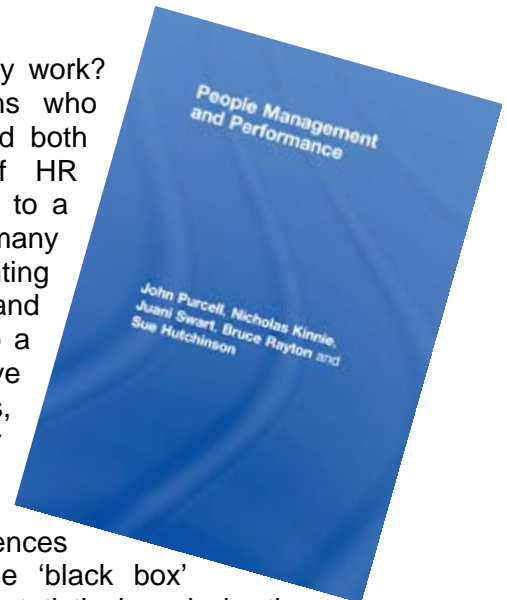


People Management and Performance

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Do Human Resource (HR) policies and practices actually work? Do they lead to better performance for organizations who implement them? Questions like these have dominated both academic and practitioner debates in the field of HR management over the last twenty years, and given rise to a plethora of research which has almost raised as many questions as it has answered. Whilst there is mounting evidence of a positive statistical relationship between HR and performance, this previous research has been subject to a number of criticisms. There has been an almost exclusive focus on the number and mix of **intended** HR policies, rather than on how these policies are **experienced** by employees, and a failure to take account of the wider context within which these practices operate. Crucially, there is a lack of theory to explain how and why HR influences business performance – sometimes referred to as the ‘black box’ problem. When the ‘black box’ problem is coupled with statistical analysis, the problem of causality manifests itself and it becomes unclear what causes what. Some argue that high performing organisations can afford to invest in good HR practices and that therefore HR practice does not necessarily cause better performance. There has also been an over emphasis on metrics, measures and quantitative analysis - which has produced results which are difficult to interpret, particularly for the practitioner.



A new book, ‘*People Management and Performance*¹, which I co-authored, seeks to address some of these shortcomings by unlocking the black box to show the way in which HR practices, or ‘people management’, meaning all aspects of how people are managed, impact on performance. Two fundamental questions are addressed:

- What are the links between strategic HR and business performance?
- How and why are HR practices linked to performance?

The book draws on a series of research projects conducted between 1997 and 2007, mostly sponsored by the Chartered Institute of Personnel and Development (CIPD). The prime source is a three year in-depth study conducted by the authors of this book which explored the relationship between HR policies and practices and performance in 11 high profile

¹ *People Management and Performance* (2008) by Purcell, J., Kinnie, N., Swart, J., Rayton, B and Hutchinson, S., Routledge,
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organisations across a range of sectors and included Selfridges, Tesco, Pricewaterhouse Coopers, Jaguar and Nationwide. This research had a number of unique features which differentiated it from previous studies in the area. Most importantly, it sought the views of employees, those on the receiving end of the HR policies and practices, and in doing so provides a fairly accurate assessment of the impact of HR practices on attitudes and performance related behaviours.

The book begins with an overview of current research on HRM and performance (particularly helpful for students) and puts forward a model of the HR causal link which forms the framework for the rest of the book. This model emphasises the need to look not only at the intended practices, as contained in written HR strategy and policy documents, but also the way practices are implemented and experienced by employees. After all, the road to Hell is paved with good intentions! The way practices are implemented and experienced by employees will influence employee attitudes, such as job satisfaction and motivation, and their subsequent behaviour and performance. Some significant features of this model are explored in the subsequent section, namely values and culture, HR practices, the role of line managers and employee attitudes and behaviour. Particular attention is paid to the concept of the 'Big Idea'- a strong unifying mission, underpinned by a set of values and culture expressing what the organisation stands for and its relationship with customers and employees. The Big Idea in Jaguar is 'quality', in Nationwide it is 'mutuality'. These organisations had values which were embedded in the organisation, bound the organisation together and gave it focus, were robust and enduring, and able to be managed. These values can have a powerful influence on the impact of HR practices on employee attitudes and behaviour.

Another chapter is dedicated to the role of line managers, a previously neglected occupational group - not only in the academic research but in organisations. Yet they have a vital role to play as implementers of people management practices and in 'bringing policies to life'. The case of Selfridges is used to show how improving the qualities of line managers in terms of the way they undertake their people management roles can significantly influence employee attitudes and behaviours. The final chapter in this section considers in detail what influences employees' motivation to exert positive discretionary effort (sometimes referred to as working 'beyond contract') and pays particular attention to the implications of social exchange theory for the maintenance of the psychological contract. A detailed case from Tesco, a highly centralised organisation with clear and detailed routines and policies, illustrates well how the same HR practices can be implemented in different ways in differing locations with differing impacts on performance

The next section considers the application of the theoretical model to three specific contexts: different occupational groups, professional knowledge workers and a financial services organisation – the Nationwide Building Society. Analysis of different occupational groups shows that there are some HR practices which consistently influence employee commitment across all groups such as satisfaction with the work itself, senses of achievement and social support from managers. Significantly, however, there are also differences according to job role, and some practises do not affect the commitment of all groups. For example, the commitment of sales staff was not associated with support from line managers possibly because of the independent nature of their working. These findings have clear implications for both theory and practice which are considered in detail in the final section of the book.

Overall, then, the book explores the complex issue of the HR-performance link through an interesting mix of practical, qualitative case studies and quantitative analysis. Although

closely based on theory, the book is very accessible and should appeal to all students of HRM and business management as well as practitioners working in the field.