# Durham E-Theses

## A review of theoretical development in strategic human resource management by the application of a framework to a small firm in the credit management sector

Asquith, Margaret Main

Margaret Main Asquith

'A review of theoretical development in strategic human resource management by the application of a framework to a small firm in the Credit Management sector'.

Submission for M.A. by research

1996

## Abstract

The past two decades have witnessed the growth of interest in gaining businesses competitive advantage by treating employees as assets and so gaining employee commitment. The concept of strategic human resource management which is at the formative stage of theory development, supports this approach. This development has heralded much academic attention, in particular since its American origin signifies a need for unitarist workplace relations. Nevertheless, British academics have welcomed this new perspective on personnel management, albeit with caution.

Concern centres on whether the concept of strategic human resource management is anything new, or not just a re-labelling of personnel management. Furthermore, is it appropriate in the U.K. and perhaps more so for some groups of employees in certain industries, than for others? Traditional personnel management in the U.K. has sought compliance rather than commitment.

Development of the theory is of primary interest to this research. Of equal interest is the perceived gap between theory and practice, in particular how this affects small firms. A case study approach was therefore applied to a small firm in the Credit Management sector, an industry found to be highly under researched. In order to provide useful analysis, a qualitative database was developed, based on a framework selected from current literature.

This literature suggests that strategic human resource management and the achievement of commitment can only be developed in firms which are 'strategic planners'. The research sought to examine this claim, and although the findings have by no means clarified this ambiguous and complex concept, it is arguable that only 'strategic planners' can achieve a strategic human resource management approach.

The framework selected for the research has been re-configured and the umbrella term 'Human Resource Management Content' is suggested as the independent variable for further analysis and most likely to aid future research.

'A review of theoretical development in strategic human resource management by the application of a framework to a small firm in the Credit Management sector'.

<u>submission for M.A. by research</u>

Margaret Main Asquith

University of Durham
(Department of Adult and Continuing Education)

1996

"When chapman billies leave the street,
and drouthy neebors neebors meet:
as market days are wearing late,
an' folk begin to tak' the gate;
while we sit bousing at the nappy
an' getting fu' and unco happy,
we think na on the lang Scots miles,
the mosses, waters, slaps, and styles,
that lie between us and our hame,
where sits our sulky, sullen dame,
gathering her brows like gathering storm,
nursing her wrath to keep it warm..."

excerpt from 'Tam O'Shanter' - Robert Burns

# Contents

## Chapter 5 Strategic Human Resource Management
### - content and context.

### Chapter 6 Summary - Conclusions

# List of Figures

# List of Appendices

# Chapter one

## 1.1 Introduction and overview

The concept of strategic human resource management is held to have developed from the perceived interest within businesses in treating employees as assets, and therefore as an aid to increasing businesses competitive advantage. In order to increase competitive advantage, employee commitment is seen as a key element in the overall approach. This has led to the question of how employee commitment can be secured and whether personnel management should have a 'new' status at strategic level.

A further area of interest is the perceived lack of research at the level of the small firm and within the industry of credit management, which provides the backdrop for a case study approach.

The literature suggests that multivariate research of a longitudinal nature would be most revealing, but this usually involves research covering whole industries with very little intensely focused case study in strategic human resource management. It has also been suggested (Guest 1987:518) that only firms which are 'strategic planners' (Goold and Campbell 1986) will be able to develop strategy which engenders employee commitment rather than compliance, but the reasons for this are unclear. Furthermore the question of how to narrow the gap between theory and practice is one of the oldest and arguably most difficult in academia.

It was perceived in the early stages of the literature review that of particular interest was the apparent success of small to medium size firms which operate without formal strategy or personnel resources. There is however a lack of research material concerning the human resource management (HRM) strategies and problems of smaller and medium sized companies. This issue has been highlighted by Pettigrew et al (1990). The gap in the literature is surprising considering the significant number of smaller firms in providing employment. It has been estimated that two-

1

thirds of Europeans in paid employment, work in small and medium enterprises (Vickerstaff 1992:1).

For the purpose of this research the firm used in the case study can be classed as a small enterprise, it employs one hundred and twenty four people (including 'self employed' sales consultants) and is closest to the category defined by Vickerstaff (1992), that is where a small firm is that which employs less than one hundred employees. Research by Abbott (1993) defines the small firm as that which employs less than twenty five employees. Eurostat Data (Sisson et al 1991) defined firms in categories of: nine or less; ten to ninety-nine; one hundred plus; and five hundred plus. In the Euro census conducted in 1986, ninety per cent of all firms in the twelve member countries employed less than ten employees (nearly twenty seven per cent of all employees). In the UK forty seven per cent of all employees are employed by firms employing between ten and five hundred, and twenty three per cent employed in firms employing less than ten.

The literature often argues that small firms are neglected by researchers, although their has been recent interest in the training strategies of small firms (Vickerstaff 1992; Abbott 1993; Goss and Jones 1992). However, the assumption tends to be that small firms are homogeneous regardless of sector, as problems are similar- lack of finance, lack of time as owner/managers perform many tasks and wear several 'hats', and lack of human resources. Nevertheless, the needs of smaller firms must also differ from sector to sector according to customer interface, production or service provision and competitive market. Research on the small firm which pays attention to the sector and context is therefore significant.

Small and medium sized enterprises account for an overwhelming majority of firms in the European Community and improving the business environment for small and medium sized enterprises (SMEs) is a policy priority. A recent study has established that SMEs need most support because of their lack of resources (European Commission). To boost job creation and competitiveness, the European Commission is proposing ten priority measures to assist the sixteen million craft and

small enterprises in the EU. Proposals include administrative simplification, better access to financing, and vocational training. The employment and therefore economic influence of small to medium sized firms is then significant

The small firm chosen as the focus of the case study was chosen because it had traded successfully[1] for twenty years and appeared indifferent to the text book wisdom of good employment practice. An underlying consideration was that of how strategic human resource management which has had such recurring interest within the literature could relate to the small firm?

Strategic human resource management was found to be a new concept which is at the exploratory stage, with many questions about its theoretical sophistication still unanswered. The research was therefore trying to broaden knowledge at the identification and description stage of theory development (Behling and Schriesheim 1976), and to develop understanding of what inhibits or contributes to strategic human resource management in the small firm.

Development of understanding of the concept is best advanced by data gathering and analysis. It was therefore essential to focus on a framework as the basis of the research. This involved primarily, qualitative data collection and a critique of the available literature to help broaden the scope for future research.

## 1.2 Objectives

The main contentions are that firstly there is much confusion and ambiguity within the literature as to the possibility of there being a new theoretical sophistication within the field of personnel/human resource management.

---

[1] the success of the firm has been perceived by its continued ability to trade.

Secondly the gap between theory and practice is broadened by overly rational assumptions about the underlying processes experienced by practitioners, which have contributed to the new concept of strategic human resource management.

The objectives of the research were therefore as follows:

(i)     To review and evaluate the literature and to select a framework which seems most likely to aid exploratory research into strategic human resource management.

(ii)    To apply the framework to a case study of a small firm in the credit management sector and to evaluate the usefulness of this framework as a conceptual tool.

It was hoped that by achieving those objectives the following questions could also be answered:

(a)     Why different employee practices either engender or hinder human resource management influence and what external market influences have effect (if any) on the small firm's approach to employment practices, competitiveness and performance.

(b)     To find out how the small firm perceives, understands and reacts to certain employees needs.  To what extent are employees seen as costs or investments and what effect this has on the firm itself.

## 1.3 Research method

Semi structured and unstructured interviews with a large percentage of staff within the firm were proposed as a means of gathering data.   At the time of the research the firm employed a total of one hundred and twenty four employees at seven branches, of whom, forty two per cent were finally interviewed.

Other data were gathered from participant observation, meetings with senior management and visits to observe and interview at the seven branches of the firm located throughout the UK and Ireland. Secondary source material included in-house company memos, newsletters and contracts of employment literature. A pilot survey was conducted which helped draft the final questionnaire for semi structured interviews.

## 1.4 Research findings.

The literature review found evidence of the emergence of a 'new sophistication' (Boxall 1991) towards the theory of strategic human resource management in the British context. Although this is clearly at the development stage, the gap between business strategy and personnel functions may finally be closing. This concept of strategic human resource management, is fundamental to the increasingly popular search for commitment from human assets within the firm, in order to gain competitive advantage. The view that a strategic human resource management approach is only viable for firms which are 'strategic planners' (Guest 1991) remains unclear.

The framework selected as the basis for the research (Hendry and Pettigrew 1990) proved a useful, practical focus for the case study, and raised the following main points:

- two distinct employment practices operate within the firm
- culture clearly subject to manipulation and dependant on strategic formulation
- lack of data within the firm, in particular about competitors and sector
- a comparative study of other firms in the sector is essential
- the question of appropriateness for different employment approaches

However, it is with reserve that the framework is recommended in its present form and a new configuration and emphasis has been suggested. Furthermore, the

research has sought to develop management perspectives and has highlighted the need for managers to be able to conceptualise solutions within the context of the firm. Small firms in particular are subject to the influence of academic theorising and normative prescripting by business school 'gurus'. The answer may be in National and European vocational training and curriculum development with particular frames of reference for small business managers. Managers need to learn to be managers.

One of the most challenging issues the research identified (although by no means a new one) was the problem for practitioners in human resource management proving that culture should not be manipulated to fit, nor made to follow strategy but should be behaviour led, organically grown and emergent from within the organisation. Values imposed by the power and authority of management, rarely improve performance.

## 1.5 Order of presentation.

Firstly a review of the literature, from which a framework was selected as the basis of the research (chapter two). This is followed by a brief description of the firm and the credit management industry, as the focus for a case study (chapter three). In chapter four, discussion centres on the method of research and reviews theoretical development and the perspectives of different goals of science. Chapter five analyses the case study based on the framework, while Chapter six takes up the debate, with discussion, and conclusions.

# Chapter two - literature review.

## 2.1. Overview

The literature review revealed six distinct, currently popular, themes which although seemingly artificially separated, were held to have strong common links: management style; business strategy; personnel management in practice; human resource management; strategic human resource management; development of theory. Each of these areas shall be examined in order to understand current academic views.

According to Boxall (1992) a major shortcoming in personnel literature is the constant advocating of best practice for human relations in the workplace. Hendry and Pettigrew (1990) are critical of the 'armchair exercise' of trying to match best practice to certain management styles and Purcell (1989) also supports the idea that we must primarily look at the implications of employee relations under a variety of management approaches to strategy.

Clearly an examination at the level of the firm may help to develop the perspective of emerging theoretical models. However according to Hendry and Pettigrew (1990:21) strategic human resource management, includes 'a coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, and often underpinned by a 'philosophy''. Therefore, it is essential to fully understand how different management styles and philosophy can influence business strategy.

Furthermore, strategic human resource management, may mean matching human resource management activities and policies to some explicit business strategy, hence it is important to have clarification of the concept of business strategy.

The next two sections will explore firstly, management style and secondly business strategy. This will be followed by a discussion on personnel and human resource

management leading up to the development of strategic human resource management as a concept. The development of theory is fully examined in Chapter four.

## 2.2 Management styles

Goold and Campbell (1986; 1987) researched the role of corporate management and the relationship between corporate, divisional and business unit managers in strategic decision making. Most importantly they analysed the way in which corporate management establish the atmosphere and context in which lower level managers propose and implement strategy. Although it is accepted that there is no style which is wholly right or wrong, it is held that most companies can fall loosely into the framework suggested by Goold and Campbell (1986; 1987)

The two dimensions used in this framework are *planning influence* and *control influence,* which define eight different management styles (figure 1). Planning influence is a measure of the extent that the *corporate centre* influences or adds value to the business units. The corporate centre is defined by Purcell (1989:67) as having the following four main roles:

* the development and execution of corporate strategies;

* the monitoring of divisional and operating subsidiaries performance;

* the allocation of internal capital;

* the treasury function managing relations with the external capital and money markets (Purcell 1989:67).

Two extremes are where the centre makes all strategic decisions and allows business unit managers to influence only local operational concerns, or alternately, where the centre has literally no influence over business units' strategy and structure.

Control influence arises from the amount of reaction the corporate centre has over targets and the frequency of their attempt to control and influence results. Goold and Campbell (1986; 1987) concentrated on sixteen large successful British companies which were all publicly quoted with their headquarters in the U.K.

However the framework is useful as a conceptual tool for analysis to both management and researchers alike in understanding the different styles which lead to different results and the advantages and disadvantages associated with each.
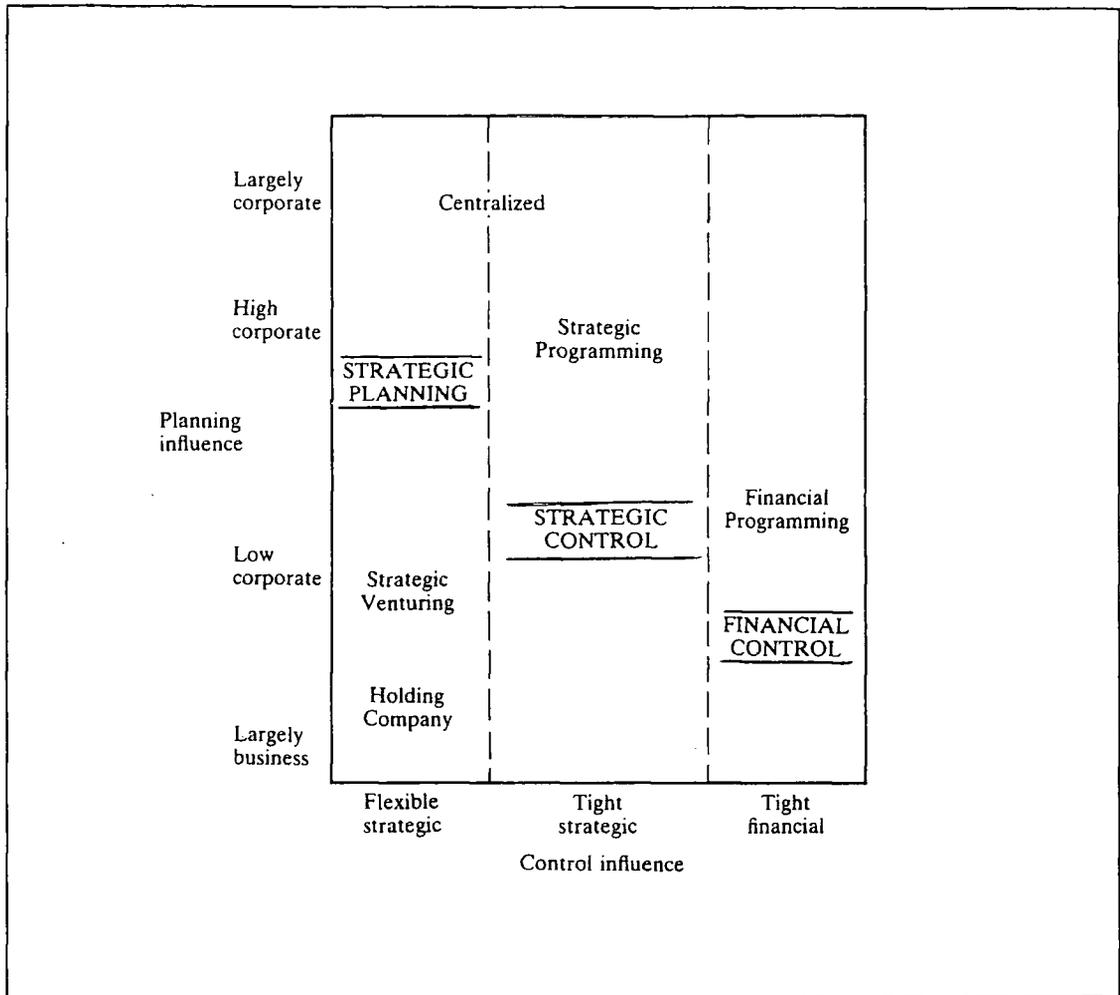


**Fig 1 Strategic Management Styles**
**Source: Goold and Campbell 1986:224)**

The three main management styles were found to be:

**Strategic Planning**  This is where the prime responsibility for strategy is located with business unit management, but there are usually overlaps between each separate business unit.  The corporate centre will take an active part in strategic  thinking.  The main aim is to encourage lower level management to think strategic ally and develop long term perspectives.  The corporate centre will allocate resources to support business unit agreed strategies and there is usually much emphasis on long

and short term reporting to the centre with integration between business units. The ultimate strength in strategic planning companies is where the centre management have the experience and flexibility to be able to support, guide and perceive each business units needs.

Ideally this approach engenders bold expansion and in depth analysis throughout the company. If not properly maintained however, this can have the effect of creating tight centralised companies, where business unit level management are stifled in their capabilities, by too much control and influence from the centre. The companies included in the research which fell into the above category were BOC, BP, Cadbury Schweppes, Lex Service, STC and United Biscuits.

**Strategic Control** This is where again the prime responsibility for strategy development lies with each business unit, but without the centrally generated overlaps between units. Central support would be agreed for projects at each unit level but without any influence on specific strategies. There is also usually tighter control over performance based initiatives, which increases profit margins and reduces overall costs. The problems which can occur here are maintaining the balance between long-term plans and short term control, where short-term financial targets take precedence over long-term plans. Furthermore the centre can lose contact with the business units as so much of the responsibility is devolved, that the communication between corporate centre and business units becomes unclear and potential helpful influences between the business components get diluted. The research companies under this category were Courtaulds, ICI, Imperial Group, Plessey and Vickers.

**Financial Control** This is where there are usually no formal planning systems and the centre acts as a monitor over expenditure, financial targets and overall performance. This type of management style involves short-term payback criteria on investment decisions and everything is measured as a financial cost. strategic development and planning is devolved to business unit level and focus is primarily on budgets, through which performance is judged. There is strong pressure on poorer

performing business units and ultimately ruthless management changes made in the light of poor financial returns on investment. The main criticism of financial control companies is that they milk their businesses and strip assets to maximise profits. The companies researched under this category were BTR, Ferranti, General Electric Group, Hanson Trust and Tarmac.

## 2.3 Summary of different management styles

In summary, financial control companies decentralise decision making and limit central influence and co-ordination between units, whereas strategic control and strategic planning companies would encourage central participation in decision making. The importance of the above differences is crucial to the analysis of strategic human resource management influences or inhibitors within a company, because they help to conceptualise how culture and management philosophy are influenced and indeed created.

Goold and Campbell (1986) concluded that although each of their sixteen companies were unique in themselves there was sufficient evidence of common approaches to be able to slot them into any of the above three categories of strategic management style. Five other strategic management styles were found to be:

> *centralised*
> *strategic venturing*
> *holding company*
> *strategic programming*
> *financial programming*

which although held to be less popular were however found to be of interest in terms of how much each contributes lesser value to a companies overall success.

Holding companies were found to have too little influence on business units success and centralised companies with too tight control that stifles strategy. Similar problems were found with strategic venturing, programming and financial

11

programming in that they have difficulty in finding the right balance of distance between the corporate centre and business units.

To conclude the above section on management styles it can be said that the style and philosophy of management influences to a great extent the type of business strategy the company will follow. Strategic human resource management is said to rely largely on a particular management style and philosophy and Guest (1987) suggests that it is only strategic planning companies which will have the commitment and ability to capitalise on strategic human resource management policies successfully.

Management styles influence business decision making. Decisions are typically to follow a strategic plan, although this may not be formally articulated. Corporate strategy espoused by many management consultant 'gurus' are fairly influential forming the syllabus of most MBA programmes, and therefore require examination.

## 2.4 Corporate Strategy

A basic text book model of business strategy can be illustrated as follows:

strategic Analysis
↓
strategic Choice
↓
strategic Implementation
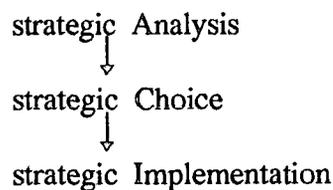
Strategic Analysis involves environmental scanning i.e. the company's commercial, political, technical, cultural and societal context - its outer influences. Analysis also looks at the inner influences i.e. resources, strengths and weaknesses, product/ services provided, management style. A further element is an analysis of the stakeholder expectations, the company culture, beliefs and assumptions, power groups and influences.

There are various tools of analysis which can be applied from audits to scenario building. An example of one such popular model is the growth/share matrix (figure 2).

MARKET SHARE

| | | High | Low |
|---|---|---|---|
| MARKET GROWTH RATE | High | Star | Problem child or question mark |
| | Low | Cash cow | Dog |
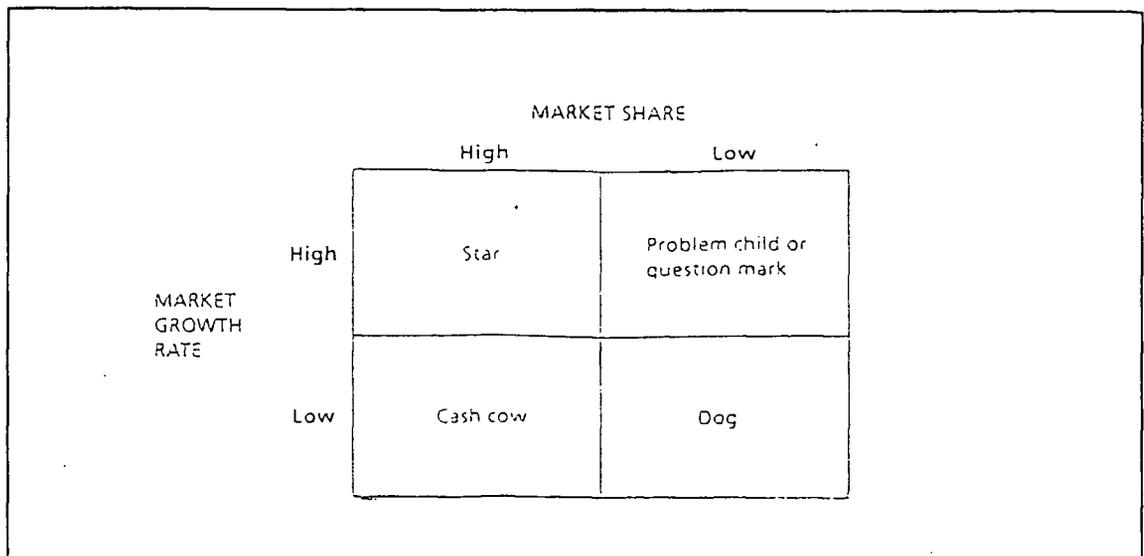
Fig 2 The Growth Share Matrix
Source: Johnson and Scholes (1993:105)

Many organisations have either multiple products or multiple markets and a popular way of analysing their key strengths and weaknesses as individual strategic business units (SBU's) is to look at each as complimentary elements in the company's portfolio. The originator of this idea was the Boston Consultancy Group in the early 1970s.

It is used to assess and evaluate how each SBU contributes to the strategic capability of the company. Its main concentration is on how the cash flow of each SBU affects the others. The ultimate aim should be to find a balance throughout the portfolio.

*A Star is a SBU which is using a high amount of investment in a high growth market with a high market share (the launch of a new product or service).*

*The question mark is in a high growth market, but with low market share, it would require heavy investment, but may not attain cost effectiveness as quickly as the Star, (a new product in a highly cost competitive or saturated market).*

*The Cash Cow as the name implies would be a cash provider, say in a mature market, but with high market share, the need for investment would not be so intense.*

*Finally the Dog is likely to be that in a declining market, which would need attention to revitalise, but could still be needed to keep the balance of the portfolio (a declining product range, but complimentary to other products the company provides).*

The Boston Box's attraction (and main criticism - see Hamermesh 1986) is that it maximises the company's financial results by quickly getting rid of less valuable resources in a rather ruthless way. This generates a knock-down effect on not only the organisations culture and creativity, but on the broader economy as well. Strategic Choice is when the company must:

a.    identify what its possible options are for the future.

b.    evaluate each option in the context of the strategic analysis.

c.    select which option(s) are most likely to provide the greatest advantage.

Again there are various ways of deciding strategic choice, but an example of one such method would be Porter's generic strategies for competitive advantage. The basis for this business concept (figure 3) is that a company must be clear on its basic generic strategy (Porter 1980) in terms of:

* Cost Leadership - if this is the route the firm chooses it must achieve and maintain the lowest prices on the market, by dictating the market product price. This is usually by taking advantage of every cost reduction it can and so providing what the customer wants, but without the fancy packaging.

* Differentiation strategy - this is where the firm will consciously provide the market with products which are uniquely different in terms of some perceived value that the customer wants. The competitive advantage comes from firstly doing this before any other competitor and in such a way that the cost of the extra value is outweighed by the premium price they are able to attach to the product or service.

* Focus strategy - this is where the company seeks to focus on a narrower market at either a cost focus or a differentiation focus. This would be to a target segment of the market to provide a niche that generates competitive advantage.

There are problems with all three strategies. Firstly because a firm may choose to go for Cost Leadership, this does not mean that it will reduce its own costs and competitive advantage can only be gained by reducing input costs as well as output costs. Furthermore differentiation could be done by providing different products at the same price and there could be some confusion as to what the differentiation should be i.e. by the product itself or how it is marketed and to whom. A further criticism is that generic strategies make no mention of the actual process of strategy implementation, (Hendry and Pettigrew 1990) it is never assumed that employees could be the key strategic route to competitive advantage.

|  |  | COMPETITIVE ADVANTAGE | |
|  |  | Lower cost | Differentiation |
| COMPETITIVE SCOPE | Broad target | 1 Cost leadership | 2 Differentiation |
|  | Narrow target | 3A Cost focus | 3B Differentiation focus |
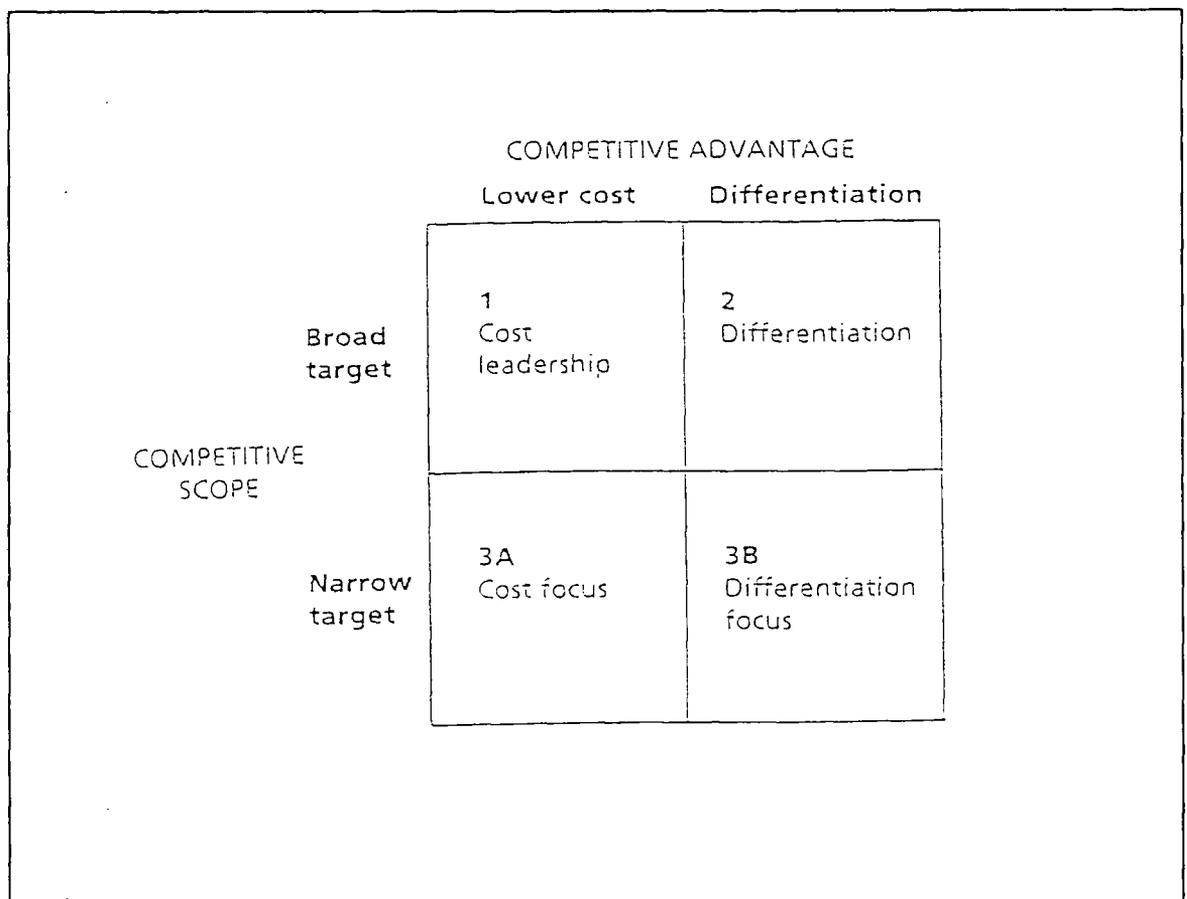
**Figure 3 Generic Strategies**
**Source: Johnson and Scholes (1993:206)**

How a company will evaluate which strategy is the most suitable or feasible is not an easy task and again various means of analysing which strategy is best are available. One of the most often cited examples is that of the life cycle portfolio matrix. One approach to the life cycle model (figure 4) is that of the business consultancy group Arthur D. Little who use a matrix to try to establish how appropriate a particular strategy might be in terms of two dimensions, the market position or competitive position and the stages of the industry maturity. A company in a weak competitive position would have to decide whether to 'grow with the industry' or 'withdraw' depending on the stage of maturity of the industry - 'ageing' or 'embryonic'. Naturally the decision would never be quite so simple as it may look. The position within the life cycle is determined by the following eight external factors: market growth rate, growth potential, breadth of product lines, number of competitors, spread of market share, customer loyalty, entry barriers and technology. (For further information on other strategic tools of analysis see Johnson and Scholes 1993; Purcell 1989; Ansoff 1987; Ansoff and McDonnell 1990).



Fig 4 The Life Cycle Portfolio Matrix
Source: Johnson and Scholes (1993:251)

<u>Strategic Implementation</u>  This is where the company must translate its strategic analysis and choices into action.  This will involve planning and allocating resources, for example, what key tasks are there? what other technical or human resources are required? what changes must be made? who will be responsible for implementation? A second element will be the consideration of changes to the organisational structure which could involve re-training the workforce, or changing information systems. Third would be the management of strategic change which may mean changes to the culture or internal politics of the company.  This in itself could be the biggest stumbling block as employee resistance to change if not managed correctly, could have a powerful negative impact.  Leadership, clarity of vision and the ability to articulate the company's chosen strategy would be key requisites in the management of change.

## 2.5 Summary of Corporate Strategy

The main issue of business strategy is firstly at the level of the firm.  How far will a company adhere to its chosen strategic plan?  More importantly how much will it take into account the need to incorporate human resource management at the strategic analysis, strategic options <u>and</u> strategic implementation level, rather than only at the latter?  Strategy tends to "...de-personalise and reduce analysis to a common currency of figures" (Purcell 1989:72) and one of the greatest difficulties for human resource management practitioners is in proving that certain approaches to the management of people at work can be associated with higher productivity, lower unit costs and improved profits.

Having examined both management style and business strategy it is clear that the success and direction of the firm will largely depend on the style and strategic approach of management.   Nevertheless, irrespective of size or strategic direction, personnel management as a function must be managed.  Personnel management is usually thought of as functions which are either formally or informally managed in organisations, both large and small, public or private:

*Recruitment and selection*
*Management Training and Development*
*Remuneration and reward*
*Employee development*
*Industrial Relations*
*Communication*
*Health and Safety*
*Induction*

The following sections will examine the rise of personnel management as a profession and consider the new approaches - human resource management and strategic human resource management.


## 2.6 Personnel Management - the UK tradition


As an institution, personnel management was originally an industrial movement associated with many of the large Quaker companies in the early 1900s. Its main concern was with better conditions for workers in the large developing manufacturing industries. In 1913 what was known as the Institute of Personnel Management (IPM) began as the Industrial Welfare Society. It was run by predominantly female welfare workers and represented workers views to management. In the 1920s the move was away from an emphasis on welfare rights to manpower control issues. This was to deal with the rising union and employee versus management relations and engendered in large companies the type of bureaucracy that develops from policies, procedures and worker regulations. The 1940s saw the move by personnel managers themselves to gain status as specialists and the IPM introduced qualifying membership to their ranks. In 1994 the I.P.M. joined forces with the Institute of Training and Development and became the I.P.D. (Institute of Personnel and Development - code of practice, see appendix A)

Personnel management has evolved in the last four decades as a recognised profession, but often still with the image of arbitrator or mediator and with a welfare orientated approach, rather than as a strategic decision making vehicle. According to Sisson (1989) there is still much ambiguity over the status of the personnel function because it has such deep rooted historical bearings. For instance, variations

in personnel's status may occur between firms which have foreign parentage, who are located in different sectors i.e. public or private, manufacturing or service industry, or whether their original planners or founding members were from a welfare background. For example, a well known epitome would be I.B.M. where the founders had very set beliefs in paternalistic employee relationships.

Models of personnel management described by Tyson and Fell (1986) were: 'The Clerk of Works', 'The Contracts Manager' and 'The Architect Model' which, as the metaphoric titles suggest, are influenced by the degree of which personnel management ranges from welfarism to professionalism (figure 5)

The 'Clerk of Works' model is that in which personnel is seen as an administrative activity involved in record keeping with no degree of specialist or strategic authority. The `Contracts Manager' model is where the firm would have a separate personnel department reacting to issues as they arise and acting as experts in support of line managers. The `Architect Model' would have executive personnel status and engender explicit business policies designed to manage change in creative and integrated personnel systems.

| | Clerk of works | Contracts manager | Architect |
|---|---|---|---|
| Welfare | | | |
| Employment management | | | |
| Industrial relations | | | |
| Professional | | | |
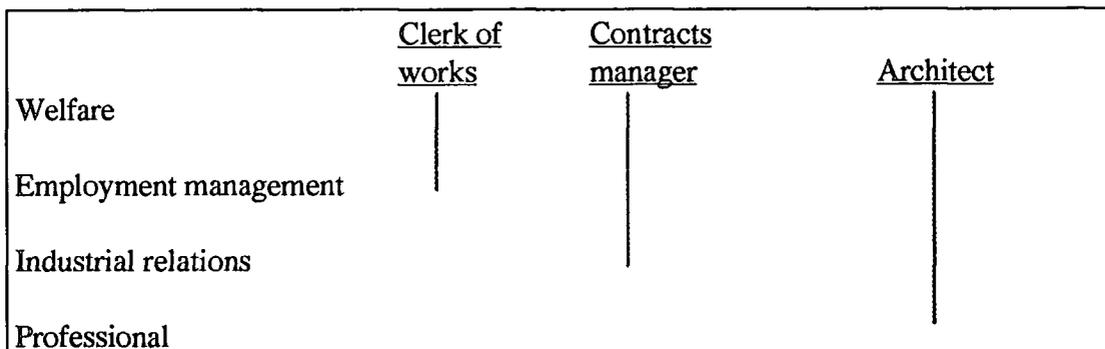
Figure 5 Models of Personnel Management
Source: Tyson (1987:526)

These models were further explored by Monks (1992a) who suggested that although the Tyson and Fell models were still very much in evidence they could be further subdivided into:

> *traditional/administrative*
> *traditional/industrial relations*
> *innovative/professional*
> *innovative/sophisticated*

ʈ

Which again indicate a range of personnel practices from simple to complex, with the newly developing innovative/sophisticated approach which encompasses personnel management at the strategic planning and policy making level. Clearly there are then at least four types of personnel management practices.

## 2.7 Human resource management (HRM)

Human resource management achieved popularity through the North American school of thought in the early 1980s. Much of the academic debate surrounding its advent especially in the U.K. is concerned with whether it is any different from personnel management and if so, in what way? Many writers on this issue, (Guest 1987; 1991; Legge 1989; Sisson 1989; Hendry and Pettigrew 1990) have noted that one of the main problems is in asserting firstly what personnel management is. Personnel management is about selecting, developing, rewarding and organising employees in such a way that both employees and employers achieve satisfaction and attain sought after goals. Personnel management is seen as a line managers as well as personnel specialists role.

Legge (1989) distinguishes between the American and the U.K. view of personnel management. Whereas American personnel management would assume a unitarist (Fox 1969) perspective, the U.K. approach would be more pluralist and accept that employee commitment and content can not be assumed and that fairness of terms and conditions must be negotiated by joint agreements and regulation. In this way, personnel management is seen as that which seeks _compliance_.

Human resource management policies are ultimately unitarist and seek _commitment_ rather than compliance. This is based on policies which foster mutually agreeable employee/employer levels of influence and rewards which are to improve organisation performance. Human resource management is a senior management driven activity which must be supported from senior executive level. It is about strategic integration of a broad range of policies designed to enhance commitment.

20

Personnel management in the traditional sense can be seen as a series of linked but often discreet functions which both specialists and operational managers have to deal with, whether formally or informally in an organisation. Human resource management is about taking a strategic approach to those functions where people are seen as a strategic resource for gaining competitive advantage. Guest (1991) borrows the appropriate labelling of 'compliance' and 'commitment' to help conceptualise the difference (figure 6).

|  | _Compliance_ | _Commitment_ |
| --- | --- | --- |
| _Psychological contract_ | Fair day's work for a fair day's pay | Reciprocal commitment |
| _Locus of control_ | External | Internal |
| _Employee relations_ | Pluralist<br>Collective<br>Low trust | Unitarist<br>Individual<br>High trust |
| _Organising principles_ | Mechanistic<br>Formal/defined roles<br>Top down<br>Centralised | Organic<br>Flexible roles<br>Bottom-up<br>Decentralised |
| _Policy Goals_ | Administrative efficiency<br>Standard performance<br>Cost minimise | Adaptive workers<br>Improving performance<br>Maximum utilisation |

Figure 6 Alternative assumptions and beliefs in Personnel/HRM
Source: Guest (1991:152)

Legge (1989) identified three features which distinguish human resource management and personnel management.

_a) Personnel management is an activity aimed primarily at non-managers, whereas human resource management is less clearly focused and is aimed more at management._

21

*(b) Human resource management is much more an <u>integrated</u> line management activity, but personnel seeks to <u>influence</u> line management.*

*c) Human resource management emphasises the importance of senior management's management of culture whereas personnel management does not traditionally see the issue of culture or organisational development as part of its role.*

Human resource management is then a <u>perspective</u> on personnel management which supports the idea that while the functional aspects of personnel can be 'given away' to line managers (Guest 1987), the strategic elements of business decision making must incorporate human resource management views at boardroom level. This is to engender HR policies which enhance the commitment of people to their work and their organisation. Human resource management raises questions about the traditional values and assumptions of management.

Academically the debate within the field ranges primarily on whether human resource management is indeed a new strategic perspective or just personnel management under a new name (Legge 1978; Guest 1987; 1989;). For instance, many companies have renamed their personnel departments as `Human Resources', but is it anything other than just a re-labelling of the same functions? Secondly, much of the academic literature centres on 'best practice' and narrows the focus onto the job itself as the unit of analysis i.e. how best to recruit, how best to train, or how best to reward. Although useful to practitioners to an extent, a human resource management perspective would suggest that the strength of knowing 'best practice' is diluted if not considered in conjunction with other strategic matters within the firm. A third problem is that while there is a wealth of literature in the business strategy field, (Chandler 1963; Porter 1985; Ansoff 1987; 1990; and see Johnson and Scholes 1993;) it nearly always only refers superficially to the implementation element of business decision making. On the other hand human resource management literature which is in short supply, treats the strategy side with the same cursory regard, (Lengnick-Hall and Lengnick-Hall 1988). In other words should we look at <u>human</u> resource management or human <u>resource management</u>? (Hendry and Pettigrew

22

1990:21). A summary of the main differences between welfare, professional and human resource management models of personnel management is illustrated in figure 7.

| Selected Characteristics | Welfare Model | Professional Model | HRM Model |
|---|---|---|---|
| *Personnel characteristics:* | | | |
| orientation: | welfare | occupational | managerial |
| ethic: | moral | service | market |
| philosophy: | humanist | manpower control | employee integration |
| emphasis: | people | negotiation | development |
| ideology: | paternalist | collectivist | individualist |
| role: | person management | system management | resources management |
| strategy: | none | conformist innovation | deviant innovator |
| culture: | unitary | pluralist | neo-unitary soft pluralist |
| generic activity: | staff relations | industrial relations | employee relations |
| *Other characteristics:* | | | |
| status of workforce: | staff | employees | professionals |
| contract with workforce: | social | legal | psychological |
| role of unions: | marginal | adversarial | collaborative |
| change: | slow | moderate | continuous |
| market position: | protected | stable | competitive |
| attitude to workforce: | cost minimise | cost effective | human investment |

**Figure 7 Dominant models of Personnel/human resource management**
**Source: Farnham D (1990:318)**

Human resource management is American in origin and this immediately posits the question of how much a foreign industrial relations system can transverse cultural and societal differences?. Can American cultural values and work practices be incorporated into some of the heavily union orientated workforce such as in the U.K. and Ireland? Some commentators would suggest that unions are in decline, but there is evidence which suggests that more importantly it is their role that is changing, "...lower union density, idealistic changes and moves towards a restructuring of industrial relations within a framework of micro-corporatism"

(Ferner and Hyman 1992:xxvii). Unions themselves are becoming negotiators rather than conflict vehicles. There is also an increasing number of non-union or single union enterprises which according to Monks (1992b) is one of the criteria which contributes to the practice of strategic human resource management in a firm i.e. non-union.

Clark (1993) has commented on Storey's (1992) distinction between 'industrial relations/personnel' and 'HRM' approaches, and suggests that human resource management conversely has given industrial relations the greatest proceduralisation that there has ever been. That is to say that human resource management which seeks to gain trust and commitment from employees, does this by assuring procedures and consistency far more so than in the past. Good practice in the areas of discipline and dismissal have not always been in evidence, a problem well documented in many Industrial Tribunals. Wood (1995) found from research conducted in manufacturing plants in the UK, that the tendency to view unionism and HRM as antithetical was unsubstantiated, and argued instead that unionism and HRM can coexist to combine high commitment with collectivist employee relations.

## 2.8 Strategic human resource management - theoretical literature

Strategic human resource management is defined by Hendry and Pettigrew (1990:21) as that which includes:

1.    The use of planning;

2.    A coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, and often underpinned by a 'philosophy';

3.    Matching human resource management activities and policies to some explicit business strategy;

4.    Seeing the people of the organisation as a `strategic resource' for achieving `competitive advantage'

Strategic human resource management can then be further defined as:

'taking personnel management from the purely functional level where independent activities operate in 'best practice' tradition, to the strategic decision making level which sees employees involved in (and committed to) the development of themselves and the enterprise'.

Strategic human resource management supports a view then that managers develop strategy for production, finance, marketing, research and development simultaneously with personnel issues. This is inimical to the trend where senior management decisions are made about future policies and then manipulating human resources to 'fit' the strategy.

One of the main problems with the available literature is that although partial theory is developing, there is a wide gap in our understanding of how much of the literature's theory can be useful at the level of the firm? Personnel practitioners tend to focus on the job itself as the unit of analysis and not look conceptually at the whole company and its environment. The situation has been described as that of 'contextual naivety and partial theory' (Boxall 1992:60) and the main question is that of whether human resource management is a new theoretical sophistication or just another passing fashion? The emergence of an 'employment strategy' is in itself significant, although an enduring problem is the lack of theoretical development in personnel management.

Two of the main questions posed by Boxall (1992) were that of whether there was any evidence of credible strategic human resource management theory building at the level of the firm and what evidence there was of the development of superior analytical frameworks? A further problem is that business strategy literature refers only superficially to human resource management and vice versa. It is the unification of the two that would truly represent strategic human resource management. Decision making tends to precede implementation in business strategy, but a common belief is that the implementation will be problem free. The reason for this conjecture is usually based on overly rational assumptions that management and employees will all have the same set of goals, when in fact workforce divisions such as, senior

25

management, blue collar workers and clerical grades may all have different strategic goals, needs and aspirations.

Dyer (1984) examined what managers meant by 'important goals' in their decision making processes and found that this usually meant '...ill-structured and infrequently encountered decisions which involve the establishment of broad policies and the allocation of relatively scarce resources' Dyer (1984:159). Managers tend to see strategic decisions in human resource management as those designed to enhance 'competitive advantage' but rarely with well thought out plans for implementation.

It is held that business strategies underrates the importance of human resource management, and management will choose strategy based on their own preferred management styles (Goold and Campbell 1986). In this context the emerging theoretical models of strategic human resource management are clearly of interest.

## 2.9 Theoretical models of strategic human resource management
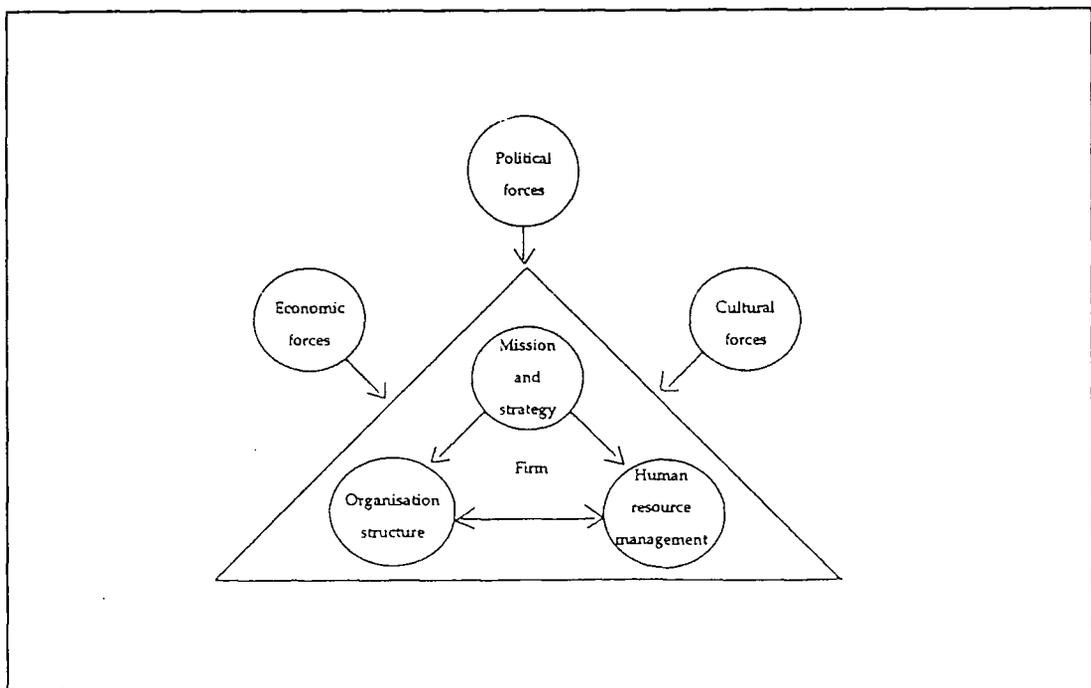


Fig 8 Strategic Management and Environmental Pressures
Source: Fombrun et al (1984:35)

Two major influential models are those of the 'Matching Model', (Fombrun et al

1984) and the 'Harvard Model', (Beer et al (1984).

**2.9 (i) The Matching Model** as the label implies means matching the organisations structure and personnel systems to it's organisational strategy (figure 8)

According to the authors, strategic management involves consideration of the following:

> *Mission and Strategy*
> *Formal Structure*
> *Human Resource Systems*
>
> (Fombrun et al 1984:34)

The premise is that firstly an organisation must formally identify 'what it is' and 'what it is seeking to do'. It must then decide what tasks are necessary and what information it must assimilate and distribute. Then it must recruit and reward the appropriate people to attain these objectives. 'The critical managerial task is to align the formal structure and the human resource systems so that they drive the strategic objectives of the organisation' (Fombrun et al 1984:37).

Human resource systems are in this theory seen as the four generic functions of:

> *selection*
> *appraisal*
> *reward*
> *development*

Fombrun et al (1984) linked these to Chandler's (1962) thesis which argued that all organisations pass through a state of growth and their needs from birth (single product) to maturity (multi-divisional, global, diversified) will change, therefore their human resource needs must adapt to suit new strategies.

Moreover this framework proposes that the human resource systems should '...support a cultural orientation toward a co-operative rather than competitive climate' (Fombrun et al 1984:40). It also asks that management articulate a philosophy about people which seeks to manipulate behaviour or performance as the dependant variable, with the organisational values and structure as the independent

27

variable. This means that strategic formulation will be pre-determined by the organisation's environment and human resources must adapt to suit.

This framework proposes to 'match' people to the company's strategy and assumes that culture and employee resistance, can always be treated as manipulative variables. This may be unitarist in its assumptions and takes the view that people will comply in the 'one team' 'one goal' approach which does not allow for different employees interests (Fox 1969). It is perhaps a paradox to assume that human resource management should react to strategy i.e. implement the company objectives, when in fact human resource management purports to take a proactive role with business strategy, rather than 'fire fighting'.

Furthermore, it oversimplifies the competitive position of businesses and assumes that approaches to business strategy are the same for all companies. The converse position is that depending on the sector the company is in, its culture and its position regarding industrial relations, it will not necessary fall into any typology of business strategy. The main problem may be the notion that 'best fit' between the company's strategic goals and its human resources is always the best aim. Human resource management seeks flexibility, commitment and ability to adapt to change by optimal use of human assets. Should a 'best fit' policy be engendered therefore, the company is not accepting employee dissatisfaction and different interests which are affected by outer contextual matters such as environmental or societal influences.

### 2.9 (ii) The Harvard Model

Turning to the Harvard Model (Beer et al 1984), this was arguably the most substantive and influential framework available during the late 1980s, which sought to provide a conceptual map at the level of the firm - entitled 'Human Resource Management - A General Managers Perspective', (Beer et al 1984). The model offered by the authors (figure 9) immediately puts a new bias on the structure of a theoretical model of human resource management.

| Stakeholder Interests Shareholders Management Employee groups Government Community Unions | HRM Policy Choices Employee influence Human resource flow Reward systems Work systems | HR Outcomes Commitment Competence Congruence Cost effectiveness | Long-term Consequences Individual well-being Organizational effectiveness Societal well-being |
| --- | --- | --- | --- |
| Situational Factors Work force characteristics Business strategy and conditions Management philosophy Labor market Unions Task technology Laws and societal values | | | |

**Fig 9 A Conceptual overview of human resource management Territory**
**Source: Beer et al (1984:16)**

This model moves away from the situational or environmental determinism of the Matching school of thought. Although the authors themselves declare that the model should be used as a 'spiritual' way of thinking for managers and not as a procedural prescription or a mechanical tool for analysis they do claim it can be used as a *basic* tool for analysis (Beer et al 1984:178). Indeed it is cited by other commentators (Hendry and Pettigrew 1990; Boxall 1992) as an academic framework which does not treat culture within the firm as the manipulative variable, where 'people tended to get excised from the equation' (Hendry and Pettigrew 1990). It broadens out from the situational-contingency stance of Fombrun et al (1984) and puts more emphasis on the adversarial relationships between management and the managed.

Because business strategy tends to only superficially consider the implementation element of strategy, the model proposed by Beer et al (1984) is particularly significant in its emphasis on the relationship between management and employees. Human resource management is a perspective that seeks to enhance the commitment

of people to their work, therefore the Harvard model deserves further examination to determine its usefulness as an analytical tool. This model sees human resource management defined as four main policy areas which general managers must address whether or not they are unionised, in a state of decline or growth, and which are applicable to all employees:

## Human resource management policy choices

* Employee Influence - this refers to the legitimacy of any mechanisms which allow stakeholders (shareholders, unions, employees, government and the host community) to have power and influence over decisions. If management is not challenged through unions, or market/government influences such as, legislation or shortage of skilled employees, then their authority to make all important decisions remains in their power. The type of mechanisms management can choose to operate (or not) are: task force groups, quality circles, open door policies or joint consultancy committees.

* Human Resource Flows - this means decisions management must make about how to recruit, select, develop and out flow people through the organisation. This will of course be influenced by the type of company, its objectives and strategy. The outcome of such decisions will effect the company's ability to function, the security of employees and the well being of society.

* Reward Systems - the decisions made in this regard whether by direct payments, or Employee Share Option Schemes (ESOP), or fringe benefits will send a very clear message either positive or negative to employees about how much they are valued as part of the company. Decisions must include the type of payments for hourly staff and managerial staff, whether payment by results? to individual performance or group performance? How fair is the payment scheme? How much does it affect other aspects of the policy areas i.e. selection, employee relationships, attaining company goals?

* Work Systems - the decisions in this case are about how employees and technology are organised to attain maximum output. How much are employees needs met? What is the quality of work life? What divisions of labour are there? How much will the introduction of say a new computerised system affect employees? profits? how decisions are made and their quality?

Figure 10 illustrates the above HR systems and it is significant to note that *employee influence* is seen as the central policy decision area which affects work systems, rewards and HR flows.
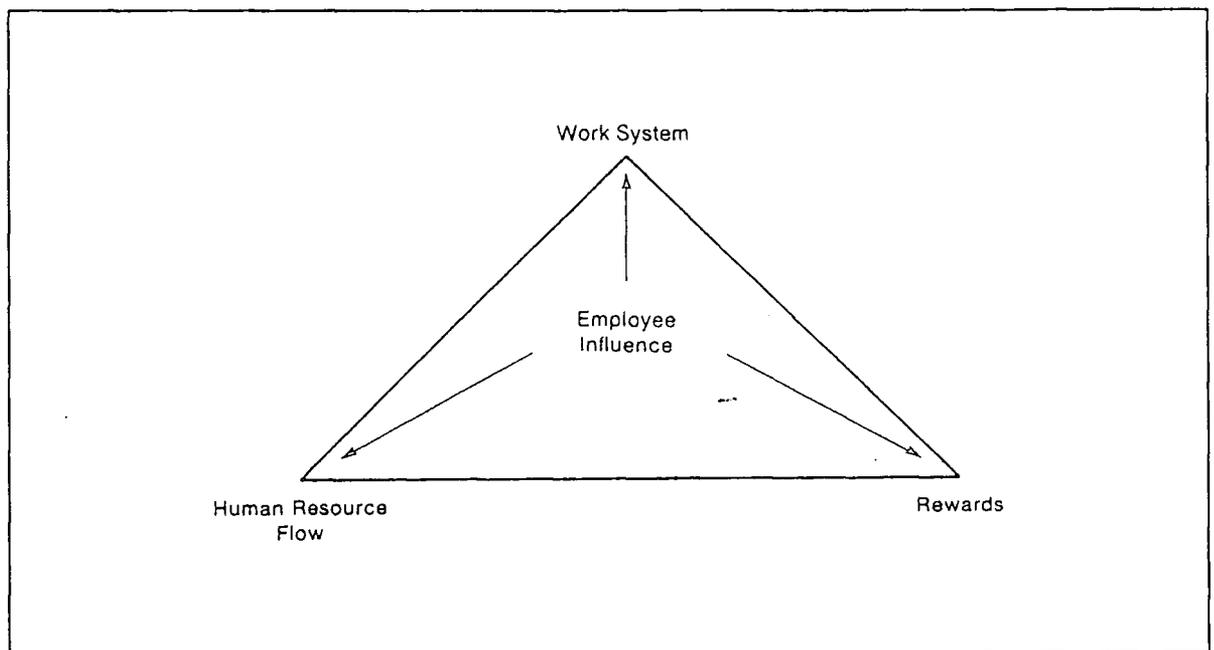


**Fig 10  Human Resource Systems**
**Source: Beer et al 1984:12)**

The above human resource management policy choices according to Beer et al (1984) affect employees in the following way:

<u>HR Outcomes</u>

* Commitment - if employees are committed to their work and their organisation this should enhance the organisational effectiveness by engendering higher performance (than non-committed employees) and also allow employees a sense of psychological well being and self esteem.

* Competence - Is the company attracting and retaining the right people it needs? Does it develop them according to its own needs and their needs? Does it make use of existing staff resources to an optimum level?

* Cost effectiveness - does high absenteeism or employee turnover which reflect poor employee conditions or lack of commitment have a high premium for the company in terms of wages, advertising, loss of productivity?

* Congruence - how much is a harmonious relationship maintained between management and employees and between say different employee groups or departments or branches? Are there high or low levels of trust? Do employees work in a stressful non-productive environment?

The hardest part in assessing the above is in measuring the value to management of any of these components. How can they be objectively evaluated? According to Beer et al (1984) a process of outcome assessment must bring together a variety of stakeholder interests so that a consensus may be reached on the meaning and interpretation of such values. For example the notion of 'employee commitment' is in itself an ambiguous and often misused term which tends to be used as an encompassing label to describe people being committed to their work, but what exactly is employee commitment?

According to Morris, Lydka and O'Creevy (1993) commitment can be described as that which is influenced by either individual behaviour or attitude. Their study followed a group of male graduates over five years and found that human resource policies do influence levels of organisational commitment but at different time periods i.e. starters and well established employees. The study was sectioned into 'stayers' and 'leavers' and most importantly found that career prospects were the most important policy which affected stayers or leavers (Morris, Lydka and O'Creevy 1993:21).

The researchers noted that attitudinal commitment has been found to be that which produces loyalty, support, identification and involvement with the employee's organisation. This was further defined as:

-       a strong belief in and acceptance of the organisation's goals and values
-       a willingness to exert considerable effort on behalf of the organisation
-       and a strong desire to maintain membership of the organisation

Whereas behavioural commitment, building on the model suggested by Salancik (1977) was found to be an individual's actions which bind him to an organisation i.e. freedom to choose that job, and so is usually based on tenure intentions or future expectations which combine to build a high desire to stay with the company. A further theory on behavioural commitment was that of Becker (1960) who proposed that 'side bets' or investments of time would be perceived as a loss to potential leavers, for instance building up pension benefits or salesmen's 'roll over' payments which are paid every year on the anniversary of sales but would cease should he leave the company.

The most interesting finding of this research was that '...high behavioural commitment is not necessarily associated with high levels of attitudinal commitment; employees who change jobs may be less behaviourally committed but more attitudinally committed to their employer than stayers' (Morris, Lydka and O'Creevy 1993:37). In other words employers may find employees who will be very attitudinally committed to their work while they are there, but not necessarily stay with that job a long time, which could be more productive than employing someone for a long time but who is not attitudinally committed?

Ultimately employers need to address the needs of different employee groups as intrinsic or extrinsic aspects may have different perceived values i.e. career prospects for white collar workers, perceived fairness of HR policies for blue collar workers. These perceived values could also be more important at different stages of employment i.e. pre-entry, post induction, or after some years with the firm. Commitment itself then, is a tenuous subject and employers would have to consider

just what type of commitment they really want and need. If employees are totally committed to the existing work system they may reject change, or if the original exchange relationship between work for certain rewards and conditions is altered then the commitment itself could be jeopardising and become a form of resistance.

The Harvard framework however suggests that these four HR outcomes of commitment, competence, cost effectiveness and congruence will in turn affect the following:

## Long Term Consequences

* Individual well-being - satisfaction for employees at all levels of the organisation. Dissatisfaction leads to conflict, which although not always negative, can affect:

* Organisational effectiveness - how adaptable and how quickly can the company respond to needed change? How does it perceive or articulate its responses? Both individual well-being and organisational effectiveness affect:

* Societal well-being - industrial strikes, non-profitability, plant closures all contribute to societal discontent.

The above long term consequences then according to this framework have a knock-on effect on both stakeholder interests and situational factors, for instance affecting wage rises, share holders dividends or how the labour market changes or stays static. According to Beer et al (1984) the *stakeholders Interest* perspective means that managers must look on the company as a mini society and when decisions are made, each stakeholder's interests should be considered. This of course will be entirely dependant upon how much the manager gives legitimacy to the views of those stakeholders. The difficulty for managers is in adopting a *stakeholder* rather than a *shareholder* perspective. Some managers may ask why they should and the answer is seemingly in the notion presented by the authors that HR Policy choices and the four C's outlined above (Commitment, Congruence, Cost effectiveness and

Competence) if properly made to fit in with the company's objectives, will engender higher productivity on the organisational level, as well as individual well-being and societal well being.

As opposed to the views of Fombrun et al (1984) the Harvard model emphasises the difference between human resource management policies being dependent on situational factors, when conversely it may be that situational factors should be influenced by HR policies. Beer et al (1984) suggest the following situational factors which HR Policies influence:

Situational Factors

* Work Force Characteristics - what assumptions do management make about employees working environment? or about their capabilities and future aspirations? Are the assumptions realistic? 'Distortions are most likely to occur with respect to people at the lower levels of the organisation' (Beer et al 1984:24). This is determined by cultural differences in up-bringing, education and the depth of the hierarchy which operates in the work place. Decisions are often made about employees which assume differences which do not exist, or assume no discontent or lack of consensus because of poor communication or understanding. For example the American firm McCormick Spice which assumes that all employees have the same need for equity, pay, participation and security. The common problem seems to be one of emphasising differences rather than similarities between different groups of employees. The challenge for management of human resource management will be to make valid assumptions about both differences and similarities between employee groups.

* Business Strategy and Conditions - the problem is that managers make strategic decisions without considering the possible HR constraints. For instance opening a new branch, or providing a new service without considering the skills, kind of behaviour needed or competencies involved. The framework suggests that business strategy should influence HR Policies, (i.e. marketing needs, technology needs, the type of people needed or skills) but that at the same time HR values should inform decisions that managers make about business strategy (i.e. HR Policy choices, HR

Outcomes). Furthermore the notion of business strategy itself is somewhat less than simple, the different management styles identified by Goold and Campbell (1986) and the complexity of various strategies themselves (Johnson and Scholes 1992) suggest some caution when adopting an overall view of management's decision making processes.

* Management Philosophy - '...the explicit or implicit beliefs of key managers about the nature of the business, its role in society, and how it should be run - particularly how it will treat and utilise employees' Beer et al (1984). How much a founder manager's beliefs and values are actually articulated (say in a company mission statement) or just evolve from original policy formations will differ from company to company. The need for consistency in management philosophy will help to shape HR policies and engender levels of trust. Furthermore management style (Goold and Campbell 1987) - how they work themselves, how visible they are to employees, how much they 'practice what they preach' and interact with other employee groups sends out powerful messages to employees. For instance if management philosophy is articulated as that which invites participation and then management make a unilateral decision which undermines the participative decision then the level of trust will diminish. For management to gain credibility they must model their own practices on the same process with which they treat employees. The philosophy and practice should not differ.

* Labour Market Conditions - this situational factor is about how much the company can compete successfully on the labour market. Does it have a reputation as an attractive and fair company to work for? Does it have different attractions for managerial staff than for lower grade workers? This is of course much affected by overall labour market conditions. For instance in conditions of high unemployment the company may perceive itself as not having to be too concerned with HR Policies, (which is very short-term thinking) or in a short supply for key skills it may perceive the need to re-think current employee conditions. The key according to the authors is in being able to predict future labour market trends and anticipate its own strategic needs.

36

* Unions - whether a company is unionised or not, the influence of workers unions can still have an affect i.e. new legislation, local unionised company policies which have to be followed, in order to attract key personnel. The epitome of a non-unionised company is I.B.M. where their very paternal and excellent employee conditions lessen the need for a 'collective' voice over HR matters such as rewards and conditions of employment. It is suggested that it is only in non-union or single union firms that this approach can succeed (Guest 1989; Monks 1992a).

* Task Technology - the problems here have traditionally been in depersonalising and alienating workers from their given tasks. The total transformation nurtured by the information technology industry on traditional office practice has caused much concern over the `automated workplace' where there is less and less need for the human skills. Whether this will change or how it will develop will be a great concern for those concerned with HR Policies in the future.

* Laws and Societal Values - the values and traditions in every society largely influence the ideology of the organisation trading within it, or even the management philosophy of individuals who originate from different societies but work in another. Because there are explicit differences in legislation, government policies and cultural 'norms' HR Policies will be affected by those. One of the main concerns for human resource management analysis is that of how much American (in this instance) values and work systems such as those of this present model can be transferred across cultures?

An example would be that of a multi-national company trading across international boundaries. It may have a fairly strong company culture and management philosophy at its Head Office, but may have difficulties in supporting management in other countries who are influenced and perhaps legislated by local societal laws and values. For example a company trading from its head office in the U.K. with branches in Ireland where diplomatic or political relations are strained. The customers may perceive less value in the service offered and the management may have to consider other HR Policies to support employees in that part of the company.

37

Perhaps one of the models most useful attributes is that it allows for comparative human resource management across nations which is inherent in its distinguishing between the societal and enterprise level.

## Integration of the Harvard Model

In the final section of the Harvard Model the authors recognise that all of the above components are so often treated as a long list of isolated tasks and the most significant problem is they say, in getting human resource management policies and business strategy to compliment each other. They then go on to distinguish between three approaches that organisations may be able to categorise themselves as belonging to - bureaucratic, market or clan. (figure 11)

| HRM POLICY AREAS | NATURE OF EMPLOYMENT RELATIONSHIP | | |
|---|---|---|---|
| | Bureaucratic (employee involved as subordinate) | Market (employee involved as contractor) | Clan (employee involved as member) |
| Employee influence | Up through chain of command | Negotiated contracts | Consultation and consensus (e.g., quality circles) |
| Flows | Bottom entry—rise to level of competence within functions | In-and-out employment (i.e., job posting) | Long-term employment with lateral as well as vertical movement |
| Rewards | Pay based on job evaluation | Pay based on performance (i.e., piece rates or executive bonuses) | Pay based on seniority, skills, and gains-sharing |
| Work systems | Fine division of labor coordinated by chain of command | Group or individual contracting | Whole task with internal coordination; peer pressure as motivator |

**Fig 11 Matrix of human resource management Policies**
**Source: Beer et al 1984:183)**

*The bureaucratic approach* - this is where typically the organisation would have clear hierarchical lines of responsibility and laid down policies controlled by rules and regulations. It assumes a compliant, stable workforce and environment with little major change, for instance the British Civil Service.

*The market approach* - this draws on the market forces principle of exchange at its most potent. The exchange between employer and employee which assumes that individual behaviour which is rewarded will act as a reinforcer for similar behaviour. The idea is to achieve high levels of harmony between the company's interests and

the employees self interest. It will often be characterised by high turnover and bidding for talent in which the employer acts as sub-contractor, which engenders a regime that will quickly respond to change, for instance the Information Technology industry.

*The clan approach* - this is where employees might expect long term employment working in an environment of shared goals, values, risks and rewards, but most importantly shared beliefs. It emphasises the unitary one team, one goal approach and employees may often be retained as much for their 'fit' and compliance with the company culture and total commitment as for their skills. For instance many of the large Japanese companies, or I.B.M.

The most interesting aspect of the above approaches is that the authors suggest that most companies will adopt policies and HR work systems that incorporate *all three* of the approaches, but for different employee groups. The success of viewing the company in this light would depend on their ability to match situational constraints, business strategy and integrated HR policies which blend all three approaches. Figure 12 shows the possible combination of employee and organisational payoffs. The success of this approach would be in how much management were prepared to take serious steps to move from an adversarial relationship with the work force to a relationship of mutuality.

It is of course recognised by the authors that change of such magnitude as they suggest is often only perceived as necessary in times of crisis - difficulty in retention of key employees, lowering market share, higher investment for less return. What they propose is that corporations examine their HR policies as a whole on an on-going basis alongside situational factors and business strategy.

Moreover it is assumed that dissatisfaction caused by either costs, changing market place or general employee unrest must be a necessary element in any proposed change in human resource management policies and practices. Finally, it is the perspective of *general managers* which is the corner stone of implementation and the

reform of HR polices, not the work of specialists or as more frequently happens, a series of isolated reactions to current fads, or responses to individual or department crisis as they occur.
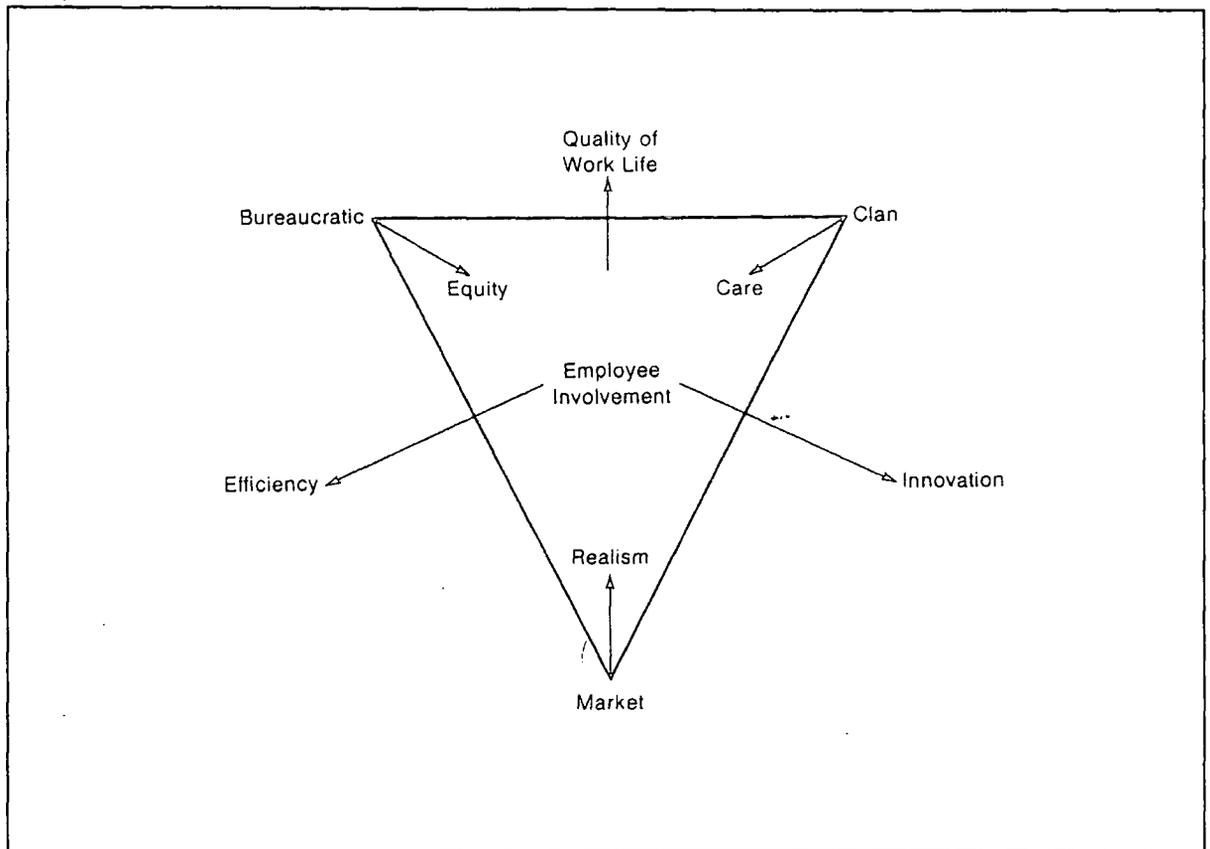


**Fig 12 Organisational and Individual Payoffs of human resource management Strategies**
Source: Beer et al (1984:186)

The Harvard Model is of course based on the perhaps naive assumption that all managers will value individual and societal well-being.   Furthermore the model seeks in its unitary values, high consensus and total commitment from all employees as individuals in the successful running of the organisation.   This is a core element in human resource management thinking which assumes that all employees will be happy with this approach to work and that the ultimate goal of all employees and managers alike will be the well-being of the organisation first and foremost.   Human resource management also seeks parallel emphasis on team work to gain employee

commitment which is a paradox of the need for high consensus from employees as individuals.

As Hendry and Pettigrew (1990) point out this is to look at human resource management from an industrial relations perspective which leaves 'human resource management and industrial relations diametrically and permanently opposed' (Hendry and Pettigrew 1990:24). They go on to suggest that an analysis of employee relations would be better justified by examining the consistency of employee decisions within companies and to accept that not all companies need total commitment, which is not the only employment system. It is therefore held that different management styles and different types of organisation will have more, or less need for certain elements of the model suggested by the Harvard Group. According to Hendry and Pettigrew (1990:25) "...(it is only by) treating human resource management as a range of things affecting the employment and contribution of people, against the criteria of coherence and appropriateness, and monitoring changes therein", which will produce a useful approach to the study of human resource management. In this light human resource management can be seen as soft-pluralist rather than hard unitarist in its emphasis on the different needs of different employee groups.

## 2.10 (i) The U.K. view of the Harvard Model - Guest

A further theoretical model presented by Guest (1987) firstly accepts the view that although American in advocacy, human resource management in the U.K. has equally valid interests, for instance the 'Search for Competitive Advantage', the perceived 'excellence' of model companies such as those presented by Peters and Waterman (1982), the perceived failure of personnel management to give away the function strategic ally to line management, the decline in Trade Union power collectively and the move towards individualism and finally the changing characteristics of employees at work - better educated and informed.

41

Guest (1987:501) proposed the "bare bones of a theory" which offered a testable set of propositions which would convey prescriptions for policy makers (Figure 13).

| Policies | Human resource outcomes | Organizational outcomes |
|---|---|---|
| Organizational and job design | | High job performance |
| Policy formulation and implementation/management of change | Strategic planning/ implementation | High problem-solving |
| Recruitment, selection and socialization | Commitment | Successful change |
| Appraisal, training and development | Flexibility/adaptability | Low turnover |
| Manpower flows – through, up and out of the organization | | Low absence |
| Reward systems | Quality | Low grievance level |
| Communication systems | | High cost-effectiveness i.e. full utilization of human resources |

**Fig 13: Policies for identifying Human Resource and Organisational outcomes**
**Source: Guest 1987:516**

Accepting that a general advocacy of human resource management for all employees as proposed in the Harvard model in all companies may not be realistic, Guest (1987) outlines the following four main Human Resource Outcomes which could be the goals of policies in the firm.

**The goal of integration** (or strategic planning/implementation). If human resources can be integrated into strategic plans, if human resource policies cohere, if line managers have internalised the importance of human resources and this is reflected in their behaviour and if employees identify with the company, then the company's strategic plans are likely to be more successfully implemented

*The goal of commitment* Organisational commitment, combined with job-related behavioural commitment will result in high employee satisfaction, high performance, longer tenure and a willingness to accept change

*The goal of flexibility/adaptability* Total flexibility - flexible jobs, employees, organisational structures, are an impossibility for some large bureaucratic companies,

but if this high degree of flexibility throughout can be maintained then the company can effectively utilise its human resources at peak capacity

*The goal of quality* The focus here is on the recruitment, selection and training of key staff for high quality, challenging jobs. This should then maintain high performance.

Guest (1987) proposes a set of *prescriptions* which when implemented should produce certain desirable HR and organisational outcomes. Guest (1987) recognises that one of the main deterrents to HR policy making in the U.K. is the current preoccupation throughout British industry with financial issues and short term goals which may leave the above four goals of integration, commitment, flexibility and quality far beyond the reaches of many policy makers. Furthermore, Guest (1987) argues that while the ownership and control of industry remain in the hands of a few, there will have to be a much more radical shift in this regard in order to seriously implement policies of such in-depth employee involvement.

Guest (1987) has taken the view of human resource management from an industrial relations viewpoint which undermines collectivism in the workplace and the outcomes listed above are somewhat vague in that they do not specify the differences throughout industry in terms of whether the firm is managed by strategic control, strategic planning or financial control (Goold and Campbell 1986). Guest's (1987) prescriptions do not differentiate between which workers, or types of companies are better suited to his propositions. A further criticism is that the model makes overly rational assumptions about working conditions. It is similar to the Harvard approach in its unitarist perspective. Finally, Guest (1987) does not describe a framework that could help to examine the underlying structure of the firm, and its HR/business strategy content within context.

In their proposed *'Agenda for Research in the 1990s'* Hendry and Pettigrew (1990) sought to identify a range of themes and issues which ought to be addressed in the study of strategic human resource management. They view human resource management as a perspective on employee relations which is closely linked to business strategy. Guest's view is that it is the distinctive *strategic direction* pursued by companies which will distinguish human resource management, while Hendry and Pettigrew argue that it is the adoption of a *strategic view* which will noticeably relate human resource management practices to an organisation's business strategies. The difference is between *which* strategy the company pursues (Guest) or when the company adopts a more *flexible* approach subject to changing strategies i.e. market responsiveness, environmental awareness (Hendry & Pettigrew). That is to accept the ambiguity and natural progression of a company's strategy on the basis that every company is different and to adopt an overall strategic view within the inner and outer contexts. (Figure 14)

The framework Hendry and Pettigrew (1990) have provided does, in view of the stage of theoretical development (Fombrun et al 1984; Beer et al 1984; Guest 1987) hold some important distinctions which makes it attractive as an analytical tool. They argue that 'better descriptions of structures and strategy-making in complex organisations and of frameworks for understanding them are an essential underpinning for analysing human resource management' (Hendry and Pettigrew 1990:35).

Hendry and Pettigrew (1990) suggest that human resource management cannot be used as a prescription which can be adapted to specific ready-formed strategies. Strategy itself is ambiguous within different companies and remedies cannot be found by trying to mould human resource management to text book strategy. Strategic change does not always *precede* cultural change, in fact many cases indicate that the converse is more often the case (Galbraith and Nathanson 1978;). Strategic human resource management therefore should not be seen as reactive to strategy making,

44

but a main influence in organisational development and frames of reference through which management make strategic decisions.



**Outer context**

Socio-economic
Technical
Political-legal
Competitive

**Inner context**

Culture
Structure
Politics/Leadership
Task-technology
Business outputs

**Business strategy content**

Objectives
Product-market
Strategy & tactics

**HRM context**

Role
Definition
Organization
HR outputs

**HRM Content**

HR flows
Work systems
Reward systems
Employee relations
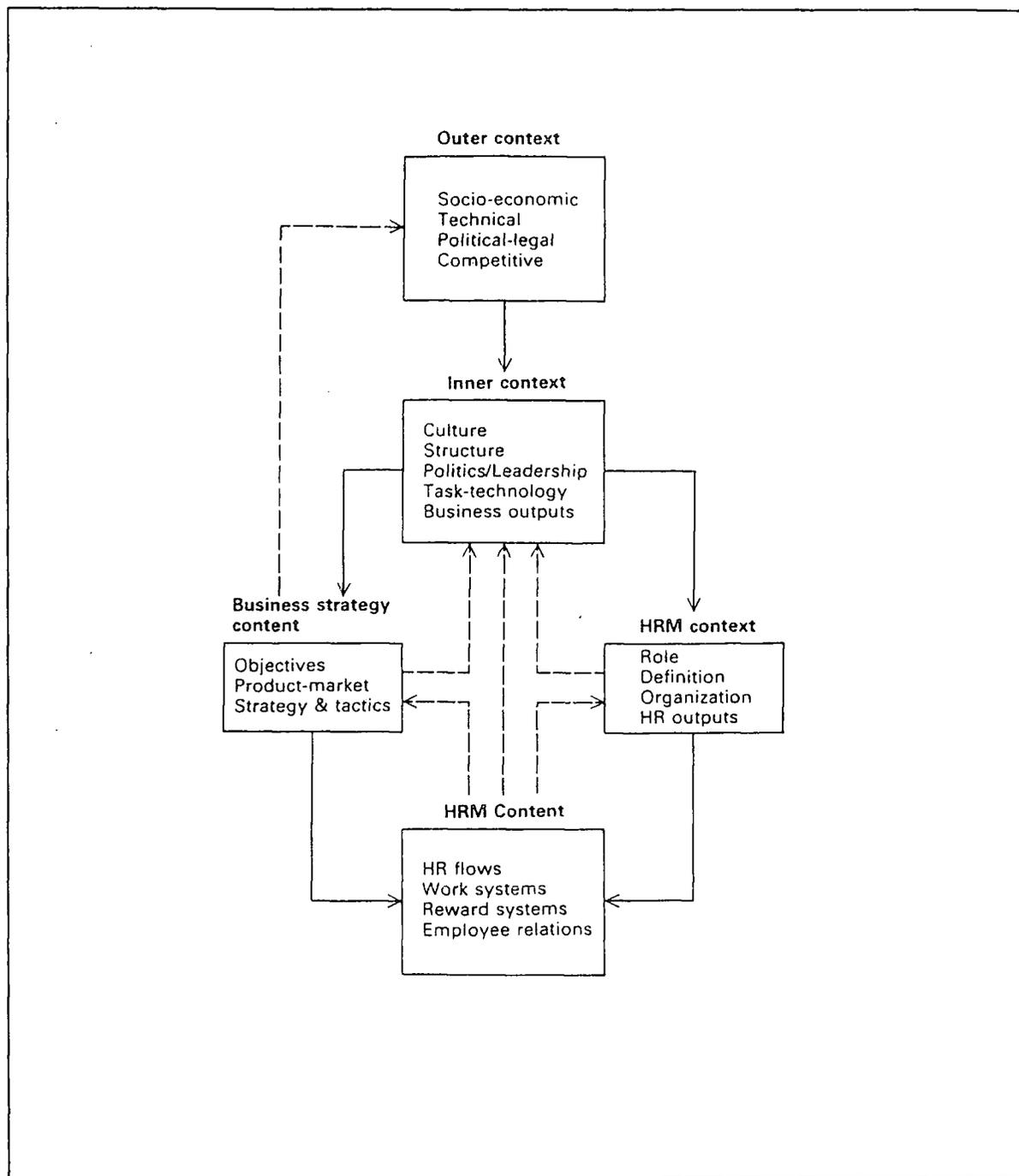
**Fig 14  Strategic change and human resource management**
**Source: Hendry and Pettigrew 1990:26)**

The process of human resource management and strategic change is naturally linked to long term changes therefore the process by which this occurs is of as much significance as the content of HR systems. Limitations on strategic human resource management are encountered by management's own philosophy and how much they accept and therefore adopt a human resource management viewpoint. This is particularly important in light of the different management styles suggested by Goold and Campbell (1986; 1987).

## 2.11 Summary of current views in the literature

Strategic human resource management is proposed as a perspective on personnel management and business strategy which, although American in origin, has gained credibility and interest in the British school of thought. In the academic sense its main limitation is the lack of research into the consistency of employee decision making and the actual process by which management make strategic decisions. As a theoretical approach only tentative models have been found, and it is the development of theory in strategic human resource management which appears as a central recurring theme in the literature.

The Matching Model (Fombrun et al 1984) centres on the situational-environmental determinism approach which seeks to match people to an organisation's strategy and future needs, so that people/culture are made to 'fit'. In this way behaviour is rewarded, manipulated and therefore dependant on organisational values. The theory looses its power and attractiveness in that it appears to fire fight with certain personnel practices, rather than seek to optimise HR activities as the ultimate key by which a company can understand and articulate its long term plans. The main problem appears to be perhaps an oversimplification of the idea that by allowing the environment to determine strategy and then matching the right people to the strategy, that nothing will change over time. This is an approach which lacks flexibility, and seeks co-operation, disregarding employee resistance and influence.

The matching model is therefore discounted as a useful research tool for analysis because it does not enunciate employee discontent or adversarial employee relations.

Although the original Harvard model (Beer et al 1984) does put emphasis on adversarial relations, irrespective of business strategy it also looses credibility in that it seeks to change discontent to one of high mutuality between management and employees which may be unrealistic. It also seeks best fit between management's goals and HR practices. Although Guest (1987) sought to redress the above shortcomings and recognised the British dilemma of terminal preoccupation with short term financial goals, he still only prescribed personnel practices which would achieve desirable outcomes, none of which would be useful in the sense of understanding from a research point of view what is happening within a firm when it seeks to implement strategy and/or adopt certain HR policies.

The most useful analytical framework appears to be that which has been proposed by Hendry and Pettigrew (1990) which builds on the Harvard model (Beer et al 1984) and shall therefore be used as the basis for the remainder of this research document. Its attraction is in its grass roots approach which most importantly, usefully suggests that personnel policy/practice and decision making processes, rather than company performance, may be the most fruitful variables for analysis of strategic human resource management at the level of the firm. This accepts the ambiguity of business strategy and the fact that employee relations are most often treated as the manipulative variable, instead of as the main influence on strategic decision making and outcomes.

Having completed the literature review and selected a framework as the foundation upon which to build the case study, chapter three will describe the case study in context, followed by a review of the current methodological research issues in chapter four.

The greatest challenge within the strategic human resource management arena is to firstly bring the developing theories of business strategy and human resource management together and secondly to research this at the level of the firm. Rather than seek 'best fit' for strategy across all firms, one must look at the different management styles, culture and values. Therefore, analysis should try to measure against criteria of coherence and appropriateness. The concept of strategic human resource management may be more applicable to some groups of employees than for others.

In this chapter the company which is the focus of the case study is described in context.

## 3.1 ABC plc.

The company which is the focus of this case study, shall be known as ABC. It is a small limited Credit Management company. It has its head office in the south west of England with six other branches throughout the U.K. and Ireland. At the time of the research it employed one hundred and twenty four people on both PAYE (pay as you earn) and as contracted self employed consultants. It is non-unionised. It provides eighty per cent core product in its Credit Management Service, with nineteen thousand seven hundred and twenty four clients throughout the U.K. and Ireland at the time of the research. The other twenty per cent of business is generated through related financial services. It has operated for twenty years throughout the U.K. and the present chairman purchased the operation originally in Australia in 1972. The intention of the research is to use the framework suggested by Hendry and Pettigrew (1990) and assess how effective it is in terms of a conceptual tool for management and what inhibitors influence its value both to management and researchers alike.

48

Of particular interest is the size of the company, because smaller companies tend to be neglected by human resource management literature (Vickerstaff 1992). Furthermore the company's alarmingly high turnover of staff in particular employee groups would seem to reflect low levels of commitment, high costs and ineffectiveness of HR policies. Conversely the firm has traded successfully for twenty years, which raises some questions about the current view within the literature that only firms which have certain strategic approaches, and seek employee commitment can survive. Although the company is small in comparison to those used for most research purposes, personnel functions, strategic decision making and employee relations have to be functionally and operationally managed, although this may be informal. As with most smaller sized companies ABC does not have the resources to employ specialist personnel and therefore does not have knowledge of sophisticated personnel techniques, or business strategies. This has heightened research interest around the question of the extent that a strategic human resource management approach would be likely to improve effectiveness or performance at all, and if so in what way?

ABC trades as:      *ABC Corporation Ltd*
                         *B2 Credit Reference Bureau (B2CRB)*
                         *ABC Plc (ABC Investigation Bureau, and ABC Bailiffs)*
                         *ABC Insurance Services*
                         *ABC Direct (telemarketing; direct mail)*
                         *ABC Legal Services*

ABC also houses at HQ) and provides eighty per cent of business for a firm of solicitors: *Fargo & Co*

ABC provides the following services:

*All branches:*

Credit Management Service:                 - ABC Corporation Ltd and B2 CRB;

*Head Office only:*

Bailiffs, Investigation
and Tracing                              - ABC Plc
Insurance Cover                        - ABC Insurance Services
Telemarketing                           - ABC Direct
Litigation service                     - ABC Legal Services/ Fargo & Co

*Glasgow only:*

Personal Collection Service - ABC Corporation Ltd

ABC is geographically located and employees dispersed as follows:



**Figure 15: ABC - number of staff (including self employed sales personnel) at each location**

Eighty per cent of the core business is in the Credit Management Services (ABC Corp; and B2CRB) and it is this side of the business which operates throughout the seven branches. The remaining services make up twenty per cent of the business turnover which operate from the company's head office in Cheltenham. The only exception being the Personal Collection Service which operates from the Glasgow branch only.

## 3.2 Credit Management Services.

Most businesses operate credit terms of thirty, sixty or ninety days. This means that cash flowing into the business is reliant on not only sales, but on prompt payment by debtors to avoid business failure. A study to construct a method for the prediction of corporate failure (Frederikslust 1978) defined corporate failure as '...when its (the firm) cash flow from operations plus the proceeds from new loans and liquidation of assets plus the opening balance of instant liquid reserve is insufficient to pay the obligations due for that moment". The healthy cash flow is very important to not only the local business economy, but to the national, European and world economies as well.

Business failure has knock on effects on suppliers and customers when their liquidity is also threatened, so there is a danger of counterparty risk. According to Davis (1992) the even greater risk is that the affected suppliers or customers are then unwilling to extend credit themselves so contagion occurs, and this is more likely the smaller the counterparty is in relation to the defaulting firm. Further effects could be, for example, sales at distressed prices, which affects other suppliers in the industry.

The wider implications can be on public expenditure and local and national economic policy as for every business closure, there is increased unemployment which can result in mortgage foreclosures and the burden of rehousing.

The Institute of Credit Management (ICM) was formed in 1939. Its membership grew slowly over the next fifty years and by 1991 stood at seven thousand, three hundred members and its financial reserves at £460,000. The institute whose members are limited to individuals became a registered charity in 1992, whose objectives were:

> '...to advance the education of the public concerning credit management and
> to encourage the study thereof'.

51

*'...to facilitate the interchange of views regarding all matters affecting the profession of credit management'.*

(Source: ICM magazine February 1994).

It can be said then that Credit Management is an extremely important aspect of successful business management. In the post war era as ICM grew in membership, the need to manage cash flow and bad debt collection within firms was identified as a growth market. One of the largest in the field is the world wide operation, Dunn and Bradstreet, whose principle business is in credit reporting, and the provision of business training seminars with credit management as a non core element of the business.

ABC currently trades as the largest[2] Credit Management company in the UK whose core business is cash flow acceleration, an approach to credit management.

3.3 Credit Management

Credit Management in ABC can be further defined as the recovery of slow paying accounts. A very important distinction here is the difference between the recovery of *slow paying* accounts, as opposed to *bad debt* collection - they are two separate practices.

Bad debt collection comes into play when the account has become seriously overdue, for example if it is due to be paid within thirty days, but is still outstanding after one hundred and twenty days. At this stage the debt is usually very difficult to collect and in a large proportion of cases is written off.

According to Buckland (1987) the real cost of bad debts is even worse than most people think. For instance if a bad debt of £1000 is to be written off and the

---

[2] exact statistics were unavailable to ascertain the size of competitors in the Credit Management industry, therefore the label 'largest' is based on ABC's own claims and the research found no evidence to challenge the claim

administration, financing and collection costs to date, including approaching a solicitor, have cost say £200 the real cost is not only the £1000 plus £200, totalling £1200. If the normal net profit margin is ten per cent, then the firm would need to make £12,000 of new business just to recover the written off £1200, which would have to be made without the profit one would expect with £12,000 of new sales.

ABC by focusing on the collection of *slow paying* accounts before they become bad debts, had in the 1970's decade found a niche market, which lasted well into the 1980s without serious competition from rival firms. The secret lay in selling businesses a third party service whereby ABC would contact the potential debtors on behalf of their client, immmediately the account became slow paying.

The successful formula lay in contacting the slow payers in a friendly and unthreatening way (by letter), so as to encourage payment from the slow payer while retaining the clients customer base. Without taking a heavy handed threatening approach, ABC would endeavour to retain the customer relationship between its client and their slow payers. This was taking a proactive approach to cash flow with a unique slant on maintaining customer relations and keeping in principle, a healthy cash flow for the client.

Other popular means of collecting outstanding business debts currently operating in the UK are:

### (i) Factoring:
Loan advances are paid against the security of the accounts ledger. The client usually has limited control over their own accounts, and the fees for the service can be very high. The Association of British Factors has eight members making up ninety per cent of all factors in the UK which are all owned by banks e.g. 'Roy Scott Factors' belong to the Royal Bank of Scotland. (Drury 1982).

### (ii) Personal Collection:
This has been until recently mainly for domestic consumer debts, but increasingly

businesses are turning to this as a means of collecting bad debts as outlined above. ABC had at the time of the research begun a Personnel Collection arm of their business in their Glasgow branch, in response to client led demand.

### 3.4 Cash Flow Acceleration

The cash flow service operated by ABC works in the following way:

The client refers the details of the slow paying account to ABC.  The account is then placed on an automatic computerised letter contact.  The letters are sent at seven day intervals:

Day 1 -      Notification to debtor that ABC has been instructed to assist with the credit control and immediate settlement is required.

Day 7 -      Advice to debtor that the non-payment of the account is giving cause for concern and that legal proceedings will be recommended.  The debtor is reminded of the implications that litigation could have in regard to future credit applications

Day 14 -     Finally if the debtor has still not responded the matter is referred to ABC's in house solicitors who will write directly to the debtor.

Two service options for ABC clients include;

a) they may send a pre-service notice to the debtor.  This is usually sent on the clients own letter headed paper and informs the debtor that unless the account is paid the matter will be referred to independent specialist firm of credit management consultants (ABC) for actioning.

b) they may choose to have a thank you letter sent by ABC once the account has been paid.

The full costs for purchasing this service range according to the number of accounts the client wishes to refer on a monthly basis.  It is flat rate fee ranging from £3.55 to £20.50 per account referred.  No further commission is charged, although an annual

membership charge of £125 is also payable. An average client would refer approximately twelve accounts per month costing £7.50 per account.

ABC claim a sixty per cent recovery rate within fourteen days, and overall eighty four per cent success rate. Payments from debtors are made directly to the client which is a major selling factor against some smaller competitors who allegedly collect the outstanding money themselves and then delay forwarding payment to the client.

In 1993 (Jan to Dec) ABC had total new sales (excluding repeat business) of £899,166 (appendix D/v) from an average of one thousand one hundred and twenty sales, plus an income of £149,860 from new membership registrations. Total income of £1,049,026 from new sales alone. An additional sixty percent of the business turnover each year is also in repeat sales where the client renews the membership.

3.5 Summmary

ABC has traded in a mainly niche market successfully for over twenty years. As with most smaller firms it lacks formal strategic  expertise or the ability to formally utilise employee commitment. Nevertheless, it provides an important financial service which contributes to the overall economy, which conversely may be nurtured by recession, and  businesses need to improve cash flow. Literature has suggested that only certain management styles or strategic approaches can hope to gain employee commitment through a human resources perspective on personnel management and business strategy. It is how this partial development of theory relates to ABC and what can be learned from the practical issues that face ABC with a view to narrowing the gap between contextual reality and the development of theory which is of interest.

Before turning to an analysis of the case study findings, based on the selected framework, the next chapter describes and reviews current methodology issues.

## 4.1 Research Parameters

The literature relating to research design and methodology was reviewed and because strategic  human resource management is held to be at the formative stage of theory development, the question of how best to contribute to the exploratory stage was a major consideration.

## 4.2 The Development of Theory.

The goals of universal research in a new concept have been met when an acceptable theory has been developed.   A theory is acceptable when it successfully describes a hypothetical concept which can repeatedly be tested to demonstrate validity over alternative hypothesis.   However according to Behling and Schriesheim (1976) theory development has four stages:

1. identification and description
2. categorisation and conceptualisation
3. causal analysis
4. recognition of interdependencies

Buchanan and Huczynski (1985) summarised the distinctions between perspectives from which human beings are studied, and classified according to the goals of science (figure 16).   Whereas the behaviourist perspective only accepts proven facts as the absolute truth, the cognitive perspective is more interested in the differences of interpretation and the perceived truth.

In the light of these distinctive phases in theory development and acknowledging the fact that strategic  human resource management as a theory is at the formative stage, it was held that selection of the description and explanation stages as goals for this research were the most appropriate method to meet the aims of the research.

Appropriate methodology is crucial to the success of any research project, for example according to Behling and Schriesheim (1976) 'identification and description' would not relate alone to hypothesis testing.

4.3 Design

There were immediate problems relating to the design of research in this discipline, firstly because it is a behavioural science. There are fundamental problems observing and measuring people, for example, motives, perceptions, and past experiences which mean there are too many variables which can potentially influence outcomes. Whereas natural science is clear, with fixed or defined problems, which can be measured in an exact way with precise definitions, and can be quantified. But in the behavioural sciences it is very difficult, and arguably impossible to quantify. Human beings are not consistent therefore it is impossible to test hypothesis, or establish cause and effect. There is the problem of researcher intrusion, and problems of making generalisations and predictions because peoples experiences, and ideologies are constantly challenged by external influences.

| Goal of science: | Perspective: | |
| --- | --- | --- |
| | Behaviourist/positivist: | Cognitive/phenemologist: |
| Description | studies observable action | studies meaningful behaviour and unobservable |
| Explanation | seeks fixed/universal laws that govern it | seeks individuals own understanding and interpretation as basis for behaviour |
| Prediction | Based on knowledge of relationships between different variables | Based on shared understanding and awareness of human, social and organisational realities |
| Control | Aims to shape behaviour by manipulating appropriate variables | Aims at social change by stimulating critical awareness |

Figure 16: Research distinctions and classifications
Source: Buchanan and Huczynski (1985)

By the scientific world's insistence on sticking to this model (figure 17) there can be limitations on the advance of research in the behavioural sciences. The problem is that research which does not quantify is widely held within science to be flawed, although it could be argued that no scientific research is completely flawless. The main problem with exact scientific research is that it helps to broaden the gap between theory and practice, which is a contention of this research. New researchers desiring to be seen to 'research properly' will then tend to research limited areas or concepts because of having to conform to the measurability of scientific research.

```
 o  select area of research
 o  review previous research                    YES - report the results!
 o  formulate hypothesis
 o  design study to test hypothesis
 o  conduct study
 o  analyse results
 do results support hypothesis?                 NO - re-analyse results
                                                - find another explanation?
                                                re-formulate hypothesis?
                                                start again?
```
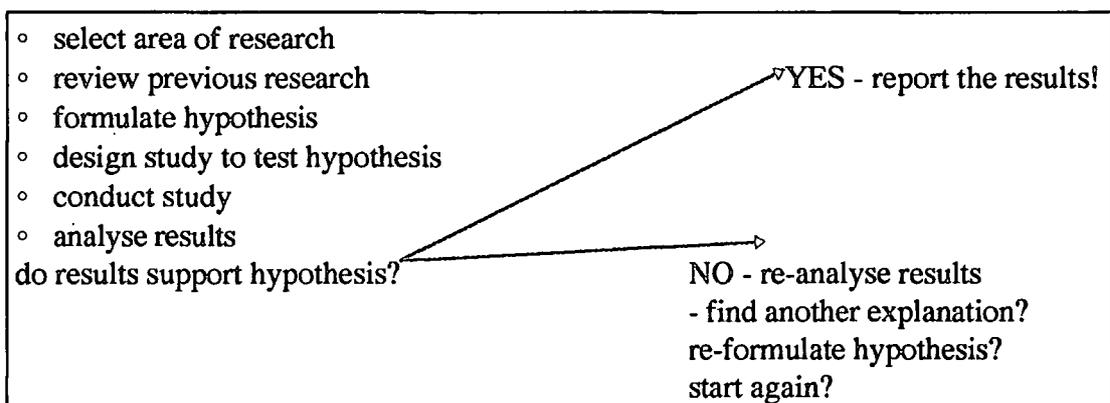
Figure 17: Research design

All research has inherent weakness, all have limitations and all offer potential value. There is little agreement between the 'positivist/quantitative' and the 'phenomenological/ qualitative' schools of thought. Positivism originates from the sociology school which proclaims the suitability of the scientific method to all forms of knowledge, while behaviourism originates in psychology which can also be based on the hypothetical deductive method of pure science. A cognivist approach would say that our experience, our thoughts and images of the world makes the above incomplete, however by using control groups we can measure specific changes before and after experimentation, to test hypothetical theory.

It is argued that to adhere absolutely to the scientific control measurability of science in this research would limit the potential for creative insightful knowledge which

should present a far more accurate picture of organisational reality than an attempt to study based on exact statistical measurement and analysis.

Nevertheless, all research must have three criteria for evaluation:-

*construct validity* - where independent and dependent variables accurately reflect or measure the constructs of interest, i.e. have the optimum dimensions been chosen which will measure or provide insight to meet the research aims?

*internal validity* - this is the extent that research design enables a causal conclusion to be reached about the effects of independent variables on dependent variables

*external validity* - this is the extent to which generalisations can be drawn.

For the purpose of this research. construct validity is the most important criteria, as it relates to the discovery stage, or exploratory method chosen. Research designs have two major types, that is survey and experimental design. Survey designs do not have a control group comparison, nor is there any independent or causal variable, whereas experimental designs always have an independent or causal variable and a control group. Clearly it is by the survey method that data of the 'rich, deep nature' suggested by Bryman (1992) (figure 18) will best achieve the aims of the research.

## 4.4 Methodological issues.

Firstly the greatest problem is that of subjectivity, because the discipline is in the behavioural science field. There are multiple variables, the theory underlying the discipline itself is at the formative stage and there would be intense difficulties in trying to establish cause and effect between variables. This is exacerbated by the fact that the perspective of human resource management consists of seemingly separate components which are at various stages of theoretical development themselves - industrial relations, recruitment, training and the newly developing field of strategic human resource management. There are also problems of control, and intrusion by the researchers own experience and knowledge which intensifies the need to proceed by the cognitive/ phenomenological method, albeit with caution.

Research methodology contains debate on both ontological and epistemological issues, which leave the two traditions of quantitative and qualitative research rooted in divergent implications which suggests that the two methods are completely opposed. However it is held that this is only a technical difference and it depends on the research itself and what it lends itself to. According to Bryman (1992) it is very unusual to get an exact divide and most research either uses quantitative methods to facilitate a qualitative approach or vice versa.

| | Quantitative | Qualitative |
|---|---|---|
| Role of qualitative research | *preparatory* | *means to exploration of actors interpretations* |
| relationship between researcher and subject | *distant* | *close* |
| researchers stance in relation to subject | *outsider* | *insider* |
| relationship between theory/concepts and research | *confirmation* | *emergent* |
| research strategy | *structured* | *unstructured* |
| scope of findings | *nomothetic* | *ideographic* |
| image of social reality | *static and external to actor* | *processual and socially constructed by actor* |
| nature of data | *hard, reliable* | *rich, deep.* |

**Figure 18: Qualitative and Quantitative research**
source: Bryman (1992:94)

For Byrne (1995) research is not just about this distinction and the debate centres far more on the ontological issue about the nature of reality. However, previous

60

research in business studies have tended to fall into the quantitative field, but have never worked as a general account, which is one reason why the qualitative case study has grown in popularity. This is illustrated by Bryman (figure 18).

This research therefore will be largely from a qualitative database, seeking insider perspectives to advance emergent theorising in the field of strategic human resources management, which this type of research particularly lends itself to. Furthermore by focusing on one case study and not a larger sample, data was only needed from key personnel, therefore there was no instance of being able to compare to a population norm. Comparison to another company in the same financial sector was considered but, tentative enquiries to others in Ireland (where the research initially began) proved that access would be unlikely, due to the competitive and confidential nature of the data.

## 4.5 Statement of objectives

Initial interest in this research grew from concern made known to the researcher several years ago, that the company chosen for the case study was experiencing high turnover in one particular employee group - Telesales Consultants. Subsequent discussion later in 1992 with Management at ABC led the researcher to believe that focus on only this group of staff would be unlikely to provide long term solution, or advance theoretical development.. Whatever the problems may be, this would only be scratching the surface and more in depth analysis may or may not, provide more useful answers.

Furthermore, there was interest in the company's perceived success through high levels of employee commitment from other employee groups, which appeared to happen despite developing theory which suggests that only firm's which are strategic planners could achieve strategic growth, and maintain competitive advantage. Initial research suggested that ABC did not operate in this fashion. It was then proposed that the whole company should be the subject of a case study and it was at this stage that the literature search developed into this research document.

Hendry and Pettigrew (1990) suggest five future research issues in human resource management with direct economic interest to the firm's needs which are:

1. Firstly a problem centred approach to the interaction of strategy and structure. They refer to the linkages on the internal labour market between small, medium and large enterprises and the adoption of certain practices which can have a knock-on effect with other employers in the community, which may result in variation or new human resource management practices.[3] The human resource management implications of such change could stretch across international boundaries as managers have to increasingly manage alliances. Mintzberg (1978) and Dyer (1984) argue that in order to study strategic formulation, a retrospective research or longitudinal design is necessary to identify a pattern of decision making.

2. Hendry and Pettigrew (1990) secondly suggest that the huge differences which are evolving between firms who have vast stocks of skill and information technology and those where both skill and knowledge are scarce will be of interest to human resource management policy makers as will the national education influence in the future. This is reflected in the current preoccupation in the national curriculum with National Vocational Qualifications (NVQ) and General National Vocational Qualifications (GNVQ) which have been introduced in direct response to industrial needs.

3. The third research criteria is the need for more knowledge and understanding of the factors which inhibit or facilitate human resource management change and the differences between sectors, industries and company size. The type of analysis which a research group might undertake in this regard would be of the multivariate and quantitative kind which would focus on particular sectors of industry.

4. The fourth issue is that of how different employment practices either generate or hinder human resource management as a view on employment practice and so help to structure strategic choice. For instance do certain cultures within companies or

---

[3] An interesting large scale project to investigate this phenomenon is currently being conducted at Toyota production plant - (Winfield:1993).

certain external markets generate greater or lesser human resource management influence?   How does culture affect business performance and competitiveness?

5. The final item on the agenda for research in the 1990s is the focus on the firm itself.   Why and how do firms individually come to understand and deal with certain employment needs, why is one particular approach taken with one group of employees and not with others?   Knowledge of the underlying assumptions of managers which determine decision making would help to address researchers understanding of the firm's perception of how much an employee is seen as a cost or an investment.

The direction, size and scope of this research document has been generated from the framework presented by Hendry and Pettigrew (1990).   Rather than attempt to cover all the five research criteria listed above, the study has focused on the forth and fifth issues in a case study approach.

The objectives were as follows:

(i)     To review and evaluate the literature and to select a framework which seems most likely to aid exploratory research into strategic human resource management.

(ii)    To apply the framework to a case study of a small firm in the credit management sector and to evaluate the usefulness of this framework as a conceptual tool.

It was hoped that by achieving those objectives the following questions could also be answered:

(a)    Why different employee practices either engender or hinder human resource management influence and what external market influences have effect (if any) on the firm's approach to employment practices, its competitiveness and its performance.

(b)   To find out how the firm perceives, understands and reacts to certain employees needs.   To what extent are employees seen as costs or investments and what effect this has on the firm itself.

The focus of the research is therefore very much on the firm, as Hendry and Pettigrew's (1990) last two research agenda suggest.   Although the first three issues are of interest, they concentrate much more on the external market and interactions and exchanges of information between companies.   This would suggest much larger, multivariate or longitudinal analysis, which the size and scope of this study would be unlikely to cover in sufficient depth to be able to reach objectives which would be useful.

## 4.6 Research method

### 4.6 (i) Design

The literature review led to Hendry and Pettigrew's framework (1990 - figure 14) being considered as the most likely to support the research objectives and was used as the basis for analysing the current position of the company and understanding its past and present decision making processes.   The framework suggests five separate elements which are interrelated and it is how each element affects, influences or contributes to company policy and its effectiveness that was of direct interest.   The framework also seemed to suggest that the order of influence starts with the outer context cascading down to (and determining?) HRM content (HR flows, rewards, employee influence and work systems).

The Credit Management Services in ABC had operated for twenty years in the U.K. and in Ireland since 1980, and so were the main focus of semi-structured interviews as forty per cent of the total staff were directly involved in its operation.   The other related services are all comparatively new operations and the Heads of each department were also interviewed.

In view of the geographical spread it was firstly considered that a postal questionnaire directed to key personnel may suffice. However this was discounted due to the likelihood of non-compliance, misinterpretation or omission of some questions. It was also felt that semi-structured interviews would be most productive as many open ended questions could be included and part of the interviewing skill was in being able to gain insight from the answers given.

Other than direct interviews and participant observation at the branches and Head Office, it would have been very difficult to collect the data required for the analysis based on the framework selected. It was therefore decided to personally visit each of the branches and to conduct semi structured interviews. Although this was the most costly method and time consuming, it was also likely to be the most accurate and by observation, most revealing.

Having conducted an initial study on the structure of the company and understood some of its culture and objectives it was clearly only practical to analyse four elements of the framework (Outer Context, Inner context, Business Strategy Content, and HRM Context - see figure 14)) by interviewing senior management at HQ, observation, and other primary source material.

Human resource management Content (the fifth element) was then the basis for the semi-structured interviews with branch staff and the focus was on, HR Flows, Work systems, Employee Relations, Rewards.

Although remuneration and reward were prohibited as direct questions to employees, (see 4.7 limitations) the researcher had access to the reward structure and was therefore able to include it in the analysis. Comments on this area were however also volunteered in many answers to the open ended questions.

Other unstructured interviews were to twelve personnel at HQ including the Chairman. Those interviews were to try to assess the extent that a strategic human

resource management approach (Hendry and Pettigrew 1990:21) existed within ABC which included:

1.     the use of planning

2.     a coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, and often underpinned by a philosophy

3.     matching HRM activities and policies to some explicit business strategy

4.     seeing the people of the organisation as a 'strategic resource' for achieving 'competitive advantage'

Many questions to the Chairman were also to try and determine what culture based problems there may be, as the firm is privately owned by the Chairman's family (Gibb Dyer:1986). Other primary source material was gathered from sales data, the company newsletter and other company documentation.


It was planned to present most of the initial research findings to the Chairman and Chief Executive as soon as possible after the field research trip in order to ascertain the extent that a formal strategic human resource management view of the firm would be different in any way from their traditional views, and also to determine any other issues which might emerge.


## 4.6 (ii) Research sample - interviews

| Branch: | Managers | Consultants | Supervisors | Telesales | total: |
|---|---|---|---|---|---|
| Dublin | 1 | 2 | 1 | 5 | (9) |
| Belfast | - | 1 | 1 | 1 | (3) |
| Glasgow | 1 | 2 | 1 | 4 | (8) |
| Cheltenham | 1 | 1 | 1 | 4 | (7) |
| Manchester | 1 | 1 | 2 | 4 | (8) |
| Birmingham | 1 | - | 1 | 4 | (6) |
| London | 1 | 2 | - | 2 | (5) |
| Total: | 6 | 9 | 7 | 24 | 46 |

Total staff at branches (46 + 7 support staff): 53

### Figure 19: Cash flow staff at the branches

Glasgow branch is unique in that it provides the Personal Collection Service and is the only branch to operate from a computerised database. In this respect two

interviews were conducted with key staff in these areas, and were unstructured. Five other clerical staff at Dublin, Glasgow and Cheltenham are only involved in filing and reception duties and were not considered necessary to interview and also time would not have been sufficient to include them. Two other clerical staff at Birmingham and Manchester both 'act' as either telesales or supervisor respectively and so were interviewed in these roles.

| | |
|---|---|
| ABC Plc | 20 |
| Fargo & Co | 15 |
| Other executives and clerical | 36 |
| Total at H.Q.: | 71 |

Figure 20: Total staff at ABC head office

Additional unstructured interviews were planned for Head Office, where out of a total of seventy one staff, fifty eight of those are either clerical, reception or telemarketing canvassers.[4] It was decided to exclude this group as only heads of departments (in related financial services) or clerks directly involved with the credit management operation were identified as interview sources.

All interviews were conducted with a view to gaining insight into ABC's overall strategy, past decision making processes, structure, product market, and future strategy. The relevance of questions was regulated accordingly to correspond with the interviewee. Answers given by all respondents gave insight to various elements in the framework.

### 4.6 (iii) Questionnaire design

Semi-structured interviews were proposed at branches for:

○ *Managers  Supervisors  Consultants and Telesales.*

Interviewee responses were found to fit various parts of the framework, for example some of the answers given under 'employee relations' provided some insight to the

---

[4] 'Telemarketing Canvassers' should not be confused with 'Telesales Consultants'. These are two entirely separate groups, the first being related to ABC Direct and the latter with ABC Corp; Ltd and B2CRB who are the main focus of the research.

culture. Furthermore as expected in semi-structured interviewing many answers to open ended questions often provided unwitting testimony, which helped broaden the overall perspective of the company.

The actual wording and rationale behind questions derived from the literature search and initial research into ABC itself. This initial research was conducted between June 1992 and April 1993 when the researcher was living in Dublin and also through regular dialogue with the Chairman, management, supervisors and other staff in ABC.

### 4.6 (iv) Conducting interviews:

All interviewees were asked to read a 'Notice of Confidentiality' (appendix B) before the interview began. A brief outline of the research design was explained and any queries answered by the researcher. Interviews ranged from twenty minutes to two and half hours duration per session and some respondents were interviewed on more than one occasion. All answers to open ended questions were noted by hand. Questions which had coded answers for instance, age or length of service, were analysed by a computerised spreadsheet.

### 4.6 (v) Observations:

At each branch the researcher made detailed notes of working standards, ambience, atmosphere and facilities. Invitations to join in tea and lunch breaks also provided unwitting testimony relating to various areas in the framework. During the time spent at each branch the researcher was given permission to use a camcorder to video staff at work and this was used for two purposes. Firstly as an aid to writing up the results and secondly an edited version has been offered to the Chairman as a training video for new staff joining the company.

## 4.7 Limitations

Although the Chairman of the company was initially encouraging and supportive of the research, he did have some demands in respect of certain research areas and certain employee groups. In the first instance he requested that no questions could be asked about remuneration. This was after pilot interviews had taken place. Management were concerned that false expectations of changes to the existing pay structure would be raised, which could cause long term problems in morale. Secondly although access was given to employees who wished to volunteer for interviews, about forty-eight hours before the research trip was scheduled to begin, employees were told that they must only see the researcher in 'their own time'. This meant that for practical reasons timing at each branch was limited more than had been anticipated. A third problem was that the researcher proposed a postal survey to a client sample based on geographical area/industry/size and whether ABC or B2CRB clients. This was forbidden and the reasoning behind this provided some insight to the company's relationship with clients (chapter five). Direct questions to employees about clients, or geographical differences between branches were also discouraged .

## 4.8 Summary

| | Total Staff: | Proposed semi-structured interviews: | Actual interviews: | Percentage interviewed: |
|---|---|---|---|---|
| Branches: | 53 | 46 | 40 | 75% |
| | Total Staff: | Proposed un-structured interviews: | Actual interviews: | Percentage interviewed |
| HQ | 71 | 13 | 12 | 17% |
| Total: | 124 | 59 | 52 | 42% |

Figure 21: Interviews summary

Semi structured interviews were conducted with seventy five per cent of all branch staff who are involved in the Credit Management Service sales. Other interviews were unstructured and were with seventeen per cent of key personnel at Head Office who are either involved in the credit management service provision or in the recently acquired related financial services or are senior executives.

Questions for semi structured interviews were derived from the framework used for this research and were designed to measure the extent of human resource management content within ABC. A qualitative database was developed from interviews, primary and secondary source in-house material, literature searches and observations at each branch of the firm.

Having determined the optimum method by which to conduct this research and described the design of the approach based on the selected framework (figure 14), chapter five relates the findings headed by each of the framework elements:

*5.1 Outer Context*
*5.2 Inner Context*
*5.3 Business Strategy Content*
*5.4 HRM Context*
*5.5 HRM Content*

The framework suggested by Hendry and Pettigrew (1990), described in chapter two, has been used as the basis for developing in-depth perspectives of strategic human resource management decision making and policies at the level of a small firm. The order of presentation as the framework suggests shows that each of the twenty elements provides a different perspective, which must be viewed in context of the other elements.

In order to reduce subjectivity and limit interference of the researchers own interpretation, evidence from interviews is used to support arguments wherever possible. This is indicated in the text as Q.. (with the question number). A copy of the questionnaire can be seen in appendix C, and appendix E, illustrates the questionnaire findings.

## 5.1 Outer context

### 5.1 (i) Socio-economic



Strategic Change and Human Resource Management
Fig 14: Hendry and Pettigrew
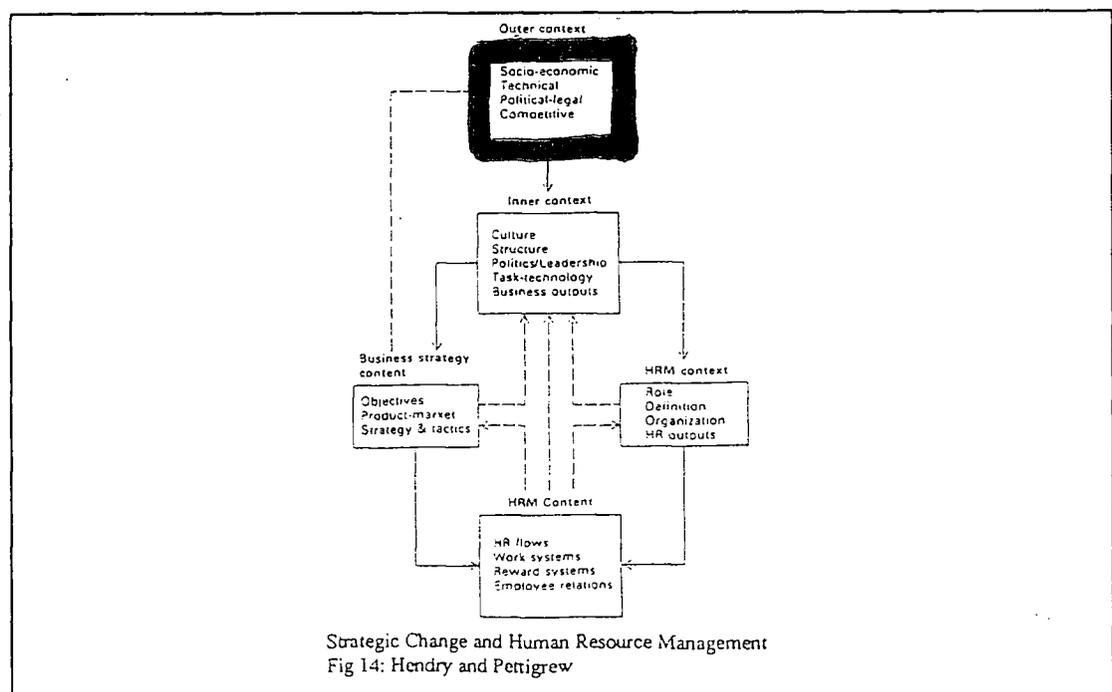
There are three clear factors which have positioned ABC in its current socio-economic sphere. Firstly the perceived need and subsequent development of a niche market in providing a service to business which plays a role in the national economy. Secondly, the Chairman's outright control and decision making has been the main influence on how ABC is managed and its culture has developed. Thirdly the Chairman's professional background is in accountancy.

Macro level:

The company is owned privately by the Chairman's family and began trading in the U.K. in 1973 when the first signs of economic decline after the post war golden era were beginning to show. It is suggested that the 1970 - 90 period was historically unique, given the degree of turbulence in the macroeconomy and financial markets, combined with the switch from a regulated to a liberalised financial system. In the early 1970s businesses were feeling the effects of the shift towards competition, higher exchange rates and consequently higher interest rates. Furthermore the abolition of exchange controls, an early act on the part of the incoming Conservative Government enabled companies to seek lower labour costs, or more attractive investment opportunities overseas.

For example between 1979 and 1986 the export of capital rose from £8.1 billion to £24.1 billion (McInnes 1987). Faltering industries declined under increased foreign competition, against a background debate about the legitimacy of trade union influence on industrial relations. These two decades saw much higher inflation than historic norms as well as low real interest rates in the 1970s and high interest rates in the 1980s.

This period saw the birth of the new age of individualism, a philosophy with an emphasis on private economy, entrepreneurialism, deregulation and according to Legge (1989) a new economic prosperity for a property, share-owning democracy, co-opted into the values of capitalism. The collectivism of industrial relations in earlier decades began to diminish, marked by the decline in union membership. In

the sense that this has influenced industrial relations at ABC it can be said that influence has been nil, mainly through employees lack of previous experience in union membership (figure 22). However, unionism tends to have a low profile in private and public services and so the loss of collectivism in the socio-environment has little effect.



**% ABC staff who had been members of a trade union**

Manager Consultant Supervisor Telesales

☑ Yes
☐ No
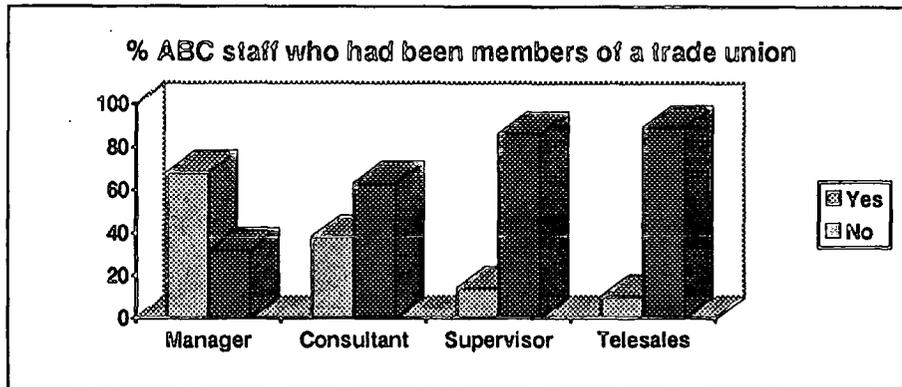
Figure 22 ABC staff with previous union membership (Q30)

A prevailing theme of recent conceptual writing (Armstrong 1987; Guest 1987; Hendry and Pettigrew 1987) confirms that, fully awakened to the need for competitive advantage by the rigours of recession and inspired by the popular 'search for excellence', many managers started to embrace the philosophy of human resource management. This emerged as a shift away from collectivism, towards employee involvement in the larger corporations based on unitary values with individualist underpinnings.

Against this backdrop of debts, and national economic crisis, companies became increasingly aware of the need to reduce cash flow problems, and the fear of bankruptcy loomed large. The irony for companies providing Credit Management Services (described in Chapter three) is that in periods of recession business is likely to increase. Conversely when the economy picks up credit management business benefits in the same way as any other business although it may be that potential clients no longer perceive the value of the credit management service. The Credit Management sector has an important role in the economy and consequently it can be asserted that ABC serves an economic purpose in the local and national business community. That is by exploiting the joint and mutually reinforcing effects of high

interest and exchange rates. High interest rates places adverse pressure on businesses by exacerbating the problem of competition from imports in home markets and by increasing the cost of both capital investment and of stocks. In this respect ABC were able to focus on the need to maintain cash flow and the heightened need for a sustainable customer base.

The socio-economic climate during the period of retrospective review influenced ABC in the following two ways. Firstly, the company's chosen product market was environmentally led by responding to recessions and business's need to control cash flow. The company was formed as a direct response to the 1973 - 5 recession, and the 1979 - 81 recession aftermath saw a continued increase in sales. This was marked by the opening of four new branches at Glasgow (1987) Dublin (1980) Belfast (1987) and Manchester (1988) to decentralise the operation from the (then) head office in London out to the regions. 1991 saw the opening of a newly acquired refurbished Georgian show piece head office in Cheltenham with the London office relegated to the status of branch sales office. The second socio-economic influence was that high unemployment heightened the availability of cheap labour with only minimal protective legislation. Only twenty five per cent of employees had more than two years service (Q5), and were protected by employment law. Most interestingly, as the research progressed it became clear that the workforce who were the subjects of the questionnaires separated by many factors into two very distinct groups. The branch managers and consultants in one, and the supervisors and telesales in the other. While the first group were able to fully exploit the entrepreneurial share-owning democracy work ethic of unitarism, the second group seemed to be experiencing the opposite. This was apparent in low wages, high distrust, constant staff turnover and working regime strictly controlled by rules, regulations and the threat of reprimands and dismissals (discussed 5.5 HRM content).

Micro level:

Of primary interest is the family ownership status which has manifested itself in the Chairman's outright control and mono-directional strategy. This has been greatly

74

influenced by his own profession as a chartered accountant. According to Gibb Dyer (1986) 175 of the 'Fortune 500' in 1986 and ninety five per cent of all businesses were family owned and according to Armstrong (1991) and Purcell (1989) the growth of accounting controls is an increasing aspect of British management techniques. Although the accountancy profession have long been prominent in British industry, there has been a marked increase in accounting presence at board room level. 'The current (University) output of Chartered Accountants of all kinds is over five thousand per annum, which is roughly equivalent to the entire national output of business studies graduates'. (Armstrong 157:1991).

## 5.1 (ii) Technical

The role of technology in business strategy has changed during the last forty years in a way that has altered all industrial and social environments. Ansoff (1990) refers to the current phase as that of 'technological turbulence'. That is where industry has moved from profitless prosperity in an evenly evolving technology, to a fast changing market where substitution of old systems demands fast response to remain competitive. Failure to recognise this aspect and the need to place Research and Development (R&D) at the forefront of strategic decision making will ultimately lead to loss of market share if not total collapse of the business.

Increased technological knowledge and ability to adopt techniques across many markets has meant that the demand and supply peaks of traditional product life cycles have become less predictable and less subject to a normal distribution over time. Peaks and troughs as consumer demand leads technology, rather than the reverse means three things for managers. There are financial, cultural and political implications which managers must address. Can firms afford new technology, and should it be seen as investment or cost (a familiar argument to that of 'human' assets). Does the workforce need retraining? If so, will the government support curriculum development? For example changes to the current NVQ and GNVQ provision, which only vaguely relate to subjects taught twenty or thirty years ago in colleges and universities.

In its first eighteen months of trading, ABC managed its database by a manually operated paper filing system. In 1974, £100,000 was invested in computing equipment. There are currently four database systems. The first is the centralised computerised mailing system to provide the cash acceleration service for clients. This system automatically generates letters that are sent to clients debtors. It is maintained and operated by two clerical assistants at head office.

The second database system comprises a paper based index system which is developed by each branch and used as the source of information for contacting potential new clients. Each branch maintains a telesales team whose job it is to contact and make appointments for consultants with all new potential businesses in their own geographical area. The maintenance of these databases were in some cases precise well maintained card index systems (Dublin, Glasgow, Belfast and Cheltenham) which were constantly updated. Alternate systems were where telesales staff had to laboriously go through old copies of British Telecom's Yellow Pages 'ticking off' numbers called (Manchester, London and Birmingham), the latter being found to be quite ineffective. This reflected the difference in supervision and management styles at each branch (Q22, 34).

At the time of the research an Information Technology Manager had been newly appointed at HQ to oversee the computerisation of the third database system at Cheltenham. This appointment in itself was significant because of the perceived need by the chairman to 'buy in' professional skills and experience. The purpose was twofold. Firstly to improve branch performance at Cheltenham and also to provide sources for the newly launched telemarketing[5] section, a new service at Head Office. At the same time the Glasgow branch had just completed the installation of its own computerised database (a fourth system) as a pilot scheme with a view to eventually including all the branches and thereby centralising the whole operation in the long term.

---

[5] 'ABC Direct' see 3.1 ABC plc and 5.3 (ii) Product market

Significantly there appeared to be little link between the two innovations at Cheltenham and Glasgow although they took place simultaneously. It appeared that although there was investment in both ventures, in the long term, because there was no compatibility between the systems or the managers approach, one system will probably transpose the other, which seemed potentially time wasting as well as likely to incur financial loss. According to the Chairman the cost of producing and maintaining a nation-wide database is such that it would only be viable if he was able to produce income from that database by marketing it to outside clients as well as using it for internal new business generation. To generate income the data will be developed as specialist lists to be sold to other users. For example, a client may wish to buy a specialised list such as, the 'names, addresses, phone number, and contact name for all engineering companies in the North of England'.

The Chairman regularly referred to American telemarketing systems, databasing, and mailshot campaigns, which he foresees as a potential lucrative market in the U.K. However, when asked about future technological requirements to upgrade the current equipment or any R&D activities his own lack of knowledge was very apparent. He was reliant on the new IT manager. When the IT manager was interviewed he claimed that he was discouraged by the fact that the Chairman limited his capacity to fully develop the database at Cheltenham. His (the IT manager) knowledge of other branches and their needs was extremely patchy, for example he did not know the names of managers or numbers of employees at branches, or indeed what database system was being used.

Some comparison with other companies in either a similar industry, or operating with a similar client base would have been useful, however this was not feasible. In all unstructured interviews with management, reference was made by the researcher to current Information Technology trends and the pace of change. Few responses showed any in depth understanding of the potential difference that investment in up to date equipment could make. However, the newly appointed Telemarketing managers were very keen to develop new software and utilise the services of I.T. Consultants to update equipment. Both managers felt that the Chairman would be

very reluctant to support such initiatives, purely because of his own lack of knowledge and reliance on old tested approaches. It was clear that although managers knew that improved IT would 'make a difference', they could not articulate what the difference could be.

The technological issue facing ABC in 1993 was that of keeping market share according to the I.T. Manager, but he felt one which the Chairman would fail to acknowledge, based on his reluctance to innovate.

## 5.1 (iii) Political-legal

ABC like any other business is subject to external political influence that affects either trading legislation or employment law. Recent evidence of national change was measured for the Transport and General Workers Union by the University of Warwick (figure 23)

| Workplace issue: | Management initiative % | Union initiative % | Agreement % |
|---|---|---|---|
| Individual contracts | 87.1 | 11.3 | 35.5 |
| Sub-contracting | 90.4 | 5.8 | 35.6 |
| Home-working | 95.0 | 5.0 | 5.0 |
| Merit pay | 83.8 | 10.8 | 44.6 |
| Task flexibility | 88.4 | 9.5 | 53.7 |

Figure 23 evidence of new management practices
Source: Waddington and Whitson 1993:59

The extent that these shifts in practice are as a result of the 'spread of HRM' which is held to be unitarist and very much the product of management initiative, is indicative of the prevalent political regime, where the introduction of individualist working practices challenge unions tradition role as production regulator.

The balance of power throughout the twelve member countries of Europe have according to Hyman and Ferner (1992) swung generally against labour over the past decade. The Conservative programme of economic liberalism and deregulation in

78

Britain has perhaps had the most meaningful effect on the political-legal context in which ABC now trades. Employment Law is the main mechanism by which the Conservative government implement change. The main objectives have been to change the power of the unions, by limiting their ability to force changes, and also by increasing free trade. The most notable Employment Acts 1980, 1982, 1988, 1989 and 1990, the Trade Union Act 1984 and the Wages Act 1986 supported by various statutory Codes of Practice have caused, the legal regulation of industrial action; the eradication of the closed shop; the regulation of internal union government; the dismantling of statutory support for collective bargaining; and the curtailment of individual employment rights.

However, although employees collective rights have been weakened, those of individual employee protective rights have remained in place. The UK has been forced by virtue of European Community legislation to introduce new regulatory measures, for example, Transfer of Undertakings Regulations 1981, the Equal Pay Act 1970 (as amended), the Sex Discrimination Act 1975, Trade Union and Employment Rights Act 1993, and other draft directives are introduced regularly, which has meant some prospect of further developments in employment law.

How this has affected ABC is minimal for two reasons. Firstly there has never been any forum by which employees have been able to have any collective agreements, nor any attempts to bring union regulation into any branch. The reason for this would at first seem to be the traditional low union presence in service industries and finance compared to labour intensive manufacturing or production industries. This is evident in that union membership has declined in the UK because of disproportionate decrease in employees in those traditional industries, and the marked increase in services provision. Figure 24 shows the growth of employees in services against agriculture and industry.

It has been suggested (Monks 1992a; Guest 1991; Beer 1984; Pettigrew 1990) that non-union or at least single union presence would be the only regime by which successful employee commitment, the keystone of the HRM approach, could be

79

engendered. In examining this question of commitment the definition proposed by Porter, Steers, Mowday and Boulian (1974:604) is useful, that is 'the strength of an

| | 1960 | '68 | '74 | '79 | '80 | '82 | '84 | '86 | '88 | '89 |
|---|---|---|---|---|---|---|---|---|---|---|
| agriculture | 4.7 | 3.5 | 2.8 | 2.7 | 2.6 | 2.7 | 2.6 | 2.5 | 2.3 | 2.1 |
| industry | 47.7 | 45.2 | 42.0 | 38.7 | 37.7 | 34.6 | 32.3 | 30.8 | 29.7 | 29.4 |
| services | 47.6 | 51.3 | 55.1 | 58.6 | 59.7 | 62.7 | 65.1 | 66.7 | 68.0 | 68.4 |

Figure 24: Employees (1989) as a percentage of civilian population.
Source: adapted from OECD 1991 in Hyman and Ferrer XLiii: 1992

individual's identification with, and involvement in, a particular organisation'. ABC have developed a regime which nurtures employee commitment for at least one group of staff (Managers and Consultants) maintained by a 'good reward for good performance' regime. The second group (Supervisors and Telesales) although on a similar reward for performance basis, do not have the same level of commitment, and compliance would be the more satisfactory term (see 5.5 rewards).

That this group does not have, nor appear to seek union support to improve their circumstances was found to be partially because of their lack of collective industrial experiences (only twelve and a half per cent had ever belonged to a union), but this was less remarkable when the age range is considered - thirty five per cent under the age of twenty nine years (Q3). Only older employees had experience of working in traditional unionised workplaces. However, the main reason for lack of union influence was not only the traditional aspects, but it would seem the high turnover in telesales and supervisors (seven hundred and fifty three per cent of all telesales in 1993). Of the employees who did gain statutory protection i.e with more than two years employment at ABC, the commitment was deep and loyalty remarkable (Q31 and 33). However the rewards for the longer serving telesales may have been much more attainable because of their long experience and competence.

Insofar as employment protection goes, it was clear that although dismissals were a regular occurrence in one group, this was never challenged nor considered a problem within the firm because firstly there was no collective forum to support any challenge against regular dismissals. Secondly the firm was able to exploit the high unemployed surplus labour market, where cheap labour is easily attracted by promises of fast rewards (see rewards appendix E). A third reason was that the two female administrative staff responsible for Personnel functions (the Personal Assistant to the Chief Executive and the Executive Administration Manager) had minimal experience of working anywhere else. During the course of interviews it was suggested to them that high staff turnover indicated some underlying problems within the management of employees, as well as the reward structure. Responses to this were that if the employees 'could not do the job there was no point to them staying', it was not considered to be a problem culturally, financially or politically that recruitment was a weekly event at some branches. Both respondents constantly referred to their legitimate right to issue reprimands and order dismissals. They considered the relationship between themselves and telesales to be distinctly that of supremacy. This impression was reinforced on many occasions during subsequent interviews and observations.

On the whole the evidence from interviews with senior management at Head Office and observations suggested an extremely low awareness or concern for employment legislation. Although all legal obligations were met, albeit to a minimum. The effect of the shift towards individualism has had little effect at the micro level of the firm. This will only change with the introduction of new legislation for example, a minimum wage, or the forthcoming extension of workers consultation rights. As from 1/3/96 all employers, not just those who have recognised trade unions, will have to consult elected employee representatives over mass redundancies (20 and over) and business transfers.

## 5.1 (iv) Competitive

The competitive environment in which ABC trade was extremely difficult to analyse initially, mainly because of the lack of knowledge within the firm itself (Q23). The Chairman listed two or three companies which he considered to be 'roughly the same size as us, I think, but they don't specialise as we do'. When asked to elaborate he was unable to do so. Observation at induction sessions at all branches revealed that the issue of competition is raised as part of the formal company training. Without exception the same two or three companies were discussed, but always in a somewhat derisory fashion. The training approach seemed to be at first, that new telesales were being taught positive 'selling' answers to potentially difficult questions that might be raised during the telephone conversation. However, when this question was raised with individual supervisors and managers at branches, it transpired that very little was really known about competition either nationally or locally. No one from the Chairman downwards was able to speculate what ABC's market share might be. The Chairman did state that he thought ABC's cash flow service was trading at about twenty five per cent of its potential, but that this was unsubstantiated and was seen to be due to unapproached or untapped new business, rather than because market share might be allotted elsewhere.

The ability of a firm to compete relies heavily on first of all, the capacity of the firm to identify and understand the competitive forces involved; secondly, the competence of the business to mobilise and manage the resources necessary for the chosen competitive response through time. Strategy formulation is seen as emerging from the way a company, at various levels, acquires, interprets and processes information about its environment. A key aspect of environmental assessment is that of knowing the competition and understanding environmental pressures from this. Imperative to this is the ability to use this knowledge in key business decision making.

It is the Chairman's firmly held belief that there is no difference between branches in the extent that local competitive environments, or local employment resources will ultimately influence sales. Competition within the firm is actively encouraged, and

branches will compete for both financial rewards (to Consultants and Managers only) and the prestige of being named as 'best performing branch' in the weekly newsletter (appendix F). The Chairman's preoccupation with profits, short term sales figures and the financial performance of each branch were clearly the only measure upon which 'environment' was considered.

From the point of view of this research it was imperative to attain some better data to analyse environmental influence at branch level. Three questions were recurrent in any attempt to analyse the competitive environment.

1.     Was there any difference between branches in terms of the level or strength of competition?

2.     What market share did ABC hold during the period of the research i.e. 1993 - could this be measured retrospectively?

3.     What was known about the industry sector?

Initially it seemed almost impossible to be able to measure or answer the above three questions. While the Chairman indicated he thought there was little difference between branches, managers at the branches were adamant that there was. The problem seemed to be firstly in getting information, to prove or disprove the claims. An interesting slant on the Chairman's perspective was that he has quite a close liaison with the owner of a rival firm and was said by some managers to be content always to follow the rival firm.

Two obvious questions of the research were to ascertain firstly what the current market was for cash flow services, and secondly how many other companies trade in cash flow acceleration or debt collection? Approaches were made to large information bureaux, the Institute of Credit Management, Dunn & Bradstreet (a world leader and major rival) to obtain statistics showing the increase or historical rise (if any), in debt collection companies, the number and geographical dispersion.

After initial failure, the first breakthrough came by using the VAT Standard
Economic Regions Size Analysis of UK Businesses 1993 (Business Monitor PA1003
-see appendix D). The resulting analysis gave the potential number of companies
within each branches geographical area that could be targeted for new business, and
so gave an approximate estimation of the current market. The next problem was to
try and record accurately the number of competitors in each area. This could not be
obtained from the Business Monitor statistics because companies such as ABC list
themselves in the category of 'other financial institutions' which means that they are
counted together with property management companies, lenders and others. In 1993
there was a total of 30,403 companies registered for VAT trading as 'other financial
services'.

After contacting British Telecom business services and various other large
information providers it was clear that the category of 'Credit Management' alone
was never recorded as just that. It seemed that this information would not be
available, and even when interviewing branch managers, they were able to name one
or two competitors they were aware of but all felt that there was probably a lot more.
As a last resort the Electronic Yellow Pages was used and the result gives at least a
fairly accurate number of companies who trade within the same geographical area as
that used for the VAT Standard Economic Regions (see appendix D).

## ABC - 1993

| | Glasgow | M'chester | B'ham | Chelt | London | Belfast | Dublin |
|---|---|---|---|---|---|---|---|
| *Rank order by branch performance* | 2 | 4 | 6 | 5 | 3 | 7 | 1 |
| *Rank order by salesman* | 2 | 5 | 4 | 3 | 6 | 7 | 1 |
| *% potential business in area* | 9.3 | 17.1 | 16.8 | 12.4 | 42.2 | 2.2 | (100) |
| *% number of competitors in area* | 13.2 | 34.3 | 13.3 | 6.1 | 29.2 | 1.4 | 2.1 |
| *Staff turnover* *Salesmen:* | low | low | high | low | high | high | low |
| *Telesales:* | high | high | high | high | high | high | low |

Figure25: Differences between branches (competitive - internal & external)

In order to fully develop the overall picture these statistics were set against the companies rank order by branch performance and rank order by salesman's average performance per branch for 1993 (figure 25). Finally the staff turnover was added so as to determine what variables seemed to be affecting branch performance, and also to determine if any particular local aspects could be said to make branches differ from each other.

The resulting picture showed that firstly Dublin had to be considered as having potential access to all business in Southern Ireland. This may account for its number one ranking in both performance indices, however historically it had been a very poor performing branch so other indicators such as low staff turnover, and competition must be taken into account. The mainland UK picture shows that although Glasgow was the highest performer it has the second smallest percentage of potential business and fairly high competition compared to say Cheltenham which ranks fifth and has only fifty per cent of Glasgow's competitors.

Clearly there are then marked differences between branches in both geographical territory to cover, i.e. Manchester and Birmingham sales force have the benefit of major roads between towns and cities compared to Ireland or Scotland where vast expanses between locations can mean much higher mileage which has an impact on the consultants earning power (see 5.5 (iii) rewards). Furthermore, in London all consultants only travel by tube and rarely travel any great distance, although geographically they are supposed to cover Kent. Other differences competitively are in how each branch attracts and retains key staff e.g. telesales. In Ireland telesales as a commodity is fairly new, and has not yet attained the dead beat job image it has in the UK, coupled with higher unemployment. One advert placed in the Irish Independent Newspaper for telesales attracted over two hundred inquiries. Awareness of competition from both outside the firm and between branches was very low. Each branch seemed to be struggling with its own unique problems.

Further difference between branches discovered by the research, and not perceived by branch managers was the different quality of supervision and training provided by

supervisors (Q15 - 19).   All of these perceived differences remained mostly
unacknowledged and in some cases not fully accepted by the Chairman.

The overall company approach was that of 'high rewards for sales, no reward for no
sales'.   There appeared to be little consideration within the firm of what influences
either from external competition or within each branch 'added value' to the branch
performance or hindered it.   The alarming lack of knowledge or attempts to discover
the competitive nature of the environment were to some extent indicative of the
prevalent culture.

A further aspect of the competitive nature of the firm was that emphasis was
invariably placed on gaining new sales and all performance was measured by this.
The fact that ABC had a large existing customer base and that repeat business or
diversified businesses could be targeted there seemed unpalatable.

## 5.2 Inner context

## 5.2 (i) Culture



Strategic Change and Human Resource Management
Fig 14: Hendry and Pettigrew
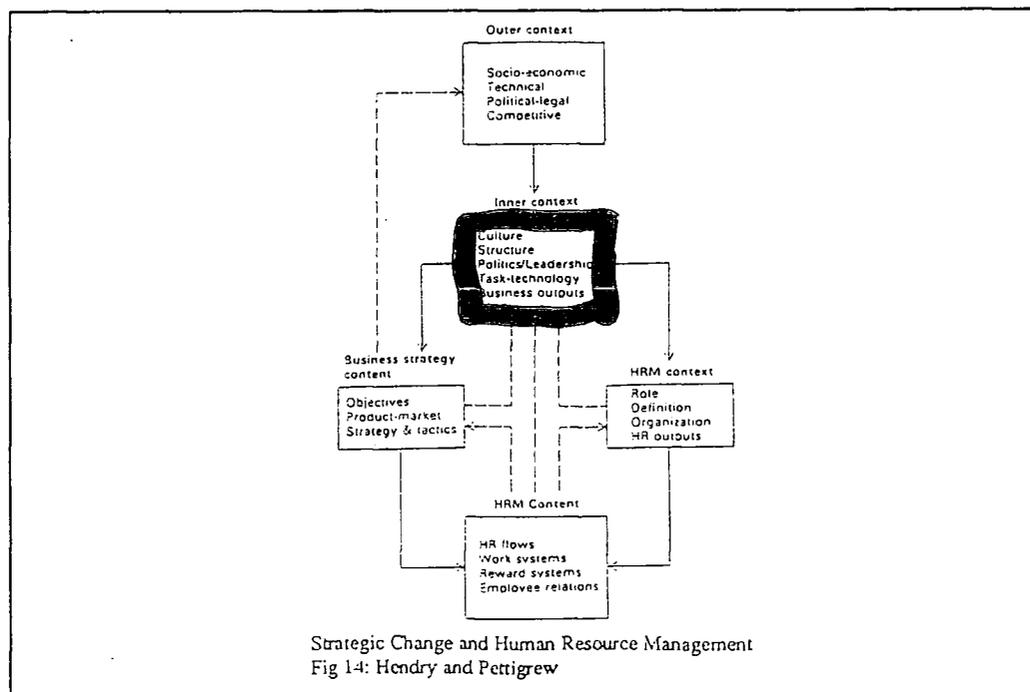
According to Guest (1992:128) 'the three factors of 'leadership', 'culture' and
'strategy' are the cement that binds the human resource system together and ensure

that it is taken seriously within a given organisation'. A firm, depending on its stage of maturity will have a culture characterised in shared values, meanings and traditions of language and views on the world. Within the firm one might expect to find sub-cultures, as natural groups form with common beliefs and values. The culture of the firm may become deeply rooted and the basis of its marketing to potential new clients or in some cases extended out to existing clients who identify with that same culture, for instance I.B.M. 'The Body Shop' or McDonalds Fast Food Chain. The culture of the firm originates from management ideology where justification is substantiated for the company's raison d'être.

The level of organisational commitment is developed from cultural beliefs and values. As commitment is held to be the cornerstone of a human resource management approach in a firm, it is therefore of interest to note the extent that this employee commitment may or may not influence the value of the firm as perceived by employees and clients alike.

There are two contrasting sources of managerial values, beliefs and assumptions according to Coopey (1995). The first, the legitimacy of management's right to manage. In this vein ABC's Chairman is permitted by Company law, because it is a private company with limited liability to control all management prerogatives. This is however usually regulated in UK firms in four main ways. Through shareholders, employees, predatory managers attempting take-overs and non-executive directors. Insofar as shareholders goes, the firm is owned fifty two/forty eight shares by the chairman and his wife. Employees were identified as having no influence or knowledge in company affairs mainly through the geographical division which limited the collaboration of inside knowledge or sharing of beliefs, values and culture. Managers are all employed on a self employed consultancy basis and subject to limited capacity to collaborate. The only non-executive director, the Chairman's wife, had only nominal interest in the firm. It can be said therefore that managerial values, beliefs and assumptions were dominated by the Chairman's own legitimate right to manage and remained unchallenged.

The second source of managerial values and so culture, is to be found in charismatic leadership. This is where inspirational leaders point the way forward, developing unique norms of behaviour and shared values which inspire employees to devote themselves, to become committed in an unquestioning way that would never challenge the legitimacy of the leaders' 'right to manage'. To this extent the Chairman of ABC had an interesting role. He was not perceived to be a highly visible leader, and according to one senior manager his successful rule within the firm was based on a 'divide and conquer' regime. This was explained by the common belief between managers that the Chairman would purposefully set managers against one another if he suspected an alliance and therefore threatening powerbase forming. However, all managers referred to the Chairman with respect, but felt that he was 'out of touch' with the reality of salesmanship and had not enough face to face contact with the managers. All managers said they spoke regularly to the Chairman by telephone (Q25) and although monthly sales meetings had been held in the past where all branch managers would meet with the Chairman, those ceased during 1993. The reason given, was that it was becoming too expensive to pay for travel costs and accommodation as managers had to travel from all over the UK to the meeting. This development witnessed during the research sent powerful messages to managers and to all employees. That this was perceived by employees to exacerbate the already low morale felt due to declining sales that year, was understandable.

The Chairman directs ABC based on values and beliefs enshrined in his own background of accountancy, which is legitimised by his right to manage, but perhaps undermined by his seeming lack of charismatic leadership, identified by his tight control over other managers and well known attempts to limit collaboration between managers. The culture in ABC appeared to be deeply rooted, unchallenged and an example of organisational hegemony. As Coopey (1995) has noted this situation is common and differs little from that found by a survey twenty years ago apart from one aspect. Whereas '...evidence of a social responsibility ethic was minimal ...directors had only the barest contact with workers, attended to them in times of industrial action resignation or retirement and basically viewed them in the context of costs' (Pahl and Winkler 1974:119). This has changed only in that human resource

management requires symbolic aspects such as strong positive corporate culture which engenders commitment, highly intensive quality control, shared vision and goals. To the extent that the Chairman of ABC will recognise this or acknowledge the need for commitment from all employees rather than a form of attitudinal commitment (Morris, Lydka and O'Creevy 1993) was of interest as this research sought to ascertain the usefulness of this framework to management's conceptual view of the firm. According to Storey (1992) unless management make progress in coming to terms with the collective, social dynamic of organisational life and so cease to treat culture as the manipulative variable as suggested earlier by Devanna et al (1984 see chapter two), then organisational commitment is unlikely to develop as the much needed supportive aspect required by successful strategic human resource management.

Several diverse examples of culture were observed during the research. For example interviews at Head Office were conducted with full approval and supported by the Chairman, however the Chief Executive declined to be interviewed. When asked why this was the case, the Chief Executive's manner became loud, defensive and aggressive which suggested that he was fearful either of giving 'wrong' answers or revealing information. His Personal Assistant apologised for his behaviour and said 'he was like that with everyone'. As the research progressed it became clear that the Chief Executive was feared, disliked, distrusted and seemed to operate without due regard or respect for or from either other managers or employees. He was often seen to 'patrol' the offices (on three floors) in the evening and was once said to complain to a supervisor that paper clips had been left on the floor next to someone's desk on the evening before. When a complaint reached him about the staff tea towels being grubby, a notice (figure 26) was issued.

The researcher was present at Head Office on the day this was issued and it was considered firstly typical of management's threats to dismiss, and secondly a laughing stock. How far the Chairman was aware of this style of management at Head Office was difficult to gauge as he worked from his own office in London which was symbolic of his perceived remoteness from the firm.

> 'I have received complaints regarding the disgusting condition of the tea towels in both the first floor and basement kitchens.
>
> Will you please ensure that those staff appointed to use the kitchen facilities are reminded of their responsibilities to keep the kitchens in a presentable state and to ensure that the tea towels are only used to dry clean cups etc. Should they be required to deal with any spillage then the dishcloths should be used for such purpose.
>
> Should staff be found to abuse the facilities afforded to them disciplinary steps will be taken which may result in such staff being dismissed from the company'.

Figure 26: ABC memorandum
Source: ABC 22.7.93 memorandum to all designated supervisors/managers at Head Office from the Chief Executive.

One cash flow clerk when asked about the company's goals and values said although she had worked with the firm for five years she had no idea what they might be. She went on:

> 'when we was due to move here (referring to the newly purchased
> Head Office to which they had moved from another office in
> Cheltenham) we all knew we was moving because of the rumours and
> the 'For Sale' sign on our office window (giggling), but no one would
> tell us where or when, right up until a few days before the move...its
> like they don't trust you.... I had to go to the Doctor, I have never
> been sick before in five years, and I was told I had to pay the time
> back out of my lunch hour, but she (referring to the Personal
> Assistant to the Chief Executive) can take time off to go the hair
> dressers, I was really sick as well, and if I could get another job in
> this area I would go'.

At the branches it was observed that every morning between 8.30 and 9.00 a.m. a clerical assistant from Head Office would telephone to check that all staff had arrived. When the researcher asked if it might not be less expensive (then phoning six branches throughout the UK and Ireland everyday) to assume all were in and that

if anyone was absent the supervisor could phone in. This was considered unlikely to work, as 'you can't rely on them to phone you'. No sick pay was payable during the first six months service, therefore anyone off sick would have their pay deducted. As sixty three per cent of telesales had less than six months service, it was imperative to account every day for anyone off sick. The supervisors at the branches however resented the implication that they might not report sick absence, but when each was asked to state what level of sick absence they experienced at their branch they were vague and uncertain, due to not having kept any records.

It has been suggested that organisational commitment stems from culture which is intangible and unmanageable (Ogbonna 1992) and should not be treated as a manipulative variable (Hendry and Pettigrew 1990). Culture within the firm develops from management's own beliefs and aspirations, which manifest themselves in shared vision, beliefs and goals. ABC had two predominant cultures, which although visible as two separate approaches, had overlaps. On the one hand management and consultants shared the unitarist self seeking goal of attaining high rewards and achieving status of 'best branch' or 'best salesman' of the week. The element of competition between branches was treated as a game apparent in the jocular references between managers about other branches, but with serious undercurrents of envy and some misperceptions about conditions being better at other branches. Managers and consultants had longer track records with the firm, and shared bi-annual competitions to achieve awards in either monetary value, status or holidays abroad. Managers perceptions of the Chairman were slightly veiled in mystery, mingled with respect for the man who could control in typical macho tradition. Commitment in behavioural terms was high (gauged by manager's and consultant's own investments, long hours, costs of car and petrol, and travels hundreds of miles per year at his own expense) and in attitude, apparent in the wish to remain with the firm, the desire to succeed, but undermined by lack of involvement (Q34).

The other prevalent culture was that of the telesales and supervisors at the branches. This was apparent in their high turnover, discontent, low wages, few competitions,

lack of understanding about the organisation and perceived difference between their own work and the consultants which was deemed unfair due to the fact that they had no control over the outcome of sales. Telesales are reliant on sales for commission (see rewards) and while the consultant may blame himself for missing a sale and find the lack of reward more acceptable, the telesales claim they have no control over the sale situation which has implications for working systems. At Head Office the two cultures are just as distinct. If attitudinal or behavioural commitment can be measured in terms of the employees wish to contribute to the success of the firm and their wish to remain with the firm then it is clear that telesales and supervisors have not been treated on the same level as consultants and branch managers, or perhaps they have but this similarity of approach is misdirected?

## 5.2 (ii) Structure

ABC's current physical structure is seen in figure 15. How the structure of the firm has influenced or been influenced by, its strategy and control is of direct interest. In terms of Goold and Campbells (1986; 1987) research, two dimensions must be considered, that of planning influence and control influence. That is the extent that the head office or strategy centre retain control over decisions throughout the firm and the extent that these are monitored. Goold and Campbell (1987) suggested eight main approaches to management within the two criteria of planning and control (see chapter two).

ABC may be closest to the group identified as strategic Programming. This is where there is, '...attempts to combine a high level of planning influence by corporate management with tight, strategic control. Detailed planning processes, corporate sponsorship of strategic directions, and tight control against both short term financial objectives and long term strategic milestones are all sought'. (Goold and Campbell 1987:31). However the match to strategic planning is not exact, as according to Goold and Campbell (1987) there was no current examples of this style amongst the participants of their analysis. The reasons that companies were found not to popularise this approach were interesting. They related to the intrinsic difficulty for

92

corporate management of controlling tightly against the results of a strategy that they have been closely involved in developing. Furthermore the problems of motivating business unit managers when their freedom of movement is closely constrained by the need both to agree detailed strategies and objectives with corporate centre before the fact, and to be held closely accountable for results achieved subsequently.

The problem seems to be that companies who seek to plan strategic ally may have mistaken planning for forecasting. Rather than make good long and short term decisions and plans for the future, the firm may seek to forecast results and base decisions on those same outcomes, which is likely to be disappointing. The facts are that budgets are increasingly outdated by new circumstances arising. If corporate management wish to control tightly against results or outputs, they are under an obligation to give some discretion over decisions. In essence Goold and Campbell suggest that tight control should imply, 'do whatever is necessary to achieve the following specified results'. It is further suggested that the limitations imposed on business unit managers can lead to a lack of commitment.

In terms of corporate style, ABC closely resemble Goold and Campbell's 'strategic programming' companies as well as that of 'centralised companies'. The strengths of this second approach are that the business units and the relationships between them can be managed within a coherent corporate strategy. In this respect they note that a powerful Chief Executive can drive the whole company forward in a co-ordinated and focused fashion. In ABC there was some evidence of centralised and strategic programming approaches, and also of a powerful Chief Executive, but whose power may have been having a less than desirable effect.

The main problems with centralised management is that it removes responsibility and therefore the sense of ownership from managers at the branches. They are closest to the sharp end of the business and their input is only through the number of sales which is measured daily. The managers all agreed that strategic thinking was not their responsibility but they all had at some time made suggestions for changes to local branch management, or offered alternative reasons for outcomes of poor

performance, but felt they were rarely listened to. Although the level of commitment to the firm was fairly strong in that managers stayed with the company, this was not through involvement, but through the desire to succeed and the ability to do so. Creative internal thinking was it seemed actively discouraged at least between branches, and reliance on myths about past performance popular.

The structure and strategy of ABC were also measurable in managers experience in managing others and their capability. Very little experience was available, nor was it encouraged. This also placed excessive burden on the Chairman whose decision making was carried out by firstly filtering through the Chief Executive, who used the authority as a legitimate 'whip' within the firm. The relationship between corporate strategy, structure and control on corporate performance has been a central focus of debate, caused by concern about the terminal preoccupation of British businesses on short term financial goals. That this will change is unlikely unless of course companies become more committed towards creating regimes that evoke personal commitment, responsibility and accountability at the business unit level.

Interviews with managers however revealed that few have had the necessary experience or developed the skills necessary to perhaps manage their own branch on an autonomous basis. This perhaps says something about the recruitment of managers, which may be part of the Chairman's strategy. The standard and quality of branch management may not be very high, but for good reason. It guarantees the Chairman unchallenged right to manage on the basis of power and information control.

### 5.2 (iii) Politics/leadership

As each branch has developed its own local culture it was interesting to note the variance and so increase the quality of the overall picture of the ABC's internal political landscape. Power and influence are the ultimate mediums by which decisions are controlled, therefore the sub heading 'politics and leadership' is deemed

94

to be how decisions are made about people in the business, decisions about human resources.

A common complaint amongst many business managers is that of over-management from the control centre. It is often felt in this case that management concentrates on the wrong issues, by focusing closely on short-term financial measures of performance. This is of course a common phenomenon in most sales orientated companies. The branch managers at ABC all agreed that the intense pressure to produce sales on a daily basis completely undermined their ability to firstly monitor local market trends, secondly to train and develop their teams and thirdly to maintain existing client relationships. This last factor was deemed to be the main bone of contention between two managers and the Chairman. They felt that long term productivity and increased business was dependant on maintaining the existing customer base as well as seeking new business, however this was actively discouraged. One manager was accused by the Chairman of 'wasting time meeting with dissatisfied clients to discuss problems, when you could have been out selling'.

The Chairman of ABC appeared to a large extent to operate on the mechanical presumption that 'capital employs labour', rather than the specialist collection of human and financial assets employed to achieve corporate goals. Decisions about individual branches seemed to be made on overly rational assumptions about human behaviour, based to some extent on the unitarist 'one goal- one team' approach. According to Simon (1960) management decisions can be classified into two categories, programmed and non-programmed. Programmed decisions are repetitive and routine with established operating procedures, whereas non-programmed are unstructured and not susceptible to formal techniques such as research developed specially to programme decisions.

Decisions in ABC ranged from those based on fundamental objectives to routine and pre-programmed. For example all decisions regarding financial purchasing (equipment, materials) had to be authorised by the Chairman without exception. Other objective seeking decisions made by branch managers, although usually

ultimately accepted, were never without debate, the need for persuasion and some compromise. Managers cited instances (Q33 and 34) where they had either made small purchases or contacted other branches without prior discussion or permission from the Chairman, but which often resulted in an inquiry and heated telephone conversations with him, where all actions had to be justified. One manager described the following incident:

> *'...I knew the manager down in Dublin was new to Ireland and we*
> *had spoken on the 'phone, so I thought I'd go down there and say*
> *hello, have a few jars, its not a long run from Belfast, but I was going*
> *to get the train. He (the manager in Dublin) must have mentioned it*
> *to (the Chairman) and next thing I know, he (the Chairman) is on the*
> *'phone like a fiend, forbidding me to go...apparently, yir man down*
> *the road got it in the ear as well,...the message was loud and clear no*
> *socialising...'*

The extent to which the Chairman monitored the performance of each branch and ruled with 'bible and whip' was deeply embedded in the corporate culture. This was based on presupposition about compliance and commitment.

Control is economically necessary in complex organisations, but it is generally assumed that management control is a neutral process affecting every employee similarly, which is misleading. It is more often that management work to secure a return on capital, whereas labour work for wages, therefore there are bound to be conflicting interests and different objectives. How managers can utilise their legitimate right to power in the exercise of control is both an inherent authority and one which needs to be learned. This exercise of control is in itself a political process as favours are sought or given and held as a currency for future gains.

Each manager in ABC therefore must firstly establish his own power base, form alliances and seek sanction from the supreme dominance of the Chairman, whose authority to issue rewards or punishments were unchallenged. In this way the Chairman was able to almost guarantee compliance through the regular distribution

of both rewards and prestige to individual branches, but also control and manipulate other managers' envy to suppress collaborations. That this was so obvious to the researcher was equally as obvious to managers, but in a different light. It was seen by them as a power game, to which the status of being 'winner' was the ultimate reward. Winner meant monitory gain, status and favouritism from the Chairman, so that when ultimate decisions were being made, the manager with most status could have the advantage over others. The situation described above is of course not uncommon in any enterprise, but what was of particular interest was the implicit and explicit effects this had on the performance of each branch.

Although the grapevine is not a formal communicator it is as effective in many cases as any official line of communication like the newsletter. How each branch perceived itself, its leader, its power and how this related to other branches in the 'pecking order' of the hierarchy was recorded. This was by questions to all branch staff (24 - 35) designed to contribute to the overall picture of power, authority and leadership within ABC. The emerging picture can be summarised as follows.

The manager at Cheltenham branch (also the National Training & Sales Manager) was one of the longest serving in ABC (twelve years) and closest to the Chairman in terms of ability to influence. He was also interestingly one of the few employed at ABC who had worked at every branch, and been involved in recruiting managers and consultants at all branches. Cheltenham branch (sited within the head office building) was for the year preceding and during the research one of the slowest performers, with a series of ineffective supervisors, poor salesmanship and a constant turnover of telesales staff. Within the same building the Chief Executive reigned over all other aspects of the business, i.e. the cash flow administration and other related financial services. Outwardly seemingly allied to one another, the political bullying between the branch manager and Chief Executive and blatant attempt to secure the Chairman's mentorship and therefore legitimate authority was the focus of much speculation between managers at the other branches.

Attempts by branch managers to introduce new approaches to either telesales tasks, or database gathering or selling were invariably hindered by the manager at Cheltenham, whose seniority dictated that he was kept privy to all attempts to change working arrangements. Occasionally managers would appeal directly to the Chairman with positive results, but which ultimately incurred the wrath of either the Chief Executive or the National Training & Sales Manager. An attempt to introduce updated database techniques to the Cheltenham manager were read by him as threatening his authority and ultimately underrated to telesales, rather than encouraging them to try more organised approaches to contacting new business.

At the opposite end of the spectrum the manager at Glasgow although also comparatively long serving (eight years) was the only real contender for the perceived elite status of the Cheltenham manager, in terms of ability to influence decisions. His approach to both selling techniques, telesales, databasing and knowledge of business were obvious in firstly his unmatched sales record, introduction of computerised database and new personal collection services, which could not have been achieved without the Chairman's support. This support was gained through a sustained high performance. The difference in staff's attitude (positive) and the professionalism at Glasgow branch was noticeable compared to Cheltenham. That the Chairman persisted in allowing the Cheltenham manager to continue to firstly wield power over other managers and secondly perform badly without seeming retribution was a source of great anxiety to the Glasgow branch manager.

The Glasgow manager was also responsible for overseeing the operations at Dublin and Belfast. Belfast had no manager at the time of the research, and the Dublin manager worked extremely closely with Glasgow where an initial alliance began to form in early 1993. This manifested itself in the Glasgow and Dublin manager's agreement to raise certain issues at sales meetings and to support each other in gaining the Chairman's agreement to certain changes they wanted to make, by presenting a united front. This lasted for three monthly meetings and then the Chairman announced that it was no longer 'financially viable' to have monthly sales

meetings, which effectively stopped the alliance and power base between Dublin and Scotland becoming a threat.

The branches at Manchester, Birmingham and London were all run by comparatively new managers and their pre-occupation with firstly the power struggle at head office, their own remoteness from the Chairman and the internal threat from Glasgow and Dublin as the best performing branches was similar in all three branches. Each branch had further similarities - a badly maintained and therefore ineffective database, poorly performing managers, very little supervisor input and extremely high turnover of telesales staff, which resulted in a complete lack of consistency.

It is held by this research that the perceived low status of managers made evident by their own branch performance affected their relationship in the hierarchical 'pecking order' to the Chairman (see appendix D). This seemed to have caused apathy and non-commitment amongst the others who work at that branch. When employees see their leader as 'ineffective' and through both rumour and fact (newsletter) they hear of other managers at Glasgow and Dublin who regularly out-perform them, this can counter balance the competitive nature of interbranch competition, which the chairman says he actively try's to encourage to boost sales.

As one consultant at London said, 'there is no point going out to bowl on an uneven pitch'. A common view amongst supervisors, consultants and telesales at Manchester, Birmingham and London was that Dublin and Glasgow had better database, management, and potential business so with the odds seemingly stacked against them it would be hard to compete. This does not explain why the Cheltenham branch was so poorly performing. The manager there had a long and credible history with the firm, as did the two consultants. The only explanation would be their refusal to consider new techniques or accept the changing nature of business. They had all worked in the firm during its peak sales periods and seemed to believe that 'what worked before, would work again'. This ethos closely echoed the Chairman's approach and reluctance to change.

The short term attitude of seeking financial gain has been significant in ABC's approach to the legitimate management of power. The political alliances between managers has been regularly thwarted, seen as threatening and proposals for change unwanted and discredited. Yet, up until at least the period of the research ABC continued to operate without regard to either social responsibilities based on exploitation of the core work force (supervisors and telesales) or national industrial competitiveness. The issues which perhaps might have been faced by managers within ABC during 1993 should have been about improving service provision, exploiting creativity within the firm and seeking ways to enhance their market share and competitive position, through commitment from managers and employees alike. None of this was raised by managers, instead the focus was on sales, with little notion of involvement in strategic management or decision making. It is held that this control was having the reverse effect and would ultimately lead to lesser value in the service and a reduction in sales.

### 5.2 (iv) Task-technology

The focus on task technology immediately raises the issue of quality of output. A recent text on total quality management (Munro-Faure and Munro-Faure 1992) states that quality should be measured for the following reasons:

* accurate measurement of the quality of all processes is the cornerstone to improvement - until we know where we are today we can't improve

* objective measurements enable management and employees to focus attention on areas of weakness and to monitor progress

The authors then go on to argue that the measurements must meet two criteria: first they should measure things where improvement will lead to enhanced business performance and secondly, the measurements should be owned by individuals or work groups.

Within ABC there are three clear output processes. Firstly there is the output by telesales as they seek to secure good appointments for the consultants and managers to attend (average five appointments per day x five days a week per salesman). The

telesales are in this respect providing a core service to another group of employees within ABC. The quality of this service will ultimately influence sales.

The second output is by consultants and managers (the salesmen) as they achieve sales. The quality of this service influences immediate performance of the salesman and his branch, and if the sale is conducted properly less chance of customer complaint at a later date, the increased likelihood of repeat business the following year, and the added value of other sales generated by word of mouth. In the long term if the sale is conducted well, there is also the added chance that the new client will be a target for related financial services (insurance, telemarketing).

The third main area of output is the provision of the actual service to clients. If quality if lacking in this respect, or not monitored this will ultimately have a knock on effect on future sales. The branch morale can be affected by local clients complaints and a reputation for bad service provision does not take long to travel in the business world.

Oakland (1993:165) has suggested the following reasons why quality measures are needed:

* to ensure customer requirements have been met
* to be able to set realistic objectives and to comply with them
* to generate standards for establishing comparisons
* to provide visibility for employees to monitor their own performance levels
* to highlight quality problems and determine where areas need priority attention
* to give an indication of the costs of poor quality
* to justify the use of resources
* to provide feedback for driving the improvement effort.

A key principle of quality management is that employees should have discretion and autonomy to pursue quality improvements which according to Preece and Wood (1995) can ultimately limit the need for management control by virtue of the fact that employees become self controlled by their own quality standards. In view of the

research findings it seemed unlikely that although managers and the Chairman would ideally like quality improvement mechanisms if they thought it would boost sales potential, the need to relinquish control of the process to even branch managers level would be inconceivable. Most companies who do introduce formal quality control procedures are usually being influenced by external pressures from either customers or parent companies or funding agencies such as the TECs. However it is not impossible for smaller companies without external influences to improve and it is held that this vital approach to business makes a difference to firstly the companies own self image, its ability to respond quickly to market forces and its competitiveness.

The three clear areas which could potentially benefit from some quality monitoring were the telesales service, salesmanship and the service provision. The difference between branches in telesales service and salesmanship was alarming. Although some attempts were said to have been introduced to install an 'in-house' company wide policy on both telesales procedures and sales, these had failed mainly because of the high turnover of supervisors and telesales and therefore the inability to be consistent in approach. Managers also said they had tried recruiting and selecting telesales and supervisors with previous experience and those without to see if it made any difference to the quality or ability to retain staff, but without apparent success. This suggested two main areas worth further review. Firstly the quality and aims of the recruitment and selection process and secondly the in-house training provision. Whereas the Glasgow and Dublin branches have steady, reliable well trained supervisors and some stability in their telesales teams, they also had similar approaches to work methods, ambience and team building (Q32), which was not at all apparent at the other branches.

All salesman when recruited are trained at either Glasgow (recruits for Dublin, Belfast and Glasgow) or Manchester (recruits for Manchester, Cheltenham, Birmingham and London) and as expected there was an obvious similarity in their knowledge and sales ability. However, the level of leadership and training provision after initial induction, was again markedly different. Whereas Glasgow and Dublin sales force were regularly encouraged and trained both on and off the job, by the

102

Glasgow manager whose sales figures and reputation commanded respect, the other branches seemed to rely on less solid or reliable training from a series of training managers appointed over the years of 1992/3.

Finally the centralised administration of the service provision was a regular source of frustration and anger at all branches. If clients complained about the service provision they would firstly contact the person who sold them the service. This put that salesman in a difficult position firstly because he/she had no control over the administration which was all run from head office. In most cases the salesman had never been to head office (Q6) and had no real knowledge of how the actual service was operated. He could not therefore offer explanations. The salesman would offer to attend to the problem on behalf of the client, but this was actively discouraged by the Chairman and the administration staff at HQ. That the service did have many faults and problems was due largely to its administration which as far as technology goes was outdated. For example, it relied to a large extent on the postal system. A common problem was that the ABC client would write to head office to say that their debtor had either paid the account or that an agreement had been reached, and that no more letters should be sent. In many cases the letters continued to go out, resulting in the offended customer becoming extremely angry with the ABC client, who in turn became dissatisfied with the services provided which of course has knock on effects.

That quality measurement and improvements in how tasks are carried out should be the cornerstone of employees own management of their work is an established element in human resource management where commitment is held to be the ultimate aim. To improve the quality of telesales services, sales and credit management service production would not require enormous resources financially, but it would require the empowerment of branch managers and employees alike to drive the improved quest for enhanced task technology. The alternative, to accept the status quo, is unlikely to avert a decline in both quality and creativity, which can only foreshadow a reduction in sales.

A recent survey of small and medium sized enterprises (SME's) in the European Union co-financed by the European Commission indicated that SME's are having difficulties with standardisation, certification, quality standards and safety at work. It was suggested that action on awareness, information, training and advice was urgently needed to promote European Standards. However, ABC's involvement in this type of initiative, or even interest was clearly minimal even at management level.

## 5.2 (v) Business outputs

The main business output was through the cash flow acceleration services sold to clients throughout the UK and Ireland. The average number of clients during 1993 was 19,500 ranging from small 'one man' business to large multi nationals, with a cash flow service usage ranging from once or twice a year to several hundred a month. This important service to industry was to ease the cash flow of trading companies and assuming that this service was successfully carried out, it was ABC's ability to develop this client base and use it as the target for new business in related services which was of interest.

During interviews at Head Office with managers in insurance services, (ABC purchased local broker firm 1993) telemarketing (purchased marketing firm 1992) and IT (new manager brought in 1993), reference was regularly made by them to their intention to target ABC's existing clients with new business services. Potentially the existing client base could be targeted for sales of pensions, insurance, mortgages, investigative and bailiffs services and marketing (direct mail, list cleaning, market research). This would of course be dependant on a satisfied client base, who identified ABC favourably.

In order to establish if this was the case and to measure clients perceptions of the cash flow services it was proposed to the Chairman that the research could include a small survey to a random selection of clients from across the range of geographical areas and by size of company. This was adamantly refused, and the reason for the

refusal gave concern to the converse idea that existing clients would be a potential target for new sales in related financial services.

The Chairman stated that if clients were contacted by the researcher either formally on behalf of ABC or independently, it would raise too many questions and encourage complaints and the likely cancellation of the service. This would have an effect on the sales force as they were dependant on repeat business commission 'roll over' payments as the client continued to use the service each year. How this was actually done is complex and perhaps a little unethical. One manager referred to ABC's approach to clients as the 'take the money, we will see you in court' mentality.

If the client wishes to cancel the service contract they have to do so three months prior to the anniversary date and in writing. If this is not done, the account automatically 'rolls over' to the next year and invoices are sent to the client for the new membership fee. If the client then disputes that either he did not agree with the terms of the contract, or that he was so dissatisfied with the service he would not be willing to pay, then the case would go to litigation.

This means it is referred to Fargo & Co the in-house firm of solicitors located within Head Office. Significantly the Chief Executive would also receive a percentage payment for all cases referred to Fargo & Co (Q24). It was not therefore in his interest to improve ABC client relations. If the contract was maintained to the next year he got a percentage, if it was disputed and was referred to Fargo & Co he was remunerated as well. Few consultants were fully aware of this arrangement and a regular source of their anxiety at branches was the lack of knowledge about why clients had so many complaints, and why very little seemed to be done about it. According to the salesmen and supervisors at branches the majority of complaints related to ABC's failure to get results on the clients slow payers, or to improve the cash flow significantly. The other main source of complaint was the uncaring attitude of head office and the fact that clients having dealt with a local company in the first instance were then required to have to write, fax or phone head office a long

distance away and 'faceless', (salesmen maintained that it was the local contact factor which helped gain many sales).

The business outputs and how they affected current productivity and the likely future trends can be summarised as follows. When a sale is made, the client is aware that the salesman comes from a local branch, but that the service if centrally operated from Cheltenham. If a problem occurs at a later stage the client will invariably contact the salesman, who will then pass the complaint on to Cheltenham. If the clients contract does roll over to the next year the salesman gets a further seventy five per cent of the original commission, if the client cancels the service the salesman 'loses' this income and incurs a 'claw back' (see rewards appendix E). However, the Chief Executive would still gain income from the transaction of passing the business on to Fargo & Co. This situation of existing clients going to litigation was said to be a regular occurrence every month, although evidence and statistics to substantiate this were not made available. The problem which became clear as the research progressed was that while salesmen could potentially loose out by the clients cancellation, he had no control at all over the service provision, or how the client was dealt with. The clerks at Cheltenham who regularly deal with incoming complaints or inquiries conversely had little knowledge of either how the service was sold, what effect a cancellation might have on either future sales, or on the salesman's income. This had similar effects on telesales income.

To hope to increase ABC's business outputs with new related services on the existing client good will seemed on the face of it unlikely to succeed. A survey and simple opinion poll geographically would perhaps have a risk element, in causing more litigation's, but perhaps the long term benefit of being more aware of customer perceptions would far outweigh the negativity, with potential increased sales and improved customer relations. Of course this is not to say that all ABC's clients were dissatisfied, but clearly the fact that litigation's were regular and the system by which some staff could gain from this while others lost was not the healthiest or likely to encourage trust. It was also alarming to discover the lack of knowledge between the

staff at HQ who managed the service provision and those at the branches who
achieved the sales. (Q6 and 24).

## 5.3 Business strategy content

## 5.3 (i) Objectives



Strategic Change and Human Resource Management
Fig 14: Hendry and Pettigrew
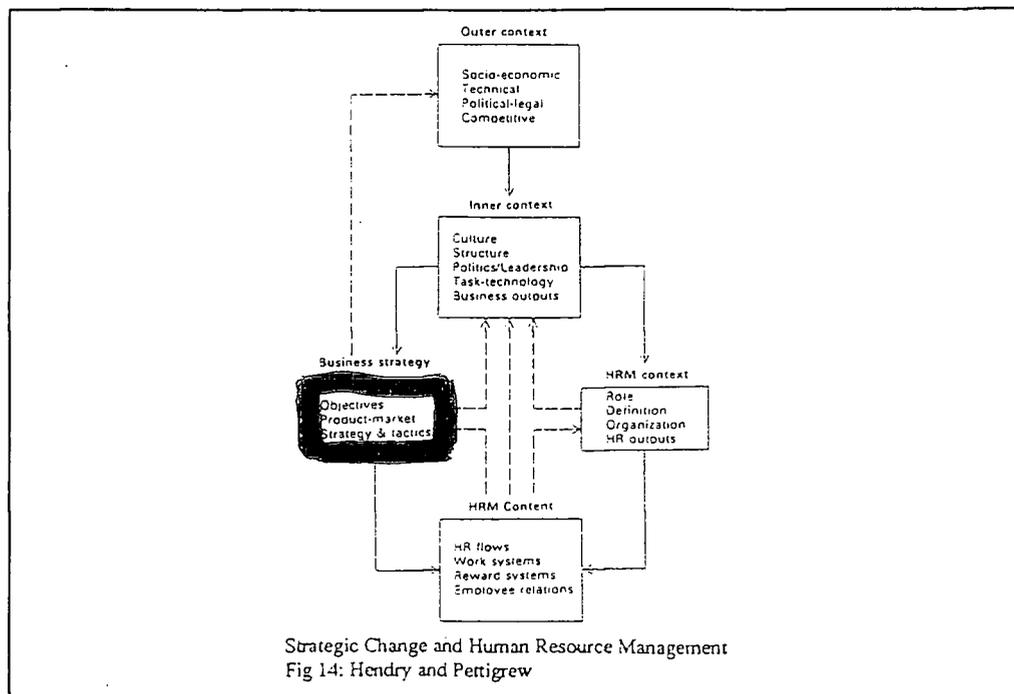
"(ABC's)...current strategic objectives are the consolidation and expansion of our
new outside telemarketing division and the improvement and expansion of the
telesales operations as used by our sales force of credit management consultants.
Expansion is expected to be into related services rather than into new areas of
activity". (ABC Chairman 7.7.93).

Corporate objectives are usually expressed in financial terms, for example desired
profitability, sales growth, however many companies also state objectives about
general welfare issues, or technological advances that they wish to make within a
certain time limit. It is increasingly fashionable to have objectives which recognise
the interests of stakeholders in the firm and since management are usually the most
dominant stakeholders, their objectives are foremost. Corporate objectives will also

often try to meet social community needs as well as those of employees.  ICI Agrochemicals (Johnson and Scholes 1993:188) included the following in their Corporate objectives:

* to be number one in profit terms

* to ensure achievement via staff, rewards, career opportunities, supportive environment, innovation

* to operate safely with regard to employees and environment

Managers, consultants, supervisors and telesales at branches were also asked to state what ABC's objectives were (Q33).  Common views were that ABC's objectives were to, 'make profits; to provide a professional service; to compete with rival firms'. No answers echoed the Chairman's 'expansion activities in related services'.  When these objectives were suggested by the interviewer, most felt that although they were told about this in the newsletter, it really only related to Head Office and would not affect them.  Strategy, expanding or related financial services were not viewed as company wide objectives.

The Chairman's objective to 'improve the telesales operations' meant that productivity would have to improve.  He was dissatisfied by the quality and quantity of telesales work in some cases.  In order to combat this he had introduced a new payment system on a kind of piece meal basis (5.5 rewards).  He said he would only consider manipulating rewards as a means to improving productivity.  When asked if improvements could be made to recruitment, training or supervision:

> '...those are areas that we are aware of, but I do not believe that changes would improve performance in the short term...'

This was even although telesales were clearly deemed to be a core work group. It is also common for a company to have alongside Corporate company wide objectives, separate business unit objectives.  In this way for example ABC's branches would each have smaller more localised objectives, in either financial or personal terms for managers.  This is of course a fundamental aspect of performance appraisal and how this was perceived by managers is discussed (5.5 work systems) (Q35).

The main aspect to consider when setting Corporate objectives is that if they are measurable (for example five per cent increase in sales in five years') and they are within the companies ability to achieve. Goals which are too far away, or deemed impossible to reach can only act as a negative influence rather than as the positive performance improving stimulus that objective setting is meant to be.

According to one consultant with many years service, the objectives were impossible to describe because '*the goal posts keep moving, you just get used to a target, or new telesales systems and he (the Chairman) changes it*'. Another manager suggested that only the Chairman *truly* knew the company objectives and no one else.

It is however, important that the launch of new services such as ABC's insurance services or the telemarketing division have some yardstick to aim for, and that employees are aware of what these objectives are. The difference is that if employees are aiming towards common goals a natural unity will occur and hence the much sought after commitment from the workforce can be reasonably expected. Whereas if objectives are not set, or are kept secret employees will tend not to have the same sense of ownership and therefore less commitment. It was clear that by asking interviewees about the corporate objectives and the companies goals and values, places emphasis on the sometimes embarrassing (to managers) lack of real knowledge.

### 5.3 (ii) Product market

A company's chosen product market is normally environmentally led as ABC's has been (responding to recessions). However as this market stabilises or begins to decline the company must seek to either develop core competencies and become specialists, seek cost maximisation or withdraw. Ansoff (1987) suggests a number of alternative directions that a firm may take - either in related developments, related diversification or unrelated diversification. According to ABC's Chairman they are currently seeking consolidation and related product development. The consolidation of the credit management services may have gone through the transition from a stable

109

mature market into decline. This was indicated by the decrease in overall sales[6], a 'different breed 'of businessman who understands the cash flow business perhaps more than his predecessors, telesales increased difficulty in arranging appointments (Q34) which may all herald the beginning of the declining market for credit management - at least in the UK. In Ireland the position was different in a mature market, but in a hostile society, where although new business was potentially easier to obtain, the negative image of being a British owned firm played a major factor (Q34).

As ABC consolidates its credit management service provision it may seek to maximise payoffs, by closing poor performing branches, reducing the number of staff and maintaining the existing client base. ABC may alternatively try to buy up some of the smaller rivals and maintain its position, but since its exact position was unmeasurable this would be difficult to predict or forecast. The largest threat to the availability of new business according to the salesmen seemed to be coming from a new source. An increasingly large number of solicitors, experiencing decreased conveyancing as UK house sales drop, are turning to 'bad debt' collection at fixed rates to local businesses to counteract the slump. The added value to the client (and indeed the solicitors themselves) would be the guaranteed expertise to deal with litigation should the need arise.

The reason ABC were moving into related financial services was to spread the risk, and so avoid over reliance on one market (Credit Management). By purchasing the telemarketing firm it was seeking backward integration whereby it would be able to use the skills, knowledge and information supply to feed both the insurance services, and credit management databases.

The Chairman stated that he was in favour of diversification into related services by acquisition because of the speed it allowed him to enter new markets, otherwise the process of internally developing his own telemarketing and insurance services (not

---

[6] figures for previous years sales were not made available, but the Chairman and managers all said sales in 1993 were down on previous years

infeasible) would have been too slow.   It was not so much that in either case he was buying the name or good will, but he was acquiring the knowledge and skills of the management in the new firms.   A further motive may also have been the financial attraction of gaining reasonably performing companies with low capital reserves, at knock down prices.

However one of the greatest problems of acquisitions is that of integrating the new company into the old.   Two (or three) different cultures may clash.   At head office in Cheltenham during 1993, the telemarketing firm had moved into the uppermost floor of the building and operated almost entirely separately from everyone else. There was little evidence of collaboration in either social or business terms.   The insurance services also occupied another office, separated by stairs and the solicitors Fargo & Co on another floor.   The building did not lend itself to open plan, and the psychological distance between employees of one business to those of another was heightened by the warren of corridors, stairs and imposing notices which discouraged any common meeting.   Although all employees at Head Office would legitimately be able to say they worked for the ABC Group (a term used internally to refer to all businesses) few were able to say very much about what the other employees did.

The alternative route from buying into existing business might have been to employ specialists and build up the new businesses internally.   One manager suggested that company performance could be better measured prior to acquisition, than that of an individual where a C.V. and an interview would be the most hopeful means of predicting performance.   At least with the purchase of a company a thorough analysis can take place beforehand, and of course the guaranteed speed of entry to the market.

## 5.3 (iii) Strategy and tactics

For a small business a major issue is the management of growth.   Successful small businesses grow out of the founder's entrepreneurial vision, but growth means the founder can no longer manage all the activities alone.   How to attract and select the

appropriate management talent and how to market so as to spread the risk of selling a single or small range of products to one market sector may be the only strategic concerns.

The problem for smaller firms considering their strategy is that because it may not be formally planned, it is difficult to conceptualise or even describe strategy, other than to list objectives. The text book version based on theory and practice (Chapter two - business strategy) states that after careful analysis of the environment, culture and resources the firm then identifies its strategic choices, evaluates the options and selects a 'strategy'. It then implements the chosen plan and manages the process. However, for many smaller firms although all those processes take place, the consciousness of decision making and awareness of marketplace complexities will often be vague, informal and without documentation.

Small businesses are likely to be operating in a single market, or a limited range of markets. The scope of strategic considerations if therefore likely to be different from large multi nationals. Nevertheless, the need for strategic formulation and the vulnerability to competitive pressures are likely to be intensified in the smaller business. Decision making such as in ABC is based on the experience of the Chairman who runs the businesses, without access to complex analysis or as has been revealed, to information about competition, held to be the basis of any strategic analysis. Knowledge of the market place and the ability to respond to technological turbulence are vital to survival. As ABC is a private company it is reliant on the Chairman's family to provide working capital and this combined with the Chairman's own preference of market place, means that strategic choice is quite limited.

The Chairman has stated that he wishes to consolidate the credit management services and he has also stated that he feels that this side of the business operates at twenty five per cent of its potential market, which indicates that he considers this to be a growth market. Research findings have indicated that the credit management services may be in a mature market, indicated by the perceived rise in competition,

the decline in sales, high levels of staff turnover and a changing market place where the need for this service is reduced compared to the previous recessionary periods.

Conversely, the launch into the related financial services will require financial leverage and the strategic analysis which would have led to this choice were not identified. The Chairman made many enthusiastic references to American direct mail and telemarketing campaigns which he saw as a growth market in the UK, but whether this assertion was based on 'gut' instinct or from a formal information source was unclear

Tactics according to other managers within the firm were described as 'divide and conquer'. The Chairman runs the company as he thinks fit, relies on his own skills and expertise to make decisions and prohibits any forum whereby employees or management could collectively either challenge his legitimacy or undermine his authority. ABC is managed by straight forward reference to bottom line figures, what does it cost? how much profit can we make? The difference however may be in adding value to the firm, the service provision and ultimately the stakeholders values and beliefs, by taking a conceptually different approach - strategic human resource management.

This would require management in ABC to perceive the firm as a whole in its total environment rather than as separate elements. The main challenge would be to give managers objectives which were aimed at matching stakeholder expectations (Beer et al 1984) and resource capability with efficiency and responsiveness to environmental changes. This cannot of course be done by one persons 'vision' but by empowering the whole organisation in its capability. The difficulty for all 'people' centred strategists seeking to prove that investing in people will have a positive affect on bottom line figures, is of course in proving it. Change of conceptual thinking well documented in many of the large corporations such as ICI (Sir John Harvey-Jones) which have been 'turned around' requires strength, courage and often it occurs when the firm is in a no lose situation, it has no choice. The predicament for ABC is that its strategic direction and management style has worked in the past and seems to

continue to do so, the company is still operating, it worked before, so why change? On the other hand if the Chairman was convinced that productivity could be increased by taking a different approach it is arguable that although he might agree, he would not be capable of such an approach himself. Managers were convinced, and the Chairman did confirm, that his friendship with the owner of a rival firm of comparable size, meant that he did tend to follow their market strategy (if they did something successfully) rather than risk innovation.

## 5.4 Human resource management context

### 5.4 (i) Role



Strategic Change and Human Resource Management
Fig 14: Hendry and Pettigrew
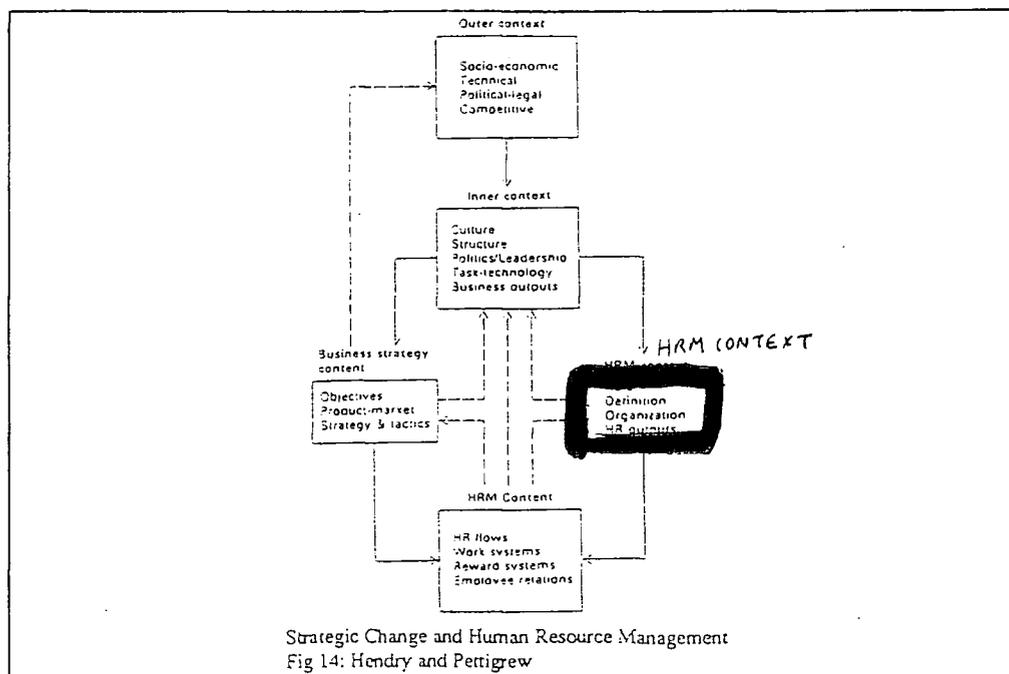
As Monks (1992a) has suggested, although the Tyson and Fell (1987) model served well to illustrate the three main models of personnel management's role in the UK, there has been more recently at least four dominant forms (figure 27). For ABC the role of human resource management is in this context that of Traditional/ administrative. The simple record keeping or good 'house keeping' need to obey rules and regulations imposed on a firm by law. In Monks's (1992a) study most companies in this category ranged in size from three to one hundred employees. The

term 'policing the role of personnel' has been suggested for this category and that is perhaps the best analogy of ABC's approach.

This is of course not surprising as the personnel management administration is routinely carried out by the two administration executive secretaries who had no background experience or qualifications in personnel, nor was there anyone in ABC who would have identified or articulated the need for formal or more sophisticated systems of analysis or data gathering. The question is of course that of whether ABC has any need for a different approach, and could it make any difference to the company's capability and competitiveness. The research therefore sought to determine what the current system consisted of and how this was perceived by its administrators at Head Office and at the branches.

According to the two administrators at Head Office, the role of personnel was purely so that the firm could firstly comply with employment law, i.e. issue pay slips, recruitment and provide safe environments to work in. The suggestion that this role could be developed to include more sophisticated personnel functions such as communications, quality circles, training and perhaps even integrated decision making at board room level were not considered by either of the administrators to be feasible. They both said that these functions were the role of branch managers, but that it was because branch managers were more interested in getting sales, that this approach never happened in the firm. They saw their own role as that of enforcement and the suggestion that branches managers or supervisors could administrate much of the work themselves was considered inappropriate purely through lack of trust. The personal assistant to the Chief Executive said that would never be allowed because you 'just can't trust anyone, you have to check up on them all the time'. An additional problem was the lack of consistency at the branches 'the supervisors come and go, you get used to dealing with one, he/she leaves and then you have to start all over'.

The involvement from head office was limited to sending out pay slips, daily checking sick absences and recording new staff appointments and leavers (a weekly, sometimes

daily occurrence). Insofar as providing training on recruitment and selection, or advice in dealing with local problems went, there was none given. The branch supervisors all felt that the lack of understanding from Head Office of the difficulties they had to face was substantial. Head Office was viewed as being very unsupportive, in particular the headache of explaining pay slips every Thursday (5.5 rewards). Neither of the senior administrators at Head Office had visited any of the branches, and questions about the role of supervisors and telesales and what their jobs comprised of were vague and imprecise. Specific questions about what the difficulties at branches might be, were answered in terms of 'getting sales'. Some envy was expressed at Glasgow and Dublin branches apparent long term success, but the reasons about why this should be so, were unsubstantiated. One administrator did suggest that the Glasgow manager 'really looks after his staff, he treats them well' and that perhaps this had an effect. Questions were also asked about the different competitive pressures at branches. and possible different circumstances facing managers, but no difference was perceived.

| | Traditional/ Administrative | Traditional/ Industrial Relations | Innovative/ Professional | Innovative/ Sophisticated |
|---|---|---|---|---|
| COMPLEX | | | | Strategic planning and policy making |
| | | | Complex systems for all aspects of personnel management | Complex systems for all aspects of personnel management |
| | | Conflict resolution, negotiating, bargaining | Conflict resolution, negotiating, bargaining | Conflict resolution, negotiating, bargaining |
| SIMPLE | Record keeping, ensuring compliance with rules and regulations | Record keeping, ensuring compliance with rules and regulations | Record keeping, ensuring compliance with rules and regulations | Record Keeping, ensuring compliance with rules and regulations |

**Figure 27: Complexity of Personnel Management Practice**
**source: (Monks 1992:36)**

This simplistic approach to the management of personnel issues was perhaps a reflection of the way that ABC defined and resolved issues and problems. For

example the human resource aspect of managing the firm was only a consideration in terms of people having to be recruited, paid, trained and exited. All other problems such as corporate performance, service provision, liaison with customers and communications were never thought of as formal 'personnel issues' or something that a human resource management approach could resolve. If this was ever the case at ABC the role of personnel would undoubtedly take on a different dimension and perhaps the need for specialist personnel input would be sought. However it is clearly the current case that personnel sits very happily at the bottom of the strategic issues 'heap', it remains there unchallenged, doing its job and any attempt to change that would be viewed as a threat and unnecessary expense.

Nevertheless, although the role of personnel has such low status as far as the administration side goes, the other functions such as recruitment and selection, management training and development, remuneration and reward, employee development, employee relations, communications, health and safety and induction do also exist although on a mixed and uneven scale. It may be however that the mismanagement of these functions has a dysfunctional affect on the firm.

## 5.4 (ii) Definition

In its report to the 1994 congress, the TUC task group used HRM as a catch-all term but made the distinction between 'bad' HRM associated with 'individualising' workers and reasserting the employers 'right to manage', and 'good' HRM, associated with employee involvement, 'human-centred management' and a strategic attempt by the employer to increase employee commitment (Fisher 1995).

The previous section on the role of HRM within ABC has determined that personnel management operates on the whole as a most basic administration procedure which seeks compliance. It is suggested (Storey 1989; Guest 1991; Farnham 1990) that successful firms will gain competitiveness and be able to develop a strategic human resource management approach only when commitment is sought rather than compliance. The industrial relations (pluralist) view is that 'good' HRM is associated

117

with commitment gained by increased employee involvement. This is also the view of the non-industrial relations (unitarist) approach, whereby employees or stakeholders identify with the organisation and have a vested interest in its performance.

It is held that while personnel management's low status is accepted within ABC (marked by its unchallenged status at the bottom of strategic 'heap') then the firm is helping to reinforce the cultural norm that;

> *'people are unimportant to this firm and as long as we comply with the rules, nothing more is expected of us'.*

The alternative being that the cultural norm becomes:

> *'people do matter, our commitment is reciprocated and therefore everything is expected of us'*

Although these are two extremes, the distinction is important in particular in the light of ABC's raison d'être - sales.

Sales people tend to be extrovert, dynamic, creative, sensitive, risk taking optimists. The paradox of expecting sales personnel to operate within the first cultural norm where 'people don't matter' rather than the second where 'commitment is a reciprocal process' is the same distinction as that of painting a landscape wearing a blindfold - the skill, creativity and commitment are there, but the essential ability to 'make it happen' has been frustrated.

The level at which personnel management is defined within the firm is held to be fundamental to performance outcome. Moreover, although ABC may have little real need for increased personnel functions in terms of increased administration, or in fact the little difference decentralised administration would make, there may well be a case for a strategic ally different approach. This would place personnel further up the strategic hierarchy and so foster a reciprocal commitment with less bureaucracy, more learning and essentially creative sales people ready, and free to 'paint landscapes'.

## 5.4 (iii) Organisation

For the last fifty or sixty years or so, the Western world's accepted management approach to running business has been based on the strategy - structure - systems method. This has remained on the whole unchallenged until in the last ten years, questions about the legitimacy of management's 'right to manage' have at the very least, initiated enquiry. According to Bartlett and Ghoshal (1994), top managers tend to view themselves as: the designers of the strategy, the architects of the structure, and the managers of the systems.

This approach has long been the domain of management in many organisations. The framework engenders organisation wide discipline, focus and control always cascading down from top management, and it is only a fundamental change of this doctrine which will help to move away from partial solutions to partial problems. Traditionally top-level managers have relied on logical persuasion which centres round contractual relationships. In this respect the contract of employment is often taken at its most literal sense, no more and no less. To move away from this and to gain more from employees means gaining commitment, by empowerment and fostering strong emotional links between the company and the employee. This is the basic need to foster a sense of belonging and ownership, a sense of pride.

While in ABC the Chairman's approach is that of order, control and allocation of tasks and responsibility, employees at the front line see over regulation, control and demands, with the pressure to perform the focus of attention. This situation described eloquently by General Electric's ex-chairman Jack Welch, is an organisation with 'its face towards the CEO and its ass towards the customer'.

The recent moves towards downsizing in many large corporations in the 1990s have been a reflection of the move away from this dependence on hierarchical structure which may have worked well two or three decades ago. However, this does not serve the search for competitiveness through commitment needed in all firms now.

119

The dominance of the Chairman's unilateral decision making has ensured the continued vertical direction of decisions from the top being pushed up or down as thought fit.   The idea that decision making, or cross branch meetings could be fruitful in creative terms or even as a common ground for shared information does not seem to be acceptable.

The organisation of human resource management or personnel in this context then is that of centralisation with simple and effective control mechanisms.   All decisions are routed through the Chairman, the problem may be that as the company has grown and spread geographically, the distance has meant a failure to respond to local conditions, and difficulties in developing mangers and sales staff's capabilities.   This is held to have contributed to the lack of commitment in some groups of staff, measured by the high turnover, but does not appear to have hindered some positive cultural growth in another group - the managers.

The organisation approach to information gathering has as well been routed through the Chairman.   As in many companies the Chairman treats the gathering of information in the same way as the allocation of finances, as a scarce resource to be collected, stored and allocated as seen fit.   However, it is the sharing of organisational data and allowing employees access to it that allows shared meaning and shared creativity.   For example the branches were each unaware of the extent or context of each others problems.   The ability to respond to someone else's problem through ones own experience can both save valuable time and also help to foster cultural sense of belonging and ownership held to be a cornerstone of commitment.

## 5.4 (iv) HR outputs

The implicit contract of employment is popularly held to mean that in exchange for skills, time and competence the employer offers employment, and security.
However, the days of life time employment which reflected a stable well respected employee/employer relationship, but which tended to decline into complacency are slowly fading.   Contemporary respectable curricula vitae will show a steady

progressive range of experience and qualifications. Whereas in the past, life time loyalty to one firm would be an advantage, nowadays it would be considered rather unusual. Loyalty is about the employees ability to work in a team towards common goals, which may be short term, but very productive, rather than loyalty meaning the wish to dedicate ones life in a rather meaningless way to some paternal entity. An employment guarantee is about making employees 'employable' rather than employed. There is a move away from the idea that training investment should only be for management, to one where all employees contribute to a learning organisation. In this light the recruitment, induction and development of employees plays an important role in productivity and employees employability.

For ABC the recruitment dilemma is often seen as that of whether to recruit employees with previous experience or without. The first approach is of course that hopefully the employee will bring in the desired level of skills and ability, but somehow manage to leave any perceived bad habits or traits behind. This is likely to lead to higher production quicker. The second approach is that new people to the business can be trained to exactly the standards and requirements of the job, and will lack preconceived ideas about 'how to do' the job, or the ability to compare to other industry standards. However, initial productivity will be lower and slower.

ABC relies entirely on 'in-house' training methods, and as no supervisors or managers at branches had previous training experience themselves, (Q7 and 8) the output of training sessions tended to be patchy and based on the trainers own experience. In one training session it was observed that the trainer had a natural flair to present his own experience and knowledge in an enthusiastic and humorous manner, which was highly effective. It is arguable that this was unlikely to be recognised and therefore developed as a key skill.

HR outputs in terms of the development of skills, attitudes and competence were although very informal, surprisingly impressive and practical. In the light of ABC's sales orientation the skills and behaviours learned during employment with the firm were sustainable and of a high enough standard to ensure gaining similar work

121

elsewhere. That this occurred at all is identified as purely incidental rather than a planned process. The recruitment procedure was very flimsy and open to severe criticism in terms of equal opportunities and fair employment practice. It was essentially based on a first come, first service basis and relied almost entirely on the interviewers gut instinct and the old 'halo/horns' effect. No job descriptions or person specifications were used, and all managers and supervisors involved in recruitment at branches listed personal attributes like voice, personality and appearance as desired 'skills'.

Having recruited employees the induction and subsequent training sessions ensured a fairly reasonable grounding in either sales (consultants) or telesales (telesales consultants). The standard was high in the 'how to do the job' and there was a degree of uniformity in how this was presented at each branch. However, other aspects of induction training received varying attention.

In order to ascertain the level of experience and competencies gained, the researcher made a total of fifty inquiries to local job advertisers (within each branch area) for similar jobs and the skills shown in figure 28 were held to be essential or desirable in the sales/telesales job market.

| Sales | Telesales: |
|---|---|
| *essential:* | |
| previous sales to business | previous experience |
| ability to 'close' deals | ability to deal with objections |
| professional approach | professional approach |
| intelligent/articulate | clear voice |
| extrovert | able to learn |
| listening skills | listening skills |
| presentable | |
| trustworthy | |
| *desirable* | |
| enthusiastic | enthusiastic |
| presentable | able to work alone |
| ambitious | able to deal with rejection |
| punctuality | rates |

Figure 28 Essential and desirable skills for Sales people and Telesales

That the standard of work and quality of output was high was considered within ABC as a source of pride. Many instances were recited to the researcher of 'appalling' experiences in other firms, where no training was given, or the facilities were very bad and the quality of output was rarely corrected or monitored other than by end result. At ABC much emphasis was placed on self reflection and corrective team action to counter poor figures. This was a daily and sometimes twice daily basis and ranged in quality from branch to branch. High regard was also gained by ABC's 'unusual' tact in always paying people on time. This at first seemed surprising, but interviewees spoke of many companies in the sales industry that were late sending cheques out, and some who never paid at all.

The output in HR terms then was of reasonable quality, and does not explain the high turnover in telesales staff, nor the low esteem apparent at most branches.

## 5.5 Human resource management Content



Strategic Change and Human Resource Management
Fig 14: Hendry and Pettigrew
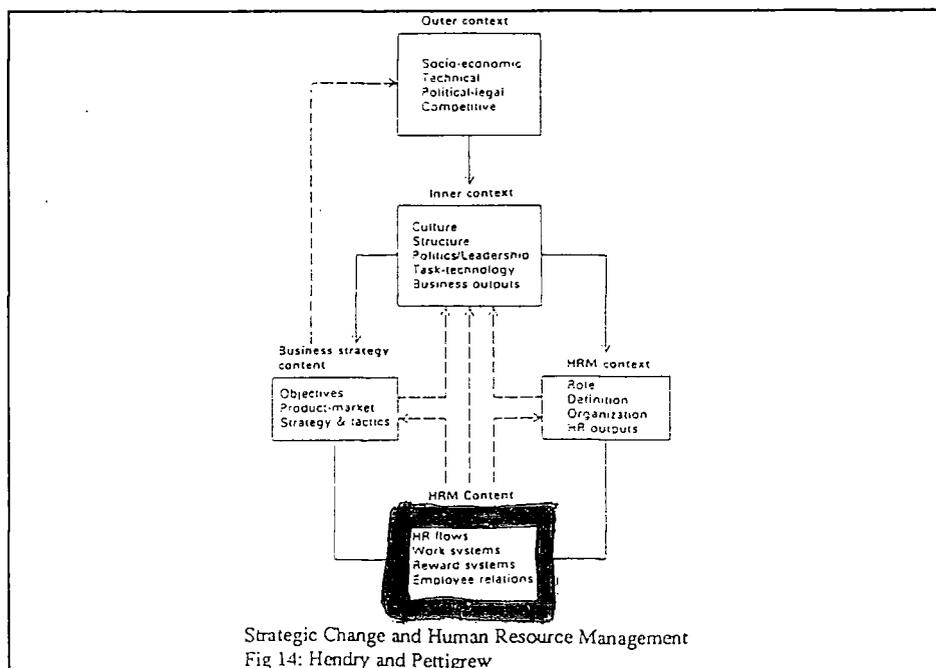
To measure HRM content semi-structured interviews were conducted with the branch managers, consultants, supervisors and telesales only. They represent all staff involved in the sale of cash flow services. Other unstructured interviews to staff at

head office were through a series of unstructured interviews over three months in 1993.

The results from the semi structured interviews are illustrated in appendix E and the following is a brief summary.

5.5 (i) HR Flows

This section of the Hendry and Pettigrew framework derives from the Harvard Model proposed by Beer et al (1984; figure 9 chapter two) and centres on the policy choices management make which are central to the determination of the firm's culture.

This means decisions management must make about how to recruit, select, develop and out flow people through the organisation. This will of course be influenced by the type of company, its objectives and strategy. The outcome of such decisions will effect the company's ability to function, the security of employees and the well being of society.

Summary of HR flows. Questions 1 - 14

Managers and consultants are predominantly male, middle aged, tend to stay with the firm longer, and come from mainly similar backgrounds in sales. No information was available to assess leavers in these two roles. It is likely that leavers are those who simply do not perform in terms of regular sales on a weekly basis.

Supervisors and Telesales were predominantly female, younger and the length of service tended to be for shorter periods. Reasons for leaving are similar in both groups, in dissatisfaction with being unable to reach targets and therefore gain rewards. Telesales turnover was extremely costly in terms of advertising (estimated at £75,000 for 1993), time and the effect on morale. However, it was in the main accepted as inevitable and solutions although tentatively suggested, lacked any substantial weight. For example, the oft cited idea that if the pay was better, less telesales would leave, but this did not account for other possible variables for

example, recruitment and selection techniques, induction, training, quality of work, future prospects.

No respondents held professional membership of for example the Institute of Sales and Marketing or the Managing and Marketing Sales Association. Supervisors were overall more qualified than any other group.

Although most managers and supervisors had originally joined the firm as salesmen (managers) or telesales (supervisors) and been promoted, there was no instance of supervisors or telesales becoming consultants or managers. The reason why this had never been considered was through lack of applicants from these groups and probably the deeply rooted stereotyped salesman image - male and middle aged. This reinforced the unjustified low status of supervisors and telesales within ABC and emphasised the lack of career opportunity.

Two managers had spent lengthy periods at Dublin and Glasgow, one manager (the National Training Manager) had the singular experience of having spent considerable time at every branch. Overall, eighty seven per cent of staff had only experience of one branch. Managers who had come from non sales backgrounds felt that previous experience was a distinct advantage and that it took many months to learn the 'art of selling'. Supervisors and telesales who did not have previous experience said they did not feel it made much difference as the work was straight forward and routine. However those with previous experience said they were able to utilise previously learned skills such as dealing with rejections or objections on the phone.

Periods of unemployment prior to joining ABC varied from one week to seven months. Supervisors and telesales had all been searching for work during the unemployed periods. No respondents had heard of the company prior to employment. Over half said they had taken the job in preference to other work because sales and telesales work was widely available, but usually with poorer conditions of work and with less opportunity to make a living. All respondents felt reasonably happy with the recruitment process as candidates. However, managers

and supervisors felt it was too much to recruit weekly sometimes daily and felt they needed to be able to retain employees, but had only vague notions about how this could be done (see rewards). Recruitment was said to be time consuming and exhausting as induction and training became a regular task. Overall seventy per cent of supervisors said that the telesales leavers 'left of their own accord' rather than being dismissed. All managers said that dismissal of telesales was left entirely up to the supervisors discretion, however forty three per cent of supervisors said that it was left to the manager to decide. Some telesales also felt that the job had been 'over sold' to them at interview, and that even although the rewards were attainable, they were much more difficult than had been explained. Figures 29 and 30 show the length of service and frequency of recruitment at branches.

| Branch: | Dublin | Manchester | Birmingham | Cheltenham | Glasgow | Belfast | Total: |
|---|---|---|---|---|---|---|---|
| 0 - 4 weeks | 0 | 0 | 2 | 1 | 3 | 0 | 6 |
| 5 - 8 weeks | 1 | 1 | 0 | 0 | 1 | 1 | 4 |
| 3 - 6 months | 4 | 1 | 1 | 3 | 0 | 0 | 9 |
| 7mos - 1 year | 1 | 2 | 0 | 0 | 1 | 0 | 4 |
| one year + | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| actual employees: | 6 | 4 | 3 | 4 | 6 | 1 | 24 |
| | | | | | | | |
| quota*: | 6 | 6 | 6 | 6 | 6 | 2 | 32 |
| variance: | 0 | -2 | -3 | -2 | 0 | -1 | -8 |
| * based on a ratio of two telesales to each salesman. | | | | | | | |

Figure 29 Telesales length of service at each branch

| Branch: | Dublin | Manchester | Birmingham | Cheltenham | Glasgow | Belfast |
|---|---|---|---|---|---|---|
| (a) weekly | | | * | * | * | |
| (b) monthly | | * | | | | * |
| (c) other- | * | | | | | |

Dublin had only had two recruitment adverts in the previous eighteen months

The overall labour turnover[7] of telesales staff for all branches was as follows:
*1992   786%*
*1993   753%*

Figure 30: The frequency of recruitment

---

[7] Labour turnover measured by calculating the average number of telesales staff for 1993 then dividing the number of leavers by that amount, multiplied by 100.

Labour turnover data for each branch were not available. Figures are collated by head office, branches do not keep their own records. Only Dublin had a lower than national average turnover during the period of the research (1993) but for particular historical reasons (see 5.1 iv, competitive)

## 5.5 (ii) Work systems

The decisions in this case are about how employees and technology are organised to attain maximum output. How much are employees needs met? What is the quality of work life? What divisions of labour are there? (figure 9 chapter two).

### Summary of Work Systems: Questions 15 - 23

The difference and similarities between branches were heightened by the lack of mobility of staff. Only one manager had been to all branches, although the knowledge base was similar due to the use of company training and induction packs. All offices had extremely high standards of appearance, locality and ambience. The main differences were due to the variation in managers approach to how they wanted their supervisors to operate. In some branches supervisors worked autonomously, (Manchester, London, Dublin and Belfast) and in others the opposite (Glasgow, Cheltenham, Birmingham).

There appeared to be a striking difference between telesales and supervisors in what they could remember from induction. This difference may have been due to the difference in presentation. For example an in-house manual was always used and referred to, but in some cases it was left up to new recruits to read it themselves and in others it was explained in more detail. Although in-house training, post-induction was not common at all branches, it was in most cases said to be welcomed and useful. Consultants claimed they were rarely invited to in-house training sessions and they were unable to attend because appointments were arranged with clients and they could not afford to turn down potential business. At Dublin and Glasgow, regular training involved on-the-job sessions where the Glasgow manager would accompany the consultant to his appointment with the prospective client. Although

deemed useful by consultants, it was mostly felt that lack of formal off-the-job training sessions was a problem.

Variations in the perceived need for training meant that while some branches had regular daily mini sessions, others had very little. Managers comments about training suggested that if they had experienced positive training themselves they tended to favour it, if they did not, they did not encourage too much 'time being wasted on training'. There was no in-house ruling or guidance from head office about the length, regularity or standards of training.

Sales competitions were held by managers and consultants as an important aspect of their job, but telesales and supervisors had different and less experience of them.

Supervisors who originated from telesales backgrounds were stricter in terms of standards and quality. Manchester branch employed an all male telesales team and Dublin was all female. The main difference was that the Dublin staff worked to very set, structured days with set 'scripts' and well organised databases. The Manchester group regularly changed the 'script' and were heard to try and sell the service on the phone (a company rule was that only consultants should sell through face to face contact). Some supervisors suggested that women were better at telesales work than men, but there was no opportunity to examine this. The difference seemed to be more likely in the quality of supervision and training.

There was little perceived difference between Consultants and Managers in actual selling, (measured by annual sales) but there was differences in the local competitive market, and locality of appointments. For example some consultants in Scotland and Ireland had to regularly travel long distances to meet clients (at the salesman's own expense).

Managers and Consultants perceived their work as 'unstructured', however they were required to attend set appointments and often had little influence over time and place of work. If appointments were missed, delayed, or postponed, questions were

raised the next day by the National Training & Sales Manager based at Cheltenham, and often the Chairman. All appointments were monitored daily by the National Training & Sales Manager, so it could arguably be said that managers and consultants work was very structured. This distinction is important in light of the contractual considerations which determine the employment status. The question of whether the salesmen are truly 'self employed' as opposed to employees (and so subject to employment protection) is a matter of interpretation (see appendix G and 6.2 (a) conclusions).

## 5.5 (iii) Reward systems

The decisions made in this regard whether by direct payments, or Employee Share Option Schemes (ESOP), or fringe benefits will send a very clear message either positive or negative to employees about how much they are valued as part of the company. Decisions must include the type of payments for hourly staff and managerial staff, whether payment by results? to individual performance or group performance? How fair is the payment scheme? How much does it affect other aspects of policy areas for instance, selection, employee relationships, attaining company goals? (see figure 9 chapter two).

### Summary of Rewards

The reward structure has three main areas of concern.

1.    unilateral changes to contracts (reward structures)
2.    claw back system not equitable or properly explained
3.    the negative effect the reward system has on individual and company
      performance

Firstly, changes to the reward structure were regularly made unilaterally by the Chairman without discussion, agreement or warning. The second area for concern was that it was apparent that the 'claw backs' system was not explained at the start of employment to telesales in particular. Salesmen said they had all experienced similar systems in other jobs and it was common in sales. However, many instances were

described where telesales and salesmen had been expecting good bonuses at the end of a four week cycle, but had instead found themselves owing the company money. Although the reasoning could later be explained, and understood (although still unacceptable) the shock of opening a pay slip, to find higher deductions than earnings, was felt to be inequitable.

Head Office had an executive administrator responsible for pay and her unsympathetic response to this dilemma, was that, '...if the sales were conducted properly in the first place, claw backs would not happen'. Telesales in particular felt most threatened by this procedure. As far as they were concerned, the appointment making was the job they were paid to do. If the sale later fell through because of dissatisfaction with the service, or it was 'over sold' by the salesman, then they were being penalised through no fault of their own. It was a situation they had no control over, or opportunity to improve. One of the commonest reasons for lack of job satisfaction (Q34) is where an employee has no control over working quality.

Supervisors were also very concerned that they spent many hours at the end of each week on the telephone to head office trying to get explanations for claw backs, which they then had to explain to irate telesales.

The third area for concern was the negative effect the reward structure had on motivation. While longer serving telesales did have claw backs as well, they were still employed by ABC and if and when, the money was recovered, it was repaid to them. For most telesales however, although the contract said they would be paid wages and commission for getting appointments and sales, it also said they could incur deficits, and commissions could be clawed back. That this was not spelt out and explained meant bitter disappointment and of course not surprisingly very high turnover. Sixteen per cent of telesales had more than one years service and they all agreed that their better competence meant they were more able to achieve higher rewards and sustain this, which meant that the reward structure did have strong positive motivation for them.

The extent of the claw back situation was immeasurable, however it was said to be a regular weekly occurrence, at every branch. Accepted more so by salesmen, less so by telesales and supervisors. Some telesales said that although this was explained to them at the start of the job, they had not realised how often claw backs would occur.

## 5.5 (iv) Employee relations

This refers to the legitimacy of any mechanisms which allow stakeholders (shareholders, unions, employees, government and the host community) to have power and influence over decisions. If management is not challenged through unions, or market/government influences such as, legislation or shortage of skilled employees, then their authority to make all important decisions remains in their power. The type of mechanisms management can choose to operate (or not) are: task force groups, quality circles, open door policies or joint consultancy committees.

### Summary of Employee relations: Questions 24 - 35

Responses to questions relating to information about the role of head office or the names and activities of key personnel were vague. Answers to questions about the related services that ABC provide were also weak. Managers described regular Sales meetings which used to take place up until early in 1993 between themselves and the Chairman. That those meetings were no longer held (due to expense) was considered a loss. Managers were unanimous in the view that the meetings acted as a great catalyst to improve branch performance. The prestige of attending and then reporting back to each branch was also considered a perk. Managers said that there had been a loss of status in the cessation of those meetings.

Telesales and consultants did not communicate with other branches, while supervisors tended to speak fairly regularly to at least one other branch. These channels of communication had developed on a purely unplanned and ad hoc basis.

Managers said they had regular meetings with all their staff every month, however most telesales said that the meeting was held firstly between the salesmen, and then they (telesales) were invited in for drinks and snacks and it was more of a social

131

occasion. All managers and consultants (except one female consultant) were male and the majority of telesales female. Some supervisors suggested that the meetings to discuss sales figures were seen as 'men's work', and that the other staff were only involved in a patronising way, to make a fuss about sales achieved that week. The same pattern occurred at all branches. However, managers maintained that all staff attended all the meetings.

Supervisors said they would like to be able to contribute to meetings and make suggestions about the services and the office in general, but this was usually done on a one to one basis with the manager, rather than as part of a team meeting. Dublin and Glasgow branches said they saw the meetings they had as the highlight of the month. It was felt that the shame in 'public' scolding or high acclaim for excellent performers which was openly discussed and helped to motivate performance.

All staff read the weekly group Newsletter (copy in appendix F). Managers said they felt obliged to make sure something was included every week from their branch. If no copy was sent, then the magazine would state 'No news from ..... branch this week' which implied there had been no sales. Consultants said they were 'not invited' to contribute to the newsletter. Supervisors and telesales said that the articles were censored by head office (confirmed by head office that this was the case) the reason being that no negative comments were allowed. Only articles which referred to getting sales, achievements and 'good' news were allowed. One supervisor said that her magazine contributions were always censored and almost unrecognisable from the original format.

Overall employee relations within branches was mostly held to be fairly good, but there was no instance of collective relations throughout the company. However this was not surprising considering that only twenty five per cent of all respondents had ever had experience of belonging to a trade union. Communications between branches were unreliable and relied on rumours and the Newsletter which was heavily censored by head office executives.

The organisational goals and values were unclear. Branches saw themselves mainly as team motivated, but this did not extend to a company wide team approach which could enhance commitment or be competitive. If any element of competitiveness does exist, it may be only between branches rather than acknowledging competition in the market place. Most employees at the branches found the work enjoyable and challenging, although at times difficult. This difficulty was often exacerbated by intense pressure to perform, which did not always result in the expected rewards. Longer serving salesmen and telesales were inclined to higher levels of commitment, measured by their willingness to stay with the firm and according to them the rewards. The salesmen in particular stake financial investment and time, in exchange for guaranteed work on a consultancy basis.

No formal mechanism to feed back performance was in place. All respondents felt that appraisal was important and should be done regularly, particularly because they were in sales. Appraisal tended to be centred entirely on how well the branch had performed and rarely by individual achievement according to the salesmen.

## Summary of HRM Content

This section of the framework was useful in its focus on HRM Content. The overall picture resulting from the semi structured interviews gives a stark snapshot view of employment within ABC. Clearly two approaches are adopted although this may be unplanned, where two groups of staff are recruited, managed, rewarded and involved in two separate ways. Management objectives and strategy are determined quite clearly by financial criteria measured by sales. HRM Content appears to be a peripheral rather than core strategic consideration, and a necessary expense to achieve objectives with demanded compliance underpinning the overall approach. Conversely, commitment has been gained by a reward system for one group of staff which increases in value with every years' service (managers and consultants). This reward system may be having the opposite effect for the other staff acting as a de-motivating influence causing high dissatisfaction and disproportionate numbers of leavers.

This chapter has comprised twenty short accounts of ABC from the perspectives suggested by the selected framework (Hendry and Pettigrew 1990). The analysis has developed a qualitative database which has produced deep insight to the reality of practitioners. Most of the problems highlighted have been those which are particularly pertinent to smaller firms. The final chapter will revisit the objectives of the research and review the extent that this approach has been useful in both the academic and practical sense.

# Chapter 6 Conclusions

## 6.1 Objectives revisited

*(i)    To review and evaluate the literature and to select a framework which seems most likely to aid exploratory research into strategic human resource management.*

In the early stages of the research it was identified that theoretical development of strategic human resource management is at the exploratory stage. It was also clear that tentative suggestions of theory within the field were often based on assumptions about the practice and experience of managers within the firm, moreover within larger, rather than smaller firms. The literature review set out to choose an optimum framework which would most likely aid exploratory research in a live case study approach and which would be credible and useful to management as a conceptual tool.

While American in origin, human resource management has gained credibility in the British context where more pluralist and inimical relationships are the norm in industrial relations. Review of the literature showed some of the most recent academic propositions and that theory development tended to fall into either the prescriptive approach (Guest 1987) or analytical (Hendry and Pettigrew 1990). In order to produce an analysis which would downplay the prescriptive elements of previous personnel literature, the framework proposed by Hendry and Pettigrew (1990) was chosen. The interest in this framework was its acknowledgement of the seeming focus on the different management accounting control systems within industry. Purcell (1989) suggested that in the rational model of strategy, phenomena which cannot be reduced to figures such as 'motivation' , 'good industrial relations' or 'good employment standards' are easily discounted or ignored. The aim was to find a framework which aided the exploration of such phenomena at the level of the firm.

The use of this framework has been developed by taking each element as a separate focus and producing a series of twenty short accounts on how each element gives a different perspective on the context of ABC. Emphasis was placed on avoiding prescriptions and on describing rich, insightful data which aids theoretical understanding of the reality of managing a small firm. That the data has been subject to the researcher's own construction of reality has been counteracted by a small survey conducted over a period of several months with a large number of ABC's employees. A major finding has been that within the firm there are very distinct employment practices which are held to lessen the value the firm could potentially hold as a competitor, an employer and as a European business.

The framework itself was effective, practical and valuable in its clear separation of the main elements and helpful sub-headings for focus. It was interesting however to note the apparent order of focus which could lead to confusion, if misinterpreted. For example Hendry and Pettigrew (1990) criticise the environmental determinism approach, but their framework indicates that the outer context of the firm determines, regulates or influences the inner context. HRM context seems to determine HRM content.

In ABC the HRM context was weak and ill defined and it is here suggested that HRM content could have a strong influence on HRM context rather than a secondary influence as the framework suggests. It is with some reservation therefore that the framework is recommended in its present form for future research. It is unclear why Hendry and Pettigrew (1990) suggest that strategic change and human resource management analysis begins with 'Outer' context. This research proposes therefore that the framework could have a rather different configuration which follows the contention of Beer et al (1984) that employee influence is central to the development of Human Resource policies. By taking this a step further it is argued that HRM content within this framework is central to all other elements (figure 31)

The literature review found that strategic formulation has traditionally preceded consideration of the Human Resource approach to decision making, whereby culture

is manipulated and made to fit strategy. In this research identification of the
weakness of this approach has indicated that particularly for a small business the
HRM content is in a strategically superior position, when its central influence is
considered in accordance with, and as an overture to other elements of the
framework. It is suggested therefore that HRM Content becomes the independent
variable which not only precedes strategic formulation, but influences it.

*HRM Content framework*

Objectives
Product Market
Strategy & Tactics
*Business Strategy Content*

Socio-economic
Technical
political-legal
Competitive
*Outer Context*

HR Flows                          Employee Relations

*HRM Content*

Rewards                            Work Systems

*HRM Context*
Role
Definition
Organisation
HR Output

*Inner Context*
Culture
Structure
Politics/Leadership
Task Technology
Business Outputs

Figure 31: An HRM Content framework

*(ii)    To apply the framework to a case study of a small firm in the credit management sector and to evaluate the usefulness of this framework as a conceptual tool.*

The application of the framework as a snapshot view was procedurally straight forward.   The largest problem from a practical point of view was the time spent gathering data.   Because the firm itself had few internal data relating to either its own policies or its environment, every element of the framework had to be built up from very little material.   This would of course be the case with most small firms and is perhaps indicative of the reason so little knowledge was available within ABC. Clearly a comparative study would help form a better knowledge base of the credit management sector.

The most obvious problems facing ABC during 1993 were the lack of a clear employment policies (supervisors main criticism), lack of coherent technological improvements, and lack of flexibility or ability to respond to local branch needs.   The largest problem seemed to be management's perceived preoccupation with short term gains, while neglecting the need to develop core skills and retain those skills.

If accepted at face value, these problems should be better conceptualised by the application of the framework.   This is to avoid seeing individual problem areas in isolation, but as part of a global picture.

It is held that the framework presented here although a snapshot view focusing on one year could be developed along the lines of the original Harvard model, which was written as 'A General Manager's Perspective'.   The rational assumptions of academic authors have been criticised for their remoteness from the reality of practitioners and it is how to help managers to apply some of the theory in an impartial way that would be most useful.   The problem has been that, off-the-shelf business remedies and business school curricula are broadly based and tend to offer 'rule of thumb' guidelines or miraculous success stories about turnaround businesses.

Businesses rarely belong to a homogeneous group and the strategy and ability to trade competitively will depend on management's own philosophy and style. Therefore, it seems that to offer solutions to partially understood problems is unlikely to help in particular, small business. This framework required the researcher and management within ABC to think about the firm from a range of perspectives and proved useful to the extent that a clearer global picture is available. The problem however, in providing small business management's with better conceptual tools for understanding their own business needs, is the diversity of needs. The answer would seem to be in education and training which has implications at a national government level. In the past decade commentary on the problem of skills shortage in the UK and the need to compete within Europe has gained attention. However the need for managers to *learn* management skills, and supervisors to be trained tends to be underestimated. This issue has been highlighted by Partridge (1989); Keep (1989); Sadler (1989).

The Chairman and senior managers within ABC do not disagree with the suggestion that education and training need to be improved on a national level and that the U.K. is experiencing skills shortages, however as might have been expected, they did not feel it was necessary for them. As far as the framework presented here could be described as useful, it has been seen as an academic exercise. To add further weight to this research and develop analysis would require much longer and possibly comparative study of other small businesses. It is only through further insightful and contextual research which narrowly focus on smaller firms that the useful education and development of industrial and business management can have any hope of realisation. Clearly a comparative study of other firms in the Credit Management sector is essential, not only to gather data on the industry itself, but to ascertain similarity of approach in employment practice.

## 6.2 Two underlying questions answered:

*(a)   Why different employee practices either engender or hinder human*
*resource management influence and what external market influences have*
*effect (if any) on the small firm's approach to employment practices,*
*competitiveness and performance.*

Clearly two very different employee practices take place in ABC, where the managers
and consultants were found to have fairly high levels of commitment (measured in
their desire to stay with the firm) the telesales and supervisors were subjected to
rigorous rules designed to achieve compliance.   Human resource management
influence is the extent that approaches to personnel functions range from purely
administrative to involvement in strategic decision making (Monks 1992a).   Figure
32 illustrates the main differences between the four groups of employees identified by
the research.

Influence on Managers and Consultants was achieved mainly through a remuneration
package which increased in value with every years service.   It is arguable that this
was the only reason for the much lower turnover in these groups.   It is also argued
that although commitment was desired from all employees, it was achieved only in
the latter group.   Supervisors and telesales had a more stressful, less productive
environment where rewards were difficult to attain, through an intolerable and
inequitable remuneration structure.   This caused higher turnover and low levels of
trust.   That productivity was potentially much higher was clear from the high levels
of competence being achieved through high quality internal development (on-the-job
training), but which was clearly incidental rather than planned.

Where human resource management was engendered through reward and high
employee development of competence for some staff it was hindered greatly by lack
of empowerment or planning influence, lack of clear procedures and quality control
and an alarming lack of knowledge about the competitive environment.
Communications ranged from branch to branch and relied more on the grapevine
which meant that information was often unreliable and invited speculation.   Clear

attempts to manipulate the culture within the firm were apparent. Telesales and supervisors were persuaded to think of themselves as part of the team and that branch sales figures were supposed to be 'everyone's goal'. This failed through the lack of reciprocal commitment in the poor rewards for this group and poorly managed or planned recruitment of all branch staff.

| HRM Influence: | Managers | Consultants | Supervisors | Telesales |
|---|---|---|---|---|
| Rewards | high | high | medium | low |
| Clear procedures | medium | low | low | low |
| Turnover | low | low | high | high |
| Empowerment | low | low | medium | low |
| Competitive environment | high | high | high | high |
| Planning influence | low | low | low | low |
| Control influence | medium | low | medium | low |
| Training (planned) | medium | medium | medium | medium |
| Development (competence) | high | high | high | high |
| Communication channels | medium | medium | low | low |
| Recruitment | low | low | low | low |
| Induction | low | low | medium | high |
| Employee relations | low | low | low | low |
| Culture | deep rooted | deep rooted | low trust | low trust |
| Frame of reference | unitary | unitary | unitary | unitary |
| Productivity potential | high | high | high | high |
| Actual output | high | high | low | low |
| *high = positive influence* | | *low = negative influence* | | |

Figure 32: HRM influence in ABC

The main question has been to consider why certain employee practices either hinder or engender human resource management influence and the research findings were plainly evident. At the risk of becoming prescriptive it could be argued that simple reversal of certain practices could greatly enhance the strategic human resource management influence and add greater value to firm's competitive capacity.

A further question was to discover the extent that market influences have effect on ABC's employment practice, competitiveness and performance. In the first instance employment practice is influenced only by the need to comply with legal requirements. ABC do not consider consultants and managers as employees where there is a contract of employment, but as self employed consultants who contract for services. However the difference is in one of interpretation, (see appendix G) and it may be that if this group were employees entitled to contractual protection an entirely different approach would be taken. Employment practice is only at the level of administration and is not in any other way influenced by the market, however this might be expected to change as more European directives and influence, force change. It is held by the research that the enforcement in the UK of a minimum wage would likely result in the cessation of employing telesales and supervisors in ABC.

Market influence has affected competitiveness in that the market itself has changed in the past twenty years. The early boom years of trading in a niche market have been replaced by a flooded market place where knowledge of competition is vital. For example Yorkshire Water is launching a debt collection service aimed at collecting local councils debts. The new company is to be formed in a £14m joint venture with an information technology firm. Debt collection is intended by Yorkshire Water to collect old poll tax bills as well as present council tax debts. Yorkshire Water is targeting councils in the North to take advantage of Government policy of compulsive competitive tendering for council services. This will force councils to put their revenue collection out to auction in the Autumn of 1995.

Interestingly the new firm will also provide a range of customer and information technology services to councils and businesses. Whether ABC will be able to compete at this level will be based on capacity and cost leadership. The research showed that ABC was probably one of the largest in the field (collecting slow paying accounts) but with large corporations such as Yorkshire Water moving into the market it is debatable if either the cash flow service or move into related direct mail/information list selling will survive. This would require improved technological development to deal with the capacity and employment policies which engender human resource influence to encourage the growth of commitment from within the firm rather than flimsily imposed commitment forced by managerial power. To improve competitiveness ABC will have to improve performance.

## 6.2

(b)     *To find out how the firm perceives, understands and reacts to certain employees needs. To what extent are employees seen as costs or investments and what effect this has on the firm itself.*

It is argued that while ABC perceives, understands and reacts fairly well to the needs of its direct sales force, this does not apply in the same way to the telesales and supervisors. The paradox is that telesales and supervisors are the core group of employees whose competence and stability in forming team achievements cannot be underestimated. ABC's failure to understand or react to high turnover in this group is only through their belief that leavers will be easily replaced because of high unemployment. Furthermore, where high turnover is normally a cost firms cannot afford, in ABC it is more cost effective because regular claw backs from telesales are rarely repaid as the telesales will undoubtedly have left the firm by the time the litigation is resolved. Moreover, while the Chief Executive continues to gain from litigation cases passed to the in-house solicitors, the needs of telesales are unlikely to be met. This arguably unethical employment practice is within the law and remains unchallenged.

The effect on the firm itself must be that potential increased and improved performance through the added value of fair and equitable employment practice is lost and unattainable. That this could ever be proved without reducing the analysis to a currency of figures (Sales) is one of the hardest dilemma's for proponents of strategic human resource management. As long as the core group of employees are seen as costs rather than investments and inferior employment practice continues to prevail the negative effects can only continue. This overall effect is held to originate in the Chairman's own accountancy profession which is by no means underrated. The problem seems to be, a lack of knowledge of alternative approaches and a deep reluctance to change. Good management is a process of balancing dilemmas: achieving effectiveness *and* efficiency; differentiation *and* low costs; financial goals *and* long-term vision; consistency *and* flexibility.

## 6.3 Conclusions

This research was conducted to extend knowledge of theory in strategic human resource management which is at the formulation stage of development. This was managed by considering the contextual dimensions of a small firm so as to provide useful and insightful data from the perspective of management.

Strategic human resource management has been defined as the unification of business strategy and the issues of personnel management as an approach to decision making. The question of whether only firms which are strategic planners can achieve a strategic human resource management approach has been viewed in context and it is held by the research that this limitation is unjustifiable. The question is really that of how best to narrow the gap which allows academic theorising based on overly rational assumptions about the experience and perspective of small business (in this case) managers. It seems that education and development of an available knowledge base which managers could access easily (such as the framework presented here) in a more user friendly format may well meet this need. However this should be complimented by national (eventually European) curriculum provision. Small and medium sized firms account for a large majority of firms in the European Community

and aid worth 89.7m ECU was awarded to over seven hundred vocational training projects under the EU Leonardo vocational training programme in 1995.

The national curriculum in the UK has recently changed focus from purely academic to the introduction of vocational NVQ and GNVQ qualifications designed to meet the needs of employers and satisfy the requirements of industrial standards. As yet there is very little NVQ development in sales, telesales or supervision which relate to credit management. However, this shortfall may be addressed to an extent by the recent appointment of an Education and Membership Manager to the Institute of Credit Management, whose main task is to represent the Institute in the development of S/NVQ in Credit Management (Times Business Review 24.9.95). Sales and telesales as a career can be fiscally rewarding for both employer and employee but the traditional learning cycle is still very much a case of being thrown in at the deep end and relying on resilience and quick wits to stay afloat.

The lead body is the Institute of Sales and Marketing Management (ISMM) who offer City and Guild qualifications for example Operational Salesmanship and Sales Management. There is also the Managing and Marketing Sales Association (MAMSA) who offer standard diplomas in Salesmanship. However, the development at NVQ/GNVQ level has yet to happen and training specifically for telesales is non evident. This does tend to underrate the work and reinforce the low status of telesales. Conversely the national press carry hundreds of adverts daily from employers seeking telesales and sales personnel. In particular small businesses who are most likely to benefit from TEC funded training and development schemes, must find little to offer telesales personnel. The overall picture is surprising in the light of the recent increase in the use of telesales within larger firms such as Direct Line Insurance, and First Direct Bank.

The fact that telesales work may tend to attract women returners and the disabled highlights even more need to enhance its low skilled status. Small firms should welcome the attraction of flexibility which suits part time work, or job sharing. ABC have always refused to consider this degree of flexibility because it is incompatible

with the reward structure and would probably cost them more in administration. However, they may be missing out on recruiting valuable employees who wish to work part time and the additional value would probably be in reducing the boredom and monotony of the work e.g. making one hundred calls a day for three days, rather than two hundred calls a day for five days.

A further issue has been the well documented premise that commitment is the cornerstone of a strategic human resource management approach. Simply put this means that employees who are committed to the firm will ensure its success. However, how this commitment is gained, whether imposed from management down or organically grown within the firm is of prime importance and needs much further research in context. There is also the issue of appropriateness and it is arguable that for ABC compliance may be the more practical aim, for at least the telesales and supervisors. This supports the contention of Beer et al (1984) that companies should adopt HR policies that incorporate different approaches for different groups (bureaucratic - market and clan approaches - figure 12).

Strategic human resource management is held to be an approach to personnel management which seeks commitment from human 'assets' to gain competitive advantage. The search for the best means of achieving commitment has preoccupied much of the personnel/HR management literature. However recent debate (Hope and Hendry 1995) suggest that cultural change imposed from top management down often works in the opposite direction to the values it is trying to introduce. The difference is where management impose a set of values and expect employees to conform to them, or where culture change is behaviour led, organically grown and emergent from within the organisation.

If an employee is told that they 'should be committed' and they are now 'empowered' it is quite meaningless unless they are genuinely feeling committed and empowered. The question of whether carefully engineered culture change really does improve performance rather than just change it, is worthy of further case study research of a longitudinal nature. For example if ABC was to undergo culture change which

146

organically developed from within the firm rather than through the power and authority of management, would performance improve?

Finally, it is held that managers (in particular of small businesses) need education and that education should clearly focus on the HRM content as an umbrella term for business strategy and other elements of the framework. It is challenged that strategic human resource management influence, is only viable for strategic planners and affirmed that it may be appropriate for different employee groups in different shapes and forms. For example, although the research has sought to avoid prescripting, the following observation illustrates the distorted influence of the reward structure within ABC.

All cash flow employees are paid on a commission basis, but the effect of litigation between ABC and clients, or a drop in sales figures has a far more detrimental effect on telesales than on salesmen. The reason ABC do not operate a fairer wage system is because of fear of lack of return for the outlay in telesales wages. The fear is that telesales would be unproductive without the 'whip' of 'no pay for no sales'. However, if ABC enhanced the reward structure and the quality of supervision, training and work systems then productivity and stability would very likely improve. Whereas the commission basis is welcomed and appropriate for the direct sales force, it is counterproductive for telesales and no doubt reduces the firms overall value in terms of its competitiveness, profits and future scope.

The challenge for a strategic human resource management approach would be to prove that ABC could operate as a highly successful, competitive business on a local, National and European level rather than simply surviving as it plainly does.

The literature has been found to be ambiguous and in some cases repetitive. For example the distinction between strategic human resource management as a theoretical development and as a management style is very unclear, coupled with the wealth of prescriptive 'best practice' isolated to certain personnel functions, which is normative and tends to discuss content removed from context.

147

In conclusion, traditional measurement of company performance, in terms of sales turnover or other financial data have tended to be the universal criteria which are independent of other variables in the firm, such as Human Resource policies. The reverse scenario suggested here, is that HRM content (HR flows, work systems, rewards and employee relations) becomes the influential variable which is independent and not reliant on company performance as a measure of effectiveness. This would essentially add up to: more proceduralisation, more quality control, more empowerment, more commitment, and less management accountancy control.

<u>Appendix A</u>

<u>Institute of Personnel & Development</u>

<u>Objectives:</u>

o  to provide an association of professional standing for its members through which the widest possible exchange of views can take place

o  to develop a continuously evolving professional body of knowledge to assist its members to do their jobs more effectively in response to changing demands and conditions

o  to develop and maintain professional standards of competence

o  to encourage investigation and research in the field of personnel management and subjects related to it

o  to present a national viewpoint on personnel management and to establish and develop links with other bodies, both national and international, concerned with personnel

The Institute adopts a positive and initiating role, seeking to influence the occupational and social environments, legislation and management thinking - locally, nationally and internationally. It is the leading authority in the field of human resources and the guardian of high standards in the practice of personnel management.

IPD members commit themselves to these objectives and to various codes of practice issued by the Institute. Members are concerned with the maintenance of good practice within the profession; they accept fully that their responsibility at work is to their employer and, within that commitment, to the organisation's employees.

The IPM (IPD as from 1st July 1994) - Code of Professional Conduct.

## Notice of Confidentiality

The following questions have been devised with reference to academic research material. The main subject area is Human Resource Management which covers business strategy and personnel management. The purpose of the research is towards academic gain and this company is the focus of a case study approach.

Although your name will be noted, this is only for my own research purposes. At no time will anyone be identifiable and most of the results from the interviews will be in the following format:

> "...*55% of staff said they could tell the difference between margarine and butter*"

You are asked not to discuss the questionnaire format or answers you gave with other interviewees who have not yet been interviewed. The final results from these questionnaires will be made available for those interested in spring/summer next year.

Thank you for your co-operation.

Margaret Asquith                                        Autumn 1993

## *H R FLOWS*

Name:...........................                    Branch:...........................


1. Manager (1)          Supervisor (2)          Consultant (3)          Telesales (4)


2. Male (5)          Female (6)


3.                    Age:                    a. under 21          (7)
                                              b. 21 - 29          (8)
                                              c. 30 - 39          (9)
                                              d. 40 - 49          (10)
                                              e. 50 - 59          (11)
                                              f. 60+          (12)


4. Do you hold any qualifications?                    no (13)          yes          (14)

    if 'yes', which of the following?

                    GCSE/'O' levels/(G)NVQ II          (15)
                    'A' levels (G)NVQ III BTEC ONC          (16)
                    Degree, BTEC HNC, NVQ IV          (17)
                    Post Graduate          (18)
                    Irish Leaving Certificate          (19)
                    Professional membership          (20)
                    Other          (21)


5. Length of service:                    0 - 3 months          (22)
                                         4 - 6 months          (23)
                                         7 - 11 months          (24)

                                         1 - >2 years          (25)
                                         2 - >4 years          (26)
                                         4 - >6 years          (27)

                                         more than 6 years     (28)
                                         if so how many years...

6. Have you ever worked at any branch of the company other than this one?

<div align="right">no (29)      yes   (30)</div>

      if 'yes' where, when and for how long?


7. Do you have previous experience related to telesales/sales?

<div align="right">no (31)      yes   (32)</div>

      if 'yes' please describe....


8. What other work experience do you have?


9. Were you unemployed before joining the company?

<div align="right">no (33)      yes   (34)</div>

      if 'yes' for how long?...


10. Why did you mostly choose this company to work for?

| | |
|---|---|
| (a) Its reputation as a good employer | (35) |
| (b) To get experience in telesales/sales | (36) |
| (c) In preference to other work | (37) |
| (d) it was all that was available | (38) |


11. How did you learn about this job?

| | | |
|---|---|---|
| | (a) Newspaper advert | (39) |
| | (b) Job centre | (40) |
| | (c) By word of mouth | (41) |
| | (d) Other? | (42) |


12. Were your expectations of the job at the time of your initial interview and your experience of working here:

| | | |
|---|---|---|
| | (a) the same | (43) |
| | (b) a little different | (44) |
| | (c) nothing like you expected | (45) |
| | if 'b' or 'c' please describe.. | |

## Appendix C

13. Where you employed in another capacity with this company prior to your present position?

no (46)          yes      (47)

if `yes' please describe


14. From your own experience and observations please comment on the recruitment process.

### end HR FLOWS

### WORK SYSTEMS

15. Which of the following were included in your induction sessions?

(a) the cash flow service - how it works          (48)
(b) background of the company/structure          (49)
(c) 'how to do' telesales/sales          (50)
(d) pay and commission          (51)
(e) holiday entitlement          (52)
(f) sick policy          (53)
(g) health and safety policy          (54)
(h) fire regulations and drill          (55)
(i) communication channels          (56)
(j) disciplinary procedures          (57)
(k) expected standards of work          (58)

16. How useful was your initial induction session?

(a) very useful          (59)
(b) quite useful          (60)
(c) a little useful          (61)
(d) not useful          (62)
(no Induction)          (63)

17. How many in-house training sessions (other than induction) have you had since you started?          (a) none     (64)
(b) one     (65)
(c) two     (66)
(d) three     (67)
(e) four     (68)
(f) five +     (69)

18. If you have had in-house training sessions (other than induction) how useful have they been?

(a) excellent                                                                                     (70)
(b) fairly good                                                                                   (71)
(c) not very good                                                                                 (72)
(d) very bad                                                                                      (73)
(no training)                                                                                     (74)

19. Do you feel that your training sessions have helped to increase your performance i.e. make more appointments or achieve more sales?

no (75)          yes    (76)
(no training):          (77)

20. Have you ever won any Sales competitions?          no (78)          yes    (79)

if 'yes' was this National or Local competitions?

21. Do you feel winning or the element of competition is an important aspect of getting Sales?

no (80)          yes    (81)

22. Is your daily work routine:

(a) very structured                                                                               (82)
(b) quite structured                                                                              (83)
(c) not very structured                                                                           (84)
(d) unstructured                                                                                  (85)
Please describe..

23. Who are the companies main competitors?

*END WORK SYSTEMS*

*(No questions directly on rewards)*

## *EMPLOYEE RELATIONS*

24. Please describe the role of key employees at head office


25. How often do you communicate with other branches?

| | |
|---|---|
| a rarely | (86) |
| b regularly by phone/fax | (87) |
| c regular meetings | (88) |
| d other | (89) |


26. Describe the services that ABC currently offer


27. How often do you attend local office meetings with all staff?

| | |
|---|---|
| (a) once a month | (90) |
| (b) every two - three months | (91) |
| (c) every four - six months | (92) |
| (d) other? | (93) |


28. Do you read the Group weekly newsletter?    no (94)    yes    (95)


29. Do you contribute to the Newsletter?    no (96)    yes    (97)


30. Are you a member of a trade union now?    no (98)    yes    (99)

if not, were you a member in the past?    no (100)    yes    (101)

31 How would you rate employee relations in your office?

| | |
|---|---|
| (a) Excellent | (102) |
| (b) Quite good | (103) |
| (c) not so good | (104) |
| (d) very bad | (105) |

32. Would you describe your branch as a team?      no (106)        yes      (107)


33. How would you describe this organisations goals and values? and in what way would you identify with these goals and values?


34. What are the most difficult and most enjoyable aspects of your work?


35. Do you have any appraisal meetings with your line manager?

                                                    no (108)        yes      (109)
if 'yes' how do you rate them?

_END QUESTIONNAIRE_

## ABC - 1993

| | Glasgow | M'chester | B'ham | Chelt | London | Belfast | Dublin |
|---|---|---|---|---|---|---|---|
| *Rank order by branch performance* | 2 | 4 | 6 | 5 | 3 | 7 | 1 |
| *Rank order by salesman* | 2 | 5 | 4 | 3 | 6 | 7 | 1 |
| *% potential business in area* | 9.3 | 17.1 | 16.8 | 12.4 | 42.2 | 2.2 | (100) |
| *% number of competitors. in area* | 13.2 | 34.3 | 13.3 | 6.1 | 29.2 | 1.4 | 2.1 |
| *Staff turnover* *Salesmen:* | low | low | high | low | high | high | low |
| *Telesales:* | high | high | high | high | high | high | low |

**Figure 25: Differences between branches** Chapter 5.1 (iv) Competition

This element of the research required data to illustrate firstly, the level of competition, and secondly, the extent of potential business within each branch area, that is, the number of businesses that ABC could target for new business. This was to be matched against branch performance so as to indicate major differences between branches which could account for variation in performance. ABC management were unable to provide any data relating to competition, market share or the extent of potential business. The following is a description of figure 25.

**Rank order by branch performance and by salesman (fig 25)**
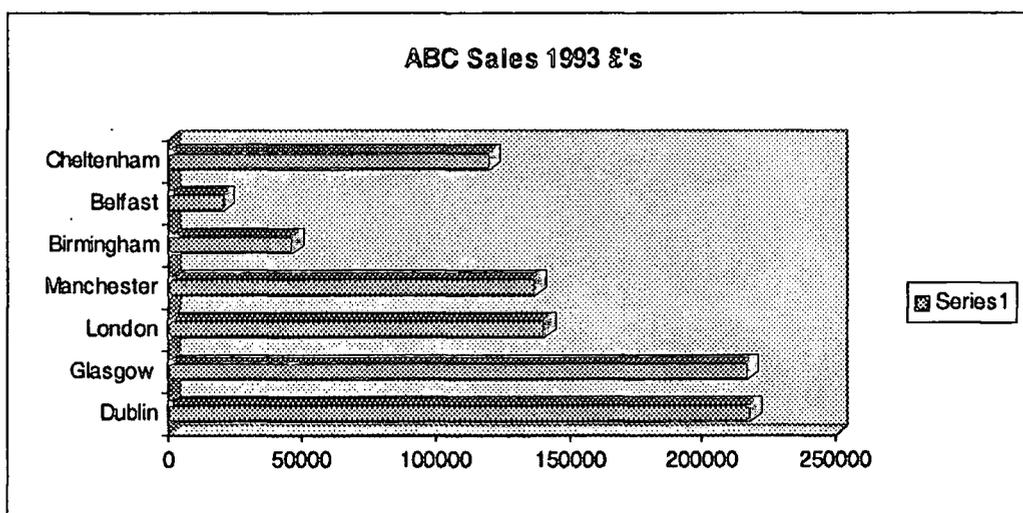


A simple rank order of branches was possible, based on the total monthly sales figures at each branch for 1993. This was done firstly by total sales and then by average sales per salesman, based on the average number of salesmen operating at the branch throughout the year (illustrated).

**ABC Sales average per consultant/branch - £'s**

Cheltenham
Belfast
Birmingham
Manchester
London
Glasgow
Dublin

☒ Series 1

0   1000   2000   3000   4000   5000   6000   7000
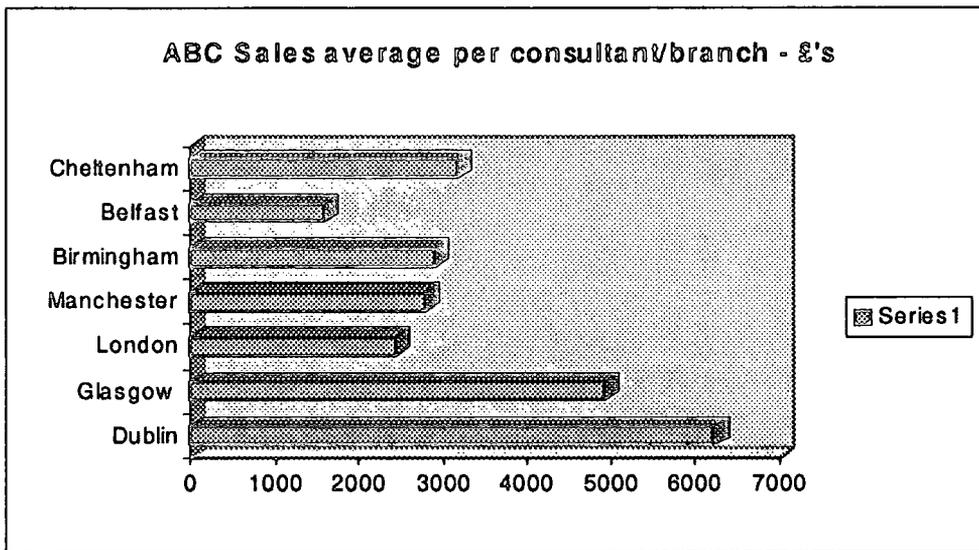
Potential business in each branch area [1] (fig 25)

The Central Statistics Office produce yearly analysis of business trends and populations measured by the number of companies who are registered for VAT (Value Added Tax)[2]. In 1993 there was a total of 1,615,370 companies in the UK. From this total, all companies which ABC would NOT potentially trade with were deleted:      * agriculture forestry and fisheries

* mining, quarrying and public utilities
- these categories for deletion (twenty nine per cent of all VAT registered companies) were confirmed by ABC managers. The remaining seventy one per cent (1,150,651 companies), were those which ABC would potentially trade with, or who ABC would definitely target for business.

These data were illustrated in the 'Business Monitor' (PA1003) according to Standard Economic Regions, which matched ABC branch regions. The result gave an indication of the size of industrial and commercial activity within each branch's trading area:

| Business Monitor Standard Economic Regions: *1,150,651)* | ABC branch: | % Business Potential (*N* = |
|---|---|---|
| North West, Scotland | Glasgow | 9.3 |
| Northern Ireland | Belfast | 2.2 |
| Yorkshire and Humberside | Manchester | 17.1 |
| East Midlands and West Midlands | Birmingham | 16.8 |
| South West and Wales | Cheltenham | 12.4 |
| East Anglia and South East | London | 42.2 |
| | | 100 |

---

[1] Economic data for the Republic of Ireland was not available. However, Dublin branch could target all businesses in the Republic (one hundred per cent).      Because of the difference in currency and VAT, Dublin and Belfast office could not trade in each others areas and operated entirely separately.

[2] it is acknowledged that there are of course many more businesses below the VAT threshold which in 1993 was £37,600 however they would represent only a small proportion of ABC's potential Sales targets.

Number of competitors in each branch area (fig 25)

A search was conducted to obtain statistical data which would reveal the historical increase or decline in companies trading in cash flow acceleration services, credit management or debt collection. The questions of whether this was a growth or mature industry and what market share ABC held, were considered vital to understanding ABC's competitive position. The following organisations were approached:

Central Statistics Office London and Newport
National Economic Development Office
Institute of Credit Management
Companies House, Cardiff
Consumer Credit Trade Association
Small Firms and Businesses Section (Statistics Office, Sheffield)
British Telecom Businesses Database
Department of Trade and Industry
Dunn & Bradstreet
University of Durham Library statistics section
Commercial Gazette Services, Co Londonderry, Ireland
National Economic Research Association

In became clear from the lack of information, that the industry of credit management and/or debt collection was highly under-researched and tended to be listed or referred to, along with other financial businesses for example, 'Property Management'. The Central Statistics Office who produced the 'Size Analysis of UK Businesses 1993' (Business Monitor PA1003) was contacted and by checking ABC's VAT registration number, was able to confirm that ABC is included in the 'other financial institutions' category. This suggested that other firms in the same Credit Management industry would be listed likewise.

The only method left and the last resort was to use an analysis produced by Electronic Yellow Pages for the UK and the 'Golden Pages' in Ireland. This produced a total of 447 listings throughout the UK for 'Credit Management' and 'Debt Collection'. These were then matched against each branch by geographical area covered. This gave an indication of the potential competitors within each ABC branch area.

Clearly it was not possible to determine either ABC's market share or to gain knowledge of the industry itself within the confines of the research. This would require an extensive survey.

Staff turnover at each branch (fig 25)
Individual branch figures to show number of leavers and number of new recruits were not available. Whereas branch managers and supervisors were found to be relatively stable, measured by the length of service with the firm, (see HR flows, appendix E) telesales and consultants were perceived to be the least stable groups. The categories of 'low' or 'high' were rated at each branch after discussion with the Manager

The only branch to have experienced low turnover in telesales was Dublin where the work has a higher status, is still comparatively new as an occupation and unemployment was higher. The number of unemployed reached 13.7 per cent in 1991 the highest in the history of the Irish State, compared to 6.9 per cent in the UK. During 1993 Dublin branch placed only two recruitment adverts in the press. In all other branches, recruitment adverts were placed, on average once a month.

Birmingham and London offices had experienced high turnover in Salesmen and this was due to both branch Managers attempting regular recruitment drives where large numbers were appointed (almost anyone who applied) with the expectancy of a high drop out rate, based on the principle that anyone who stayed after a few weeks would be truly able to sell. Both managers were convinced that because of high unemployment and availability of large numbers of applicants, it was easier as one manager said 'to throw mud against the wall and see what sticks'. The alternative was to attempt normal recruitment based on interviews, references, application forms and previous experience of applicants. This was perceived at Birmingham and London as a waste of time.

Belfast branch was operating without a permanent manager at the time of the research. Local political instability restricted salesmen in terms of the areas they could safely travel to and also influenced the market in that Belfast branch had the least competition but also the smallest percentage of potential business.

## ABC - Sales 1993
### per branch and average per consultant

| Period ended: | Birmingham Salesmen: | Sales | Cheltenham Salesmen: | Sales | Dublin Salesmen | Sales | London Salesmen | Sales | Manchester Salesmen | Sales | Belfast Salesmen | Sales | Glasgow Salesmen | Sales |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 07/01/93 | 1 | 439 | 3 | 4012 | 2 | 1483 | 6 | 2050 | 6 | 5202 | 1 | 1900 | 3 | 10022 |
| 04/02/93 | 1 | 4407 | 4 | 4105 | 2 | 11570 | 5 | 10036 | 6 | 11452 | 1 | 0 | 3 | 12229 |
| 04/03/93 | 2 | 6305 | 4 | 4464 | 2 | 17539 | 7 | 12359 | 4 | 33694 | 1 | 0 | 4 | 21780 |
| 01/04/93 | 2 | 4860 | 3 | 11865 | 2 | 9318 | 6 | 23976 | 3 | 12304 | 1 | 0 | 4 | 15662 |
| 29/04/93 | 1 | 1460 | 2 | 7447 | 3 | 27098 | 5 | 15500 | 3 | 6845 | 1 | 4512 | 3 | 11005 |
| 27/05/93 | 1 | 2240 | 2 | 4359 | 3 | 34632 | 5 | 14903 | 4 | 4128 | 1 | 619 | 4 | 18231 |
| 24/06/93 | 1 | 6652 | 2 | 9116 | 3 | 20526 | 4 | 4640 | 4 | 6964 | 1 | 0 | 4 | 27820 |
| 22/07/93 | 2 | 1760 | 3 | 15921 | 3 | 27666 | 5 | 12255 | 4 | 11224 | 1 | 449 | 4 | 17884 |
| 19/08/93 | 1 | 5176 | 3 | 16563 | 3 | 8973 | 8 | 11608 | 3 | 13938 | 1 | 1385 | 3 | 10971 |
| 16/09/93 | 1 | 3340 | 3 | 9651 | 3 | 15168 | 2 | 9093 | 3 | 7410 | 1 | 3240 | 3 | 22260 |
| 14/10/93 | 1 | 880 | 3 | 7976 | 3 | 22032 | 2 | 5820 | 3 | 6660 | 1 | 4448 | 3 | 13380 |
| 11/11/93 | 1 | 4280 | 3 | 16490 | 3 | 14289 | 2 | 8556 | 3 | 10935 | 1 | 2660 | 3 | 19455 |
| 09/12/93 | 1 | 4540 | 3 | 8115 | 3 | 7479 | 2 | 9744 | 3 | 6362 | 1 | 1400 | 3 | 16000 |
| Total: | 16 | 46339 | 38 | 120084 | 35 | 217773 | 59 | 140540 | 49 | 137118 | 13 | 20613 | 44 | 216699 |
| average: | 1 | 3565 | 3 | 9237 | 3 | 16752 | 5 | 10811 | 4 | 10548 | 1 | 1586 | 3 | 16669 |
| average per consult: | | 2896.19 | | 3160.11 | | 6222.09 | | 2382.03 | | 2798.33 | | 1585.62 | | 4924.98 |

**Branch total**

| | Rank order: | Sales |
|---|---|---|
| Dublin | 1 | 217773 |
| Glasgow | 2 | 216699 |
| London | 3 | 140540 |
| Manchester | 4 | 137118 |
| Birmingham | 5 | 46339 |
| Belfast | 6 | 20613 |
| Cheltenham | 7 | 120084 |
| | | 899166 |

**NEW sales:**

| | Average per consultant | Rank order: |
|---|---|---|
| Dublin | 6222 | 1 |
| Glasgow | 4924 | 2 |
| London | 2423 | 6 |
| Manchester | 2798 | 5 |
| Birmingham | 2896 | 4 |
| Belfast | 1585 | 7 |
| Cheltenham | 3160 | 3 |

APPENDIX D - PAGE V

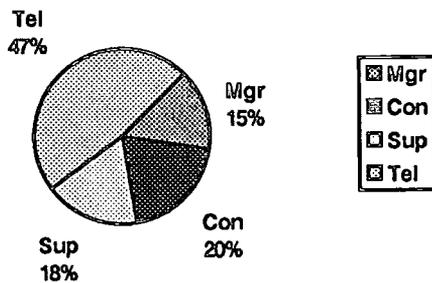*Semi structured Interview Questionnaire results:*          *1993*

Each section of 'HRM Content' is illustrated and followed by a results summary:

5.5 (i)   HR flows
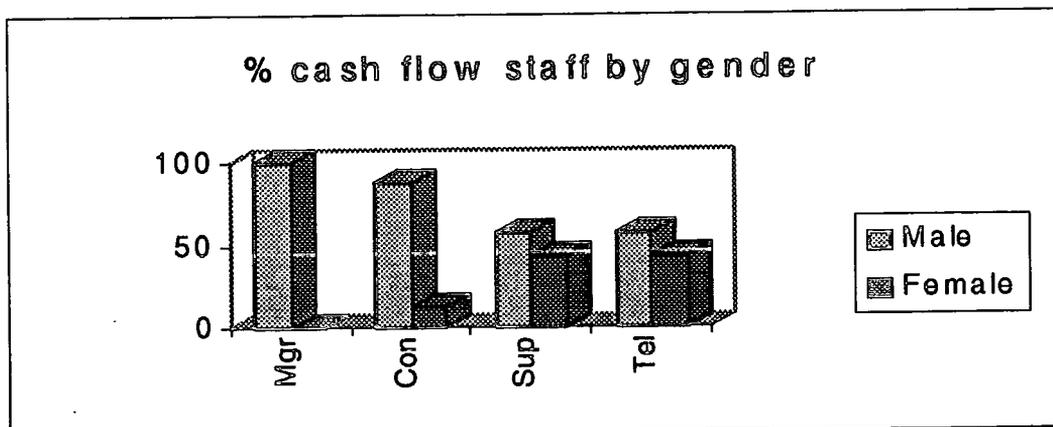5.5 (ii)  Work Systems
5.5 (iii) Rewards
5.5 (iv) Employee Involvement

Mgr = MANAGER     Con = CONSULTANT  Sup = SUPERVISOR
Tel = TELESALES

*5.5 (i) H R FLOWS   (N = 40)*

1. Distribution by job title:



2. Gender:

3. Age:

| Age % | Mgr % | Con % | Sup % | Tel % | Total % |
|---|---|---|---|---|---|
| under 21 | 0 | 0 | 0 | 32 | 15 |
| 21 - 29 | 0 | 0 | 28 | 32 | 20 |
| 30 - 39 | 17 | 25 | 14 | 16 | 18 |
| 40 - 49 | 33 | 25 | 58 | 5 | 22 |
| 50 - 59 | 50 | 38 | 0 | 10 | 20 |
| 60+ | 0 | 12 | 0 | 5 | 5 |
| % = | 100 | 100 | 100 | 100 | 100 |

4. Qualifications:
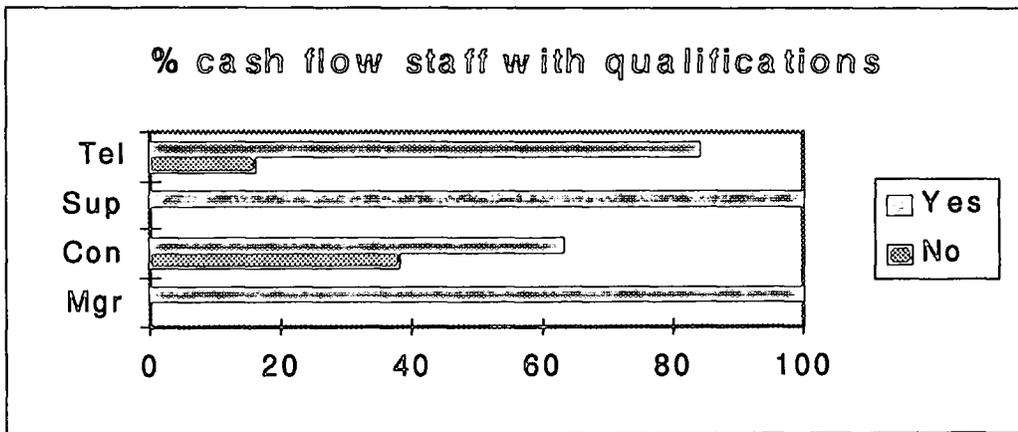


| % holding qualifications | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| GCSE/'O' levels/(G)NVQ II | 33 | 38 | 43 | 42 |
| A' levels/(G)NVQ III BTEC ONC | 0 | 25 | 86 | 31 |
| Degree/BTEC HNC/NVQ IV | 17 | 0 | 25 | 0 |
| Post Graduate | 0 | 0 | 0 | 0 |
| Irish leaving certificate | 0 | 25 | 14 | 16 |
| Professional membership | 0 | 0 | 0 | 0 |
| Other | 50 | 50 | 0 | 0 |

'other' qualifications were for short courses, i.e. Health & Safety, Time Management without formal accreditation

5. Length of service (%):

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| 0 - 3 months | 0 | 0 | 28 | 53 |
| 4 - 6 months | 0 | 12 | 0 | 10 |
| 7 - 11 months | 17 | 38 | 14 | 21 |
|  |  |  |  |  |
| 1 - 2 years | 0 | 12 | 43 | 10 |
| 3 - 4 years | 50 | 0 | 14 | 0 |
| 5 - 6 years | 0 | 12 | 0 | 5 |
| 6 years + | 33 | 25 | 0 | 0 |

Two managers had been with the company for eleven and ten years respectively, and two consultants for eight years and thirteen years respectively. Sixty per cent of all staff had been with the firm less than one year of which sixty six per cent were telesales.

6. Have you ever worked at any branch of the company other than this one?
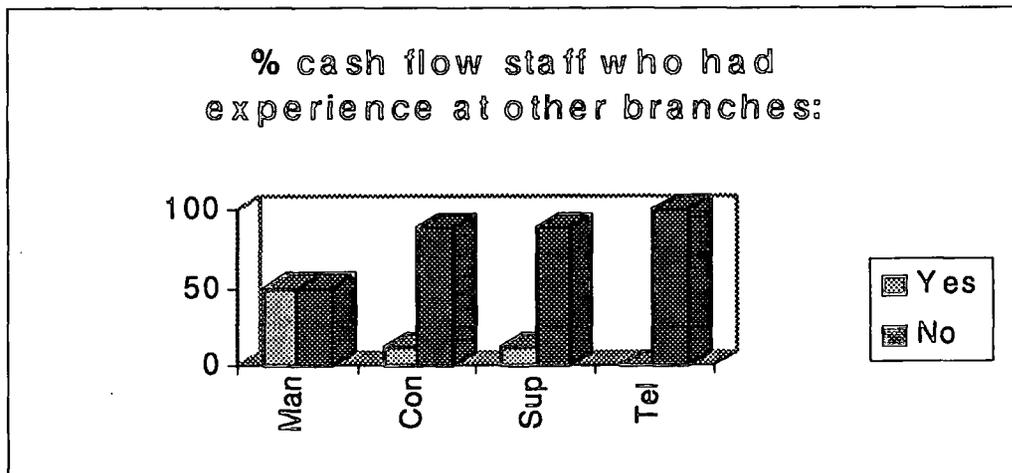


7. Do you have previous experience related to telesales/sales?
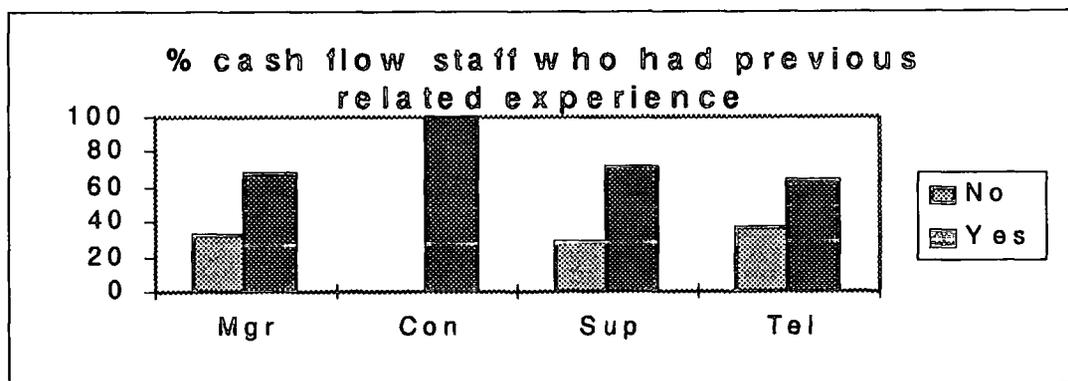
8. What other work experience do you have? (any profession)

No respondents said they had a 'professional' background, nor were any members of lead bodies such as The Institute of Sales and Marketing (ISM) or The Managing and Marketing Sales Association (MAMSA). Fifty percent of telesales had no other work experience and all other work experience was unrelated.

9. Were you unemployed before joining the company?



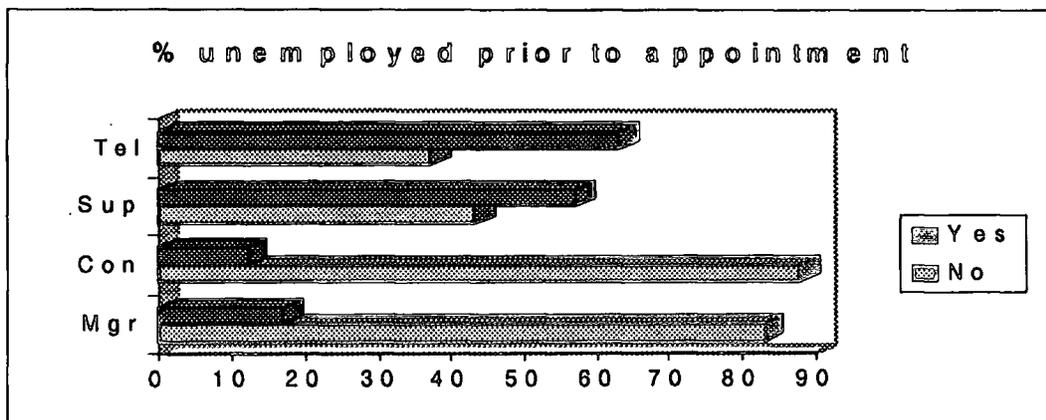Periods of unemployment varied from one week to seven months. Managers and consultants had only been unemployed for two to three weeks, and were reluctant to refer to this as unemployment due to their 'self employed' status, but admitted that for those periods they had no other means of income. Supervisors and telesales had all been searching for work during the unemployed periods.

10. Why did you mostly choose this company to work for?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| Good reputation | 0 | 0 | 0 | 0 |
| To gain experience | 33 | 0 | 14 | 10 |
| In preference to other work | 67 | 100 | 57 | 26 |
| it was all that was available | 0 | 0 | 28 | 63 |

11. How did you learn about this job?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| Newspaper advert | 67 | 100 | 100 | 68 |
| Job centre | 0 | 0 | 0 | 26 |
| Word of mouth | 33 | 0 | 0 | 5 |
| Other? | 0 | 0 | 0 | 0 |

Only telesales and supervisors jobs were advertised in the job centres. Consultants jobs were advertised in the national and local press and managers were often recruited through internal promotion (from consultants)

**12. Were your expectations of the job at the time of your initial interview and your experience of working here:**

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| the same | 33 | 38 | 43 | 37 |
| a little different | 33 | 50 | 28 | 47 |
| nothing like expected | 33 | 12 | 28 | 16 |

Respondents who felt that their expectations were no different, were those who had previous experience. Those who said that it was 'a little different' had all expected to earn more money than they did, and those who said it was 'nothing like they expected' also complained of lower commissions than had been explained was possible at interview.

The respondents who were most disappointed by lowered expectations all worked at the same branch and felt they had been misled by the interviewer. Two managers said the work was harder than they expected (relating to starting with the firm as consultants) and had been very pleased at the commissions they made.

**13. Where you employed in another capacity with this company prior to your present position?**
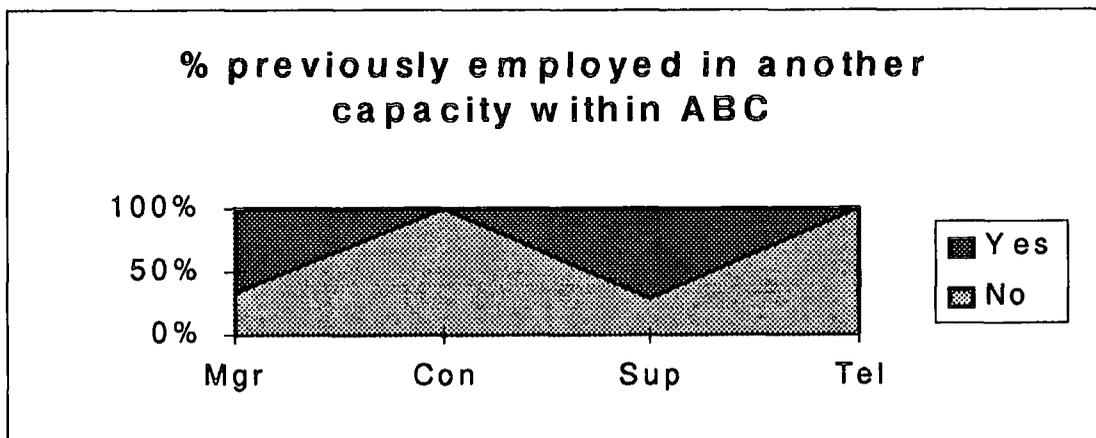


All respondents who had been employed in another capacity were as either consultants who became managers or telesales who became supervisors. No instance of a telesales or supervisor becoming a consultant or a manager was recorded, or recollected.

**14. From your own experience and observations please comment on the recruitment process.**

**Job descriptions:**

There are no official job descriptions, therefore the following description has been based on observation, ABC recruitment advertisements and the views of interviewees.

Branch managers:

Overall responsibility for ensuring the branch runs smoothly. All managers are expected to produce sales as well and their job is exactly the same as consultants in that respect. The manager is also held responsible for sales increase/decrease and has to liaise with the manager at Cheltenham (who is also the National Sales manager) on a daily basis. The branch manager has to co-ordinate clients inquiries with head office. The manager should include recruitment/selection and training as part of his overall job description. Remuneration for managers is based on a percentage of team sales as well as his own commissions (see rewards).

Consultants:

Overall responsibility is to sell the cash flow service either as ABC Ltd or B2CRB, this is usually fixed and the consultant will only sell from one or the other, rarely both[1]. The consultant is required to travel to predetermined appointments (average five per day, five days a week) which have been booked and qualified by the telesales consultants. Consultants are paid on sales only and receive no other expenses, other than overnight costs, if necessary. Consultants are all recruited on a self employed basis, and are responsible for their own tax and national insurance (PRSI in Ireland).

Supervisors:

Overall responsibility is to ensure that telesales make an average of two to three qualified appointments for consultants per day. This involves recruiting telesales, training and supervising the work. Supervisors report directly to the branch manager, and are also required to liaise on a daily basis with Head Office on staff issues (reporting sick absence) and client inquiries as they arise. Supervisors are also paid a percentage of telesales team sales, plus their own commissions.

Telesales:

Overall responsibility is to source new names of businesses identified as firstly suitable and secondly not having been contacted previously. This is done by use of a database system at each branch. The most important responsibility of a telesales job is to make a professional contact with decision makers in companies and determine the likelihood of new business. The telesales must then make a qualified appointment for the consultant to attend. Telesales are paid commissions on actual sales, although various other pay systems have been tried (see rewards). To make an average of three qualified appointments a day, telesales will make on average 200 calls a day. A qualified appointment means that the telesales must ensure - that the appointment is with the decision maker in the firm, for instance managing or financial director; that the firm is experiencing a problem with cash flow and that they are not already using a third party service, for example factors. To gain this information the telesales has to get contact

---

[1] Although there is no significant difference between ABC Ltd and B2CRB services, the two 'compete' against each other, for example, if one salesman fails to close a sale as ABC Ltd, another will try as B2CRB - usually successfully.

with the managing director and persuade him/her that ABC services are worth looking at and also to divulge sensitive and confidential information on the telephone to a total stranger. This work requires professionalism, skill, confidence, the ability to think quickly and resilience.

### Recruiting ABC style:

Recruitment of managers and consultants is as follows. Managers are usually recruited through internal promotion, when either a new branch has been opened or another manager has left. The vacancy is filled by the Chairman who identifies a suitable replacement from existing consultants. The job is rarely advertised or open to competition. The new manager is invariably someone who has performed well in achieving sales and is therefore deemed qualified to run a branch, based on perceived loyalty and reliable performance. Consultants respond to job adverts in the press, are interviewed and appointed practically 'on the spot'. Most recruitment was conduced by either the National Sales manager at Cheltenham or the Glasgow manager for the North. There was therefore some consistency in approach. Criteria was mainly appearance, personal presentation and previous experience.

Telesales and supervisors jobs are advertised in the local press or job centres, where candidates are invited to telephone for details. As inquiries are taken decisions are made on the telephone by the supervisor. Firstly, whether to invite the caller for an interview. If called, the interview is usually on the same day, or the following day. The interview is conducted by either the branch supervisor or manager and appointments made immediately, usually to start the next day. The criteria is based on appearance, voice and previous experience (not always considered an asset). All new appointments complete an application form prior to the interview and this is kept at the branch.

### *end HR flows*

## 5 (ii) WORK SYSTEMS  (N = 40)

15. Which of the following were included in induction sessions?



% included in induction
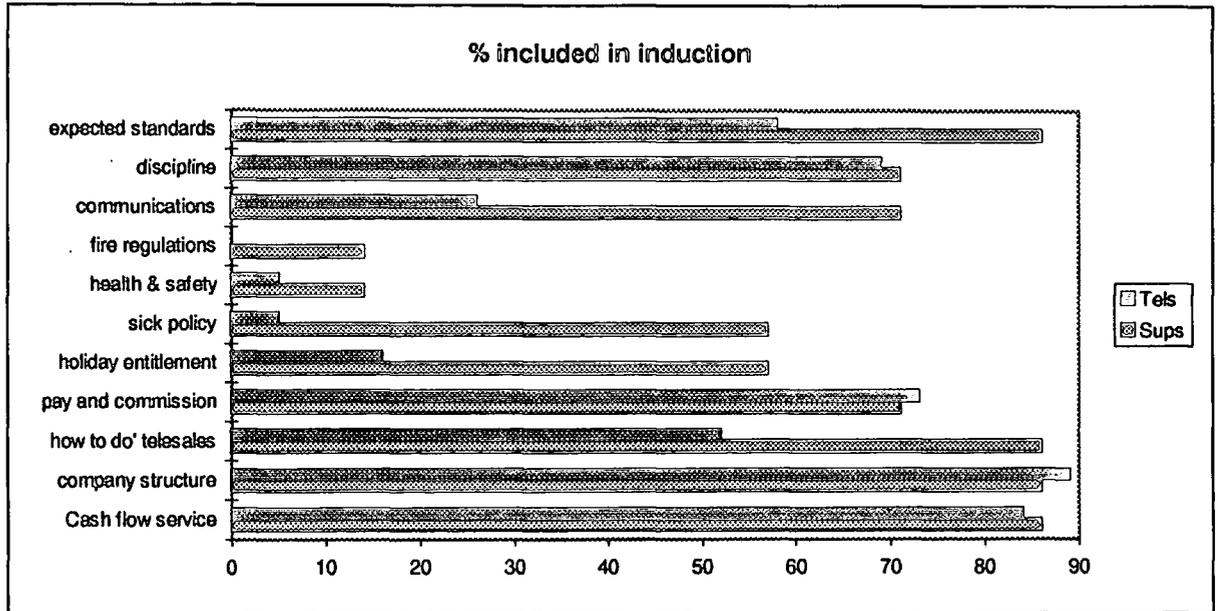
16. How useful was induction (%)?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| very useful | 33 | 50 | 14 | 37 |
| quite useful | 50 | 38 | 43 | 37 |
| a little useful | 0 | 0 | 43 | 10 |

Managers and consultants induction was very different from that given to supervisors and telesales. Twelve percent of consultants and seventeen percent of managers said they had no induction. Those who did, said the induction was only about selling techniques and how to 'close a sale'. Very little information was given about other branches, or in-house policies, this was because they were all on a 'self employed' basis and the normal induction content was said not to be applicable. Telesales and supervisors induction was similar across all branches due to the use of an in-house induction manual.

17. How many in-house training sessions (other than induction) have you had?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| none | 0 | 100 | 86 | 31 |
| one | 33 | 0 | 14 | 37 |
| two | 67 | 0 | 0 | 5 |
| three | 0 | 0 | 0 | 5 |
| four | 0 | 0 | 0 | 0 |
| five + | 0 | 0 | 0 | 21 |

18. If you have had in-house training sessions (other than induction) how useful have they been?

| | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| excellent | 0 | 0 | 0 | 26 |
| fairly good | 100 | 0 | 14 | 68 |
| not very good | 0 | 0 | 0 | 5 |
| very bad | 0 | 0 | 0 | 0 |
| no training | 0 | 100 | 86 | 0 |

19. Do you feel that your training sessions have helped to increase your performance i.e. make more appointments or achieve more sales?

| | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| No | 33 | 0 | 14 | 5 |
| Yes | 67 | 0 | 86 | 95 |
| (no training) | 0 | 100 | 0 | 0 |

Telesales training session took place at branches on the following basis:

| Branch: | Dublin | Manchester | Birmingham | Cheltenham | Glasgow | Belfast |
|---|---|---|---|---|---|---|
| (a) Monthly | * | | | * | | |
| (b) weekly | | * | * | | | * |
| (c) as needs arise | | | | | * | |

Glasgow trained on a daily basis 'on the spot' as needs arose

20. Have you ever won any Sales competitions?



ix
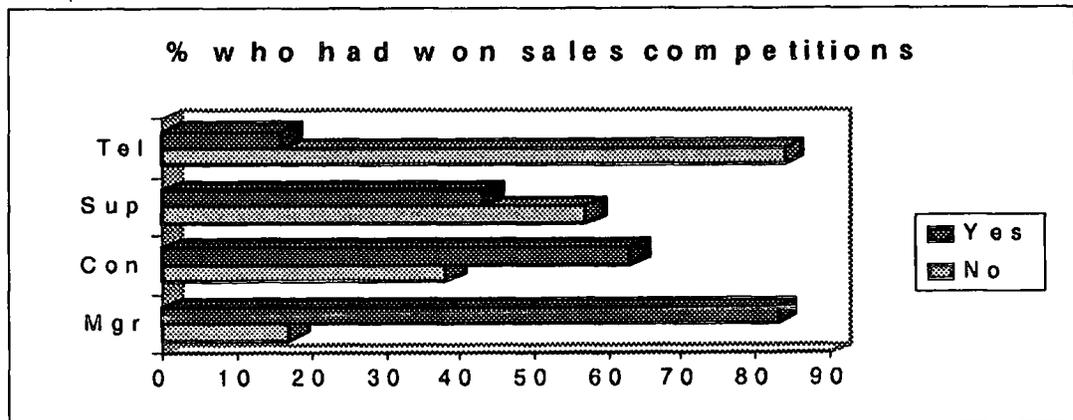
Managers and consultants enthused about competitions and they were mostly National (between branches). The Glasgow manager however also instigated a Celtic Cup competition between Belfast, Dublin and Glasgow. He also regularly put up cash prizes (ad hoc) for telesales to 'finish the week'.

21. Do you feel winning or the element of competition is an important aspect of getting Sales?



Telesales and consultants overall felt that the competitions held annually for them on a national scale were much too difficult (see rewards). Consultants and Managers however were very keen and thought the rules fair.

22. Is your daily work routine:

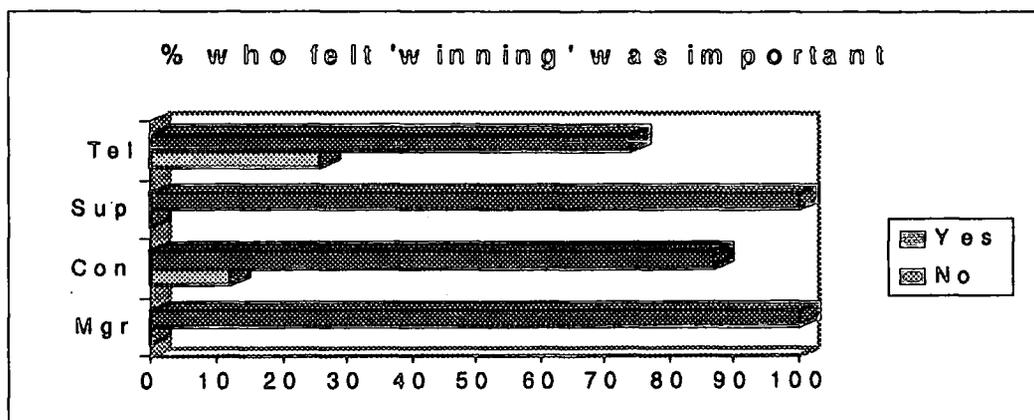|                    | Mgr % | Con % | Sup % | Tel % |
|--------------------|-------|-------|-------|-------|
| very structured    | 0     | 0     | 100   | 26    |
| quite structured   | 0     | 0     | 0     | 63    |
| not very structured| 0     | 0     | 0     | 5     |
| unstructured       | 100   | 100   | 0     | 5     |

23. Who are the companies main competitors?

Answers were surprisingly similar. The same three competitors names came up at every interview. This was later discovered to be because the induction manual refers to them. Other than those, most of the salesmen said they had noticed that many potential clients were declining sales in favour of local solicitors. Overall, knowledge of external competition and the market was alarmingly low.

*end work systems*

## *5.5 (iii) Reward systems*

As no direct questions could be asked about remuneration and reward this section is based on copies of current contracts and pay schedules. However, responses to open ended questions and other unwitting testimony were useful in providing qualitative data.

ABC sell accelerated cash flow services to businesses. Depending on the size of the company, and the extent of their cash flow problems, salesmen try to sell any one of twenty packages ranging in cost from £350.00 to £6000.00 plus an annual membership fee of £125.00 plus VAT. The services are sold as limited amounts of vouchers to be used during five years, or unlimited services which continue until the client himself cancels. (see appendix H).

Depending on which service is sold and the method of payment i.e. standing order, cash, monthly, quarterly, or annually, the consultant and the telesales who made the appointment will receive commission. This can range from £13.00 to £494.00 per sale for telesales and from £24.00 to £930.00 per sale for consultants (adjusted annually - current figures for 1993 - see appendix H). Sales are recorded on four week cycles, and commission is payable on the fourth week of the cycle. Telesales and supervisors are paid on the P.A.Y.E. system. Consultants and managers are responsible for their own tax and NI.

---

*Telesales reward structure 1:* Introduced around 1989/90.

basic per annum: + commission = £6000.00 + nil for sales of less than £3000.00 per month

+ £200.00 for sales over £3000.00 per month

+ £300.00 for sales over £4000.00 per month

+ £400.00 for sales over £5000.00 per month

---

*Telesales reward structure 2:* Introduced November 1991:

basic per week: + commission for sales: = £50.00 + (£13.00 up to £494) per sale

copy commission structure (appendix I)

---

*Telesales reward structure 3:* Introduced November 1992:

basic per week + commission for sales:
depending on number of appointments made per week:

| appointments made: | paid: |
| --- | --- |
| 0 - 8 | £50.00 + commission as structure 2 |
| 9- 12 | £100.00 + commission as structure 2 |
| 12+ | £120.00 + commission as structure 2 |

Structures 1 and 3 are still in operation.  Changes have been introduced from time to time.  For instance the 'guarantee factor' which operated as follows:

> "All telesales consultants achieving an average of £750.00 or more of sales a week plus an average of 1 or more sales a week over 2 of the company's consecutive four weekly periods will thereafter enjoy the security of guaranteed earnings of not less than £100 per week.  There is no upper limit on earnings.
>
> Guaranteed earnings apply during holidays[2], providing they are due and during any other absences from work, subject only to the terms of the employees contract.
>
> Guaranteed earnings mean that if income from basics, commissions and bonuses is ever less than £100 per week then the Consultant will still be paid £100 for that week.  The shortfall between earned income and the £100 paid will be recorded as a deficit"

*(ABC memo 15.11.91)*

Then in November 1992 the guarantee factor became available for all telesales who had been employed for 13 weeks, rather than those achieving average sales as outlined above and was written into pay structure 3.  There was also a starters bonus in operation where telesales could earn a bonus of £200 subject to attendance and sales of £1000.00+ during the first four weeks working - this was withdrawn.

In the case of sales invoices which are to be paid in monthly installments 50% of the commission is payable on receipt of the first installment and 50% on receipt of the third installment.

<u>*Supervisors reward structure:*</u>

Supervisors pay in 1993 was negotiated individually for example:

> "Basic of £6500 per annum + 1% of team sales (excluding own sales) plus normal commission from own sales".

*(ABC Supervisors letter of appointment 8.10.92)*

'normal commission' meant the same as those applied to telesales

<u>*Consultants reward structure:*</u>

Consultants are paid commission on each sale only.  As noted above this can range from £24.00 to £930.00 per sale.  Certain sales (unlimited) can also attract 'rollover' benefits which means that the consultant is paid a further 75% of the first year's commission on subsequent anniversaries of the

---

[2] paid holidays were not provided during the first full year of service

sale. Repeat sales for limited services attract 75% of the initial commission. <u>Telesales and supervisors do not qualify for any rollover benefits.</u>

## *Managers reward structure:*

"commission on my own sales plus 10% of the team sales (excluding my own)"

*(ABC Manager November 1993)*

## *Advances*

As noted above, telesales are able to qualify for 'guaranteed' income of £100 per week. Consultants and managers have also in some cases negotiated to have an 'advance' paid to them for the three weeks of the four week cycle. Both telesales and supervisors 'guaranteed' income is also in reality an advance:

"The shortfall between earned income and the £100 paid will be recorded as a deficit" (ABC Telesales Contract 15.11.92).

At the end of the four week cycle all staff are paid their commissions less any advance paid in the three weeks previous, less any 'shortfall' in earned income.

The shortfall could occur if during the four week cycle there was a period when for example telesales made less than the required minimum of eight appointments and so earned only £50.00 basic for those weeks, but had been paid the 'guaranteed' £100. If a shortfall does occur it is recorded as a deficit on the pay slip and on the fourth week deducted from the wages, known as claw backs.

## *Claw backs:*

Other claw backs occur when a client stops payment or breaks the terms of the contract with the company. When this happens the commission is clawed back immediately from the consultant and the telesales, so creating further deficits in pay. Claw backs usually happen when the client disputes the terms of the contract sometimes simply he has changed his mind and claims he was pushed into the sale, or he may claim the service is ineffective. For whatever reason the company procedure is to firstly claw back the commission from the payee immediately, then take the case to court. If and when the case is won, the client is forced to pay the outstanding fees and the commission is repaid to the payee, however this can take months, even years.

A problem with this clawback policy is that telesales pay normal tax on commission earnings, but if the commission is clawed back the whole amount is clawed back. If the telesales subsequently leaves the firm, they are no longer entitled to be re-paid the commission that was clawed back. If and when the court case is won, the commission is then retained by ABC.

# _Appendix E_

An example of telesales pay:

paid:
week 1 - £100 (advance)
week 2 - £100 (advance)
week 3 - £100 (advance)
week 4 - £100      _plus_   - commissions,
                   _less_   - 'advance' already paid (£300.00)
                   _less_   - any claw backs
                   _less_   - normal tax/NI (PRSI in Ireland)

Situations have occurred where the employee has <u>owed the company money</u>.

The issue of why claw backs occur, was a source of extreme concern and dissatisfaction. Three telesales and four consultants said they were currently in a deficit situation and _they owed the company money_. This had happened because after the three weeks advance was paid, on the
fourth week money was clawed back which was greater than their total earnings. ABC did allow staff time to 'pay back' claw back money so that they did not have a week without any pay. However this was in most cases very difficult as it was felt that it added stress to the already
pressurised need to get more appointments/sales. If the telesales then tried to increase appointments at the expense of quality this too had an effect in the long term. A poorly conducted or forced sale would almost certainly result in the client trying to cancel later, which meant litigation and of course another claw back for the telesales and the salesman.

Overall, if sales were good the rewards were high, but there was no slack allowed for slower periods, seasonal fluctuations (holiday periods) or training/induction to have effect.

## _Competitions_

Competitions are held every Xmas/New Year period for all sales staff. Another competition has been held in the spring each year for managers and consultants to win the opportunity to attend the 'annual sales conference' held abroad each year.

# *Appendix E*

The competition started on 29.11.93 and closed on the 14.1.94. It was entitled:

*"The Help Pay For Xmas and New Year Competition".*

| NEW sales values: | Telesales win: | Consultants win: |
|---|---|---|
| £'s | £'s | £'s |
| | | |
| 5000 | 35 | 175 |
| 10,000 | 80 | 400 |
| 15,000 | 140 | 700 |
| 20,000 or more | 200 | 1000 |

Important Notes:

1. Membership fees and percentage sales are not included in the number or value of sales.

2. A Minimum of 4 sales must be achieved to qualify for a prize.

3. Sales not at full value including membership will not count either in number or value.

4. The first three months of installments must be cleared prior to prizes being paid.

5. Sales received after 14 January must arrive at Head Office in an envelope post marked no later than that date.

(Source: Extract from Company Newsletter 26.11.93)

Note 4. meant that 'prize' money could be paid as late as May 1994. Note 2 means that if a salesman was to achieve three sales with a value totaling more than £10,000, this would in ordinary terms be considered excellent business, however he would not be eligible for the bonus of £400. Also the telesales success rate could be affected by so many other variables that achieving £10,000 worth of sales in a five week period over Xmas which is traditionally a 'dead' sales period would be impossible. But, if the telesales did achieve that goal, to be paid £80.00 before tax would not be considered a great reward for what would amount to an enormous achievement.

*end rewards*

<u>*5.5 (iv) Employee relations*</u>  *(N = 40)*

24. Please describe the role of key employees at head office:

Very little information was known about head office, some even thought it was the Glasgow branch. Telesales in particular were very unsure. This was a little surprising in the light of questions about induction where the company structure was said to have been a well covered feature of the training. Supervisors were more aware of key personnel but other aspects such as seniority or the staff involved in related services was vague. This did appear to be a source of frustration to supervisors, although salesmen and managers were less concerned. The salesmen were more interested in being able to deal with their clients complaints and to be able to talk to the Chairman.

Some managers and consultants referred to the Chief Executive's role which seemed to be a little ambiguous insofar as he was able benefit financially when clients who broke the terms of the contract with ABC were referred to litigation (in-house solicitors Fargo & Co). This meant that it was not in the Chief Executive's interest to improve service provision or customer relations.

25. How often do you communicate with other branches?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| rarely | 33 | 100 | 0 | 100 |
| regularly by phone/fax | 33 | 0 | 100 | 0 |
| regular meetings | 33 | 0 | 0 | 0 |
| other | 0 | 0 | 0 | 0 |

26. Describe the services that ABC currently offer

All branch staff seemed to have very little knowledge of the related services such as telemarketing and insurance. There was no evidence of in depth knowledge, such as may be required to deal with a speculative inquiry. One exception was Glasgow's recent move into Personal Debt Collection which the Dublin branch were familiar with.

27. How often do you attend local office meetings with all staff?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| once a month | 100 | 100 | 57 | 0 |
| 2 - 3 monthly | 0 | 0 | 0 | 0 |
| 4 - 6 monthly | 0 | 0 | 0 | 0 |
| other? | 0 | 0 | 43 | 100 |

28. Do you read the Group weekly newsletter?

All staff said they read the ABC Group Newsletter (appendix F).

29. Do you contribute to the Newsletter (%)?



% ABC staff who contributed to the newsletter
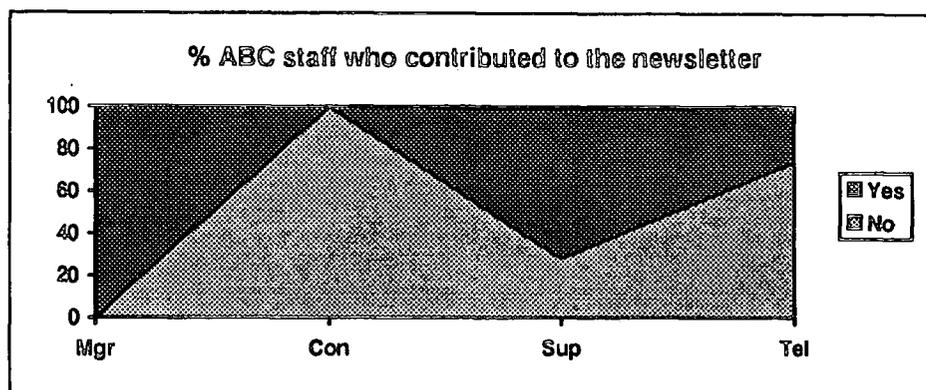
Most popular choice of possible contributions was the inclusion of articles about personnel at each branch for instance *'a day in the life of...'* requests were also made for photographs to be printed. The magazine carried glowing reports of sales achievements by regular staff, and it was thought that after a certain period a profile of the person could be shown. Supervisors also felt that it was more realistic to share problems and admit difficulties, otherwise each branch was working in isolation, thinking it was the only one with problems.

## 30. Are you a member of a trade union?

All staff said they were not currently members of a trade union

### if not, were you a member of one in the past?%



% ABC staff who had past membership of a trade union
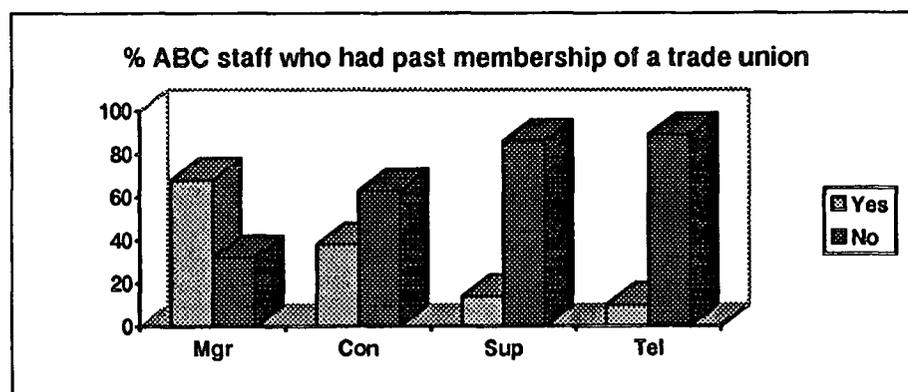
31 How would you rate employee relations in your office?

|  | Mgr % | Con % | Sup % | Tel % |
|---|---|---|---|---|
| Excellent | 67 | 12 | 71 | 10 |
| quite good | 33 | 63 | 28 | 47 |
| not so good | 0 | 25 | 0 | 42 |
| very bad | 0 | 0 | 0 | 0 |

Staff who replied that employee relations were 'not so good' all worked at the same branch. This appeared to be due to a long period of very low sales and complaints that the manager was 'never there'. The manager himself said that relations were 'excellent'.

32. Would you describe your branch as a team?



% ABC staff who thought their branch was a 'team'
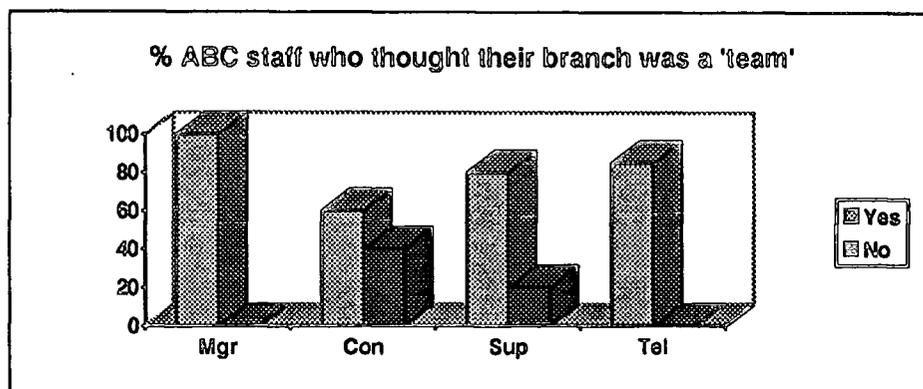
The staff who felt that their branch did not run as one team, were also concerned about employee relations. The need for team work was unanimously acknowledged as essential. The supervisors and telesales rely on the salesmen to get the sales, the salesmen rely on good telesales to get the appointments.

33. How would you describe this organisations goals and values? and in what way would you identify with these goals and values?

The organisations goals and values are not formally documented. Managers tended to echo the Chairman's aims of increasing sales, making profits. ABC was not identified as having any social responsibilities or values. Most comments were derogatory and few staff were able to articulate their own stance in relation to ABC's goals and values. A common answer was that the company was only interested in making money. However, fifteen per cent of staff (all with more than two years service) spoke of ABC with respect and showed deep commitment and loyalty in their obvious high esteem for the company.

34. What are the most difficult and most enjoyable aspects of your work?

The most difficult aspects of the job were in getting sales, however this was accepted as part of the job and therefore an enjoyable part of the challenge. The difficulties appeared to be boredom on the telesales side and lack of quality control on the salesmen's side. The overall difficulty was in trying to maintain a reasonable income on a regular basis. All telesales and supervisors said they enjoyed talking to people on the phone and sometimes got into long chats, which made the job a bit more interesting, however sometimes the response to calls was very negative (referred to as the rejection rate) and it was very difficult to keep going. Another difficulty was in sourcing new names and phone numbers. At three branches this was done in a very disorganised way, which meant repetitive time wasting listing of numbers, without knowing which people had

already been contacted. Telesales also reported increased difficulty in making appointments whichthey could only suggest was because of a 'lack of interest'. Irish telesales staff also maintained that trying to establish rapour and professional contact through a UK owned firm was often difficult, in a politically sensitive environment.

Managers maintained the only real difficulty was in the extent of control by the Chairman. They were limited in their ability to influence decisions and expressed concern and frustration at policies being unilaterally introduced which they were then forced to implement and justify. Consultants main complaint was in the lack of supportive training.

## 35. Do you have any appraisal meetings with your line manager?
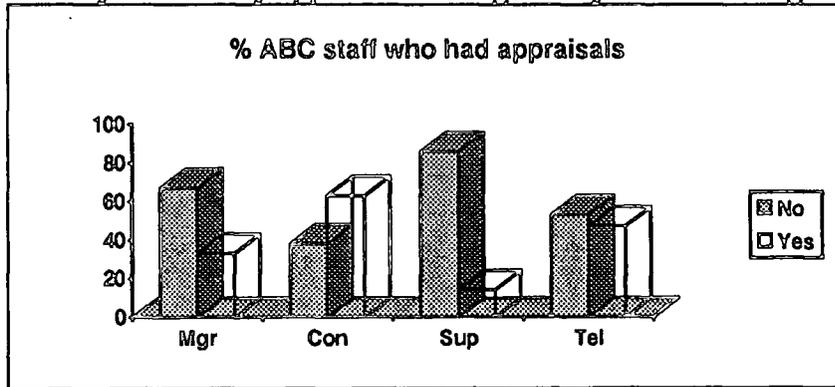


Appraisals usefulness and quality depended very much on the managers own style. It was interesting to note that although the Chairman said that he appraised all managers this was not perceived to be the case by them. Interpretation of appraisal meant that the Chairman saw it in terms of financial performance only, managers seemed to think it should be less often and relating to overall ability (training, recruitment, managing).

## end employee relations

ABC

# GROUP NEWSLETTER

# THE TOP ACHIEVERS FOR 1993

"SUCCESS COMES
BEFORE WORK
ONLY IN
THE DICTIONARY"

## ACHIEVE

To PERFORM,
ACCOMPLISH,
to GAIN, WIN,
ATTAIN, DO,
EARN, EFFECT,
OBTAIN, REALIZE,
to SUCCEED

| TOP SALES | Garry | (SCO) |
| TOP TELESALES | Pauline | (CHE) |
| TOP BRANCH | S C O T L A N D | |
| DATE | 6 August 1993 | |

## *TOP ACHIEVERS FOR 1993*

| SALES | TONY | WINNER | 8 | TIMES |
|---|---|---|---|---|
| | Arthur | winner | 4 | times |
| | Geoff | winner | 4 | times |
| | | | | |
| | Garry | winner | 3 | times |
| | Garry | winner | 2 | times |
| | Michael | winner | 1 | time |
| | Mel | winner | 1 | time |
| | Tom O | winner | 1 | time |
| | Doug S | winner | 1 | time |

| TELESALES | BETTY | WINNER | 5 | TIMES |
|---|---|---|---|---|
| | Mandy | winner | 4 | times |
| | Muriel | winner | 3 | times |
| | Ciaran | winner | 2 | times |
| | David | winner | 2 | times |
| | Robert | winner | 2 | times |
| | Sean | winner | 1 | times |
| | June | winner | 1 | time |
| | Pauline | winner | 1 | time |
| | Malcolm | winner | 1 | time |
| | Angela | winner | 1 | time |
| | Mark | winner | 1 | time |
| | Jackie | winner | 1 | time |
| | Kevin | winner | 1 | time |
| | Matthew | winner | 1 | time |
| | Everton | winner | 1 | time |

| BRANCH | DUBLIN | WINNER | 13 | TIMES |
|---|---|---|---|---|
| | Scotland | winner | 8 | times |
| | London | winner | 5 | times |
| | Cheltenham | winner | 2 | times |
| | Manchester | winner | 2 | times |
| | Belfast | winner | 1 | time |
| | Birmingham | winner | – | |

SALES WINNER THIS WEEK      –    GARRY

TELESALES WINNER THIS WEEK    –    PAULINE

BRANCH WINNER THIS WEEK      –    SCOTLAND

APP F (iij)

*THIS WEEKS*
*TOP ACHIEVERS*
*BY NUMBER OF SALES*

    FIRST                        **GARRY**        - SCOTLAND - 5

    Equal Second             Frank ...... (Cheltenham)
                            Vic Payne (Manchester)

TOP NUMBER OF SALES IN ONE WEEK    ELEVEN   ARTHUR       (SCOTLAND)
THIS YEAR                                w/e 21.5.93

*THIS WEEKS*
*TOP ACHIEVERS*
*BY VALUE OF SALES*

    FIRST                        **GARRY**         - SCOTLAND
                               £3,253.25

    Second                   Frank     .... (Cheltenham)

    Third                    Peter    ... (Scotland)

TOP VALUE OF SALES IN ONE WEEK £18,428.00 GEOFF       (MANCHESTER)
THIS YEAR                                w/e 12.2.93

TELESALES DIVISION

THIS WEEKS
TOP ACHIEVERS
BY NUMBER OF SALES


EQUAL FIRST                                         PAULINE      - CHELTENHA
                                                    DAVID        - MANCHEST
                                                    ROBERT       - SCOTLAN


TOP NUMBER OF SALES IN ONE WEEK      SIX     BETTY          . (SCOTLAND
THIS YEAR                                    w/e 21.05.93

                                             MANDY            (DUBLIN)
                                             w/e 16.07.93


THIS WEEKS
TOP ACHIEVERS
BY VALUE OF SALES


FIRST                                               PAULINE      - CHELTENHA
                                                    £2,280.00

Second                                              Betty          (Scotland

Third                                               Joseph     (Birmingham)


TOP VALUE OF SALES IN ONE WEEK   £17,448.00 DAVID          .. (MANCHESTE
THIS YEAR                                   w/e 12.2.93

## THIS WEEKS ICEBREAKER

Congratulations are in order to Maurice           - London, Adrian
- London, and to Hari         - London who are this weeks icebreakers.
Well done Maurice, Adrian and Hari.


## THIS WEEKS TREBLES      -  Garry


## NEWS FOR THE WEEK

### STATIONERY ORDERS

Please note that Mandy will be on holiday from Tuesday, 24 August
until Monday, 13 September.  Therefore any stationery orders should
be submitted by this date since no orders will be processed during
this time.

Your co-operation will be appreciated.


### APEX ACOUSTICS

The enclosed letter from Apex Acoustics to                    our
appointed Solicitors is one of a number of complimentary letters
             receive and it was felt that it's always nice
to share good reports where credit is due.

Many thanks Richard to you and your staff.


## 1993 MAXIMUM CLUB MEMBERS


Tony            (Dublin)     - 2
Geoff        (Manchester)    - 2
Mel        (London)          - 1
Arthur        (Scotland)     - 1
Tom O'          (Dublin)     - 1
Doug          (Cheltenham)   - 1


## SALES TIPS

'Smile - it costs you nothing but gains you a lot'.

## THIS WEEK IN "BELFAST"

The Belfast child sings again.  Welcome to our new database person - Alison     who has joined the team this week.  She will have a hard time ahead of her trying to figure out Andrew's writing.

Congratulations to Paul and Andrew on their first sale respectively more to follow .................

## THIS WEEK IN "BIRMINGHAM

The Aussies maybe bowling us over just down the road from our office but were batting on.

Ian breaks his duck as he drives a straight six and it looks like will finish the week on a high.

A big hearty welcome to Steve and Jenny our receptionist who is busy starting to organise our databank.

## THIS WEEK IN "CHELTENHAM"

A fabulous week in Cheltenham - good quality appointments every day and a lively (or hysterical) team getting it all to come together.

Enriquita (Kit) and Janneke are providing a marvellous database with Philipino and Dutch emphasis built on some Irish logic - so what can go wrong?

Doug is away fishing on the misty banks of a Scottish river enjoying a well earned break away, while our larger-than-life 'boys' the famous Frank and Garry are finding new routes to places unreached before, with patience, courage and .... plenty of Performance Guarante pads!!!

Our telesales team under the firm leadership of Marilyn (do I look stressed out today) Hay, are playing a brilliant part in the overall scheme of things, Paul, Paula, Liz and Michelle intend to build on a great week, while our wee Bhavesh continues to source new business while holidaying in Rhodes! (he promised!).  Watch this space........

There won't be any space with all our news to come - so watch it anyway!!!

## THIS WEEK IN  "DUBLIN"

An Seachtain seo i mBaile Atha Cliath

"August is a wicked month" according to Irish Bestselling author Edna          We in the Dublin office would tend to agree, it seems that everyone, but us, is on holidays, but we battle on regardless.

Here in Dash and Dottie Land
The going is quite rough
Securing appointments and closing sales
Is difficult, really tough

Builders are on holidays
Engineers and painters as well
But coming back and fighting outstanding account
For          and Al they'll yell


## THIS WEEK IN "LONDON"

**SALES NEWS** - All three of our new Consultants have now made sales
during the first few weeks after training.  We are pleased to
announce that Adrian       has now broken the ice!  Well done
Adrian.

Sales are filtering in daily!

Lots of new Telesales are in training and plenty more to interview.

Watch this space ....................


## THIS WEEK IN "MANCHESTER

For our friends North of the Border

Man Utd        1             Celtic        0

Arthur         own
goal

Arthur and his army come to Manchester for the game.  The Piccadilly
Hotel will never be the same "Ask Arthur for details".  Head Office
(Thank you Jimmy in tracing who helped me enormously clinch a deal,
thanks Jimmy I owe you a drink) JG.

Commander Wardie off on holiday next week for a deserved rest. Well
done Navin who clinched his first deal, keep it up.

Some nice pickings on the horizon, so we need to motor to achieve
our branch target but we feel confident.

**THE MATCH IS ON MANCHESTER v SCOTLAND**

Arthur reckons we stand no chance but it was 5.00am in the morning
when he was boasting.

So Scotland get prepared.

Recruitment on the Telesales front is increasing and we are approaching our target level.

The state of play in the Consultants competition for the weekend for two in the Highland is as follows:-

| | |
|---|---|
| GARRY | 150 |
| PETER | 160 |
| JOHN | 170 |
| ARTHUR | 50 |

With two weeks to go, it looks like a three horse race, but Arthur is back on Monday and remember lads, he did eleven deals w/e 21.5.93, so watch your backs!!!!

**PERSONNEL**

## BIRTHDAYS AND ANNIVERSARIES

Happy Birthday to the following who celebrate birthdays this week:-

| | | | | |
|---|---|---|---|---|
| Andrew | - | Belfast | - | Friday 13, August |
| Mel | - | London | - | Saturday 14, August |
| Steve | - | Cheltenham | - | Saturday 14, August |

Congratulations to the following who celebrate anniversaries with us this week:

| | | | | |
|---|---|---|---|---|
| Arthur | - | Scotland | - | Wednesday 11, August (eighth year) |
| Cara | - | Cheltenham | - | Thursday 12, August (second year) |

## THOUGHT FOR THE WEEK

'Excellence is never an accident'

GLOUCESTERSHIRE.

Dear Sirs,

**Re: Claim against PAUL .**
Your Ref: JG/EH/AP766/1397507

Thank you for your letter of 27th July, 1993.

I received a cheque for £419.36 from the above-named client in payment of the original invoice plus costs and interest. The cheque has cleared through the bank and I can therefore confirm that no further monies are due to me.

I should be grateful if you would note that I was extremely impressed by the efficient service provided by your Ms. Jane Gill and will not hesitate to make use of your services in the future should the need arise.

My thanks once again.

Yours faithfully,

G. D. Adamson.

<u>*APPENDIX G*</u>
<u>*Employees and the self employed*</u>

" Any employee working for an organisation in return for remuneration has a contractual relationship with the organisation. There is, however, a distinction between a contract of employment and a contract for services.

For a contract of employment to exist the individual has to be employed by the organisation and carry out work which is an integral part of the business. In a contract for services the services provided may be exactly the same as those provided under a contract of employment, but with the difference that they are carried out by an organisation or individual which is not an integral part of the business. Those who provide such services may be independent contractors, freelance agents, partners etc.

The important distinction is that employers are obliged to make statutory deductions for employees who are entitled to statutory employment rights. An initial key decision for an employer when taking on new staff is, therefore, whether they should be engaged as employees or as self employed contractors. While it may be intended by the employer to treat employees as self employed, there is no guarantee that, even if the nature of the relationship is clearly set out, any subsequent challenge might not result in the interpretation that an employment contract existed.

In deciding whether there is a contract of employment or a contract for services the courts will have regard to the facts relating to the actual relationship. The courts have said that the fundamental question to be posed in determining whether a person is an employee or an independent contractor is:

> *Is the person who is engaged to performing these services performing them*
*as*     *a person in business on his own account?*

If YES, the contract is likely to be a contract for services.

If NO, the contract is likely to be a contract of service and the person is an employee.

Figure 1 sets out a number of considerations that are relevant when determining whether a person is an employee or engaged under a contract for services.

| |
|---|
| **Figure 1   Is the person an employee?**<br>Relevant considerations in determining the answer to this question include:<br><br>(a) Is he under control of the person to whom he is supplying the services?<br>(b) Does he hire his own helpers?<br>(c) What degree of financial risk does he take?<br>(d) What degree of responsibility for investment and management has he?<br>(e) Does he have the possibility of profiting from sound management in the performance of this task?<br>(f) Is the company obliged to give him work to do?<br>(g) Is he obliged to do the work he is given?<br>(h) Is it necessary for the work to be done regularly and possibly within a certain time?<br>(I) Does the person work under the direction of the company's management?<br>(j) Has the relationship between the parties endured for a substantial time?<br>(k) Does the company provide the tools and equipment necessary to do the work? |

If there is a genuine ambiguity, it may be possible to agree that the person is self employed and for that agreement to prevail.   However, if the matter goes before a court or tribunal then they will be under a duty 'to see whether the label of "self employed" is a true description or a false description by looking beneath it to the reality of the fact...'".

---

Source: Essential Facts Employment October 1993 (Supp 5) Para. 2:1.3-1.3.1

ABC salesmen are by no means clearly 'self employed', in particular with regard to the considerations listed above.   This suggests that because ABC has such a large degree of control over the nature of the work, in terms of time, place, regularity and obligations, that the question of whether this is really a contract of employment and therefore subject to statutory employment rights remains unclear.

APPENDIX H

## UNLIMITED CASH FLOW COMMISSION

### Service Size Commission

| | |
|---|---|
| MINIMUM | £90 |
| SMALL | £130 |
| ECONOMY | £150 |
| MEDIUM | £180 |
| NORMAL | £235 |
| LARGE | £275 |
| GRAND | £385 |
| MAJOR | £500 |
| MAGNUM | £720 |
| MAXIMUM | £930 |

SMALL ACCOUNTS SERVICE £60

Fee payable annually

Qualifies for full commission

Fee payable quarterly

Qualifies for full commission

Fee payable monthly

Qualifies for 50% commission on receipt of first instalment and 50% on receipt of third instalment

NOTE:

1) All sales must be accompanied by the STANDING ORDER MANDATE to qualify for commission

2) It is important that the signature(s) on the initial cheque and those on the standing order are THE SAME. If not, the standing order may be rejected and commission lost

3) No commission is payable on any additional invoices necessary under the terms of the service agreement

4) Any sales involving dishonoured cheques, unpaid accounts or refused mandates will not be eligible for commissions and bonuses and any already paid will become repayable and adjustments made retrospectively and proportionately

### Second and Subsequent years commission

Commissions on rollovers in the second and subsequent years is 75% of the first year's commission

Commission will be payable after the first three months instalments of the second or subsequent years have been received. In the case of quarterly instalments commission will be paid on receipt of the second quarterly instalment

---

## APPENDIX H

When earnings from basics, commissions and bonuses are over £100 per week the higher amount will be paid but less deficits incurred, if any. The weekly payment cannot, however, be less than £100.

The guarantee will only be withdrawn if there is an ongoing drop in performance. In any such case any deficits will be automatically cancelled and the Consultant will receive the basics, commissions and bonuses as above.

Consultants enjoying 'guaranteed earnings' will receive £100 per week for the first 3 weeks of the Company's four weekly period. All basics, commissions and bonuses for the full period will then be taken into account in the final week of the period.

### Four Weekly Bonus

A bonus is paid in each of the company's four weekly periods as follows provided a minimum of 4 new sales are achieved. The value of membership is not included in the sales value.

1. £ 60 for sales of £ 2,750 or more.
2. £200 for sales of £ 4,000 or more.
3. £250 for sales of £ 5,000 or more.
4. £360 for sales of £ 6,500 or more.
5. £480 for sales of £ 8,000 or more.
6. £650 for sales of £10,000 or more.

In the case of sales sold on monthly instalments the bonus element involving those sales will not be payable until the third instalments have been received.

### NOTE:

All commissions and bonuses are payable only on new sales NOT on repeats.

If any client's cheques are dishonoured or accounts not paid within 14 days or a standing order mandate is refused such sales will not be eligible for commissions, bonuses and other payments. In such cases any payments already made will be adjusted proportionately and retrospectively.

Sales not at FULL value, including membership, will not count for bonuses either in number nor in value nor as qualifying sales for 'guaranteed earnings'.

Percentage Service sales will not count for bonuses either in number nor in value nor as qualifying sales for 'guaranteed earnings'.

Commissions, bonuses and other payments due and payable as at or prior to termination date will be paid. No commissions or bonuses will be payable after termination date.

COMMISSION STRUCTURE OCTOBER 1993

CASH FLOW COMMISSION

| Binding Size | Commission |
| --- | --- |
| 5 | £24 |
| 15 | £58 |
| 30 | £95 |
| 50 | £130 |
| 100 | £195 |
| 200 | £340 |

Commission on repeat sales is 75% of the above

Cash Sale

Qualifies for full commission

Credit Sale

15 and 30 qualify when the client's account is paid

50 and above qualify for 50% commission if the guarantee is accompanied by 20% of the service forms. The balance is paid when the client's account is paid

If the guarantee is not accompanied by 20% of the service forms full commission is paid when the client's account is paid

Deferred Payment Sale

Qualifies for 50% commission; the balance is paid when the client's total account is paid

Extended Credit

Qualifies for full commission on the quarterly scheme and for 50% commission on the monthly scheme. The balance of 50% is paid on receipt of the third instalment

---

SUNDRY COMMISSION STRUCTURE

COMPANY REPORT COMMISSION

| Number of Services | Commission |
| --- | --- |
| 1 | £4 |
| 10 | £25 |
| 25 or above | £40 |

CREDIT HISTORY COMMISSION

| Number of Services | Commission |
| --- | --- |
| 1 | £3 |
| 10 | £15 |
| 25 | £25 |
| 50 or above | £40 |

Cash Sales

Qualify for full commission

Credit Sales

Qualify for full commission when the client's account is paid

LITIGATION

Qualify for £15 commission on receipt of fee (only payable on cases which have not been through the Cash Flow service)

TRACE

Qualify for £10 commission on receipt of fee (only payable in cases which have not been through the Cash Flow service)

## Appointments Basic

£50 per week        (Hours – 9.00 am to 5.30 pm Monday to Thursday
                     and 9.00 am to 5.00 pm on Friday)


## Sales Commission

| Size | Commission |
|------|-----------|
| 5 | £ 13 |
| 15 | £ 32 |
| 30 | £ 53 |
| 50 | £ 64 |
| 100 | £ 88 |
| 200 | £159 |
| 400 | £286 |
| 600 | £382 |
| | |
| Minimum | £ 54 |
| Small | £ 69 |
| Economy | £ 82 |
| Medium | £ 99 |
| Normal | £128 |
| Large | £149 |
| Grand | £211 |
| Major | £274 |
| Magnum | £382 |
| Maximum | £494 |
| | |
| Percentage Service | £14 |
| | |
| Small Accounts Service | £32 |

In the case of sales sold on monthly instalments 50% of the commission
will be payable on receipt of the first instalment and 50% on receipt
of the third instalment.

## Starters Bonus

In addition to all other basics, commissions and bonuses a starters bonus
of £200 will be paid at the end of a new Telesales Consultant's first
four weeks.  This bonus is subject only to 20 full, consecutive working
days of attendance and to sales of £1,000 or more.

At the end of the Consultant's second four weeks the bonus will be £100
which is subject to the same attendance qualification as above and to
sales of £2,000 or more for the four weeks.

## Guaranteed Earnings

All Consultants achieving an average of £750 or more of sales a week plus
an average of 1 or more sales a week over 2 of the company's consecutive
four weekly periods will thereafter enjoy the security of guaranteed
earnings of not less than £100 per week.  There is no upper limit on
earnings.

Guaranteed earnings apply during holidays, providing they are due and
during any other absences from work, subject only to the terms of the
employees contract.

Guaranteed earnings mean that if income from basics, commissions and
bonuses is ever less than £100 per week then the Consultant will still
be paid £100 for that week.  The shortfall between earned income and
the £100 paid will be recorded as a deficit.

# BIBLIOGRAPHY

| | | |
|---|---|---|
| Abbott B | 1993 | Training strategies in small service sector firms: Employer and Employee perspectives <u>Human Resource Management Journal</u> Vol 4/2 |
| Ansoff I and McDonnell E | 1990 | <u>Implanting Strategic Management</u> 2nd Edition. Prentice Hall International (UK) Ltd. |
| Ansoff I | 1988 | <u>The New Corporate Strategy,</u> New York: Wiley |
| Armstrong P | 1987 | The rise of accounting controls in British capitalist enterprises, <u>Accounting, Organisations and Society</u> vol 12 no 5 |
| Armstrong P | 1989 | Limits and possibilities for HRM in an age of management accountancy in: <u>New Perspectives on Human Resources Management</u> Ed: J Storey. London: Routledge. |
| Bartlett C A and Ghoshal S | 1994 | Changing the role of top management <u>Harvard Business Review</u> November - December |
| Becker H | 1960 | Notes on the Concept of Commitment <u>American Journal of Sociology.</u> Part 66, 32-40. |

| | | |
|---|---|---|
| Beer M<br>Spector B,<br>Lawrence P R,<br>Quinn Mills D,<br>and Walton R E | 1984 | Managing Human Assets.<br>New York: Free Press. |
| Beer M<br>Spector B<br>Lawrence P R<br>Quinn Mills D<br>Walton R E | 1985 | Human Resource<br>Management: A General<br>Manager's Perspective<br>New York: Free Press |
| Behling and Schriesheim | 1976 | Organisation behaviour<br>theory, research and<br>application Allyn and<br>Bacon Inc, Boston. |
| Behling J H | 1984 | Guidelines for Preparing<br>the Research Proposal<br>University Press of<br>America, Inc. |
| Boehm V R | 1982 | in 'Making it happen'<br>Designing Research with<br>Implementation in Mind.<br>Hakel Md; Sorcher M;<br>Beer M; Moser JL. Sage<br>Publications Inc, USA. |
| Boxall P F | 1992 | Strategic Human<br>Resource Management:<br>Beginnings of a<br>New Theoretical<br>Sophistication?<br>Human Resource<br>Management Journal.<br>Vol 2, No 3, Spring.<br>60-79 |
| Bryman A | 1992 | Quantity and Quality in<br>Social Research<br>Routledge, London - New<br>York |
| Buchanan D; Hucznski A A | 1985 | Organisation Behaviour.<br>Prentice Hall International<br>(UK) Ltd |

| | | |
|---|---|---|
| Buckland P | 1987 | <u>Debt Collection Made Easy</u> Kogan Page |
| Business Monitor PA1003 | 1994 | <u>Size Analysis of UK business 1993</u> (by Standard Economic Regions), Central Statistics Office, Newport |
| Byrne D | 1994 | Lecture 'The Philosophy of Social Research' University of Durham, November |
| Chandler A D | 1962 | <u>Strategy and Structure</u> Cambridge, Mass: MIT Press. |
| Clark J | 1993 | Procedures and Consistency versus Flexibility and Commitment: A Comment on Storey <u>Human Resource Management Journal</u> vol 4/1 |
| Coopey J | 1995 | Managerial Culture and the stillbirth of organisational commitment <u>Human Resource Management Journal</u> vol 5/3 |
| Davis E P | 1992 | <u>Debt, Financial Fragility and Systemic Risk</u> Clarendon Press: Oxford |
| Devanna M A Fombrun C J and Tichy N M | 1984 | A Framework for Strategic Human Resource Management <u>Strategic Human Resource Management.</u> Ed. C J Fombrun, N M Tichy and Devanna M A. New York: Wiley. |

| | | |
|---|---|---|
| Drury A C | 1982 | Finance Houses Waterlow Publishers Ltd (first edition) |
| Dyer L | 1984 | Studying Human Resource Strategy: An Approach and An Agenda Industrial Relations, Vol 23, No 2, 156-69 |
| Dyer L | 1985 | Strategic Human Resource Management and Planning Research in Personnel and Human Resource Management Vol 3. Ed Rowland K M, and Ferris G R. Greenwich, Ct: JAI Press. |
| Encyclopaedia of Telemarketing | 1989 | Eds: Bengin R L; Jonovic D J, Prentice Hall Business & Professional Division, Englewood Cliffs, N Jersey, USA. |
| Essential Facts Employment | 1993 | Gee Publishing Limited, London. October, supp 5. |
| European Commission (The) | 1994/5 | 'The Week in Europe' various weekly reports Jean Monnet House; London |
| Ezzamel M, Lilley S; Willmott H | 1994 | The 'New Organisation' and the 'New Managerial Work', European Management Journal Vol 12 No 4 pp 454 - 461 |
| Farnham D | 1990 | Personnel in Context 3rd edition. Institute of Personnel Management. |
| Ferner A Hyman R | 1992 | Industrial Relations in the New Europe. Ed Ferner A and Hyman R. Oxford. Blackwell. |

| | | |
|---|---|---|
| Fisher J | 1995 | The trade union response to HRM in the UK: the case of the TGWU <u>Human Resource Management Journal</u> vol 5 no 3 pp 7 - 23 |
| Fox A | 1969 | Management's Frame of Reference <u>Collective Bargaining/Selected Readings</u> Flanders A, Crown Copyright. HMSO. 390-409 |
| Frederikslust R A I | 1978 | <u>Predictability of Corporate Failure</u> Martinus Nijhaff, Social Sciences Division. Leiden/Boston |
| Galbriath J R and Nathanson D R | 1978 | <u>Strategy Implementation: The Role of Structure and Process</u> St Paul, Minn.: West Publishing. |
| Gibb Dyer W R, jnr. | 1986 | <u>Cultural Change in Family Firms</u> Jossey-Bass Publishers. |
| Goold M and Campbell A | 1986 | <u>Strategic Decision Making: The Corporate Role</u> A Working Paper, The Centre for Business Strategy, London Business School |
| Goold M and Campbell A | 1987 | <u>Strategies and Styles: The Role of the Centre in Managing Diversified Corporations</u> Basil Blackwell. |
| Guest D | 1987 | Human Resource Management and Industrial Relations. <u>Journal of Management Studies.</u> Vol 24. No. 5, 503-21. |

| Guest D | 1989 | Personnel and HRM - can you tell the difference?. Personnel Management. January, 48-51 |
|---------|------|--------------------------------------------------------------------------------------------|
| Guest D | 1991 | Human Resource Management: its implications for industrial relations and trade unions, in: New Perspectives on Human Resource Management Ed. J Storey, Routledge, London and New York. |
| Guest D | 1991 | Personnel Management: The end of orthodoxy? British Journal of Industrial Relations 29:2 June pp 149 - 175 |
| Guest D | 1992 | 'Employee Commitment and Control' in: Employment Relations: The Psychology of Influence and Control at Work Hartley J F; Stephenson G M (eds) Oxford: Blackwell |
| Hammermesh R G | 1986 | Making Strategy Work: How Senior Managers Produce Results New York: Wiley |
| Hendry C and Pettigrew A | 1986 | The Practice of Strategic Human Resource Management. Personnel Review Vol 15, No 5, 3-8 |

| | | |
|---|---|---|
| Hendry C and Pettigrew A | 1990 | Human Resource Management: An Agenda for the 1990's. <u>International Journal of Human Resource Management</u>, Vol 1/1, 17-43 |
| Hendry C and Jones A, Arthur M | 1991 | Human Resource Development In Small to Medium sized Enterprises. <u>Warwick Business School Research Paper No 88</u> HMSO. |
| Hope V; Henry J | 1995 | Corporate cultural change - is it relevant for the organisations of the 1990s? <u>Human Resource Management Journal</u> vol 5/4 |
| Institute if Credit Management | 1994 | <u>'The Institute'</u> February |
| Institute of Sales and Marketing | 1994 | <u>Job Outlines</u> Careers and Occupational Information Centre, Sheffield. HMSO. |
| Irwin A | 1994 | <u>Science's Social Standing</u> Times Higher Educational Supplement, September. |
| Jackson S E, Schuler R S and Rivero J C | 1989 | Organisational Characteristics as predictors of Personnel Practices, <u>Personnel Psychology</u> 42 |
| Johnson G and Scholes K | 1993 | <u>Exploring Corporate Strategy</u> 3rd Edition. Prentice Hall International (UK) Ltd |
| Keep E | 1989 | 'A Training Scandal?' in <u>Personnel Management in Britain</u> Ed K Sisson. Oxford: Blackwell |

| | | |
|---|---|---|
| Legge K | 1978 | Power, Innovation, and Problem-Solving in Personnel Management. London: McGraw-Hill. |
| Legge K | 1988 | 'Personnel Management in recession and recovery: a comparative analysis of what the surveys say', Personnel Review vol 17, no 2. |
| Legge K | 1989 | Human Resource Management: A Critical Analysis in: New Perspectives on Human Resource Management. Ed: J Storey. London. Routledge. |
| Lengnick-Hall C A & Lengnick-Hall M L | 1988 | Strategic Human and Resources Management: A Review of the Literature and a proposed typology. Academy of Management Review Vol 13, no 3, 454-70 |
| Lundy M O | 1993 | Strategic Human Resource Management Dissertation submitted for PHD, Queen's University of Belfast. |
| Managing and Marketing Sales Association | 1994 | Job Outlines Careers and Occupational Information Centre, Sheffield. HMSO |
| Merriam-Webster Inc | 1986 | Websters Third New International Dictionary |
| MacInnes J | 1987 | Thatcherism at Work Milton Keynes: Open University Press |

| | | |
|---|---|---|
| Mintzberg H | 1978 | Patterns in Strategy Formation. <u>Management Science</u> Vol 24, No 9, 934-48 |
| Monks K | 1992a | Models of Personnel Management: A Means of Understanding the Diversity of Personnel Practices? <u>Human Resource Management Journal</u> Vol 3, No 2, Winter. 29-41 |
| Monks K | 1992b | <u>Personnel or Human Resource Management? Some Irish Evidence</u> Proceedings of the Third Conference on International Personnel/ Human Resource Management, 2-4th July 1992. Ashbridge Management College, Berkhamstead, U.K. |
| Morris T; Lydka H; O'Creevy MF; | 1993 | Can Commitment be Managed? A Longitudinal Analysis of Employee Commitment and Human Resource Policies <u>Human Resource Management Journal</u> Vol 3, No 3, Spring 21-42 |
| Mumford E and Pettigrew A | 1975 | <u>Implementing Strategic Decisions</u> London: Longman |
| Munroe-Faure L; Munroe-Faure M | 1992 | <u>Implementing Total Quality Management</u> London: Pitman |
| Oakland J S | 1993 | <u>Total Quality Management</u> Oxford:Butterworth/ Heinemann 2nd edition |

| | | |
|---|---|---|
| Ogbonna E | 1992 | Managing organisational culture: fantasy or Reality? <u>Human Resource Management Journal</u> vol 3/2 |
| Pahl R E; Winkler J T | 1974 | 'The economic elite: theory and practice' in <u>Elites and Power in British Society</u> Stanworth P and Giddens A (eds) Cambridge:CUP |
| Partridge B | 1989 | 'The problem of supervision' in <u>Personnel Management in Britain</u> Ed K Sisson. Oxford: Blackwell |
| Peters T and Waterman R H | 1986 | <u>In Search of Excellence</u> Macmillan, London Ltd. |
| Pettigrew A | 1989 | <u>Training in Britain: A Study of funding, activity and attitudes. Employers perspectives on Human Resources.</u> A Research Report HMSO. |
| Pettigrew A; Arthur M; Hendry C | 1990 | <u>Training and Human Resource Management</u> Sheffield: Training Agency |
| Pettigrew A, Whipp R | 1991 | <u>Managing Change for competitive success</u> Blackwell Publishers Ltd |
| Porter M E | 1980 | <u>Competitive Strategy.</u> New York: Free Press. |
| Porter M E | 1985 | <u>Competitive Advantage</u> New York: Free Press |

| | | |
|---|---|---|
| Porter, L; Steers, R; Mowbray, R; Boulain P | 1974 | 'Organisational commitment, job satisfaction and turnover among psychiatric technicians <u>Journal of Applied Psychology</u> vol 59, pp 603 - 609 |
| Preece D, Wood M | 1995 | Quality Measurements: who is using the sums and for what purpose? <u>Human Resource Management Journal</u> vol 5/3 |
| Purcell J | 1989 | The Impact of Corporate Strategy on Human Resource Management in: <u>New Perspectives on Human Resource Management</u> Ed J Storey. London: Routledge. |
| Ryan P | 1991 | 'How much do employers spend on training' an estimate of the training in Britain estimates <u>Human Resource Management Journal</u> vol 1 no 4 pp 55 -76 |
| Sadler P | 1989 | 'Management Development' in <u>Personnel Management in Britain</u> Ed K Sisson. Oxford: Blackwell |
| Salancik G | 1977 | Commitment and the Control of Organisational Behaviour and Belief <u>New Directions in Organisational Behaviour</u> Ed Staw B and Salancik G, Chicago: St Clair Press |
| Silverman D | 1993 | <u>Interpreting Qualitative Data Methods for analysing Talk, Text and Interaction</u> London, Sage |

| | | |
|---|---|---|
| Simon H A | 1960 | <u>The Science of Management Decisions</u> New York: Harper Row |
| Sisson K | 1989 | Personnel Management in Perspective <u>Personnel Management in Britain</u> Ed K Sisson. Oxford: Blackwell |
| Sisson K, Waddington J, Whitson C | 1991 | Company size in the European Community. <u>Human Resource Management Journal</u> vol 2/1 |
| Sparrow P R, Pettigrew A | 1988 | Strategic Human Resource Management in the UK Computer supplier industry <u>Journal of Occupational Psychology</u> 61, pp 25 - 42 |
| Storey J | 1989 | <u>New Perspectives on Human Resources Management</u> Ed J Storey. London: Routledge. |
| Storey J | 1992 | HRM in action: the truth is out at last <u>Personnel Management</u> April pp 28 - 31 |
| Tyson S and Fell A | 1986 | Evaluating the Personnel Function. London. Hutchinson. |
| Tyson S | 1987 | The Management of the Personnel Function, <u>Journal of Management Studies</u> 24:5 pp 523 - 531 |
| Vickerstaff S | 1992 | The Training Needs of Small Firms <u>Human Resource Management Journal</u> vol 2/3 |

| Waddington J, Whitson C | 1993 | 'Report of survey results, TGWU membership report' IRRU: University of Warwick |
| --- | --- | --- |
| Winfield I | 1993 | Tracking Regional HRM Change: Researching the Toyota Effect Human Resource Management Journal vol 4/1 |
| Wood S | 1995 | The four pillars of HRM: are they connected? Human Resource Management Journal vol 5/5 |