Contents

List of figures *xvii*
List of tables *xxi*
About the author *xxiii*
Preface *xxv*

PART I MANAGING PEOPLE

1 Human resource management **3**
Human resource management defined 3; Human resource system 4; Models of HRM 5; Aims of HRM 8; Policy goals of HRM 10; Characteristics of HRM 11; Reservations about HRM 15; HRM and personnel management 18; How HR impacts on organizational performance 20; HRM in context 24

2 Human capital management **29**
Human capital management defined 29; Human capital management and human resource management 30; The concept of human capital 33; Human capital management: practice and strategy 36; Human capital measurement 37; Human capital reporting 47

3 Role of the HR function **53**
The overall role of the HR function 54; The role of HR in facilitating and managing change 54; Variations in the practice of HR 56; Organizing the HR function 57; Marketing the HR function 59; Preparing, justifying and protecting the HR budget 60; Outsourcing HR work 61; Shared HR services 63; Using management consultants 64; Evaluating the HR function 66

4 The role of the HR practitioner **71**
The basic roles 71; Models of the practitioners of HR 76; Gaining support and commitment 81; Ethical considerations 84; Professionalism in HRM 85; Ambiguities in the role of HR practitioners 87; Conflict in the HR contribution 88; The competencies required by HR professionals 89

5 Role of the front-line manager **93**
The basic role 93; The line manager and people management 94; The respective roles of HR and line management 95; The line manager's role in implementing HR policies 97; How to improve front-line managers as people managers 98

6 International HRM **99**
International HRM defined 99; Issues in international HRM 99; International organizational models 100; Convergence and divergence 101; Cultural diversity 102; Think globally and act locally 104; International HR policies 104; Managing expatriates 104

PART II HUMAN RESOURCE MANAGEMENT PROCESSES

7 Strategic HRM **113**
The concept of strategy 113; Strategic HRM defined 115; Aims of strategic HRM 116; Approaches to strategic HRM 117; Implementing strategic HRM 121

8 HR strategies **123**
HR strategies defined 123; Purpose 124; The distinction between strategic HRM and HR strategies 124; Types of HR strategies 124; Criteria for an effective HR strategy 129

9 Developing and implementing HR strategies **131**
Propositions about the development process 132; Levels of strategic decision-making 132; Strategic options and choices 133; Approaches to HR strategy development 134; Methodology for strategy development 140; Conducting a strategic review 141; Setting out the strategy 143; Implementing HR strategies 143

10 HRM policies **147**
What human resource policies are 147; Why have HR policies 147; Do policies need to be formalized? 148; HR policy areas 148; Formulating HR policies 156; Implementing HR policies 157

11 Competency-based HRM **159**
Types of competencies 160; Competency frameworks 161; Reasons for using competencies 163; Coverage of competencies 164; Use of competencies 165; Developing a competency framework 167; Defining technical competencies 169; Keys to success in using competencies 169; Emotional intelligence 170

12 Knowledge management **173**
Knowledge management defined 174; The concept of knowledge 175; The purpose and significance of knowledge management 176; Approaches to knowledge management 176; Knowledge management systems 178; Knowledge management issues 178; The contribution of HR to knowledge management 180

13 Analysing roles, competencies and skills **181**
Role analysis 187; Competency analysis 193; Skills analysis 198

PART III WORK AND EMPLOYMENT

14 The nature of work **205**
What is work? 205; Theories about work 206; Organizational factors affecting work 208; Changing patterns of work 210; Unemployment 212; Attitudes to work 212; Job-related well-being 212

15 The employment relationship **215**
The employment relationship defined 215; Nature of the employment relationship 215; Basis of the employment relationship 217; Defining the employment relationship 217; Significance of the employment relationship concept 218; Changes in the employment relationship 218; Managing the employment relationship 218; Trust and the employment relationship 220

16 The psychological contract **225**
The psychological contract defined 225; The significance of the psychological contract 227; The nature of the psychological contract 228; How psychological contracts develop 229; The changing nature of the psychological contract 231; The state of the psychological contract 233; Developing and maintaining a positive psychological contract 234; The state of the psychological contract 2004 235

PART IV ORGANIZATIONAL BEHAVIOUR

17 Characteristics of people **239**
Individual differences 239; Attitudes 244; Influences on behaviour at work 244; Attribution theory – how we make judgements about people 245; Orientation to work 246; Roles 247; Implications for HR specialists 248

18 Motivation **251**
The process of motivation 252; Types of motivation 253; Motivation theory 254; Instrumentality theory 254; Content (needs) theory 255; Process theory 258; Herzberg's two-factor model 262; The relationship between motivation, job satisfaction and money 263; Job satisfaction 264; Motivation and money 267; Motivation strategies 268

19 Organizational commitment and engagement **271**
The concepts of commitment and engagement 271; Organizational commitment 273; Influences on commitment and employee satisfaction 279; Engagement 281

20 How organizations function **283**
Basic considerations 283; Organization theories 283; Organization structure 288; Types of organization 289; Organizational processes 292

21 Organizational culture **303**
Definitions 303; The significance of culture 305; How organizational culture develops 306; The diversity of culture 306; The components of culture 307; Classifying organizational culture 309; Assessing organizational culture 311; Measuring organizational climate 312; Appropriate cultures 313; Supporting and changing cultures 314

PART V ORGANIZATION, DESIGN AND DEVELOPMENT

22 Organization design **319**
The process of organizing 319; Aim 320; Conducting organization reviews 321; Organization analysis 321; Organization diagnosis 322; Organization planning 324; Responsibility for organization design 325

23 Job design and role development **327**
Jobs and roles 327; Factors affecting job design 328; Job design 330; Job enrichment 332; Self-managing teams 333; High-performance work design 334; Role development 334

24 Organizational development, change and transformation **337**
What is organizational development? 337; Organization development 338; Change management 343; Organizational transformation 352; Development and change processes 355

PART VI PEOPLE RESOURCING
People resourcing defined 359; People resourcing and HRM 359; Plan 361

25 Human resource planning **363**
The role of human resource planning 363; Aims of human resource planning 368; The process of human resource planning 368; Resourcing strategy 371; Scenario planning 372; Estimating future human resource requirements 373; Labour turnover 375; Action planning 382; The contribution of HR to human resource planning 388

26 Talent management **389**
Talent management defined 390; The elements of talent management 390; Creating a great place to work 394; Attraction strategies 395; Retention strategies 397; Career management 399; Talent management for knowledge workers 407; Talent management in practice 407

27 Recruitment and selection **409**
The recruitment and selection process 409; Defining requirements 409; Attracting candidates 414; Advertising 416; E-recruitment 420; Outsourcing recruitment 423; Educational and training establishments 424; Application forms 425; Sifting applications 425; Selection methods 429; Types of interviews 430; Assessment centres 430; Graphology 431; Choice of selection methods 432; Improving the effectiveness of recruitment and selection 432; References, qualifications and offers 434; Final stages 436

28 Selection interviewing **439**
Purpose 439; Advantages and disadvantages of interviews 440; The nature of an interview 441; Interviewing arrangements 442; Preparation 443; Timing 444; Planning and structuring interviews 444; Interviewing approaches 445; Interview techniques – starting and finishing 450; Interviewing techniques – asking questions 450; Selection interviewing skills 457; Coming to a conclusion 458; Dos and don'ts of selection interviewing 459

29 Selection tests **461**
Psychological tests: definition 461; Purpose of psychological tests 461; Characteristics of a good test 462; Types of test 463; Interpreting test results 467; Choosing tests 468; The use of tests in a selection procedure 468

30 Introduction to the organization **471**
Induction defined 471; Why taking care about induction is important 472; Reception 473; Documentation 474; Company induction – initial briefing 475; Introduction to the workplace 475; Formal induction courses 476; On-the-job induction training 477

31 Release from the organization **479**
General considerations 479; Redundancy 482; Outplacement 485; Dismissal 487; Voluntary leavers 490; Retirement 490

PART VII PERFORMANCE MANAGEMENT

32 The basis of performance management **495**
Performance management defined 495; Aims of performance management 496; Characteristics of performance management 496; Understanding performance management 497; Guiding principles of performance management 499; Performance appraisal and performance management 500; Views on performance management 500

33 The process of performance management **503**
Performance management as a process 503; Performance management as a cycle 503; Performance agreements 504; Managing performance throughout the year 508; Reviewing performance 509; Rating performance 512; Dealing with under-performers 515; Introducing performance management 517

34 360-degree feedback **521**
360-degree feedback defined 521; Use of 360-degree feedback 522; Rationale for 360-degree feedback 523; 360-degree feedback – methodology 524; Development and implementation 526; 360-degree feedback – advantages and disadvantages 527; 360-degree feedback – criteria for success 528

PART VIII HUMAN RESOURCE DEVELOPMENT

35 Strategic human resource development **533**
Strategic HRD defined 533; Strategic HRD aims 534; Components of HRD 534; HRD and HRM 535; The process of learning and development 535; Strategies for HRD 536; Human resource development philosophy 537

36 Organizational learning and the learning organization **539**
Organizational learning 540; The learning organization 543

37 How people learn **549**
Learning defined 549; The learning process 550; Learning theory 550; Learning styles 552; Learning to learn 554; The learning curve 554; The motivation to learn 555; The implications of learning theory and concepts 556

38 Learning and development **559**
Learning 559; Development 570; Training 575

39 E-learning **583**
What is e-learning? 583; Aim of e-learning 584; The technology of e-learning 584; The e-learning process 585; The business case for e-learning 586; Developing e-learning processes 588

40 Management development **591**
Aims of management development 592; Management development: needs and priorities 592; The requirements, nature and elements of management development 593; Management development activities 594; Approaches to management development 596; Emotional intelligence and leadership qualities 602; Responsibility for management development 603

41 Formulating and implementing learning and development strategies **607**
Making the business case 607; Developing a learning culture 609; Identifying learning needs 610; Planning and implementing learning and development programmes 612; Evaluation of learning 615

PART IX REWARDING PEOPLE

42 Reward management **623**
Reward management defined 623; The aims of reward management 624; The philosophy of reward management 624; The elements of reward management 625; Total reward 629; Reward management for directors and executives 634; Reward management for sales staff 636; Paying manual workers 636

43 Strategic reward **643**
Reward strategy defined 643; Why have a reward strategy? 644; The structure of reward strategy 644; The content of reward strategy 645; Guiding principles 649; Developing reward strategy 649; Components of an effective reward strategy 651; Reward strategy priorities 652; Examples of reward strategies 653; Implementing reward strategy 656; Reward strategy and line management capability 657

44 Job evaluation **659**
Job evaluation defined 660; Analytical job evaluation 660; Non-analytical job evaluation 664; The incidence of job evaluation 666; Computer-assisted job evaluation 667; Criteria for choice 668; The case for and against job evaluation 671; Designing a point-factor job evaluation scheme 672; Conclusions 679

45 Market rate analysis **681**
Purpose 681; The concept of the market rate 681; The information required 682; Job matching 682; Presentation of data 683; Sources of information 683

46 Grade and pay structures **689**
Grade structure defined 689; Pay structure defined 690; Guiding principles for grade and pay structures 690; Types of grade and pay structure 691; Designing grade and pay structures 698

47 Contingent pay **707**
Contingent pay defined 708; The incidence of contingent pay 708; The nature of individual contingent pay 709; Individual contingent pay as a motivator 709; Arguments for and against individual contingent pay 710; Alternatives to individual contingent pay 712; Criteria for success 713; Performance-related pay 713; Competence-related pay 714; Contribution-related pay 716; Skill-based pay 718; Service-related pay 720; Choice of approach 721; Readiness for individual contingent pay 721; Developing and implementing individual contingent pay 724; Team-based pay 724; Organization-wide schemes 725

48 Employee benefits, pensions and allowances **729**
Employee benefits 729; Occupational pension schemes 731; Allowances and other payments to employees 734

49 Managing reward systems **737**
Reward budgets and forecasts 737; Evaluating the reward system 739; Conducting pay reviews 740; Control 744; Reward procedures 745; Responsibility for reward 746; Communicating to employees 748

PART X EMPLOYEE RELATIONS
Employee relations defined 751; Plan 752

50 The framework of employee relations **753**
The elements of employee relations 754; Industrial relations as a system of rules 754; Types of regulations and rules 755; Collective bargaining 756; The unitary and pluralist views 758; The reconciliation of interests 759; Individualism and collectivism 759; Voluntarism and its decline 759; The HRM approach to employee relations 761; The context of industrial relations 762; Developments in industrial relations 763; The parties to industrial relations 766; Role of the HR function in employee relations 771

51 Employee relations processes **773**
Employee relations policies 774; Employee relations strategies 778; Employee relations climate 779; Union recognition and de-recognition 781; Collective bargaining arrangements 783; Informal employee relations processes 788; Other features of the industrial relations scene 789; Managing with trade unions 791; Managing without trade unions 792

52 Negotiating and bargaining **795**
The nature of negotiating and bargaining 795; Negotiating 796; Negotiating and bargaining skills 803

53 Employee voice **807**
The concept of employee voice 807; Involvement and participation 808; Purposes of employee voice 808; The framework for employee voice 808; Expression of employee voice 809; Factors affecting choice 810; Forms of employee voice 810; Joint consultation 811; Attitude surveys 812; Suggestion schemes 814; Planning for voice 815

54 Communications **817**
Communication areas and objectives 819; Communications strategy 819; Communication systems 821

PART XI HEALTH, SAFETY AND WELFARE

55 Health and safety **829**
Managing health and safety at work 830; The importance of health and safety in the workplace 830; Benefits of workplace health and safety 831; Health and safety policies 832; Conducting risk assessments 833; Health and safety audits 836; Safety inspections 838; Occupational health programmes 838; Managing stress 839; Accident prevention 841; Measuring health and safety performance 841; Communicating the need for better health and safety practices 842; Health and safety training 843; Organizing health and safety 843

56 Welfare services **845**
Why provide welfare services? 845; What sort of welfare services? 847; Individual services 848; Group welfare services 851; Provision of employee welfare services 851; Internal counselling services 852; Employee assistance programmes 852

PART XII EMPLOYMENT AND HRM SERVICES

57 Employment practices **857**
Terms and conditions and contracts of employment 858; Mobility clauses 860; Transfer practices 860; Promotion practices 861; Flexible working 862; Attendance management 863; Equal opportunity 866; Ethnic monitoring 867; Managing diversity 868; The Data Protection Act 869; Sexual harassment 870; Smoking 872; Substance abuse at work 873; Bullying 873; AIDS 874; E-mails 874; Work-life balance 875

58 HRM procedures **879**
Grievance procedure 880; Disciplinary procedure 881; Capability procedure 883; Redundancy procedure 885

59 Computerized human resource information systems **889**
Benefits of a computerized human resource information system 890; HR information strategy 890; The functions of a computerized HR system 891; The technical infrastructure 892; Rating of system features 892; An effective system 893; Problems and how to deal with them 894; Developing a computerized HR information system 895; Applications 899; Auditing the system 906

Appendix: Example of an attitude survey *907*
References *911*
Subject index *953*
Author index *977*

List of figures

0.1	Route map	xxvi
0.2	Relationship between aspects of people management	2
1.1	HRM activities	5
1.2	The Human Resource Cycle	6
1.3	The Harvard Framework for Human Resource Management	7
1.4	Model of the link between HRM and performance	23
2.1	The Sears Roebuck Model: Employee-Customer-Profit chain	41
2.2	The balanced scorecard	43
2.3	The EFQM model	44
2.4	Human capital external reporting framework	49
2.5	Human capital reporting dashboard for area managers: Nationwide	51
4.1	Types of personnel management	78
4.2	The changing role of the HR practitioner	79
9.1	Strategic review sequence	142
13.1	Example of a role profile	192
15.1	Dimensions of the employment relationship	216
16.1	A model of the psychological contract	230
18.1	The process of motivation	253
18.2	Motivation model	260
20.1	Channels of communication within groups	294
25.1	The process of human resource planning	370

25.2	A survival curve	378
26.1	The elements of talent management	391
26.2	Career progression curves	401
26.3	The process of career management	401
26.4	Management succession schedule	404
26.5	Competence band career progression system	405
26.6	Career paths in a career family structure	406
26.7	Talent acquisition and development at Centrica	408
27.1	Person specification for an HR officer	412
27.2	Example of an application form (compressed)	426
27.3	Accuracy of some methods of selection	433
28.1	Part of a critical-incident interview for sales people	448
28.2	Behavioural-based interview set	449
29.1	A normal curve	467
33.1	The performance management cycle	504
34.1	360-degree feedback model	522
34.2	360-degree feedback profile	525
35.1	Components of human resource development	534
36.1	Single- and double-loop learning	541
36.2	Managing learning to add value; the learning cycle	542
37.1	The Kolb learning cycle	552
37.2	A standard learning curve	555
37.3	Different rates of learning	555
37.4	A stepped learning curve	556
38.1	Stages in preparing and implementing a personal development plan	572
38.2	Impact of development	575
38.3	Systematic training model	577
39.1	A blended learning programme	587
41.1	Learning needs analysis – areas and methods	611
41.2	A learning specification	613
42.1	Reward management: elements and interrelationships	630
42.2	The components of total reward	631
42.3	Model of total reward	633
43.1	A reward gap analysis	646
43.2	Reward philosophy and guiding principles at B&Q	650
43.3	A model of the reward strategy development process	651
43.4	Reward strategy priorities	652
43.5	The Norwich Union Insurance Progression, Performance & Pay framework	654

43.6	Integrated reward model – Kwik-fit	655
44.1	A paired comparison	665
44.2	A typical job evaluation programme	675
44.3	Design sequence	676
46.1	A narrow, multi-graded structure	692
46.2	A broad-graded structure	693
46.3	Narrow and broad-banded structures	694
46.4	A broad-banded structure with zones	694
46.5	A job family structure	694
46.6	A career family structure	696
46.7	A pay spine	697
46.8	Type of grade and pay structure	701
46.9	Flow chart: design of a new grade and pay structure	705
47.1	Incidence of contingent pay schemes	708
47.2	Line of sight model	713
47.3	Performance-related pay	713
47.4	Competence-related pay	714
47.5	Contribution pay model (1)	716
47.6	Contribution pay model (2)	716
47.7	Contribution-related pay	717
47.8	Contribution-related pay model (Shaw Trust)	718
50.1	Employee relations: reconciliation of interests	760
52.1	Negotiating range within a settlement range	799
52.2	Negotiating range with a negotiating gap	800
52.3	Stages of a negotiation	801
53.1	A framework for employee voice	809

List of tables

1.1	Similarities and differences between HRM and personnel management	19
1.2	Outcomes of research on the link between HR and organizational performance	21
4.1	Competency framework for HR professionals	90
4.2	Key competency areas	91
9.1	Linking HR and competitive strategies	136
9.2	HRM best practices	137
11.1	Incidence of different competency headings	162
14.1	Feelings at work	213
16.1	Job satisfaction	235
18.1	Summary of motivation theories	256
18.2	Motivation strategies	269
19.1	The Hay Group model of engaged performance	282
25.1	Survival rate analysis	378
25.2	Leavers by length of service	380
32.1	Performance appraisal compared with performance management	501
37.1	The implications of learning theory and concepts	557
38.1	Characteristics of formal and informal learning	565
41.1	Use of learning activities	615
41.2	Use of evaluation tools	619

42.1	Economic theories explaining pay levels	626
42.2	Summary of payment and incentive arrangements for sales staff	637
42.3	Comparison of shopfloor payment-by-result schemes	639
43.1	Examples of reward strategies and their derivation	656
44.1	Comparison of approaches to job evaluation	669
45.1	Summary of sources of market data	686
46.1	Summary analysis of different grade and pay structures	699
47.1	Comparison of individual contingent pay schemes	722
50.1	Contrasting dimensions of industrial relations and HRM	761
54.1	Communication areas and objectives	820
59.1	Computer system problems and solutions	894