distinguish between poor, average and good performance. These levels of competency can be measured against performance indicators which model desirable behaviours and attitudes from current and potential employees.

While competencies provide a more flexible and potentially integrative approach to the identification and measurement of effective performance at work, competency frameworks are not a perfect tool that will both identify

performance standards and enable the effective measurement of performance against those standards. Designing performance measures requires that we understand the performance of the individual, work-groups and departments, and how these parts integrate into the outcomes of the organisation as a whole (Clegg and Bailey 2007); the whole is greater than the sum of the parts. Providing the criteria or performance indicators to evaluate performance has proven a difficult task for organisations and the use of such indicators has come in for strong criticism. This has been directed particularly at instances where the method of performance evaluation has resulted in a shift of resources to those aspects of performance that are evaluated and measured, to the detriment of wider organisational objectives and customer needs. Examples of such counterproductive shifts range from the evaluation of teacher performance in schools based on pupil test results to the 'success at any cost' culture within Enron which ultimately lead to its downfall. This conflict has been neatly captured by Redman (2006) who identifies that the meaningful is not always measurable and the measurable is not always meaningful.

## EXCHANGE IN EMPLOYMENT

Of course this performance-driven agenda can only operate successfully with the consent of all concerned, and specifically those who are most clearly subject to it: the workforce. The issue of participation and involvement in policy and strategy development and implementation is discussed further elsewhere in this volume (notably in Chapter 5); however here we wish to emphasise the extent to which the employment relationship is an active sense-making relationship between the principal parties (Weick 1995). Employees are not merely passive recipients of management strategy; workforce perceptions and interests actively influence the interpretation of management action and shape behaviour in light of that perception. The context for HRM is continuously changing; internationalisation of labour, increases in education, changing demography, reassessment of personal priorities and higher expectations of a well-informed and media-savvy generation all shift the agenda for the employee and ultimately affect the balance of power in the employment relationship. Focusing only on personal qualities or performance *as defined and desired by the employer* fails to recognise the employees' power in and contribution to actively constructing the employment relationship. The exchange perspective, outlined by Herriot in 1984, offers a processual view of resourcing while accommodating the changing employment landscape of the twenty-first century. Current and prospective employees are actors in an ongoing negotiated relationship with employers. Each side seeks actively to match their needs and expectations, their values and goals, with those of the other party (Ostroff and Rothausen 1996; Newell 2005).

For the organisation, the challenge becomes to develop a culture suitable to the context in which it operates, allowing it to flourish and delight its customers. For employees, finding an organisation whose goals align with their own personal vision, and which allows them to make best use of the skills and abilities they can offer forms the basis of a productive and lasting relationship. This exchange



perspective, focusing on the alignment of individual and corporate objectives, rebalances the power dynamic between employer and employed. The development of such a relationship is a delicate process and is susceptible to interruption from a range of sources. This may be ill-thought-out or inconsistent policies, or the (often unknowing) distortion of policies by those empowered to implement them. One of the most insidious routes through which honest exchange can be undermined is where processes or systems are perceived to be unfair – and in relation to systems of measurement, such a perception is sadly common.

It has already been stated that while performance evaluation is central to strategic resourcing, identifying and assessing performance is becoming increasingly complex. Where assessment is seen as either inaccurate or unfair, the relationship between the employer and employee will be damaged. Fairness or justice therefore is a topic of considerable significance in relation to all aspects of organisational decision-making.

Justice in decision-making needs to be considered from two separate standpoints. First there is the issue of the fairness of outcomes of organisational decisions, or distributive justice. This follows from equity theory (Adams 1965) – ‘do I get what I deserve?’ – and is represented in the interpretation of any evaluation of employees, whether it is in relation to their being offered a job, receiving a bad performance evaluation, or meeting or exceeding their expectations regarding reward allocation. Judgments regarding distributive justice derive from a comparison of the individual’s perceived outcomes against inputs with what other ‘similar’ individuals receive in light of their inputs. Where there is a discrepancy, a sense that one’s rewards are less (or more) favourable given the effort expended than those of the comparator, inequity is experienced. This is uncomfortable, and steps may be taken to reduce it, including reducing one’s own efforts, choosing a different (more favourable) comparator or, at the extreme, quitting.

However even if the outcome is perceived to be just, the process through which that outcome is achieved may itself be felt either to be unfair or not to have been appropriately followed. This sense of procedural justice stems from more abstract conceptions of consistency in behaviour, freedom from bias and the use of accurate information in the process of decision-making (Leventhal 1980), and therefore relates to the nature of the ‘rules’ determining outcomes rather than the outcome attained. (For a recent meta-analysis see Colquitt et al 2001.) Where either the rules or their application are not felt to be fair, again a sense of dissatisfaction can ensue. Here the key feature is consistency in the enactment of HR strategy, for which line management increasingly hold key responsibility.

The role of the line manager has become increasingly central in employee resourcing, providing leadership and direction, enabling accurate and effective measurement of performance through appraisal and evaluation, and enhancing motivation through reward and recognition. Currie and Proctor (2001) and Whittaker and Marchington (2003) amongst others have identified this trend, although the enthusiasm for such activity among line managers, along with the

skills base to carry out these roles effectively, appears to be limited (Renwick 2006). Leadership development for this group can provide the appropriate sense of direction and focus that is necessary for staff to achieve successful task accomplishment, and will better enable them to make a strategic contribution to organisational effectiveness (Yukl 2005). Effective communication skills and well-developed interpersonal skills are most likely to sustain employee engagement and achieve the necessary task outcomes, particularly in relation to performance evaluation. Line managers equipped with coaching and mentoring abilities (Green and James 2003) will be better able to motivate employees to exercise their own creative and innovative capabilities. In conjunction with support from higher management, line management can crucially influence the development and maintenance of a culture of innovation and creativity (West et al 2004).

In summary, an integrated and coherent vision of where the organisation is heading is the starting point for developing effective strategic resourcing. From this, policies and procedures which demonstrate and support that vision can be developed, supported and reinforced. In order for those procedures to be accepted, they need to be seen to be fair. This is best achieved through openness and participation in the design of the processes, and a willingness to change them where they are felt to be unfair. It is also crucial that line management, who after all will be responsible for carrying out the strategy, must be aware of the underlying goals and objectives, and act accordingly.



### REFLECTIVE ACTIVITY

What are your expectations for employment? What type of employment would motivate you to work hardest? Which of these expectations are non-negotiable, and which might be traded?

It was identified earlier that strategic resourcing should be seen as an integrated whole with common features and issues driving and challenging it. An integrated resourcing strategy would incorporate consideration of long-term resourcing objectives, from work design through recruitment, deployment, assessment and reward, whether that be the pursuit of quality, cost leadership, or innovation. However for the purposes of this chapter the field will be broken down into recruitment and selection, appraisal and reward. The same themes of exchange, fairness, integration and line management implementation apply equally to all aspects of resourcing, as should be apparent in what follows.



## RECRUITMENT

The starting point of discussions of resourcing typically centres on identifying and filling gaps in the organisation. While recruitment and selection may be an option, it is not necessarily the only, or indeed the first choice available. Within an overall strategy, reconfiguring existing resources may be preferable, perhaps as a route to reinforcing the current organisational objectives or signalling changes to the employment relationship in line with changing objectives. For example, internal promotions may offer routes to accommodate emergent skill or knowledge gaps while reinforcing the bond between employer and valued employee. Alternatively, work redesign may be facilitated: introducing teamworking or cross-functional groups, enabling location-free working, and outsourcing or offshoring activities may all provide strategic advantage. While the pace of change both to the external and internal organisational environment may result in a less mechanistic approach to human resource planning than has previously been the case, a strategic approach requires that consideration is given to where we are going and the choices we can make to enable us to strive towards those goals. These choices reflect the organisation's agenda and communicate to the workforce those values that the organisation holds dear.

When reconfiguration options have either been acted upon or rejected, recruitment and selection options come into play. The recruitment process represents the opening exchanges in the development of the relationship between employee and employer. Given the nature of the work environment and the measurement issues it raises, it is inappropriate to consider recruitment as a simply psychometric activity through which the employer picks from a pool of hopeful prospective employees those who best fit a job description. In a high-skill, technologically advanced, environmentally aware economy both the employer and the employee make choices in the course of a two-way dialogue. However, the discussion of the process that follows begins from the organisation's viewpoint.

Recruitment needs to be located within the broad organisational context which informs the strategic choices to be made. As with all strategic decisions, the particular priorities and objectives which dominate any recruitment strategy are a matter of choice rather than predetermination, but the starting point is knowing what is required from the recruitment process. In line with the earlier discussion of organisational justice, we can think in terms of both outcomes and process. So we consider not only the attributes of the potential recruits, but also the requirements of the processes used to identify those candidates, for example the cost and duration of the process, quality of candidates, or selection ratio required. Knowing what is needed enables the development of a strategy to achieve those objectives.

We might also wish to consider a range of what Breaugh and Starke (2000) describe as 'post-hire outcomes' (p409). Would we be willing to recruit someone who is 'trainable' into a particular role or do we want someone who will 'hit the ground running'? Would likely tenure be considered more important than finding someone who may be brilliant but unpredictable? Typically, recruiters

constrain themselves to thinking about the number of and quality of applicants they receive or the number of acceptances – proximal outcomes of the recruitment process (Williams et al 1993). While these criteria are important, they are restrictive in the longer term. If there is no clear view of what is required, it is difficult to develop a sound strategy to achieve the undefined goals (Rynes and Barber 1990) and whatever strategy emerges may be at best hit and miss, and at worst positively destructive.

Barber (1998) identifies three phases to recruitment: generating applicants, maintaining their applicant status and influencing job choice decisions. Each of these phases has an impact on the range of applicants available to the organisation and should be considered within an exchange perspective.

#### GENERATING APPLICANTS

Employers continually report difficulties in recruitment. Over four-fifths of organisations responding to a recent CIPD survey reported recruitment difficulties, most frequently a lack of necessary specialist skills. The 2006 Leitch report, *Prosperity in a global economy*, is merely the latest report which confirms that the UK skill base is not world class and that this poses a long-term threat to prosperity. Accessing rare skills becomes an increasingly significant challenge to recruiters, while retaining them within an increasingly flexible employment market poses further challenges to motivation and reward strategies. Generating a sufficient and appropriate pool of applicants requires that we consider who our likely applicants are, how to attract their attention, and how to communicate with them in a credible and understandable way.

While one response to the scarcity of suitable candidates may be to 'grow your own' (as discussed in Chapter 6), providing an environment which is attractive and which appropriately rewards the valued behaviours, skills or competencies also facilitates effective resourcing in the medium term. Contemporary working patterns suggest a shift in employment away from long-term loyalty (by either party) and towards individual investment in personal career, profession and development. In this respect, we may consider the range of inducements we can offer to potential recruits. While offering 'golden hello's' or enhanced packages to new hires may give rise to resentment elsewhere in the organisation, across-the-board provision of benefits and flexible work arrangements for example could improve both attraction and retention rates.

Personal approaches to recruitment are increasing in popularity, as illustrated by organisations such as McDonald's or Enterprise Rent a Car who offer rewards to staff who recruit a friend. Such approaches are suggested to lead to greater understanding of the job (Lengel and Daft 1988) and are seen to have credibility by the potential recruit (Fisher et al 1979).

Another significant development in recent recruitment practice has been the rise of the Internet. This has added further dimensions to search, potentially creating a global pool of applicants. The strengths of corporate web-based advertising include its flexibility in being able to provide a consistent and accurate corporate image, ensuring that prospective candidates know what to expect and like what



they see. According to the CIPD's (2006) *Recruitment retention and turnover survey*, three-quarters of the 804 UK organisations surveyed use their corporate websites to attract applicants (up from 67 per cent in 2005), and almost two-thirds of organisations use e-recruitment. Recent reports observe the development of second-generation web content (Web 2.0) in recruitment marketing. Blogs and social networking sites have been used by organisations such as the Royal Navy and West Yorkshire Police (CIPD 2007) to contact technologically literate candidates. Against this democratisation of recruitment channels, traditional recruitment consultants continue to flourish only if they maintain a suitable presence in cyberspace.



### REFLECTIVE ACTIVITY

Compare and contrast the use of internet recruitment with more traditional methods of recruitment. What weaknesses do you identify for internet recruitment and how might they be overcome?

Beyond this we need to consider what we communicate to our potential applicants: how do we represent the organisation, and through what media? The way in which the organisation expresses its offer and requirements to potential recruits influences their perceptions of the employer. This may reinforce existing expectations or challenge the accepted public image. In many cases, the initial communication to the applicant pool may be the first encounter of those prospective employees with the organisation. As such, it is important that this communication be 'right'. There is an understandable desire to portray an employer in the best possible light; first impressions can be both lasting and deceiving. This is the opportunity for the organisation to begin to develop an honest relationship with the prospective employee. Suggesting that development opportunities are a matter of course when in fact they may be extremely rare, or implying that flexible working arrangements are normal when there are operational requirements that make such arrangements the exception may in the short term increase the applicant pool. However in the longer term this can only lead to unfulfilled expectations and a sense of injustice when candidates reasonably expect to receive what they feel they have been promised.

While organisations may now be less able or willing to provide long-term commitment to employees, as evidenced by the increasing levels of outsourcing and fixed-term contracting, employees themselves may also be moving away from such long-term commitments. Valuable employees who no longer see security and long-term attachments as either attractive or available may instead seek to obtain satisfaction and fulfilment through short-term associations and challenges which, once fulfilled, drive them to seek new challenges and

opportunities to exercise their creativity. For the organisation therefore, building-in opportunity for innovation or living with an expectation of regular change becomes necessary. Intangible reward becomes more central to the employee's personal and professional development.

#### MAINTAINING APPLICANT STATUS

The treatment of applicants during the recruitment process (for example a well organised and professional site visit) will affect whether they decide to stay in the process. Gilliland (1994) supports this view, identifying how situational characteristics and procedural rules (including human resource policy and selection technologies) affect the perceived justice of the recruitment and selection process. Candidates form an overall evaluation of the fairness of the process that is based on the extent to which techniques are felt to be job related, the priorities given to certain issues and consistency in process. If candidates find a job attractive and believe they are likely to receive a job offer they are more likely to remain within the process. Gilliland and David (2001) identified that interpersonal sensitivity – the extent to which selectors are perceived as warm and empathic – was procedurally highly influential in candidates' decisions to stay in a process. However, where the process violates perceptions of fairness, through inconsistency or 'inappropriate' prioritising of seemingly irrelevant features, candidates will be less likely to maintain their applicant status (Ryan and Ployhart 2000).

A recent example of a poorly designed and implemented system can be seen in the introduction and subsequent suspension (in 2007) of the Medical Training Application Service (MTAS). This online system of applying for training posts within the NHS suffered from a lack of posts actually listed, a lack of security regarding the personal data entered, repeated technical failures and poorly designed forms. While form design may have been based on sound research, the process failures and overall lack of professionalism discredited the system as a whole and ultimately resulted in its overhaul.

Maintaining applicant status at all costs is not the main objective of a recruitment process. Herriot (1989) emphasises that the breakdown of the negotiation process between the parties is a positive event if the parties realise their views and needs are incongruent. It is in no one's interest for a candidate to end up in the wrong job. While online recruitment opens up opportunities to a wider pool of applicants, it also may increase the pool of unsuitable candidates. Along with the growth of online recruitment, we see a growth in automated screening techniques which filter applications for key 'essential' or 'disqualifying' attributes, and telephone screening similarly serves to further reduce a potentially limitless pool to a more manageable size.

One additional concern that has received much attention in relation to online application is that of fraud or misuse. There is little to guarantee that the individual who filled in the online application form, or completed the online test, is actually the individual who is seeking the job. In some circumstances this may be considered to be a risk worth taking; after all the candidate is ultimately



seen, at which point there is no room for impersonation. However the presence of 'professional' test takers may result in the exclusion of candidates who would have been good for the firm, but who behaved honestly in the recruitment process.

It should of course be noted that such problems do not exist solely in the domain of e-recruitment. Candidates have been dissembling in applications and interviews for as long as they have been conducted! Similarly, organisations and recruiters have been overselling themselves for as long as there has been competition for scarce resources. Here the specialist expertise of HR is essential. It can serve an empowering and developmental role which supports the exchange of accurate and reliable information between all relevant parties. Returning to the exchange agenda identified earlier, we arrive at the position that it is not only incumbent on the organisation to present an honest face to the candidate; we also need to be convinced that the candidate reciprocates.

### INFLUENCING JOB CHOICE

Particular recruitment actions, such as the timeliness of a job offer, may influence whether the candidate chooses to accept the job. A candidate's acceptance of an offer is influenced by his or her preference for selection methods, although issues of job availability and attractiveness and organisational image clearly also play a significant part. (A 'good place to work' might override a 'dumb selection process'.) Early job offers seem to be advantageous to the recruiter only where they are seen as desirable employers (Thurow 1976), although delaying communications throughout the process increases uncertainty and Rynes et al (1991) suggest that it may be taken as a sign that the organisation does not have much interest in the candidate.

Potential recruits clearly are active participants in the process and indeed take the majority of recruitment decisions. The decision to respond to an advertised vacancy, the amount of effort to put into that response, the extent to which they behave 'appropriately' during the recruitment dialogue are all actions on the part of the candidates which shape the development of the interaction and the course of the ongoing relationship.

## SELECTION STRATEGIES

The discussion so far has emphasised the issue of matching the candidate and the organisation beyond the traditional approach of skills and abilities in relation to a particular job description. However the bulk of research into selection techniques focuses on both large organisations and statistical estimates of technical effectiveness. There is a wealth of evidence available regarding the reliability and validity (respectively, whether the procedure yields consistent results, and whether it measures what it is supposed to measure) of many selection techniques, driven in recent years by developments in meta-analysis whereby the results of a number of different studies can be combined to produce more accurate validity estimates for the procedures under study (Hunter and

Schmidt 1990). Reviews such as those by Robertson and Smith (2001), Hough and Oswald (2000) and Salgado (1999) tend to support the effectiveness of general reasoning ability as a good predictor of job performance across most jobs. More recently, personality characteristics have become the focus of investigation. Murphy and Bartram (2002) support the view that three of the 'big five' personality factors (Digman 1990) – specifically agreeableness, conscientiousness and openness to experience (Ones et al 1993) – are generally predictive of performance.

While the majority of research in this area has been carried out in large organisations, Bartram et al (1995) studied what recruiters in smaller businesses assessed to be the most important personal characteristics in a candidate. The characteristics identified were honesty, integrity, conscientiousness, interest in the job and the 'right general personality', to which Scholarios and Lockyer (1999) added general ability. All of these were felt to be more important than qualifications, experience or training and were perceived to be difficult to change and potentially high risk if the wrong choice were made. From this perspective, the act of selection becomes less one of pure assessment and more one of evaluation and negotiation. Nonetheless, there is still benefit to be derived from accurate and appropriate assessment of those characteristics, skills and abilities which are assessable, and this has been the foundation of most research into selection procedures.

However a simple assessment of personality does not directly translate into work behaviour. It is behaviour, not personality, that causes outcomes. Therefore, emphasis on trait measures without consideration of relevant criterion behaviours (ie, competencies) or outcomes (performance judged against goals and objectives) is limited. Bartram (2004) suggests that a combination of the personality factors noted above, a measure of general reasoning ability and an assessment of the motivational factors of need for achievement and need for control or power together account for most of the variability in criterion workplace behaviour or competencies, and their validity increases where the job is more complex.

This however is reverting to a traditional psychometric perspective on selection whereby fit is derived from a matching of the candidate's traits to those required for the job, rather than a dialogue between the organisation and the individual regarding their needs, values and goals. Newell (2005) expresses this very clearly when she talks about selection decisions emerging 'from complex processes of interaction between the candidate and the organisation. ... [They are] outcomes of human interpretations, conflicts, confusions, guesses and rationalisation rather than clear pictures unambiguously traced out on a corporate engineer's drawing board' (p146).

The selection procedure itself influences decision-making. Anderson (2001, p90) describes selection techniques not as neutral predictors but as 'interventive affectors of applicant expectation, attitudes and on the job behaviours'. Selection techniques have unavoidable socialisation impacts, in that information conveyed at selection is likely to be interpreted by applicants as unconditional and contractually binding whether or not this was the selector's intention. Candidates



are actively predisposed to inferring (and extrapolating or embellishing) multiple, varied and enduring expectations of the future work relationship from the early encounters, both in recruitment and selection. These form the fundamental conditions of the subsequent psychological contract and frame potential for perceptions of violation of that contract when reality does not live up to expectations. Early fairness episodes will have greatest influence on general fairness judgement, raising questions about the symbolic significance of phasing and sequencing of assessments.

As with recruitment, we arrive at a position of needing a balance between valid and reliable assessment of relevant characteristics and abilities, linked to probable work performance, and retaining an honest and reasonable dialogue with the candidate. Through this both parties can derive sufficient information to allow them to make appropriate choices about potential job offers. Both method and process need consideration.

## SELECTION OPTIONS

The choice of techniques used in selection will be influenced by a variety of factors. These include:

- *Recruiter resources*: these include the time available in which an appointment needs to be made, the technical skill of the selection team and the financial resources available to support an elaborated or simplified approach to selection.
- *Selection perspective*: how does the organisation balance a predominantly psychometric approach, whereby the selection process measures the candidate to see if they will fit in, with an exchange perspective, whereby the selection process is seen as a socially constructed dialogue between the organisation and the candidate?
- *The criterion measures used*: is 'successful performance' at selection based on performance in selection, subsequent performance in the job (individual, team or organisational competence), subsequent performance on the job (achievement, results), or some other aspect of contextual performance (absenteeism, attachment, citizenship)?

Inevitably the outcome in terms of selection process design will be a compromise between these different factors. From a strategic perspective, the issue needs to be one of consistency with overall resourcing strategy. Simply adopting techniques that identify person–team fit (West and Allen 1997) and then assessing and rewarding individual achievement on the job clearly fails to achieve integration at an operational or strategic level.

Different selection methods can be identified to accommodate different approaches to selection strategy. Interviewing, still the most common method used, has tended to receive a consistently bad press over many years. More recently however, drawing on a series of meta-analyses Schmidt and Hunter (1998) reached the conclusion that employment interviews are in fact one of the

best predictors of job performance and training proficiency, and that validity generalises across jobs, criteria, and organisations. When we place them in an exchange approach to selection they potentially provide an extremely valuable conduit for passing information to the candidate. Psychometric testing, as mentioned earlier can be highly reliable and potentially valid for many roles, but may only be valid for a restricted range of criterion measures and the overall utility of such tests may be undermined by the adverse reaction of the candidates. Interviews, CVs and work samples are most positively perceived by applicants, although a realistic job preview can help to shape initial expectations.

In summary, therefore, recruitment and selection is the initial process through which the relationship between the employer and employee is developed. The approach taken and techniques used will influence both the perception of the organisation and the process, and the outcomes of that process. While assessment is an important feature of recruitment and selection, it is only part of the overall sense-making process and tends to underplay the importance of the role of the candidate. In times of high competition for exceptional candidates, organisations which best understand the candidates' perspective and accommodate that in their procedures and practices are likely to prove most effective recruiters.



#### REFLECTIVE ACTIVITY

Think of the last selection process you were involved with, either as a candidate or a selector. Consider the material you were given/gave out regarding the job and the organisation. Was it reasonable and accurate? Did it conceal less attractive features or overplay some options? How did you present yourself? How did you feel about the selection techniques used? What aspects of the process as a whole most influenced your decision-making regarding the appointment?

#### APPRAISAL AND ASSESSMENT

Once appointees are embedded within the organisation, the effectiveness of recruitment and selection systems is evaluated in relation to the achievement of post-hire outcomes and the demonstration of competency discussed earlier in this chapter. Performance-driven evaluation was identified earlier in this chapter as a systematic attempt to improve performance and is defined here as 'a set of administrative instruments' that are used 'to transform the behaviour of persons through an organisational emphasis on systematic appraisal of performance' (Clegg and Bailey 2007, p1235). Clearly this is not the only influence on individual and team performance, and other influences are reviewed elsewhere in this text, but it is the focus here. However, knowing about staff performance provides only a limited view of the underlying health of the organisation. In the context of exchange in employment, it is also important for the organisation to



appreciate how its employees feel about it, and to enable them to contribute their views and opinions regarding the overall strategic direction of the business. Staff surveys can be used as a tool for exploring these attitudes and facilitating such contributions, thus closing the loop regarding evaluation.

This section therefore begins by reviewing the debates that characterise performance appraisal and performance evaluation methodology from a HRM perspective, and relates them to practice. It is followed by a conceptual and practical discussion of the use of staff surveys as a tool to enable better understanding of the organisation and performance as a whole.

#### PERFORMANCE APPRAISAL: THE CONCEPT

Conceptually, performance appraisal is situated in organisational behaviours concerned with motivation and goal setting (Clegg and Bailey 2007). As a measurement tool, it evaluates performance to date against criteria identified as relevant to the achievement of corporate objectives. As a motivational tool it serves to identify and encourage future performance, establishing goals which challenge and engage the employee with the organisation's core project while also allowing the identification of relevant rewards for goal achievement. As a developmental tool it seeks to identify weaknesses or build upon the strengths of an individual, or as a disciplinary tool it may regulate behaviour.

More prosaically, performance appraisal has been described as a managerial witch-hunt, a gripe and groan session, and more of an organisational curse than a panacea. W. Edwards Deming identified it as 'the number one American management problem'. On a more positive note, research in private sector organisations has identified appraisals as a key factor in predicting a positive association between HR practices and organisational performance (Becker and Hueslid 1998; Huselid 1995; Patterson et al 1997). Its uptake in the UK public sector has been rather variable. Performance appraisal for teachers suggested in 1991 was interpreted as paradoxical in that it contained both an element of disciplinary control and also the opportunity for professional development, further confounded by a link to reward. More positively, West et al (2002) demonstrated that sophisticated appraisal systems in the National Health Service can be a significant factor in reducing hospital mortality rates, and therefore positively affect crucial performance outcomes.

The breadth of purpose and range of opinion surrounding appraisal are probably not unrelated. The underlying purpose of appraisal and performance measurement is influential in the further development of the employer–employee relationship. Where the purpose is unclear, or where it is felt that the expressed purpose of a system is not the true purpose (for example, a system is described as developmental but is actually used in a disciplinary fashion), suspicion and lack of trust is likely to ensue. The explicit inclusion of contradictory aims clearly undermines the effectiveness of any purpose. Similarly to the discussion of recruitment and selection above, the alignment of purpose, system and communication becomes key.

## PERFORMANCE APPRAISAL

The core components of the appraisal process typically include providing feedback on past performance and clarifying work objectives for current and future performance. The overall purpose is to enable employees simultaneously to improve their individual performance and to contribute towards organisational goals. This takes the form of ongoing interaction between line manager and employee, usually bolstered by regular formal discussions between the parties. Given the exchange approach considered earlier, this interaction is likely to influence significantly the nature of that interpersonal exchange in the long term. It is not simply an act of measurement, but is part of the overall relationship building. As such, the competence of both parties in the performance of appraisal is crucial. This is particularly the case where performance criteria or objectives have not been achieved. In such a context, the line manager must be skilled in communicating the nature of the shortcoming and the actions required to put it right in a way that does not destroy the underlying relationship. Here the HR role needs to be supportive of the appraiser in terms of understanding the purposes and processes involved in appraisal and developing the relevant skills and attributes to carry it out effectively.

Of course, ongoing interaction between manager and subordinate, and within teams, should result in there being little chance of nasty surprises happening in the course of a formal appraisal interview. It is understandable that in the interest of morale within a team negative feedback may be avoided by those responsible for giving it, or may go unheard or unheeded by those on the receiving end, in the hope that things will work out for the best. Where there has been no indication that performance is unsatisfactory up to the formal discussion, a failure in management has occurred.

## CLARIFYING OBJECTIVES

The starting point for effective performance is awareness of the core objectives of the role and the responsibilities that the post-holder accrues as they relate to organisational strategy. Communicating this information will typically involve the line manager and new recruit agreeing these core objectives as well as their responsibility in achieving them. This, as with the relationship building process begun in recruitment, is a negotiated process. Where roles are complex and characterised by high workloads, objective setting is very important. It can enable staff to prioritise tasks effectively and to handle interruptions in an effective way that discriminates between tasks that do and do not merit attention.

However there remains a caution as noted in the earlier section that excessive attention on measured outcomes may distort overall performance. On the one hand, results are not always apparent and are rarely achieved by any individuals on their own, so individual performance is dependent on the actions and cooperation of others. This, coupled with the difficulties of measuring performance in complex work must not be allowed to lead to the use of measurement only of easily measurable outcomes at the expense of performance



that is meaningful. An alternative approach, relying more on competencies that an individual brings to a role rather than outcomes, is no panacea either. Behaviours do not guarantee results, although we need to consider whether results obtained through 'bad' behaviour are worth having. Identifying both meaningful and measurable behaviour is the aspiration and leads us to consider how the measurement may be achieved.

### THE APPRAISAL PROCESS

In general, performance appraisal is a process designed firstly to measure how staff members have performed against core work objectives and to identify what has worked well and what has not worked so well in relation to their role and responsibilities. This enables managers to identify what has been achieved as well providing the opportunity for staff to clarify any ambiguities about their job. As mentioned earlier, these types of issues should be clarified on an ongoing basis and effective team-based working provides the means to do this. Secondly, appraisals provide the opportunity to identify ways to help achieve the core objectives, and progress in terms of job development. When managed effectively, such developmental appraisal can motivate staff.

The practicalities of how the line manager supports each member of staff can be established, as well as an acknowledgement of organisational support for and appreciation of the staff member's efforts and contribution. Appraisals can also necessitate use of non-threatening feedback. However feedback on performance should be given to staff on a day-to-day basis since timely, accurate, supportive feedback (both positive and negative) is helpful to day-to-day performance. Effective feedback explains why specific behaviours are effective, giving specific examples which can be discussed and explored by both parties. It provides alternative courses of action, focusing on behaviours that can be changed rather than attributes that are inflexible, and thereby maintains the esteem of those involved. Wherever possible, the supervisor should concentrate on giving positive feedback during day-to-day work rather than focusing only on gaps between expected and actual performance.



#### REFLECTIVE ACTIVITY

Consider whether performance appraisal is a neutral activity. How might an open and honest discussion between appraiser and appraisee become 'corrupted'?

## THE ROLE OF SURVEY QUESTIONNAIRES AND SURVEY INTERVIEWS FOR STRATEGIC HRM

Appraisal techniques provide the opportunity for understanding workforce performance and competencies, thereby contributing to the development of strategic HR policy. Maintaining an exchange focus we can also explore the use of staff surveys and interviews as a way of gauging the climate within the organisation – how the employees feel about it. Surveys of business and organisations offer a range of opportunities for strategic development but also face distinct challenges (Dillman 2006). A Cabinet Office white paper in 1999 expressed the opinion that involvement of front-line staff through instruments such as staff surveys may contribute to the success of an organisation, provided that such approaches promote staff empowerment and implement improvements, and are not used to victimise members of the workforce. In a similar vein, the Commission for Health Improvement (2004) emphasises the value of people as an essential organisational resource, since it is the experience of individuals in the workforce that directly affects their performance at work and in turn contributes to organisational effectiveness. Staff surveys assist in identifying that experience by means of performance measures that monitor organisational activity.

Staff surveys, ranging from a small-scale questionnaire administered to a team through to a full survey census of an organisation, typically seek both to measure performance and to evaluate the activities and processes that precede performance outcomes. Such information can be used either to examine the organisation at a local level or as a benchmark to compare against other pertinent organisations. Examples of the NHS National Staff Survey, covering the approximately 1.3 million workforce of the NHS in England, can be found on the website [www.nhsstaffsurveys.com](http://www.nhsstaffsurveys.com).

Understanding these processes can allow organisations to work with their employees to better achieve their objectives, but understanding those dimensions of behaviour and attitude that may influence organisational effectiveness for any particular organisation is a necessary first step. Rigour in survey design means developing questions that are important to the effectiveness of the organisation as well as the well-being and satisfaction of the workforce. Dillman's (1978) Total Design Method maps out the overall procedures in the development, design, sampling, implementation and analysis of surveys. More recently the 'Tailored Method' has been articulated, describing a mixed-mode approach whereby some respondents are surveyed by interview and other respondents complete questionnaires (Dillman 2006).

West (2004, p23) alerts us to the types of questions which line managers may use to gather feedback from team members in order to improve competencies. Items such as the following can all provide useful feedback on the effectiveness or otherwise of team processes, management and behaviours.

- I am clear about my individual role and personal goals.
- I understand how my role and goals relate to the team vision.



- Differences of opinion are respected within the team.
- Team meetings take place regularly.
- The team uses constructive feedback to regulate its performance.
- Communication within the team is generally clear, direct and respectful.
- I feel safe and supported in the team environment.

#### DIFFICULTIES WITH STAFF SURVEYS

West et al (2002) advocate the staff survey methodology on the basis of evidence indicating that employees are more likely to provide more information in a survey than they would in an interview. Nonetheless Couper (2000) warns that if the topic of a survey is particularly sensitive some employees might be discouraged from completing company-related elements, particularly if administered 'on site'. Response rates may also be affected by complex or highly politicised power relations within organisations. While behaving in a scrupulously ethical manner regarding confidentiality and anonymity of data may go some way to overcome reasonable staff concerns, in a fundamentally low-trust environment such assurances may be disbelieved, despite the requirements of the 1998 Data Protection Act.

In response to such concern Klages and Loffler (2001) advise paying close attention to matters of sensitivity when devising staff surveys, in addition to creating an atmosphere of trust when administering such tools. Methods which may aid this process include:

- raising awareness of the survey
- providing visible and clear leadership in conducting the survey
- soliciting the support of middle management
- communicating the impartial nature of the survey and making known any actions taken arising from suggestions made in the survey
- gaining active support
- guaranteeing credible anonymity.

Further concerns regarding surveys include the purposes for which the information obtained may be used and who will have access to it. To this end for large surveys or contentious topics, it may be beneficial to contract the work to independent external service providers. This distancing from the organisation may both enhance the survey's credibility and reinforce its confidentiality.

The act of carrying out the survey may in itself affect the organisation. Asking for views on a sensitive issue regarding, for example, management behaviour is likely to raise expectations that something will be done about it. Alerting staff to the idea of work overload as a possible area of concern may cause employees to reflect on their work in a way that they had not previously considered and thereby generate negative feelings. Therefore, while surveys offer significant potential benefits for organisations, they should not be taken on lightly or merely to 'test the water'. Asking people their views implies that those views will be taken

seriously and appropriate action will be taken, or at least that suitable justification for inaction will be provided. Without such action arising out of surveys, employees soon develop 'survey fatigue' and a valuable opportunity for effective organisational development is lost.

This section has explored a number of routes through which resourcing-related information of value to the organisation in strategy development can be gathered. While some of the activities described here may have the effect of motivating employees to greater levels of performance, reward and recognition in their broadest sense are the tools through which organisations most directly seek to impact on employees' willingness to perform.

## REWARD

Reward serves a range of purposes for both organisation and employee. For the organisation the central purposes are mobilising and motivating a workforce: that is, attracting and retaining staff, and encouraging them to put forth optimum effort in order to achieve the aims of the organisation. For the employees, as well as establishing a certain level of purchasing power, it serves as a means of recognition for their efforts and a demonstration of their relative value, both within the organisation and in the wider labour market.

In a wider context there are other stakeholders in the reward–effort bargain. The two most significant of these are government, which plays a relatively limited role in regulating wages but has a more significant role as the public sector employer, and trade unions, for whom the reward package may be not only a cause of concern in itself but also a bargaining chip in relation to other aspects of the employment relationship.

While financial issues tend to dominate much of the thinking around reward packages, in a strategic context reward also serves a symbolic purpose, demonstrating both internally and to the wider community what is valued and thereby reinforcing policy, strategy and ultimately behaviour. Reward strategy is, according to Armstrong and Stephens (2005, p25), 'the declaration of intent which expresses what the organisation wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of stakeholders'. This is a much broader agenda that goes beyond simple pay rates or incentive schemes. It is a statement of intent, aligned to the goals of the business. Reward management therefore puts into operation those strategies and policies through which people are fairly, equitably and consistently rewarded (Armstrong 2003), reflecting both the role's and the individual or team's value to the organisation, not just the value they create for the organisation, and should be geared to performance improvement and development.

Reward systems are multifaceted, comprising both financial and non-financial elements. The financial element, or remuneration package, includes base and variable pay components, as well as additional benefits and opportunities such as share ownership. Non-financial rewards include recognition, opportunities to



develop new skills or career directions, and a range of intrinsic and almost entirely intangible issues such as job satisfaction, intrinsic motivation and attachment to or engagement with the organisation. Here we take this broader view of 'total reward' rather than the narrower one based solely around remuneration. John Bratton (2007, p360) captures this perspective, stating: 'Reward refers to all the monetary, non-monetary and psychological payments that an organisation provides for its employees in exchange for the work they perform.'

While the elements of the reward system are not particularly contentious, it is perhaps less clear what exactly it is that we are rewarding. Clearly the base pay component of reward relates to the job. This irreducible minimum accrues on the basis (we would hope) of the role and responsibilities inherent in the job, the level of which is determined by recognition of both internal equity and external relativities. These are determined in the main by job evaluation programmes and market rates respectively, although the relative emphasis on one or the other can be a matter of choice. Indeed this balancing act between internal job worth and external market rate can give rise to significant tension. A highly sought-after skill may require a pay level which breaks existing internal relativities and runs against existing job evaluations. An alternative may be to provide more attractive non-financial rewards, for example career paths, security, or other opportunities to earn, learn or develop. Benefits are increasingly becoming harmonised across a workforce. Recent changes have enshrined in law the provision of paid leave to all employees. Similarly employees have rights to parental leave, although companies may choose to exceed the statutory minimum requirements to demonstrate their social responsibility. Childcare facilities or vouchers, private health insurance, pension schemes and so forth also can be included as additional remuneration benefits, available typically on the basis of the job held, rather than the person who holds it.

On top of this is an element of reward accruing to the person who holds the job, which typically will also be fixed. This would derive from people's skills or competencies, their seniority or tenure and their qualifications. Typically this is operationalised by the position on the salary scale on which each individual is located, according to what they bring to the role, or how hard they can negotiate.

Variable or contingent components of reward typically focus on outcomes or behaviours, achievement against targets and the extent to which the individual demonstrates appropriate behaviours and attitudes in pursuit of those targets. These performance-linked rewards may also be awarded at individual, team/work-group or organisational levels. Thus while an individual may receive a (non-consolidated) bonus for a particular achievement at work, the work-group may be awarded an additional day's leave for consistently achieving above its targets, and all employees may share in a profit-related payment calculated on an annual basis. There is a further aspect of performance that may also be rewarded; those aspects of behaviour at work which, while never specified in any job description, are essential to the overall smooth running of the organisation. These are variously referred to as organisational citizenship behaviours, contextual performance or extra-role performance.

Such contingent reward allows the organisation to establish clear relationships between performance and competence or skill, recognising achievement and reinforcing individual or team effort. These reward options may serve to concentrate effort in priority areas, demonstrating the extent to which the organisation values certain skills or skill development. They can reinforce a performance-related culture and seek to increase employee commitment through benefiting from organisational success.

Reward strategy has undergone some fairly dramatic changes in recent years. These include a shift towards greater emphasis on flexibility and performance, a broadening of pay bands and a closer alignment to business strategy. This 'new pay' agenda (Schuster and Zingheim 1992) assumes that the closer linkage between reward and performance in line with business need will result in improved performance in the interests of the organisation, as people strive to maximise rewards linked directly to the achievement of organisational objectives. Unfortunately, this view makes a rather simplistic assumption about why people work. Such a reward maximisation agenda does not truly reflect human motivation at work. Pfeffer (1998) highlights that people work not only for money but also for meaning and fun. Exclusive emphasis on payment for performance generates a transactional relationship between the parties, in essence bribing employees for their continued co-operation and ultimately undermining attempt to develop or reinforce mutually beneficial exchange.

If we accept the broader definition of reward as including less tangible aspects, this rational economic assumption becomes less troublesome. Where reward takes the form of either a social good or some other desired outcome, then the opportunity to go the extra mile may be grasped more willingly than were a monetary value placed on each additional task completed or minute of overtime worked.



### REFLECTIVE ACTIVITY

Identify for an organisation with which you are familiar the range of rewards available. You may want to divide these into financial and non-financial, or tangible and intangible, or fixed and contingent.

Who has control over the distribution of those rewards?

Is there an underpinning strategy driving the allocation of reward?

The determination of reward is a thorny subject for most organisations to address and returns us to measurement issues and exchange in employment once again. It has long been recognised that it is poor practice to link developmental appraisal and reward determination within a single process, as that will distort either the open discussion of development needs or accurate assessment of



performance, or both. However there is often the temptation on efficiency grounds to do just that. Within a performance-based management system, there needs to be some assessment of criterion performance indicators if we are to link performance and reward. However this again returns us to issues of both distributive and procedural justice, and indeed concern for equal pay legislation. One of the most often repeated claims with regard to pay systems is that they must be transparent, consistent and fair.

These discussions lead us to the inevitable conclusion that while reward system design clearly has the potential to operate strategically, the route through which the strategy is implemented as a system, and subsequently the application of that system, presents challenges throughout an organisation. The use of reward strategies as an HRM tool is a relatively recent development and entails a process which rarely wins any popularity contests. Questions of fairness and equity, as raised earlier, tend to be magnified and pursued to their extremes within any discussions of reward.

## CONCLUSION

The application of strategy through resourcing practice is potentially highly influential in ensuring strategy is achieved. Starting with a clear vision of resourcing strategy, integration between different resourcing domains (recruitment, appraisal, reward etc) will serve to reinforce that vision through consistent and mutually supportive activities.

It is unlikely that any single set of resourcing activities will result in success in all organisations. While there are best practice prescriptions and preferred configurations of activity, the core skill of HR strategists may be to interpret these for their own context.

Line managers are becoming a key player in the achievement of strategic objectives, and HR will also need to play a significant role in supporting those enactors of the overall strategy. While there is some evidence of such devolution of HR responsibility today, there is still a long way to go before HR strategy is fully enacted through capable and willing line managers.

Measurement is central to much resourcing activity, either the measurement of performance in appraisal, of individual attributes in selection or of organisational performance through surveys. In all cases, understanding clearly which key features need to be measured and how to go about this are challenges to contemporary HRM.

Finally, resourcing strategy does not emerge and become enacted fully formed. Activities, pronouncements, policy decisions and actions are all interpreted within the organisation, and a failure to recognise alternative mindsets and respect other interpretations will almost inevitably undermine the best of intentions. Unfairness is not necessary to undermine trust in an organisation; the mere perception of unfairness is sufficient.


**KEY LEARNING POINTS**

- Strategic resourcing provides a bridge between organisational strategy and enacted policy.
- Effective resourcing strategies can enable organisations and employees to achieve mutually beneficial outcomes.
- Resourcing practices need to be mutually reinforcing and consistent.
- Line managers are central to the operation of resourcing strategy.
- Both employers and employees are active agents in developing and interpreting the employment relationship. Each plays an active part in its construction and development.
- Evaluation of the effectiveness of resourcing strategies relies on consistent and acceptable measurement.
- Competencies and performance both imply behaviours rather than simply outcomes or results.
- Perceptions of fairness and justice in resourcing strategy and implementation are crucial in developing trust in organisations.
- Recruitment and selection activities and communications shape the early relationship between the employer and the employee.
- Both candidates and employers make recruitment and selection decisions.
- Performance appraisal may fulfil many useful purposes, but not all at once.
- The complexity of contemporary employment may make measuring performance difficult. However, choosing inappropriate but easily measurable indicators can distort behaviour.
- Staff surveys provide an opportunity to gain clearer understanding of organisational climate and can contribute to improving organisational effectiveness.
- Rewards systems need to be fair, equitable and consistent; transparent and participative design may enhance these outcomes.
- Resourcing strategies can symbolise corporate values and seek to encourage particular behaviours, attitudes and motivations.





## QUESTIONS

1. You have been asked by an organisation to set out its policy on recruitment. It is very focused on ensuring that the policy is perceived to be fair. What are the main points that you would emphasise in drawing up its policy?

employees were selected for redundancy on the basis of a selection matrix that seemed to resemble the appraisal system. Outline a presentation that you would give the line management explaining how trust in the appraisal system should and could be restored.
2. Employees in an organisation have become very suspicious of the appraisal system that is used, particularly following a recent redundancy exercise where
3. How can reward be used to address the recruitment difficulties of scarce skills without demotivating existing employees?



## ALLPORT CHILDREN'S HOSPITAL

Allport Children's Hospital (ACH) is a highly successful but small stand-alone unit within the Allport Foundation Hospitals Trust (AFHT). It operates from its own site five miles from the main city hospital. The future of ACH is uncertain. There is a strong chance that in three years time it will be merged with the children's acute ward in the city hospital. The AFHT believes that bringing all children's services onto one site would reduce overheads and enable more effective use of flexible staffing. Given recent overspend on the AFHT overall budget such economies are highly favoured. However, the success of the unit has enabled its management to defend it so far against merger plans. It has recently won a national award as the most welcoming unit of its type, and has a national reputation of excellence in service provision. Recent changes in patient referral policy and choice have resulted in huge increases in the number of parents seeking to have their children admitted to ACH for elective care. As a result, AFHT is reluctant to press ahead with a move that would be financially sound but hugely damaging to its public and professional image. Since initial discussions of the move became public, both local and national pressure groups have been campaigning strongly and noisily for the retention of the separate children's hospital. Even though no decision is imminent, it is inevitable that there will be appeals whatever the decision. Meanwhile funding remains difficult and the uncertainty over the unit's future casts a cloud over day-to-day operations. As a result, staffing ACH

is increasingly challenging and morale is falling.

ACH has a high labour turnover. It is a pressured and emotional environment and many staff find dealing with sick children is too hard for them for any length of time. The lack of clarity over the hospital's future is lowering morale and within the local labour market this is well known, making it an unattractive place to consider working. As a result there are a significant number of permanently unfilled vacancies and an increasing use of agency staff across all areas of the hospital's provision.

The hospital lost its consultant paediatrician and its senior nurse manager within the space of six weeks. Neither of these resignations was foreseen and both occurred for reasons unrelated to the hospital and its difficulties. In general, staff were very sorry to see them leave and each has left a large hole behind.

ACH general management needs to decide on a way forward and make a decision about whether and how to replace these two significant roles. Without appropriate leadership on both the medical and the nursing side, it is anticipated that morale will fall further, and this will give AFHT the ideal excuse to go ahead with the merger. On the positive side, the performance figures for ACH are spectacular and it is widely respected as providing an excellent service to both patients and their families.

How can strategic HRM resourcing assist in this period of uncertainty and change?





## ALLPORT CHILDREN'S HOSPITAL (CONTINUED)

- Think about how managers and staff can be supported to be competent in decision-making and maintaining momentum and effort in the face of change.
- Think about why managers should engage with and empower people instead of controlling them.
- Think about whether or not it is common for staff to feel stressed during times of uncertainty and change and HRM strategies.

What style of leadership is needed for the new posts?

- Think about which styles of leadership lead to lower staff turnover, higher productivity and higher employee satisfaction.
- Think about the leadership posts in relationship to the organisational outcomes.

Think about what steps you would take to fill the available roles.

How can staff be motivated and morale improved?

- Think about what types of reward and recognition you would use to improve the morale of the workforce.
- Think about how staff can be engaged in the change process.
- Think about the role of line managers in motivating their teams.

How would you assess the mood of the workforce?

- Think about what types of performance measurement you would use to assess the mood of the workforce.
- Think about how you would make good use of the appraisal system.
- Think about how you would benchmark the changes year on.



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## EXPLORE FURTHER

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