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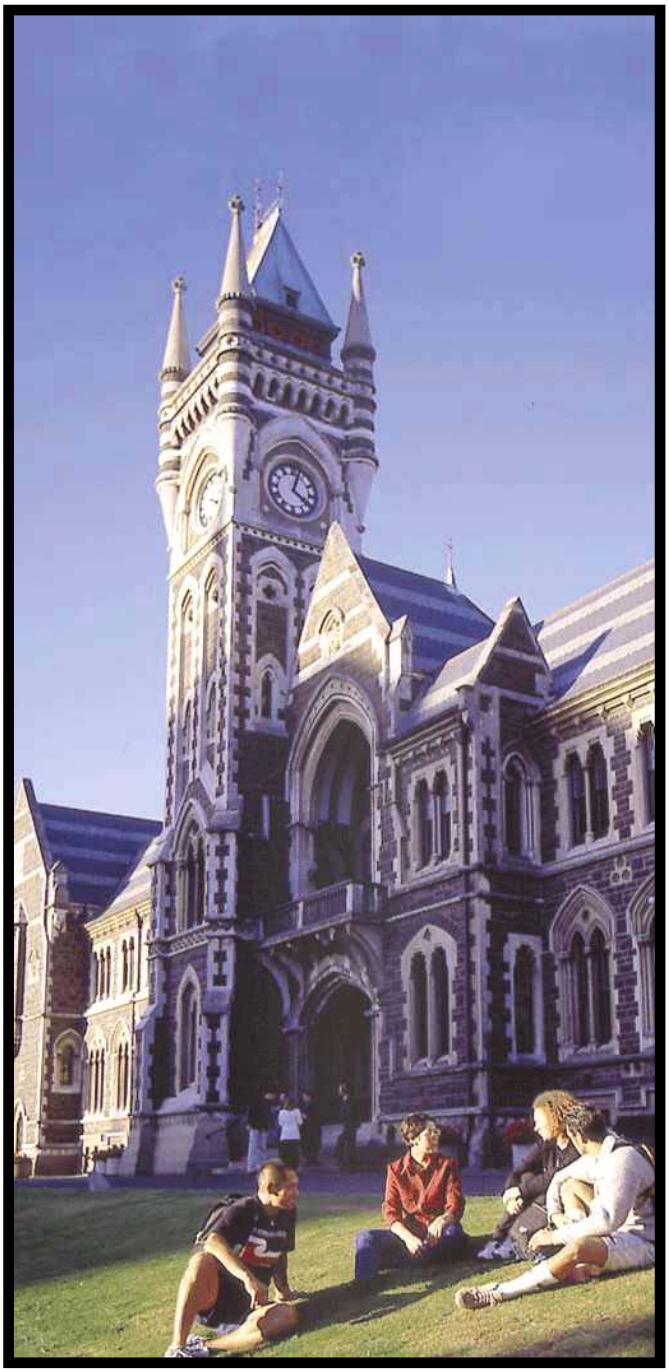

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CONTENTS

Editorial i
Alan Geare……

Examining the HRM Practice- Firm Performance Relationship
Scott Ford…… 1

Viewing 'Career' Through: The Accidental Life of Phoebe Meikle
Lesley Gill…… 13

'HRM Best Practice'
Hadleigh Mess…… 25

Investigating the Use of Human Resource Management Best Practice in New Zealand Firms
Kelly Klein…… 39

The Importance of Organisational Fit and Emotional Intelligence in Selection Decisions 69
Christine Theissen……

EDITORIAL

This journal is once again proud to publish some of the best pieces of work by graduate management students at the University of Otago.

The papers in this volume were written by students taking 400 level papers, either for BCom (Hons) or Post-graduate Diploma or for MBus (taught Masters).

Full time students take the equivalent of four, 12 point 400 level papers a year, of which one may be a research paper resulting in a 20,000 word dissertation. The other papers would require three or four essays of around 4,000-5,000 words. Some papers accept longer essays, around 8,000 words, in place of two shorter ones.

The articles by Hadleigh Mess, Scott Ford, Lesley Gill and Christine Theissen are examples of essays submitted for papers. Kelly Klein's article is an abbreviated version of her dissertation.

All students at this level are free to submit papers for this Review, subject to the supervising staff member having graded the paper at A or A+.

Alan Geare
Editor

Examining the HRM Practice- Firm Performance Relationship

Scott Ford

During the last decade, the HRM field has shifted from a micro focus on individual HRM practices, to a debate on how HRM as a more holistic management approach may contribute to the competitive advantage or greater effectiveness of the organisation (Harris, 2003). Three different perspectives have been used in recent research on the relationship between HRM and organisational performance: the effects of individual "high performance" or "best" HRM practices , the effects of internally appropriate combinations (configurational fit') of HRM practices, and the effects of appropriate ('strategic') fit between strategy and HRM practices (Delery & Doty, 1996). The significant contributory research on the subject of HR effectiveness has been undertaken by various academic researchers. The focus of this research has ranged from inputs and processes, to outcomes, and from evaluation of the organisational impact of HRM to the effectiveness of HR Departments themselves (Guest & Hoque, 1994). The results obtained to date have been mixed, but at least some empirical support has been obtained for each of the perspectives (Harris, 2003). However, since few studies have included data on HR outcomes, little is known about the causality of mediating variables involved (Becker & Gehart 1996; Huselid & Becker1997). There is also little underlying theory to aid understanding in the development of HRM practices and high performance (Guest, 1997). The association between what is termed high performance or high commitment HRM practices and organisational performance is unclear (Guest, 1997). This linkage needs to be explored to identify the key gaps in knowledge and help focus research to develop an understanding of this relationship (Guest, 1997).

This paper focuses on past research surrounding the relationship between HR best practices and firm performance, and investigates the resulting outcomes of this research at the organisational and individual level. The purpose of this paper is to critique some past literature on the measurement of these best practices and firm performance. This paper seeks to (1) review the outcomes found by the use of best practices in an organisation, and the effects found on employee behaviour to these practices (2) see how the relationship is currently measured in empirical studies (3) establish the problems and issues identified with the methods used to describe the link, and (4) make recommendations to improve how this relationship can be best measured.

Prior to presenting the problems and issues identified in previous studies, I will briefly review the literature to highlight the link found through empirical research of the best practice performance relationship. Following this section I will discuss the methods used to determine these outcomes in two different but related studies.

The theory of the high-performance work system (HPWS) (Nadler & Gerstein, 1992) is a relatively recent development that is encompassed within the resource-based

*This assignment was for MANT434, Topic in Human Resource Management 2.
Supervised by Dr Fiona Edgar

view of firm growth. According to the resource-based view, a firm's human resources are valuable, rare, inimitable, and non substitutable, and hence, have the potential to lead to firm growth and sustained competitive advantage provided the resources are well managed (Barney, 1991). An HRM system that is managed in such a strategic manner is said to articulate an HPWS by way of internal-vertical fit between business strategy and HRM practices, and internal-horizontal fit between HRM practices themselves (Beer et al., 1984; Youndt et al., 1996). The link between business strategy and HRM systems has been the focus of considerable attention (Lawler et al., 1998; Sanz-Valle et al.,1999). The "configurational approach" (McMahon et al., 1999, p.104) to HRM system design focuses on combinations of HRM practices, specifically designed to match business strategy. The resultant "HR bundle" (MacDuffie, 1995, p.197) is a configuration of mutually reinforcing practices, so that the overall effect is more than the sum of the effects of the individual practices. However, prior HPWS studies appear to support the notion that some HRM practices are subject more to a best-practice approach, than a configurational approach. For instance, better recruitment, selection, and socialisation practices lead to the employment and short-term retention of quality employees, irrespective of business strategy (Huselid, 1995; Pfeffer, 1994).

Within the body of HR research measuring these relationships, there is significant empirical evidence linking certain HR practices to firm performance and other recent research that bundles or systems of HR practices are more influential than individual practices working in isolation (Arthur, 1992, 1994; Huselid, 1995; Macduffie, 1995; Youndt, Snell, Dean, & Lepak, 1996). Arthur (1992, 1994) found that HR practices focused on enhancing employee commitment (e.g., decentralized decision making, comprehensive training, salaried compensation, employee participation) were related to higher performance. Conversely, he also found that HR practices that focused on control, efficiency, and the reduction of employee skills and discretion were associated with increased turnover and poorer manufacturing performance. Huselid (1995) found that investments in HR activities such as incentive compensation, selective staffing techniques, and employee participation resulted in lower turnover, greater productivity, and increased organisational performance through their impact on employee skill development and motivation. Macduffie (1995) found that flexible production plants with team based work systems and high commitment HR practices (e.g. compensation and training) out-perform plants using more traditional mass production plants, and that bundles of HR practices result in higher performance. Pfeffer (1999) prescribes seven best practices and highlights previous research, for example, (Huselid, 1995, Huselid & Becker, 1997) for organisations to manage their employees as shown by a "great deal of evidence", from these studies (Pfeffer & Veiga 1999, p.39). These practices are: employment security, selective hiring, contingent compensation, self managed teams and decentralisation, extensive training, reduction of status difference, sharing information (Pfeffer, 1999).

The conceptual and empirical work has progressed far enough to suggest that the role of human resources can be crucial (Arthur, 1994; Huselid, 1995; Huselid & Becker, 1997; Gerhart & Milkovich, 1990; Ichniowski, Shaw, & Prennushi, 1994; MacDuffie, 1995). However, given the importance and complexities of the issue, this body of work is relatively small, and most of the key questions are sorely in need of further attention. The empirical research leading to the above findings supports the theory of HR best practice and firm performance. Unfortunately the research data

has been argued to contain specific weaknesses and limitations, which question the validity and reliability of these results. The current research also lacks implementation of an extensive theoretical framework to lead us to an understanding of the causality of this relationship. To put this into context and illustrate previous and current weaknesses of the literature I will discuss two studies Huselid (1995) and Macduffie (1995). These studies can be used to highlight various problems within the methods used to determine the HR practice and performance relationship. The reason for choosing these two studies is that they are widely used and cited in the academic literature (supporting the best practice or configurational approach), contain various limitations, and these methods continue to be implemented in current research to describe the HR practice and performance relationship.

Huselid's (1995) study of 968 US companies has been arguably the most influential in support of the HR practice and performance link. Firms were included in the study if they had more than 100 employees, and were excluded if they were foreign-owned, holding companies, publicly held divisions or business units of larger firms. Firm level data on high performance work practices were collected with a questionnaire mailed to the senior human resources professional in each firm. Questions concerning each high performance work practice were asked separately for exempt and non-exempt employees, and respondents indicated the proportion of employees in each category who were affected by each practice. Huselid found that a one standard-deviation increase in his measure of the quality of HRM systems (about 25percent) increased the market value of a company by US$18,641 per employee, increased profit (+2.2percent), and increased total revenue (+16percent).

Macduffie's (1995) study contacted 90 assembly plants, representing 24 producers in 16 countries, and approximately 60% of total assembly plant capacity worldwide. Survey responses were received from 70 plants and were divided into "volume" and "luxury" categories (the latter defined as plants producing automobiles with a 1989 U.S. base price of over $23,000), on the assumption that the production systems for these product types might differ substantially. This paper includes data from the 62 volume plants, whose surveys were more complete.

Distribution of the 62 volume plants were by regional category. The proportion of plants in different regions corresponds closely to the proportion of worldwide production volume associated with those regions, with a slight under representation of Japanese plants in Japan and overrepresentation of New Entrant and Australian plants, whose volume is low. Plants were chosen to achieve a balanced distribution across regions and companies, and to reflect a range of performance within each participating company, minimising the potential for selectivity bias. Questionnaires were sent to a contact person, often the plant manager, who distributed different sections to the appropriate departmental manager or staff group.

In this study, the choices about the HR bundle began with the design of the questionnaire. Macduffie developed questions based on extensive field work that revealed which HR policies differentiated mass and flexible production systems most clearly. Most questions were closely tied to shop floor activities at the plant level, and therefore excluded many human resource policies at the corporate level. Macduffie selected for measurement only practices that could potentially be implemented in any plant in the international sample, thus excluding practices that are exclusively

associated with one particular company or country. For example, practices such as teams, quality circles, and job rotation that are commonly found both in Japan and in other countries are measured, but other practices such as the nenko wage system, satei evaluation system, enterprise unions, or lifetime employment -- considered more uniquely Japanese were not.

The following section highlights problems with these studies, and also acknowledges weaknesses of the above studies when interpreting the results, due to errors that were not accounted for. This lack of acknowledgement therefore can be argued to lead to results that are overall low in validity and reliability and high in measurement error.

As noted by Gerhart, Wright, McMahan et al. (2000), one of the first steps in construct validation requires assessing the measurement error that exists in the proposed measure of a construct. Measurement error can come from a number of sources, the most common of which are items, time, and raters (Wright, Gardner, Moynihan & Park, 2001). One assesses the amount of measurement error due to item sampling through internal consistency estimates such as Cronbach's alpha (Wright, 2001). Research by Huselid (1995) has assessed measurement error due to items, and usually finds internal consistency estimates of the HR scales used above .60. These estimates seldom reach the .80 level suggested as a minimum by Nunnally and Bernstein (1994) (Wright, et al., 2001). In his research, Huselid (1995) has only taken into account in his reliability measures a minimal level of potential errors. Therefore his reliability measures may be higher than what it would be if all items were included.

The research conducted has also not examined error due to time. This largely stems from a lack of longitudinal research efforts in the area of HR practices (Wright et al., 2001). Huselid's study gathered data from the same firms in four-different data collection efforts with 2 year intervals, however no test-retest correlation was reported.

Reporting reliability estimates that incorporate only one of the several potential sources of error leads to higher reliability estimates than would be obtained if these multiple error sources were recognised simultaneously using generalisability theory (Wright et al., 2001). Research examining the HR-firm performance relationship has predominately only assessed error due to items, and some might argue that even looking at this source is inappropriate (Wright et al., 2001). In addition, assessing error due to time can be problematic in terms of identifying which variance is due to error versus which is due to actual changes in HR variables (Wright et al., 2001).

Another problem with their research is Huselid (1995) and Macduffie (1995) both used a single respondent to determine the outcomes in their studies (sending surveys to managers to fill out or distribute to other managers). Using the single respondent approach has been argued to be highly problematic. Wright et al. (2001) did their own studies and found that data from single respondents give low levels of reliability. The studies found that regardless of unit size, industry, diversity, and whether few or many jobs are the focus of the measurement, interrater reliability was found to be significantly low using a single respondent. The findings seemed to indicate quite clearly that the interrater reliability of HR practices in single respondent

designs are not specific to any one sample and that the single-rater measures contain significant levels of error (Wright et al., 2001).

The reason for this, one could argue, is that HR managers and employees have different perspectives, and these differences would work against finding interrater reliability. Single respondent measures have also been found to bias regression coefficients (Becker & Gerhart, 1996). This means that the degree of fit of a regression line to a data set may show the fit between practices and performance outcomes correlating more highly to a positive relationship than what may be found using multiple raters.

A further problem identified with single respondent methods is due to the social bias that single respondent measures create. The single respondent method is used in an extensive amount of studies supporting the HR practice performance relationship. As suggested by Wright et al. (2001) management and employees may have different perceptions in HR perspectives. It could be that HR directors or other managers describe the formal policies while incumbents describe the actual practices they experienced (Wright et al., 2001). In other words the employers may bias the results because they are the implementers of the HR practices, whereas employees are the consumers of the practices, and experience the actual effects of these practices in the workplace. Managers could be committed to those practices, and interpret them differently to those who have the practices enacted upon. Management could be very satisfied with the practices, and support these practices, whereas employees may have a different view and may not support the use of these practices (Kane, Crawford & Grant, 1999). For example, in Macduffie's (1995) study he developed questions tied closely to shop floor activities and only surveyed managers. It seems common sense to survey employees, because they are people who are affected by the implementation of the HR practices to understand the effect of these practices on their behaviour.

A further problem is the single respondent design allows managers to pass the surveys to other people in the organisation who share similar views of the practices, therefore not obtaining the true data needed for a valid and reliable study (Becker & Gerhart, 1996). Using single respondents to complete surveys has a huge limitation because of the differences in perceptions and opinions between management and employees. Employees are those that experience the impact of HR practices at the workplace (Wright et al., 2001), therefore their opinion is needed to understand the impact of these practices. The relationship therefore found between best practice and firm performance may not be as substantial as what these studies have found, and these types of studies may contain high levels of error, and low levels of interrater reliability (Wright et al., 2001).

Another problem is highlighted by Guest (1997) and concerns the lack of theory in HRM research. Guest argues that studies such as Huselid (1995) and Macduffie (1995) and others highlighting the link between HR practices and performance use statistical sophistication at the expense of theoretical rigour. The key issue is that there is a lack of theory about the nature of HRM practices and their relationship measured in the firm performance relationship. Currently research has not tested the causal effect underlying the link between HR practices and performance (Guest, 1997). There is a growing body of evidence supporting an association between what

are termed high performance or high commitment human resource practices and various measures of organisational performance, however it is not clear why this association exists (Guest, 1997). Theory is important because it provides a platform for observing, understanding, and predicting the complexities of human behaviour. Theory also aids explanations for observed phenomenon that might otherwise be considered bizarre or counter-intuitive (Girard & Haines, 1999). Surprisingly, few comprehensive reviews of theory application in the field of HRM or in closely related fields have been conducted (Girard et al., 1999). Guest argues that theory needs to become more predominant in the literature to advance knowledge of the underlying link between HR practices and firm performance.

The last problem to be discussed with this research is the international and cultural differences that may impact the generalisability of these types of studies. It can be argued that these types of studies create cultural biases, and that U.S based research is ignorant of cultural differences in their studies. The HR models used as a basis from these studies have been applied from a U.S type HR model and based on the U.S model of HRM. The study from Macduffie (1995) excluded Japanese practices such as the nenko wage system, satei evaluation system, enterprise unions, and lifetime employment and other practices relevant to other countries and applied practices that potentially can be implemented in any plant in an international sample. The problem is these practices have been developed from a U.S system and have been created from U.S culture (Bowen, Galang & Pillai, 2002). Many have questioned whether the very concept of HRM is even appropriate or meaningful outside the U.S. As Schneider and Barsoux (1997) state, “the whole idea of human resource management seems embedded in an assumption that people can be utilised like other factors of production, which can be brought sold, and whose value must be maximised, even exploited is a view that may be uniquely American” (Bowen et al., 2002, p.211). Other writers have stated that HRM can be seen as a contemporary manifestation of the American dream (Guest, 1990). This raises the question on the validity of the results of Macduffie’s (1995) study as he only applied U.S type practices, applied internationally, and excluded practices that were unique to other countries. Generalising studies using American practices limits the validity when applying these studies within an international context. Macduffie’s study, therefore, is argued to create further levels of error for this reason. It could be that the practices excluded from the studies have more impact than the U.S HR practices therefore biasing the results creating error. It can also be argued that Huselid (1995) and Pfeffer (1999), who discuss various types of best practices, have limited views because of the cultural differences, understandings, and perceptions of these practices within different countries (Bowen et al., 2002). These types of cultural differences carry further implications for research and suggest that their results cannot be generalised across an international context. These differences across cultures have serious implications for the argument that HR best practices are universal.

The final section of this paper provides recommendations to improve research when measuring the HR practice-performance relationship. This section will highlight the problems reviewed, identify key gaps, and focus further research. These suggestions are intended to help researchers build a body of knowledge that will have key implications for both theory and practice.

It has been found that single rater measures contain significant measurement error (Wright et al., 2001). To correct the sample bias of Huselid's (1995) and Macduffie's (1995) studies a means of controlling for specification error is to select a sample that is homogeneous with respect to potential omitted variables. Although this approach has some costs in terms of external validity, it can be a useful way to avoid comparing apples and oranges (Becker & Gerhart, 1996).

Random measurement error (unreliability) in HR systems measures will also tend to bias regression coefficients. Future research would benefit from the use of multiple raters from each organisation, business unit, or facility studied, particularly where subjectivity or judgment is required (Becker & Gerhart, 1996). To the extent that prior work has been based on measures with less-than-desirable reliability characteristics, estimates of the HR-firm performance relationship are probably understated. Another form of specification error, commonly referred to as method bias, can occur if one respondent from each firm provides information on both HR and performance, and firm performance is measured subjectively as was the case in the Huselid (1995) and Macduffie (1995) studies. The respondent may be systematically biased upward or downward in reporting especially as questions become more evaluative or as HR practices come to be viewed as best practices (Becker & Gerhart, 1996). A recommendation to reduce such problems is to collect HR and performance information from different respondents (employees and managers) and increase the number of raters (Wright et al., 2001). Even when firm performance is based on objective financial data, a bias may arise if a respondent makes an inference about the nature or value of HR practices in response to the level of firm performance (Becker & Gerhart, 1996).

To increase the reliability and validity of their studies, qualitative research would be another effective means to gain a rich understanding of managers' and employees' perceptions and opinions of HR practices and policies. Managers often know something that researchers do not know (Becker & Gerhart, 1996) and employees may provide information that contradicts managers' views. A simple implication for researchers, then, is that more effort should be devoted to finding out what managers and employees are thinking and why they make the decisions or behave the way they do. This suggests a need for deeper qualitative research to complement the large-scale survey, multiple-firm studies that are available.

Another source of error in measurement stems from time (Wright et al., 2001). To date, little research has explored how much error is due to time. For example Huselid and Becker (1996) reported a 6 month intra-rater correlation for a "percent unionised" item which was 0.70 but given the lack of any other such reported correlations in the literature, it is impossible to know if this is high, low, or about right (Wright et al., 2001). In addition, one does not know if the variance in measures from one time to another was due to error or true changes in the percent of the work force unionised (Wright et al., 2001). Therefore there is a need for longitudinal studies to develop an understanding of the changes in results due to time. Longitudinal research designs would enable researchers to establish the messing linkages, ideally with some sort of interventions to alter HRM practices to be used for comparisons between various variables (Guest, 1997).

Future research needs to use a greater range of outcome measures, if only to understand how and why HRM has an impact on financial results (Guest, 1997). If

there is to be an improved understanding of the impact of HRM on performance, we need a theory about HRM, a theory about performance and a theory about how they are linked. There needs to be a development in theory which integrates aspects of strategy and strategic integration with something like expectancy theory to create some hypotheses about the linkages between HR practices and performance (Guest, 1997). There needs to be a move towards case study research to generate some insights which can be more extensively tested. So too can studies of specific practices of issues such as quality or commitment where theory is some times more specific (Guest, 1997).

The final recommendation centres on developing further studies outside of America to develop an understanding of HR business practices in other countries. I recommend that the U.S and the U.K develop better communication to reduce assumptions made between the relationship of HR best practice and firm performance based from their own HR models. A meta-analysis of international studies of HR practices and their impact on performance would also be helpful to determine if there is a relationship between studies and if they can be generalised across the world. Other studies could focus on HR practices that are more predominant in a countries culture and apply to organisations in relation to various American practices to determine the importance of each. Various studies within an international context would allow for comparisons to be made and linkages between various variables to understand the relationship, if any, of HRM practices and performance throughout the world.

Conclusion

This paper suggests that future research in HRM should focus on using multiple respondents in measuring the HRM performance relationship. Currently the single respondent method has been found to generate high levels of measurement error and low levels of interrater reliability. To develop increased levels of reliability and validity of these studies, there needs to be an investigation into employee attitudes to HR design, practice and polices to generate a true understanding on the effect of employee behavioural outcomes (e.g. commitment, job satisfaction, motivation etc).

To develop an understanding of the causality of the relationship, there needs to be further emphasis on developing and then testing theories to aid understanding of the linkages within HRM best practice and firm performance. To date, research has relied heavily on statistical analysis and not on a theoretical framework to describe the link. Theory needs to be combined with statistical analysis within the HRM literature and tested. This paper also suggests that to develop an understanding of cultural differences there needs to be further research outside of the U.S. to understand the impact of HR practices in various cultures and apply theories to understand these differences.

In summary, there needs to be an improvement in theory and empirical testing. There needs to be an understanding built of the causality of the outcomes and the nature of the linkages. Research needs to find the right combination of survey-based and case-study based research. And there needs to be research that is not confined to

the U.S., but incorporates a diverse culture to apply HRM within an international context.

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Viewing 'Career' Through: The Accidental Life of Phoebe Meikle1

Lesley Gill

Introduction

"Knowledge of career patterns and life stages is important as it helps one anticipate and plan for choices and adjustments before the need arises" (Super, 1957, p. 321).

This essay endeavours to make sense of career theory, the career and literature as it pertains to the career of Phoebe Meikle (*pronounced 'meekle'*) (1910 – 1997), as portrayed in her autobiography *Accidental Life.* In searching for a person to focus on I wanted to find someone who was a New Zealander, a woman, an academic, a pioneer, someone interesting who had a story to tell, someone whose career not only positively impacted her life, but also that of others. I chose Phoebe because at the age of 83 she was publishing an autobiography, that is, still taking opportunities for personal development and using the gifts and skills that had opened career pathways in the past. Phoebe died aged 87 years. The title of the book drew me to it like a magnet. Writing about an esteemed career an author who frames her own career as an *Accidental Life* intrigued me – a literary piece for which she received the New Zealand Book Award for Non-fiction 1976-1995 (http://home.comcast.net/-antaylor1/nznonfict.html). This essay will be framed by a mix between an academic review of literature and a storytelling writing style since this best reflects the life and story of Phoebe. "Storytelling is a uniquely human experience that enables us to convey, through the language of words, aspects of ourselves and others, and the worlds, real or imagined, that we inhabit. Stories enable us to come to know these worlds and our place in them given that we are all, to some degree, constituted stories" (McDrury & Alterio, 2002, p. 1).

I will write of her on a first-name basis since having read her story I feel like I somewhat know her and relate to her story. I use generous 'servings' of her writings in order to communicate her perspective, to reinforce the career theory used and because she is such an interesting person with a very contemporary outlook on life considering the generation in which she lived. The issues addressed make up a 'patchwork quilt' of career theory sewn into the life story of Phoebe Meikle.

[1] Phoebe Meikle in 1934, aged 24 years, graduated with a Diploma in Education following a B.Ed. (Honours). Having consulted several theses which looked 'unturned', she was dared to add "the spotted cow mooed" in the middle of her thesis, since she surmised; they were probably not thoroughly examined. It appeared on p. 29 of her thesis between serious remarks on teaching history. (Meikle, P. (1994). Accidental Life. University Press: Auckland.)

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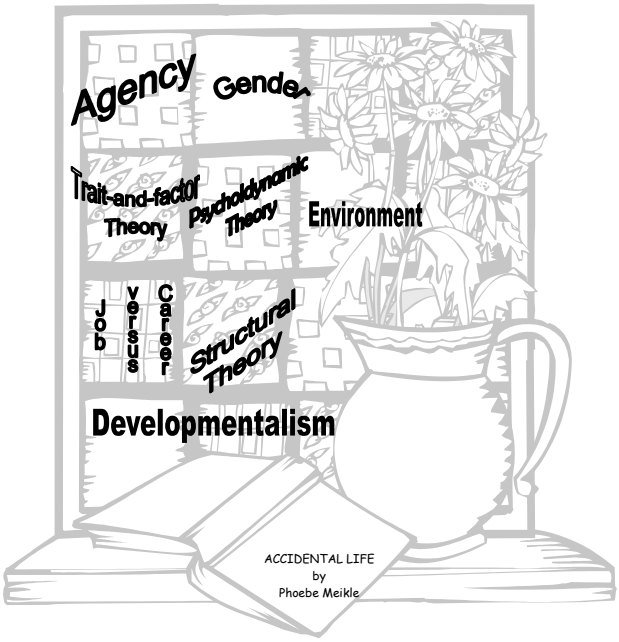
Supervised by Sara Walton



Between the covers of *Accidental Life* several 'career' themes emerge which will be defined and discussed in turn. The themes that will be presented are; job versus career, agency, psychodynamic theory, trait-and-factor theory, structural theory, gender-related issues and developmentalism. These topics will be discussed within a New Zealand context as they relate to Phoebe, although career theory will be presented generically.

Who is Phoebe Meikle?

Phoebe Meikle was a renowned teacher, author and publicist, publishing *Accidental Life* at the 83 years of age. She has received literary awards for her work as well as working with several publishing companies such as Oxford University Press, Penguin, the Royal Institute of International Affairs, Peter Davies Ltd, and Longman Paul. She describes herself as a feminist before the term was invented and was renowned for her holistic approach to teaching before it became a mainstream teaching approach. Phoebe worked at Takapuna Grammar School for over 25 years where she taught many of the North Shore's literary minds. She went on to publish a number of short stories with many writers seeking her advice and guidance as well as being a sought-after speaker.

Job versus Career

> Fancy, you've had two careers! people say to me, sometimes with surprise, sometimes admiringly. But I haven't. I've had two jobs, and jobs are quite different from careers, even if one rises in them. A career is initiated, designed shaped by the careerist. A job comes a seeker's way through circumstances and if there is an element of design it is someone else's not the job-seeker's (Meikle, 1994, p. 44).

Arthur, Hall and Lawrence (1989, p. 8) who define career as 'the evolving sequence of a person's work experiences over time', would disagree with Phoebe. But this only addresses the issue in part, in that it sees work and time as central to career, it does not address other factors that shape career such as the agency, environment, opportunity, and limitations. Arthur et al. (1989, p. 9) concede that the narrowness of the definition requires a more generic and overarching encompassing of 'career' achieved through the rhetoric of career theory defined as "the body of all generalisable attempts to explain career phenomena".

Arthur and Rousseau (1996, p. 5) suggest the primary difference between career and job is not as some suggest about higher- and lower-status groupings, for example doctors and dentists have careers but cleaners and mechanics have jobs. They assert the main difference between jobs and careers is the concept of time. "Time affects employment stability, skills and experience gained, relationships nurtured, and opportunities encountered" (with regard to careers). In contrast they suggest that the concept of 'job' derives from job analysis, job design and job satisfaction, that is, present tense experience compared with a career perspective that is future-focused.

Phoebe further explains her understanding of 'career' in describing Alice Bush's life. Alice was a woman doctor (in the early 40's – Phoebe in her 30's decided she should have a woman doctor).

> At a time when there were few woman doctors in New Zealand and most of them remained general practitioners, Alice aimed for the top. She was the first New Zealand woman to become a member and then a Fellow of the Australasian College of Physicians and the Royal College of Physicians. She gained a Diploma in Child Health and in 1950 commenced practice as a pediatrician. She was active in several areas that (if you were Alice Bush) could be described as allied to medicine: for example, Parent's Centre, the National Council of Women, the Family Planning Association and the International Planned Parenthood Association. She also did pioneer work in sex education and spoke and wrote frequently in support of her causes (p. 134).

Fournier (1998, p. 69) reported that marketing, R & D and finance graduates believed in 'the enterprising self', for example, their belief in the concept of managing their own destiny, "references to self-initiative, ambition and global orientation…and negotiating ways around barriers". Thus the sense of identified purpose is evident in those who demonstrate ambition. This might explain the Phoebe's divergent perception of Alice's and her own career which she predominantly attributed to chance. "In December 1949 chance, that shaper of my life brought M and me together…" (Meikle 1994, p. 147)

Agency

Agency refers to "the person who 'acts'" (Killen, 1996, p. 24). Agency relates to a person's autonomy over their own lives, their choices as it impacts on their socialisation as men and women, status, and social class. Roberts (1977) suggests that 'good' and 'bad' jobs supercede this socialisation based predominately on how much the job pays. In Phoebe's experience, agency was bounded by societal expectations and parental agency.

> I, of course didn't know the word 'sociologist' and I doubt if I had ever heard the term 'social class' – after all New Zealand was an egalitarian society! …Top ranking were doctors, lawyers, architects, at least one dentist, bank managers, the Anglican clergyman, one headmaster, the proprietor of the *Bay of Plenty Times,* the shipping agent, and their wives, with lawyers and doctors top of the tops (p. 15)... We moved between the lowest rung of the top of the ladder and the highest rung of the lower part, which the rest of Tauranga occupied (p. 20).

Phoebe's parents had decided she would be a teacher. Against the tide for girls of her era, Phoebe had no interest in sewing or music, however her appetite for the written word was voracious. She describes how "the family's permanent stock of books wasn't big enough to keep me going at my reading rate of at least four to five books a week" (p. 5). She acknowledges that her reading strongly affected her self-identity. Her love of words was significant in her being able to use complex words in her story writing, although there were repercussions from peers who ridiculed her in their own ignorance.

Adding to her agency at an early age was her mother's willingness to give her choice over how to spend the money she won in a writer's award when she was 13 and also at 14, more unusual given her father had recently died, in an era where parents appropriated monies given children and that it was a significant amount in their frugal circumstances. Fournier (1998) links the use of personal choice as the pathway to an individual's chosen career and thus are the author of their own success, or failure. However personal autonomy is bounded by other's autonomy as well as being limited by structural constraints which will be addressed later. Agency is not always overt. Killeen (1996) suggests agency 'lurks in the shadows' because individual power is small. Agency explains Phoebe's career; the personal power she demonstrated in deciding how her career would be shaped, even though initially she was swept along by her parent's agency it is evident that at some point she became 'master of her own ship'.

Phoebe talks about the lack of guidance at Auckland Girls Grammar School. She criticizes the mistress' ability to instruct rather than educate them; handed pieces of information which they had to learn but did not educate their feelings and imaginations. Of the seven girls who went on to University they all took Arts "…perhaps because no-one had widened our horizons". She attributed this to the fact that once women married they gave up any goal of 'career' – "forming a long long line of intellectually under-used New Zealand women" (p. 43), and reducing Phoebe's and other women's agency.

It appears that Phoebe's early years demonstrated very little agency in the sense of deliberate rational choice. Rather, the sense of 'as luck would have it' pulled her towards her destiny. Nevertheless, she was not an unwilling participant. Implicit decisions were exercised in that she passed all the requirements and at the age of 17 years became a pupil-teacher (a role we might describe today as an intern teacher) for a year, leading to a teaching a career that spanned 29 years. She credits her year as a pupil-teacher in focusing her on the need for holistic teaching, dealing with student issues and nervousness in addressing groups of young people.

Psychodynamic Theory

Psychodynamic theory can also be applied to Phoebe, since personality plays a role in her success within her field. Psychodynamic theory is concerned with what motivates people to act with regard to career. The application of psychodynamic developmentally contributes to understanding the role of the family in the career development of the individual. This includes parental expectations and decision-making in addition to the individual's orientation towards people (Killeen, 1996).

Phoebe left school crying at the age of 12, since her mother could not afford to send her on to the sixth form (now seventh form). She describes herself as lazy since learning for her was natural and thus she did not have to work hard to succeed. In addition she notes that teachers liked bright intelligent girls that make them and the school look good. Thus she had opportunities that others did not get.

Trait-and-factor Theory

Phoebe's psychological characteristics make her particularly adapted to teaching *even though* the 'career' was chosen by her parents. Trait-and-factor theory asserts that "stable psychological characteristics of individuals which distinguish them from other people…make them better adapted to and more likely to prefer some kinds of work over others" (Killeen, 1996, p. 26). The choice of Phoebe's career, made by her parents, might be explained by their understanding of the individual characteristics that they saw as 'suited' to the teaching profession and to Phoebe's personality and characteristics. This can be further explained by observing Phoebe's lack of skills in some areas and strength of skills in others, for example her contempt for sewing and cooking in deference to reading, academic ability, storytelling and role-playing.

Holland's (1985) theory of occupational personalities describes these psychological preferences within the six categories he identified; realistic, investigative, artistic, social, enterprising and conventional.

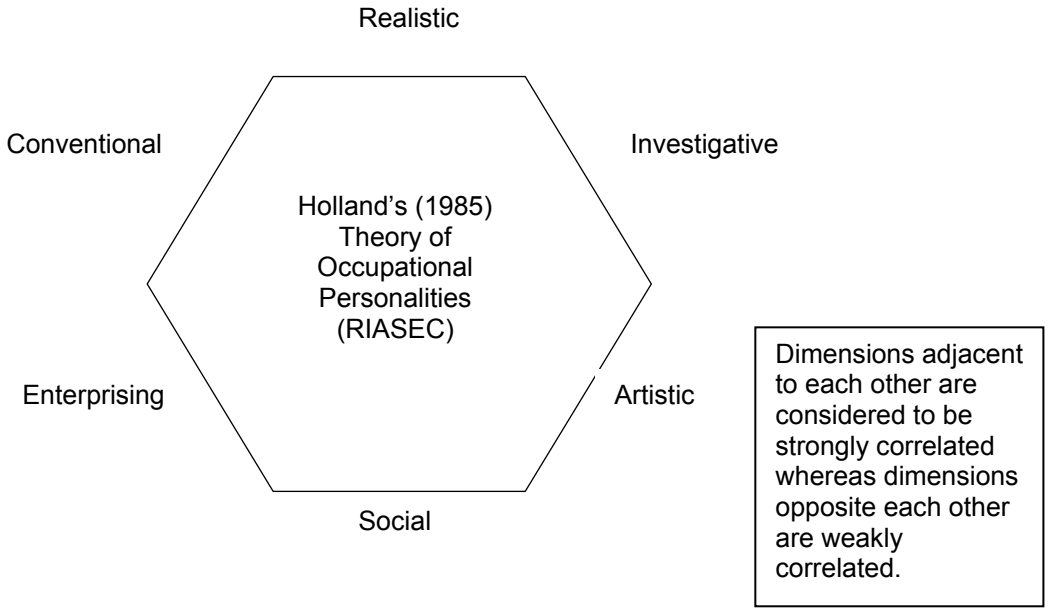


Figure 1. Holland's (1985) Theory of Occupational Personalities (RIASEC)

Examples in Phoebe's life that exemplify this are; her passion and natural ability for reading, her intellectual capacity, her natural ability for self-expression through acting

and story-telling, her need for interaction with others, her ability to influence others, her ability to work within institutional regulation, respect for authority, self discipline and self denial. Holland's theory acknowledges the need of each trait even though they are not evenly distributed. In addition, Holland does not comment on whether the dimensions vary over time. The relativity between the dimensions is also not discussed. For example, Phoebe's investigative skills such as research forced her to develop her enterprising skills.

Structural Theory

Killeen (1996, p. 27) elucidates careers in terms of "systematically differential social environments of individuals such as coercively-maintained gender-related social institutions which determine occupational type" in making sense of structural theory, asserting social classification decides an individual's career. Making sense of this theory from Phoebe's life needs some explanation since anomalies exist. Although she and her family did not 'fit' the socio-economic status which 'bred' doctors, nurses and teacher etc., the children were brought up with the embedded values and beliefs that allied her to the social status of a higher social grouping. For example, Phoebe talks about how her family was brought up.

> Looking back now at our family's poverty I can see it in perspective: it was middle-class poverty and New Zealand-type poverty. That is to say it was made more difficult for my parents' adherence to middle-class standards for everyday life, standards a poor working-class family would probably either have ignored or been unaware of. For example, children, my parents thought, must wear shoes or boots and socks; girl children must wear hats, veils and gloves. A dinner table must have a starched white cloth and serviettes (the term 'table napkin was not used) beds must have sheets, pillow-slips and quilts. There must be only one child to a bed (I was surprised and quite shocked when I found some children slept together) and only one child to a toothbrush, towel, brush and comb. On the other hand our middle class poverty was in basic ways a lot less difficult, a lot less deprived, than the working-class poverty I found out about in 1931 [at the near-slum school I worked at] (Meikle, 1996, p. 124).

Thus, in Phoebe's case, due to the obvious sacrifices made by her family embedded values of a higher socio-economic status within the family, providing her with the cultural capital, that is, the value other people place on 'position', status, social standing, and education, that allowed her to pursue a career within New Zealand's structured social class system (Bourdieu; Passerson, 1977).

Structural theory allows us to view status within social stratums as the door of opportunity (or not) for better educational opportunities and influential associations (networking, or as it used to be called – knowing the right people in the right places).

Thus links between trait-and-factor theory, agency and structural theory can be seen in that 'free-choice ideology' (agency) gained through increased self esteem, autonomy and self efficacy formed because of social 'training' and expectations, became a self-fulfilling prophecy in that "socialisation aligned expectations to realities" (Killeen, 1996, p. 28).

Phoebe's view of Alice Bush's career better exemplifies this point.

> With support from her husband and father; with no need, when Faulkner (husband) returned from the war, to spend time and energy establishing an independent home because the Bushes continued to share the Stanton family home in Mountain Road with Sir Joseph (father); and with enough money to pay domestic help, circumstance's clearly favoured Alice's ascent into the higher reaches of medicine, into becoming a publicly known figure who led several lives at once and excelled in almost all of them (Structural theory). But her personal characteristics played a big part too. They included…persisting no matter how much opposition…her good judgement over ordering priorities, her capacity to treat light-heartedly incidents that would have fazed, even defeated many women (Trait-and factor theory and the agent)" (Meikle, 1994, p. 135).

It is suggested a link between structure and psychological dimensions exists, concluded because of the tension that exists between agency and structural constraint. Certainly Phoebe's freedom of choice was constrained by institutional policies based on patriarchal systems of autocratic, conservative male-dominated educational supremacy in New Zealand at that time. And yet, she not only 'played the game' but forged a name for herself within this highly male-dominated, bureaucratic environment.

Gender-related Issues

Much of historical career theory is based around studies of men. Nevertheless Super (1957) suggests that men's and women's careers differ significantly. "Gender differences in the selection of activities that constrain occupational choice often occur early in the life cycle" (Correll, 2001, p. 1692). In addition, gender beliefs become embedded in subsequent generations as the gender biased behaviours continue. Careers are 'chosen' because of gender-based 'streaming' and its resultant constraints for males and females to follow a career in a field predominantly directed at one or other gender. Although 'teaching' was an acceptable career for a woman, the career pathway vertically was dominated by males in all of the senior positions. Women did not preside over men! Gender is also interpreted as a status characteristic in that assumptions are made that men are better at particular tasks, for example, engineering, while women are better at nurturing. Gender stereotypes pervade contemporary society although some diminishing of this perception may have occurred. Nevertheless, gender-specific stereotypes still exist even though the 'occupation to gender' conceptualisations have changed. For example, once women 'conquer' a male dominated arena of career, as in the case of human resource management, commonly the 'rating' of that position is reduced. Thus careers are deeply embedded in social and cultural practice (Correll, 2004).

> Gender segregation at Takapuna Grammar School (TGS) was not confined to pupils. Until the mid-50s, when a large pre-fab common staffroom was built, mistresses and masters inhabited different staffrooms and met socially only at morning tea; even within that common room staffroom there were mistresses' and masters' tables and it took some courage to sit at the other gender's table. At one full staff meeting, I recall, women members of the staff were reduced from segregation to invisibility: the chairman closed the meeting with, "Well, I think, gentlemen, that's all."

It could be argued that some career theory is not applicable to women simply because of the unique aspects of women's experience in the workplace such as dealing with; discrimination, pay inequity, glass ceilings that diminish promotion pathways, family demands, and sexual harassment. Roberts and Newton (1987) suggest women have 'split dreams because they are forced to decide between family and career, although this view does not acknowledge the important role fathers have in their children's lives. This was evident is Phoebe's life. "In those days, women teachers almost always retired when they married" (Meikle, 1994, p. 45). In the early 1950's my mother-in-law 'threw away' (as she puts it) her nursing career when she married, and was expected to 'keep house' while her husband became the 'provider'. "It is through career actions and stories that people reproduce, resist and reconstruct dominant values and prescriptions for action (Walton, 2004, p. 5).

> Those repeated men's-eye views of women and girls and the paucity of women's-eye views, especially in our fiction, saddened and angered me – subjectively of course but also objectively because society doesn't achieve full, rich, enduring life until its people and their land are accurately and comprehensively documented, and good imaginative writers, I believe, perform these vital tasks more penetratingly and truthfully that anyone else. Hence a reasonable balance is necessary between women and men writers' views of themselves and one another and of society in general (Meikle, 1994, p. 150).

Nevill (1997) suggests that whereas women experience increased conflict between choices of 'home' and 'work', which were termed 'time starvation', where there is just not enough time to succeed at both. Phoebe's life seems to support this view, in that although she talks about loves (and likes) of her life, she never committed to an on-going relationship or children.

The male-dominated workplace that Phoebe rose to acclaim in was also heavily entrenched within the dominance of a bureaucratic organisation making her success in education more remarkable. "Bureaucratic control is embedded in the social structure of the organisation and is built into job categories" (Gowler & Legge, 1989, p. 441). This may be a contributing factor in her change of career direction to publishing.

Developmentalism

Developmentalism describes how the individual gains the necessary tools to further their career pathway through the accumulation of knowledge, networks and maturation over time (Killeen, 1996). An important part of developmental theory is the notion of self-concept as it addresses environmental conditions (nurture, ability) and psychological (philosophical background, risk-taking, opportunistic). To perceive

career as developmental occurrences, maturation and development is interwoven with the individual's involvement in the planning and plotting of their future (Chen, 2003).

Developmentalism relates to Freudian notions of childish pleasures and gratification dominating early career choices, and as the individual matures, concepts such as delayed gratification and goal achievement influence career decision-making. For example, the early years of Phoebe's life could be described as meanderings, her self-confessed laziness, yet her achievements were enough to get her through to the next stage partly due to a confident and healthy self-image. It was only later that her career took on a more premeditated, insightful and strategic approach. Although implicitly stated, Phoebe was still 'living her dream' at 83 years of age, each part of that life having progressively built the steps to the next part.

She states how 'lucky' she was to have "a young, highly individual, role-playing teacher, W.S.J. Dale, who later became a distinguished and still highly individual role-playing educationalist" (p. 4). Twenty years later they were both appointed to a revision committee set up by the Department of Education. This fitted very well with a childhood of play-acting.

Developmentalism describes Phoebe's career very well. Originally I had thought I would make sense of her life through theory on the boundaryless career, because it is defined as an individual moving across the boundaries of separate employers (Sullivan, 1999). However, one's marketability external to the current employer, maintained by networks external to the current employer, absence of traditional hierarchical accountability, the rejection of career opportunity for personal reasons such as family or lifestyle, and the perception of the individual towards resistance of the traditional career concept. A common denominator is the independence of the employee in contrast to the dependence on the employer for advancement (Arthur & Rousseau, 1996). In strict adherence to this definition Phoebe scores as follows, which suggest developmentalism rather than boundaryless careers best makes sense of her career

Table 1. Judging if Phoebe's Career is Boundaryless

1	Moving across boundaries of separate employers	Yes
2	Own marketability external to current employer	Not really – not deliberate
3	Networks external to employer	Not really – not deliberate
4	Absence of traditional hierarchy	No
5	Rejection of career for family or lifestyle	No
6	Resistance to traditional concept	No – worked within concept towards advancement

Neither could her career be strictly described as an 'organisational career' – a career envisaged within a single employment scenario since her career spanned teaching and publishing (Arthur & Rousseau, 1996).

Boundaryless theory of career originally appeared to make sense of Phoebe's career in that she began her career in teaching, rising through the ranks, and then moving into publishing, that is, transition across occupational boundaries. Contrary to Phoebe's experience though, occupational boundary transitions has been applied more to women who chose boundaryless careers for entrepreneurial reasons or aspirations for corporate careers, particularly those over forty years old (Moore & Buttner as cited in Sullivan, 1999).

Developmentalism creditably describes Phoebe's career, in that, although it crosses boundaries, it better describes an ongoing upwardly moving 'journey' of career rather than the notion of portfolio, which describes a horizontal accumulation of different work experiences. Rather,it appears that Phoebe's career decisions are an extension of the 'person life' rather than an attempt to have a 'basket' (feminine sic.), of work experiences on which to explain/justify her choices. In addition a boundaryless career has a sense of 'hit and miss' about it – the happy wanderer – who accepts opportunities 'as they come along'. Although this might fit with Phoebe's frequent comments about "as luck would have it", when one stands back and looks at her life and her achievements, it is in my view, not at all accidental. Admittedly, she hasn't sat down with a careers advisor and plotted out a career pathway, nevertheless there is still a sense of progressive development and deliberate determination towards destiny fulfillment.

Additionally, aptitude is a vital ingredient in deciding the breadth or height that an individual's career is likely to go. Aptitude might better be discussed within the field of trait-and factor-theory since it could be considered an inherited quality. However the *application* of aptitude suggests it rightly fits within developmental theory. Factors to be considered are; stability, potential, abstract reasoning, perceptual speed, intelligence, manual dexterity, spatial ability, judgment, comprehension and musical ability. Phoebe's aptitude to her chosen careers of education and publishing are evident, although her musical ability is non-existent. Nevertheless, her ability to resourcefully find quid pro quo arrangements with other teachers to achieve the teaching of music in her classes reinforces her aptitude to flexibility and problem-solving (Super, 1957).

Conclusion

I have attempted to make sense of career theory as it pertains to the career of Phoebe Meikle and explain why the theories discussed best explain her career. Several career theories join together to assist in understanding Phoebe's career path. These themes, although discussed separately, combine together to promote an overarching appreciation of Phoebe and career theory. It is my hope that something of the determination, tenacity, and humour of this remarkable woman shines through this essay and that I am still writing and focusing on life throughout my whole life. In conclusion, career theory helps us to understand individual experiences of career, but it is 'in the doing', the application of combining skills, opportunity, values, experience, timing and personality that determines what we actually achieve in our careers. Time and chance come to us all – what are we doing with our opportunities? This essay concludes that further research as to the correlation between what we consider 'success in life' and the link to career could be studied in the future.

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‘HRM Best Practice’

Hadleigh Mess

Introduction

Over recent years the business environment has become increasingly competitive, ultimately forcing managers across the globe to establish competitive strategies allowing them to compete within this environment. These strategies are formed in the hope of providing the organisation with a sustainable competitive advantage. One area that has been targeted as a means of providing a competitive advantage is the management of the Human Resource function. Over the past decade there has been a dramatic shift in the area of Human Resource Management (HRM) (Delery & Doty, 1996), with significant emphasis being applied to the human resource management function and its significant contribution to organisational performance.

However in order to influence organisational performance it is argued that there are certain ‘practices’ of human resource management that must be abided by in order for this improved performance to be achieved. These have been referred to as Human Resource Management ‘best practices’. This review endeavours to define what is meant within the literature as ‘best practice’ and explore some of the significant best practice techniques that are outlined within the literature. This will entail a brief discussion of fifteen of the best practices that have been established and discussed by prominent authors, followed by an in depth look at five of the practices from the list of fifteen.

The purpose of the discussion is to outline what is seen within the human resource management literature as ‘best practice’, ultimately how it works, what the practice entails, and how it is justified as being a best practice. Following an in depth discussion pertaining to five best practices, I will try to establish, which, if any of the fifteen best practices of HRM outlined, are linked to one another. It is argued by Johnson (2000) that complementary best practices compound to further increase the performance of the firm, or create an additive effect. Thus I will seek to establish whether any of the best practices that are discussed within this review complement each other and ultimately further contribute to providing a sustainable competitive advantage for the organisation.

Definition of Human Resource Management ‘Best Practice’

Unfortunately there has been no authoritative definition of best practice that has been agreed upon by academics or practitioners. This leads to a lack of conceptual clarity of the HRM best practice definition. However there have been several definitions that have emerged that encompass many of the underlying factors of HRM best practice, allowing us to gain understanding of the topic. Johnson (2000) details, “best practice or high performance work practices are described as HR methods and systems that

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have universal, additive, and positive effects on organisational performance" (p. 69). This definition relates to the fact that the more best practices that the organisation employs, each will add to the previous, thus compounding the resulting performance of the organisation. As I will discuss later each of these best practices must complement each other, as if this is not the case the other will ultimately negate any advantage that could possibly result from its inception.

The main area that needs discussion relates to the purpose and benefits of the best practices that can be implemented within an organisation. Delaney and Huselid (1996) outline that, HRM best practices are designed to enhance the overall performance of employees within the organisation, ultimately resulting in increased organisational performance. Delaney and Huselid (1996) continue by stating that commitment plays a major role within HRM best practice. Commitment shown by the employer with regard to areas such as training and development for example, is consequently reciprocated by the employee, with this increased commitment toward the organisation, performance increases as employees are more skilled and committed to the profession, resulting in a 'win – win' situation for both parties.

In simple terms, each best practice technique is aimed at developing the employee, increasing their commitment, with the resulting intention to improve the organisational performance, and ultimately create a sustainable competitive advantage. All of this stems from the nurturing of the human resources of the organisation, through the best practices that will be discussed within this review. Ultimately these measures are taken by an organisation as employees are viewed as extremely valuable resources, which undoubtedly have the ability to provide the organisation with a competitive edge. Coupled with this is the additive effects of implementation of numerous complementing best practices that enable the organisation to create a significant competitive advantage through the human resources held within the organisation.

Fifteen Best Practices of Human Resource Management

What follows is a brief discussion of fifteen best practice techniques that have been outlined by prominent authors on the subject of HRM best practice.

The first authors to be reviewed in this review are Pfeffer and Veiga (1999) who offer seven of the fifteen best practices that are to be discussed.

1. The first best practice is that of employee security and/or employment. This area relates to formal policies and procedures employed by the organisation such as, formal contracts, non-redundancy clauses, equal employment opportunities, and general measures set within the organisation that offer some degree of security to the core workforce of the organisation. The term "core worker" is important here as Purcell (1999) believes that employee security ends with the core workforce as no measures are put in place to protect temporary staff or sub-contractors for example.

2. Selective hiring is another area that has been stressed by many HRM best practice authors, including Pfeffer and Veiga (1999), MacDuffie (1995) and Pfeffer (1995). The aim of selective hiring is to obtain the most suitable candidate for the vacant position. Areas of concern relate to internal or external hiring, which selection

criteria and channels are used, interview strategies, and other methods designed to recruit the most suitable candidate for the position.

3. Effective use of teams has been stressed as an integral part of today's organisations. These are not only accountable and responsible for their organisational area; it also enables a shift from a centralised control function, to a peer based control system (Pfeffer & Veiga, 1999).

4. Effective compensation strategies have been highlighted as a method that creates high commitment. This is created through compensating the employee in line with their superior performance, either through financial or non-financial means.

5. This area is inextricably linked to the area of performance appraisal as, if the performance level is not known, the rewards are unjustified. Performance measurement can be at an organisation, team or individual level, and is a sound way to gauge the performance of both the employees and organisation as a whole (Delery & Doty, 1996).

6. One of the most credible methods for improving and developing not only the employee but also the organisation is through the provision of, as well as the use of, training and development opportunities. These can apply to work specific practices, thus improving the performance of the firm (refer p. 7) or simply to the development of the employee in non work related areas. The rationale behind this is that the employer has shown commitment to the employee through the training and development programme, therefore this commitment is reciprocated by the employee, with the end result being improved organisational performance (Pfeffer, 1995).

7. The reduction of "status differences" is a method used to create a flatter organisational structure, thus increasing overall flow within the organisation. Each operational level consequently gains responsibility and accountability, with the objective of increasing commitment toward the organisation from employees. This incorporated with flexible job descriptions, increases the development of the employee to take on new skills within different areas, and ultimately minimises the potential for monotony of well defined repetitive job areas.

8. MacDuffie (1995) recognises that the reduction of status differences can also greatly enhance information sharing and communication. The flatter organisational structure means that overall it is easier to communicate across the organisation as well as between levels. Communication is essential within any organisation as, if all organisational employees know what the others are doing, and the overall corporate strategy, then the attainment of goals will be much more feasible.

9. Huselid (1995) along with Pfeffer and Veiga (1999) agree on many of the best practices outlined above, however Huselid (1995) adds more to the best practice argument. Grievance procedures are considered a key area in order to enhance and create commitment within the employee base of the firm. These are a formal set of procedures that are used to ensure all matters are dealt with fairly, equally and by 'the book', i.e. staff can be assured that a reliable process is available to resolve issues.

10. Huselid (1995) also adds that promotional criteria is an essential method for creating trust and commitment from the workforce, and states that there must be justification for the promotion, as in seniority vs. merit, as well as opportunities of internal promotion as well as external.

11. Employee ownership has been seen as a method that allows employees to obtain shares of the organisation, with the intention that if the employee owns part of the organisation they will endeavour to ensure that it succeeds (Pfeffer, 1995).

12. Pfeffer (1995) also states that the empowerment of employees within the organisation is a key practice that enables employees to be accountable and responsible for their work, thus increasing the commitment toward the organisation. Empowerment may be in the form of decision making abilities, project input or control of quality within operational processes for example.

13. Employee suggestions are closely related to communication, however further emphasise the necessity of an upward communication flow. MacDuffie (1995) points out that employees are dealing with operational processes and customers constantly and therefore should have better understanding than management. For this reason it is essential that their voices are heard and steps can be taken to improve the organisation as a whole, which is achieved through formal process strategies to ensure this outcome is possible.

14. MacDuffie (1995) also outlines that an important best practice is job rotation, as increased flexibility of job positions not only aids in the development of the employee but also helps with the overall operation of the organisation.

15. The final best practice that will be discussed is that of career ladders and possibilities of progression for employees. Wood (1995) details this as essential, as it motivates the employee to perform within the organisation, and if this progression was lacking the incentive to perform may not be there. This incentive drives employees to perform within the organisation as it allows employees to be rewarded for their efforts within the organisation, through career progression, remuneration and increased responsibilities for example.

Five areas of best practice

What follows is an in-depth look at five prominent HRM best practices selected from the above fifteen, with the aim to show how they are operationalised within an organisation. Ultimately the objective is to show how they can be justified as a best practice, as per the definition of best practice outlined earlier. The areas that will be covered are training and development, teams, employee selection, performance appraisal and communication. It should be noted that these areas are equally important and thus the order of discussion does not represent their relative importance.

Training and Development

The aim of training and development within an organisation is to provide staff with the necessary skills and knowledge to fulfil the organisation's corporate and business plan (Johnson, 2000). This however, is not simply related to specific training for a work practice, as training of any type is essential as it creates a learning ethos (Pfeffer, 1996). In many instances training and development is seen as a frill, rather than a necessity, even though it has been proven that training can provide a competitive advantage to those firms who have the wisdom to use it (Pfeffer & Veiga, 1999). Within an organisation that operates training and development as a best practice, this should occur at organisational, operational, and personal level (McGehee & Thayer, 1961).

Training should not simply occur with specific reference to an operational task. The development of employees in multiple ways is a method for instilling commitment, as reciprocation of this commitment can be seen through the employees improved performance. However in many instances this is easier said than done. The enactment of effective training and development within an organisation is essential; therefore what follows is an outline of steps that have been taken by prominent organisations in the lodging industry that have been researched by Enz and Siguaw (2000).

Enz et al. (2000) reinforce what has been stated above regarding the absolute importance of training and development within today's organisations, and offer some practical insight into the operationalisation of training and development within the workplace. In one example from Enz et al. (2000), the organisation established training modules, which comprised of not only tasks and exercises that related to organisation specific development, but also encompassed areas that aided in the development of the individual employees. Overall, these were used to promote organisational understanding, improve staff communication and self understanding, and enhance self esteem. These were used in conjunction with regular meetings which enhanced communication and reduced conflict within the organisation. The philosophy from the organisation was that only the best could be delivered by the employee if they "feel good about themselves and what they are doing, and who are motivated intrinsically by their own competence and sense of personal mission" (Enz & Siguaw, 2000, p. 54).

A similar training and development programme outlined in Enz and Siguaw (2000) was established at another researched hospitality facility, where development staff strived to not only educate about the organisation, but to understand the values held by the employee, to better assist in their own personal development. Each of these examples show that best practice training and development has been seen as essential within the organisation, and not only emphasises organisational related issues, but specifically targets personal development of the employee as well. In both situations the organisation understood that an intrinsically motivated employee is able to perform better within the workplace.

Teams

The conceptualisation of a physical team and/or teamwork within an organisational environment has proved more difficult than first thought by early management writers. Little was known as to how the dynamics of the team would affect the resulting performance, which, in many instances was significantly less than if the employees were to work on an individual basis. One example provided within a study conducted by Goleman, Boyatzis and McKee (2002) established that the dynamics of the team were so conflicting that, on the rare occasion the team were able to make a decision, other members of the team endeavoured to sabotage the outcome. This is one extreme example of how a team isn't meant to function. Conversely, effective teams within an organisation should be totally self aware, and should be self managed, not only be accountable for organisational tasks, but be self regulating to ensure the team performs as one at all times. One of the most comprehensive definitions of a self managed team comes from Wellins, Byham and Wilson (1991), where it is defined as a group of employees who have the following responsibilities:

- Manage themselves e.g. plan monitor and manage their staff.
- Assign specific jobs to team members; decide on who works on what, where and when.
- Plan and schedule their own work, as in goal setting, timelines, budgets, location etc.
- Responsible for making service and/or production decisions, making them responsible for quality, inventory, stoppages etc.
- Are able to take action to remedy specific problems without having to gain management approval, with specific reference to production and service related issues.

These five areas specifically represent the best practice operationalisation of teams within an organisation and as Manz (1992) says, it can be referred to on a continuum. At the low end, teams are represented as having little power, no real responsibility, and not working as a coherent unit. At the other end, we can see many of the features outlined above, which specifically represent the best practice of team training, implementation, development and operation, specifically in line with organisational goals for example. The final addition that needs to be mentioned with regard to teams and best practice is the notion of 'interdependence' (David, Pearce, & Randolph, 1989), where a team 'becomes a team' where each member is dependant on one another to ensure that the task is accomplished to its absolute fullest potential.

Employee Selection

The area of employee selection will now be explored, detailing the benefits that approaching this function as a best practice has to the organisation. O'Leary, Lou Lindholm, Whitford, and Freeman (2002) state that the most successful organisations of the future will attract, engage, retain and develop the best and brightest

employees. However, as with many of the best practices that have been discussed before, the successful application of this in practice is often significantly more complex than it sounds.

The key question is what does employee selection, as a best practice, entail? It should first be noted that larger organisations are more likely to engage in best practice selection, due to the associated costs of selection as a best practice, often meaning the smaller firm is unable to meet the required costs of meeting the best practice selection requirements (Johnson, 2000). It is interesting to note however, that even though there are significant costs associated with recruiting and selecting the most appropriate employee for the job, long term, the costs that could be saved due to making optimal appointments are significant, and could thus outweigh any initial costs associated with finding an appropriate employee.

There are many factors that must be considered when selecting an employee for any available position. From the outset, the objective is to find the most appropriate employee to fill the position, who will in turn produce the most productive output for the organisation. The question must be asked as to whether the selection comes from within the organisation or external to the organisation. Internal selection or promotion in itself is a best practice of HRM, and so therefore only external selection will be focused upon to minimise any confusion, and specifically target the issues and factors surrounding the area of selection from an external source.

The recruitment channels that are selected to locate the employee often have significant bearing on the calibre of the employee. Decisions must be made as to whether an agency is used, or whether methods including, newspaper advertisements, professional magazine advertising, internet recruitment, or headhunting locally, nationally or internationally are utilised for example. This decision will impact on the resulting appointment and therefore must carefully be considered in order to ensure the most appropriate appointee is selected.

When identifying possible employees, the specific skills and requirements that are advertised will significantly impact on who applies for the position, and if done correctly can eliminate many of those applicants who aren't suitable for the position. Coupled with this, interview strategies that are used will also enable the recruiter to ascertain whether or not the applicant is the most suitable person for the position. The most successful interview strategies include careful checking of credentials, provision of work samples, well planned questions or applicant testing for example. Depending on the position that needs to be filled and the required skills, it is essential to consider the skills that the applicant holds, in relation to those skills that can easily be trained and the ones that cannot. If an applicant is employed, however requires extensive training, far beyond what was considered necessary upon appointment, then the wrong decision has been made.

However the converse argument to this is that, depending on the position that needs to be filled, it may be appropriate to attract the largest and most diverse applicant pool possible. Instead of specifically defining the exact requirements it may be beneficial to broadly define the job description in the hope of attracting an applicant who may not have applied or considered the position before due to strict guidelines, and who may actually be the most suitable person for the position.

If all of these areas are considered, with the most appropriate candidate being selected for the specific position, then this can be defined as best practice selection, as ultimately the commitment from the employee and resulting productivity for the organisation will be at its optimum.

Performance Appraisals

Recently there has been an increased use of performance appraisal and compensation as a means of increasing overall commitment toward the organisation (Enz & Siguaw, 2000). There are many methods of performance appraisal that are used within organisations today, such as operational performance and productivity benchmarking for example, performance appraisals with management, average sales figures, organisational performance, and turnover to name a few. In each instance the assessment looks to see if there has been any positive change over a given space of time. It is often difficult to specify exactly what led to the increased performance, however in each instance accurate measurements must be made in order to allow management and employees alike to see if there has been any positive change in performance at either the organisational or individual level. Messmer (2004) provides an outline of factors that could be considered when appraising at an individual level, these include:

- Competency – how well does the employee perform their basic job duties?
- Teamwork ability – Does the employee have a positive working relationship, and are they willing to help others?
- Initiative – Is the employee able to devise solutions without having to ask, for example.
- Soft skills – Is the employee able to effectively communicate in a written and verbal form?
- Ethics – Is the employee able to work effectively and in an ethical manner, and does the employee understand the importance of ethics?

These factors provided by Messmer (2004) are an example of factors that can be considered when assessing at an individual level. They are however only an example, and thus cannot be universally applied, as depending on the job description and organisational position, these factors may vary to better suit the particular employee being appraised.

Performance appraisals have many uses within the organisation, firstly they allow for the measurement of the individual performance of employees and/or teams. This in turn allows for compensation to be provided to these deserving employees and/or teams, which show reciprocation in commitment from the employer for the commitment shown to the organisation by the employee. It also allows management to assess the performance of the organisation as a whole, which in many instances is significantly more important than simply the individual level. This is due to the fact that if the organisation as a whole is prospering, then all individuals within the organisation can be assured their security within the organisation, with possibilities of advancement for those who have proven themselves for example.

Performance appraisal can be considered an HRM best practice, as it provides an outline for employees within the organisation to improve their performance with regard to not only organisational objectives and operational processes, but personal goals as well. Performance appraisals also allow for linking of performance with remuneration or further training. Examples such as these provide not only development of the organisation as a whole, but also development and betterment of the individual employees, which as has been discussed before allows this practice to be classed within the best practice of HRM.

Communication

The final point that needs to be discussed within this section relates to communication as an HRM best practice. Luthans and Peterson (2003) detail that as organisations become increasingly complex, sound two-way communication is essential to ensuring the organisation runs smoothly. Communication, if used as a best practice provides all employees with a voice within the organisation. If there are any grievances, for example, the employee is able to freely communicate these with the appropriate people. Also if the communication is effective to its fullest extent, then theoretically these grievances shouldn't occur, as all involved parties should be able to communicate their feelings and settle the matter before it needs to be taken any further.

Sound communication within an organisation also allows each employee to know exactly what is expected as far as their responsibilities and organisational mission statement, and what is happening within each organisational area. The latter point for example is essential as if each organisational area knows what the other is doing, and then decisions can be made regarding operational processes, which for example can greatly reduce time delays, increase effectiveness of problem solving and as a result enhance productivity.

If sound communication between organisational members exists then meetings/briefings can occur, which can give each section an understanding of the others progress, which ultimately, can lead to planning of not only current operations, but ways in which the process and operation can be improved in the future.

Another major area that needs to be considered is the notion that 'shop floor employees know best'. What this basically means is that 'shop floor' employees are dealing with customers and operational process on a day-to-day basis, and therefore have a better understanding as to how to improve the organisational processes or better satisfy customer needs. The only way this can occur however is if the 'shop floor' employees are able to communicate these ideas with management who are able to make decisions regarding these areas. There are several benefits from using two-way communication, firstly the organisation increases performance due to consumer needs being better satisfied, or processes being improved, and secondly the employee feels accomplishment, and responsibility in the fact that their idea has been used to help develop the organisation. This aids in commitment building with employees as they are able to see improvement in something they have contributed to the organisation. This last point reinforces the fact the communication is an HRM best practice, as per the definition not only is the organisation improving

performance, the employee is bettering themselves through responsibility and accountability for the suggestion they have made to promote change.

Linkages between HRM Best Practices

Many of the HRM best practices have been outlined within the above discussion, including details about what they are and how they fit within the organisation. However it is also essential to outline the inextricable linkages between many of these practices. As referred to above there can be an additive effect for the organisation if more than one best practice is implemented, in essence providing a compounding competitive advantage to those firms who are able to successfully implement and run multiple best practices. If the organisation is able to understand and manipulate those practices that complement each other then it may be able to secure a competitive advantage within the business environment. The purpose of this section is to outline the definitive linkages between those best practices that have been discussed within this review.

I will first review one of the longest and most complex relationships, detailing the components and ultimately why they are linked.

Teams are an integral part of any organisation; they can be linked through effective communication, as any or all teams should communicate their progress or direction, with subsequent or other teams, and or the management or the organisation in order to ensure that all within the organisation know what is going on within the organisation. As many teams are accountable and responsible for their area of work, teams can be linked to empowerment of employees, and or teams. This in turn can be linked to effective communication, as employees must understand the strategy of the organisation in order to make decisions to improve the organisation, and also communicate these decisions with management. It must be noted that for teams and employee empowerment to work effectively, training and development must be utilised to ensure that employees have the required skills to make the decisions, and effectively work within a team environment, so training and development is linked to these practices as well. Finally all of the measures that have been discussed can be linked to a flatter organisational structure, as teams negate the need for multiple hierarchy levels, as does employee empowerment, with communication being more effective with fewer organisational levels, once again linking all of these practices together.

There is also a strong link between the performance evaluation of individual employees, and performance based pay. If effective measurement of employee performance takes place, then the suitable remuneration for this performance can ensue. The remuneration can either be financial or non financial and is an effective way of generating commitment from employees, as they are fairly rewarded for the performance that is applied. This in turn can lead to continued performance improvement, as employees are aware that superior performance is rewarded by the organisation.

Another linkage that can create overall commitment for the employee base of the firm comes in the form of opportunities such as promotional opportunities, and career ladders. If an employee is aware that if they apply themselves to the organisation,

and show commitment, then this will be reciprocated by the organisation in the form of promotion opportunities, which once again reflects the performance of the employee. This is also linked with performance measurement of the organisation, which ensures that promotion and remuneration occur, and incorporate those employees who are most deserving.

Finally, we can see a link between employee security, hiring procedures, and grievance procedures within the organisation. If the selection strategy is sound, and enables the recruitment of the most suitable employee for the position then the need to re-hire in the foreseeable future can be negated thus improving overall employee security. Grievance procedures can also be linked to employee security, as if there are formal policies and procedures in place to steer both the organisation and employee through the grievance process, then employee security increases if appropriate policies are in place to minimise this occurrence. However, if a grievance problem does occur the correct steps can be taken to ensure that those involved are fairly and justly treated.

All of these linkages can be used within an organisation, and all provide an additive effect and enable the organisation to more effectively compete within the business environment. These are just some of the linkages that occur between the best practices that have been outlined within this review. These practices, and others not detailed here, can compound to provide a sound HRM function within the organisation if they are applied in an effective way.

Conclusion

It should be noted that within this review for the purposes of consistency and simplicity, the best practices that have been outlined fit within the universalistic model of HRM. This refers to the notion that some HR practices are better than others and that all organisations should adopt these practices (Delery & Doty, 1996). This model concludes that no matter what organisation or industry the organisation operates in, the same set of best practices are applicable, and will work to ultimately maximise organisational performance. This general notion and subsequent model are argued against by those, for example, who support the contingency model of HRM. This claims that in order for HRM to be effective it must be consistent with over aspects of the organisation, such as strategy for example (Delery & Doty, 1996). This argument is still unresolved however, and therefore as stated above for the purpose of consistency and simplicity, this review has utilised the universalistic model of HRM and assumed that all HRM best practices are universally applicable.

This discussion has encompassed many of the elements of HRM best practice, and has endeavoured to show not only which practices are classed as “best practices”, but also why they are important. Coupled with this, five best practices have been shown in depth to detail how they might be applied within an organisation, with the intention to provide a practical perspective to a topic that has often remained as an academic and theoretical option due to the controversy and arguments among prominent authors surrounding HRM and what can be classed as best practices.

A definition of what is meant by a best practice was offered, in order to shed some light on an otherwise confusing argument. Currently there is no single clarification of

what can be classed as an HRM best practice, however through some of the definitions that have been offered we were able to interpret that the main objective of HRM best practices is to improve and develop employees, both at an organisational and personal level, so they in turn are able to be more productive within the organisation, thus improving organisational performance and ultimately providing a sustainable competitive advantage.

Finally, a section was included that showed linkages between the selected HRM best practices, detailing how they fit together and created an additive effect to further enhance the organisation's competitive position. Many of the best practices available to managers are able to be used in conjunction with each other, and in a sense, only function to their fullest extent when they are coupled with other best practices. In summation, best practices are used to develop and improve organisational employees, who, in turn are able to enhance performance of the organisation. If properly implemented HRM best practices are supposedly able to provide a significant advantage within the organisation that allows them to successfully compete within an extremely competitive business environment.

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Investigating the Use of Human Resource Management Best Practice in New Zealand Firms

Kelly Klein

Abstract

Human resource management (HRM) best practice suggests that a sustained competitive advantage can be developed through its implementation in all business contexts. However, the implementation of HRM best practice in small firms has been largely ignored in previous HRM studies. This study makes an important contribution to HRM literature by investigating the use of HRM in small and large New Zealand firms. Specifically, it uses a survey approach to examine the extent to which firm size and the existence of a specialist HR department influence the adoption and strength of operationalised HRM best practices. The sample comprised 89 New Zealand firms across a range of industry types. The results reveal that while many New Zealand firms implement HRM best practice, adoption rates are significantly higher in larger firms with an HR department present. On the other hand, no differences were found in relation to the strength of operationalised HRM practice between small and large firms with a specialist HR department. The reasons why firm size and the existence of a specialist HR department might affect the usage of HRM are discussed, and the implications these findings have for New Zealand firms are highlighted.

Introduction

Forces such as globalisation, increasing competition and rapid change are propelling organisations towards to the effective management of human resources (Van Buren & Werner, 1996). Consequently, research focuses on how to effectively manage human resources so as to unleash their potential to create a competitive advantage for the firm. One popular strategy for achieving this is identified in the literature as the use of HRM best practice. Studies in this area posit that a number of practices are better than others and that all firms should adopt these best practices (Delery & Doty, 1996).

Empirical research suggests that the adoption of HRM best practice is widespread as it is appropriate in any organisational context. However, most of this research neglects to take into account smaller firms, such as those abundant in New Zealand. Empirical research examining the relationship between HRM best practice and firm size, suggests there are differences in the adoption of HRM best practice, with larger firms tending to adopt more practices than small firms.

Research, specifically conducted within the New Zealand context, tends to support this trend. As well as firm size, the literature also suggests that the presence of an HR department may have an influence on the adoption of HRM best practice, with

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firms adopting more practices tending to have a specialist HR department or manager present within the firm (Johnson, 2000). Therefore, this research aims to make a contribution to our understanding of the use of HRM best practice in New Zealand firms.

Literature Review

Standardising HRM Best Practice

A substantial amount of research has attempted to identify which practices are considered to be 'best'. A review of the literature indicates that a related list of best practice is far from clear (Purcell, 1999). For instance, Pfeffer (1994) argued that greater use of 16 management practices, in areas such as participation and empowerment, incentive pay, employment security, internal promotion, and training and development, results in higher productivity and profit across firms. In contrast, Osterman (1994) argued that a number of innovative work practices, such as teams, job rotation, quality circles, and total quality management, result in productivity gains for all U.S. organisations. Further disparity in the identification of a set of HRM best practices can be found throughout the literature. A summary of some of these variations are presented in Table 1 (found below).

Table 1: Summary of HRM Best Practices

Arthur (1994)	Pfeffer (1994)	Delaney, Lewin, & Ichniowski (1989); Huselid (1995)	MacDuffie (1995)	Wood & Albanese (1995)
Broadly defined jobs Employee participation Formal Dispute Resolution Information sharing Highly skilled workers Self-managed teams Extensive skills training Extensive benefits High wages Salaried workers Stock ownership	Employment security Selective recruiting High wages Incentive pay Employee ownership Information sharing Participation Empowerment Job redesign/teams Training & skill development Cross-utilisation Cross-training Symbolic Egalitarianism Wage compression Promotion from within	Personnel selection Performance appraisal Incentive compensation Job design Grievance procedures Information sharing Attitude assessment Labour/management participation Recruiting intensity Training hours Promotion criteria (seniority vs. merit)	Work teams Problem-solving groups Employee suggestions Job rotation Decentralisation Recruitment & hiring Contingent compensation Status differentiation Training of new employees Training of experienced employees	Trainability & commitment as selection criteria Career ladders Teamwork & briefing sessions Quality circles Training budgets Job design Quality Flexible jobs No compulsory redundancy Formal assessments Temporary staff Uniform terms and conditions

(Source: Adapted from Youndt, Snell, Dean & Lepak, 1996)

The practices identified by Pfeffer (1994) and Osterman (1994), and those included in Table 1, are generally considered to constitute HRM best practice (Delery & Doty,

1996). However, because there are differences amongst each set of practices it is often problematic to cumulate research findings. It has been suggested that it is now necessary for researchers to focus on standardisation and replication of practices (Becker & Gerhart, 1996) to help limit confusion as to what practices constitute HRM best practice (Guest, 2004).

Additionally, HRM best practice also lacks a universal definition. This may be due to the fact that the term is often used interchangeably with 'high involvement', 'high commitment, or 'high performance' practice (Pfeffer, 1998). Regardless of the varying usage of the term and the lack of a single definition or consensus about the components of best practice, existing definitions share common objectives. The following section aims to review these objectives so as to identify a set of practices that can be used as a measure of HRM best practice.

Defining HRM Best Practice

Best practice is based on a normative model of HRM, which assumes that appropriate HRM practices tap the motivation of employees and generate employee commitment. Underlying this model is a management philosophy, which assumes that eliciting worker discretionary effort to enhance motivation and generate employee commitment will lead to improved organisational performance (Guest, 1997).

Therefore, HRM best practice promotes the use of practices that are considered to affect employee motivation by encouraging them to work harder and smarter. These practices include the use of performance assessments that assess individual or group performance and teamwork as the predominant system of work. This helps to motivate employees as rewards are tailored to the performance of both teams and individuals and teamwork ensures that all members monitor each others performance (Arthur, 1994).

Employee commitment to an organisation can be achieved through the use of an internal promotion system, such as career ladders, as it aligns the interests of employees and the organisation (Huselid, 1995). Additionally, commitment can be stimulated by using practices that are humanistic in orientation, such as a policy of no compulsory redundancy, uniform terms and conditions of employment, and the use of temporary staff to protect the security of the core workforce (Wood & Albanese, 1995). This generates employee commitment to a firm as it utilises a set of practices that are consistent with a strong culture of employee wellbeing (Kirkman & Rosen, 1999).

However, MacDuffie (1995) asserts that providing employees with the necessary skills and abilities to contribute in a valuable way is also required to ensure increased organisational performance. Consequently, another common objective of the best practice approach is to view employees as assets or resources to be developed rather than as disposable factors of production (Wood & Albanese, 1995), and practices such as selective staffing to ensure employee trainability, comprehensive training, and broad developmental efforts like job design to ensure the full use of employees' skills and abilities are also considered to be best practice (Youndt et al., 1996).

HRM best practice also focuses on providing functional flexibility by creating organisational structures that allow employees to interact in a dynamic environment (MacDuffie, 1995). Underlying this objective is the assumption that employees, who presumably know their work better than anyone else, should have the opportunity to design new and better ways of performing their roles. Therefore, HRM best practice promotes the use of practices that encourage participation among employees and allow them to improve how their jobs are performed, such as, the use of cross-functional teams and quality circles to increase participation (Huselid, 1995).

Walton (1985) also suggests that the added use of empowerment strategies, such as flexible job descriptions, decentralised hierarchies, and minimal status differences, can also play a fundamental role in creating flexibility. These practices help to create a more powerful and flexible workforce, as employees at lower levels of the organisation can make important decisions without continual reporting throughout hierarchical layers (Delaney & Huselid, 1996).

In summary, these key objectives of HRM best practice highlight the use of a combination of practices that an organisation can use to realise its full competitive advantage. Thus, by identifying the key themes of HRM best practice and the practices used to achieve them, an appropriate set of practices can be derived so as to measure the use of HRM best practice (Appendix A). The current study aims to use these practices to measure the adoption and strength of operationalised practices in New Zealand firms.

The Value of HRM Best Practice

Essentially, to create a competitive advantage a firm must implement a strategy that creates positive value (Barney, 1986, 1991, 1995). Research asserts that the implementation of HRM best practice can create a source of competitive advantage as the practices are additive , and thus, work together to generate positive value for the firm (Delaney et al, 1989; Huselid, 1995; Pfeffer, 1994; Osterman, 1994). Specifically, this positive value is created by means of influencing the discretionary effort of employees (Arthur, 1994; Ichniowski, Shaw & Prennushi, 1995; MacDuffie, 1995; Youndt et al, 1996; Datta, Guthrie, & Wright, 2003). The performance level of each individual is limited by their capacity for effort. Therefore, any organisational attempts made to elicit discretionary effort from employees are likely to generate excessive costs. Thus, utilising a set of practices that are explicitly humanistic in orientation can help to create positive value by, firstly, increasing employees' discretionary effort, and secondly, exceeding the true cost of investment through the use of superior HRM practices (Huselid, 1995).

According to the resource-based theory of the organisation, the effective management of human resources is valued not only for its role in implementing a given competitive scenario, but also for its role in generating strategic capability (Barney, 1991). In this respect, HRM best practice has the potential to create firms that are more intelligent and flexible than their competitors through the use of policies and practices that focus on hiring and developing talented staff and synergising their contributions within the resource bundle of the firm (Boxall, 1996). This can lay the basis for sustained competitive advantage because HR policies and practices are

socially complex and competitors may not be able to replicate their diversity and depth. In addition, the human resource is historically sensitive. Therefore, it takes time to develop a workforce that is embedded in the operational systems of a firm so that it enhances the firm's capabilities (Becker & Gerhart, 1996; Boxall, 1996).

It is expected that practitioners are being influenced by this research, and thus, understand the benefits that can be accrued through the adoption of HRM best practice. Therefore, it would seem that organisations around the world are relying upon HRM best practice to a great extent. The following section aims to discuss research that examines the use of HRM best practice in organisations to determine if this is the case.

Previous Research

Research on HRM best practice suggests that it is widespread due to its universal applicability. In a study conducted by Black (1999), the relationship between national culture and the adoption of HRM best practice was examined across nine countries. The results indicated that while the practices have been more widely adopted in the U.S., the adoption of HRM best practice was sufficiently widespread, lending support to the suggestion that HRM best practice is universally applicable (Walton, 1985; Guest, 1997; 2004). Thus, these findings suggest that managers are not treating best practice as relevant only to certain circumstances but instead that best practice can indeed be applied regardless of contextual factors.

Similarly, Pil & Mac Duffie (1996) found that assembly plants can and do increase their use of best practice and that the trend is prevailing worldwide. The results, gathered from a longitudinal data set, containing 43 automobile assembly plants worldwide, suggested that between 1989 and 1994, most of the plants had increased the use of HRM best practice. These results suggest that despite cultural differences in a variety of countries, HRM best practice is being successfully adopted in a large number of automobile assembly plants. The study does note that there was variation in the rate of adoption over the five years.

Results from a study conducted by Wood and Albanese (1995) in the U.K. further supported the universal applicability of HRM best practice. However, considerable variation in the practices adopted was also found. The results based on data from 135 manufacturing plants indicated that the plants studied were extremely variable in their extent of use, with no tendency to cluster at the high end of the scale. The analysis also involved comparing the use of best practice in 1986 with 1990 data, which indicated some support that the use of HRM best practice was on the increase (Wood & Albanese, 1995).

While these studies give support for the universal applicability of HRM best practice and suggest that it is widespread, they do indicate some variation in the practices used. To gain insight into this variation, Wood and de Menezes (1998) examined whether HRM best practices were used in conjunction with one another, or whether they are being used in a more 'ad hoc' manner. The sample was comprised of over 2000 U.K. organisations with, at a minimum, 25 employees. From the results, it was found that four progressive styles of best practice adoption existed. The first class was characterised as low use of HRM best practice, the fourth high use. There was

an ordered progression, from the first to the fourth, which was clearly distinguishable by the different subsets of practices within each class. This suggests that not all organisations may focus on adopting HRM best practice as a total package, and may instead prefer to use several of the practices considered to be best.

Similarly, Osterman (1994) aimed to identify reasons for the variation of HRM best practice in the U.S. Several variables that are associated with the adoption of best practice were investigated to provide some insight as to why some organisations were adopting particular best practices. The empirical evidence of this study was conducted using 875 American manufacturing establishments with more than 50 employees across a range of different occupations. The results indicated that a number of variables were positively associated with the adoption of HRM best practice including, a market with increased international competition, high skill technology, and larger organisations.

These studies indicate that there is a reasonably widespread adoption of HRM best practice. Furthermore, much of this research supports the claim of universality. However, many of these studies focus on a large firm context and do not take into account the action of smaller firms, such as those abundant within a New Zealand context. Therefore, the next section will discuss the differences in small and large firms to highlight the value of studying HRM best practice in both small and large firm contexts.

Differences in Small and Large Firms

Throughout the literature it is asserted that there are significant structural differences between small and large firms, which may have an effect on the adoption of HRM best practice (Massey, 2004). Firstly, smaller firms have a tendency to lack formal management structures with specialised staff, which can have an effect on a variety of management practices, such as training and reward systems (Bolton, 1971). Matlay (1999) asserts that the vast majority of owners or managers of small firms express a preference for informal management styles, which had a considerable effect on the type of practices implemented. For example, 92 percent of micro businesses and 68 percent of small businesses were found to prefer informal management practices. In contrast, none of the large firms and only 24 percent of medium sized firms shared this preference. Additionally, Hornsby and Kuratko (1990) studied 247 smaller ventures and found that firms with fewer than 50 employees had very little in place regarding formal HRM practices.

Secondly, research suggests that the larger the firm, the more likely it is to have an HR department (Johnson, 1999; 2000). Therefore, it may be considered that many of the smaller firms within New Zealand will lack the presence of an HR department or manager. The costs associated with hiring highly trained HR professionals are likely to be prohibitive for many of these smaller firms (Way, 2002). Consequently, HR activities often become the responsibility of general managers or staff involved in other areas of the business. This is problematic as the complexity of many HR activities is likely to result in them becoming a significant drain on managerial time and resources (Cook, 1999), which often leads to a low priority status being placed on HR issues. Also, the quality of HR decisions may well be affected by the fact that general managers, and other staff held responsible for HR issues, often lack training

and expertise in HRM (Way, 2002). As a result, it is not surprising that a direct sign of strategic HRM may be the presence of an HR department (Johnson, 1999). Therefore, the likelihood of a small firm implementing HRM best practice as an HR strategy would be considerably less than a large firm that has a department present that specifically addresses HRM issues.

Finally, another distinct difference between small and large firms, that requires further investigation, is the unique barriers to the implementation of effective HRM practices. A number of academics have expressed concerns that managers do not often take a proactive role in researching credible HRM programmes for their firm due to the low priority and short term view of HRM issues and the extent to which top management possess the particular knowledge and skills necessary to implement effective strategies (Schuler, 1990; Miller, 1991; Moore & Jennings, 1993; Gennard & Kelly, 1995; Kane, Crawford, & Grant, 1999). Furthermore, a lack of commitment to the implementation of these strategies can also create a barrier to firms, in the adoption of HRM best practice, due to little understanding of the long term benefits that a strategy such as best practice might have (Huselid, 1995; Legge, 1995; Kane et al, 1999). In addition, barriers that are associated with resource availability (Johnson, 2000) are a particular constraint to the adoption of HRM best practice, particularly for small firms, due to the resource paucity that is characteristic of them (Ghobadian & Gallear, 1997). Consequently, the variation in the adoption and strength of operationalised HRM best practices may be associated with the wide range of factors acting as barriers to effective HRM.

HRM Best Practice in Small Firms

The current emphasis on HRM practices in large firms only, highlights the importance of examining whether these structural differences are significant enough to affect the universality of HRM best practice. A small amount of research has begun to broach this area and has identified the importance of understanding the HRM practices of small firms. In a study conducted by Merrilees and Miller (1996) the role of best practice as a key differentiator in small service enterprises was highlighted. The study examines the HRM practices of 57 Australian businesses in the hairdressing industry, all of which have no more than 20 employees. The results suggests that the number of best practices adopted by smaller firms will vary considerably more than the number of best practices adopted by larger organisations. Specifically, larger firms will tend to adopt more HRM best practice than smaller firms. This was also supported by Wood and de Menezes (1998).

However, in a recent study conducted by Sels, De Winne, Maes, Faems, Delmotte, and Forrier (2003), it was identified that the adoption of HRM best practice, is profitable for smaller organisations in Belgium. The study sampled 416 firms, stratified based on size, from four sectors , and involved firms with between 10 and 99 employees. The results indicated that the use of HRM best practice was low in smaller firms, with the average firm not even using half of the practices. However, the intense use of these practices was positively related to productivity and profitability, indicating that HRM best practice can offer surplus value for smaller organisations. This suggests that an extensive uptake of HRM best practice can be beneficial for small organisations.

HRM Best Practice in New Zealand Firms

New Zealand is a nation of predominately small and medium sized enterprises (SME's). For example, in 1998 only 1.1 percent of enterprises employed 50 or more people. Furthermore, half a percent of enterprises employed 100 or more FTE's (Johnson, 1999). Consequently, New Zealand's characterisation of firm size contrasts markedly with those that prevail in other countries. For example, one of the most common definitions of firm size in New Zealand, states that SME's are those business employing up to 99 FTE, within which exist narrower classifications, involving a micro-business (fewer than six employees), small (six and 49), and medium (50 to 99) businesses (Cameron & Massey, 1999; Statistics New Zealand, 1997). Whereas, the most common definition of a small business in the U.S., is a business with fewer than 500 employees (Cameron & Massey, 1999; Small Business Administration, 1999).

Studies within New Zealand indicate that the size of a firm can have an effect on whether or not HRM best practice will be adopted. For example, Massey (2004) collected data from a mandatory questionnaire administered by Statistics New Zealand. There were almost 3000 responses, representing all sectors of the economy and spread across the whole country. The results indicated that there was considerable difference between the practices utilised in small and large firms, with larger firms more likely to undertake best practice. This reasonably poor rate of adoption was not considered to be surprising as the survey questions focussed on the existence of 'formal' systems and 'systematic' processes. Massey (2004) suggests these feature are unlikely to exist in small firms, which are more likely to be characterised by informality and process flexibility.

The results from research by Johnson (2000) were much more positive than in Massey (2004). Overall, the study suggests that New Zealand employers are not much different from those around the world. HRM functions indicated the use of some aspects of HRM best practice, and the need for improvement. However, the larger the firm studied, the more best practice-oriented it would be. It was also found that those firms implementing a larger number of HRM best practices were firms with an HR department present. This further confirms the theory that the presence of an HR department can have an influence on the implementation of HRM best practice.

Objectives of the Research

Based on a review of the literature, it is reasonable to surmise that HRM best practice may be universally applicable. However, the research which supports this perspective tends to focus on the context of larger firms. It has been noted that New Zealand is a nation of predominately small firms, many of which lack an HR department. Thus, the effects of firm size and the existence of an HR department on the adoption and strength of operationalised HRM best practices may have significant implications for New Zealand firms. Consequently, the purpose of the current study is to examine the use of HRM best practice in New Zealand firms.

The value in studying the use of HRM best practice in New Zealand firms is due to the little empirical research on best practice in New Zealand and the unique makeup of New Zealand industry due to the large number of smaller firms compared to the

U.S. and U.K. Additionally, the abundance of small firms in New Zealand means that this context may provide fruitful results in understanding the appropriateness of HRM best practice, in both small and large firms and firms with and without an HR department. It is hoped that this information will provide a guide to improving HRM in New Zealand firms.

To further extend the research, this paper also aims to identify whether there are any other practices that practitioners consider constitute HRM best practice, but that are not currently included in the literature. The purpose of this is to include a practitioner perspective in consolidating a standardised list of HRM best practices. Furthermore, this research will identify what, if any, obstacles managers face in the implementation of HRM best practice. It is hoped that this data will provide information that can help to guide firms through the future implementation of HRM best practice, thus enabling them to improve firm performance.

Research Hypotheses

The extent to which New Zealand firms implement HRM best practices has been found to be related to the size of the firm, with larger firms implementing best practices to a greater extent than small firms (Johnson, 2000). Therefore, it is predicted that:

H1a: The adoption of HRM Best Practice will be related to the size of the firm. Specifically, larger firms will adopt a higher number of best practices than will smaller firms.

H1b: The strength of operationalised HRM best practices will be related to the size of the firm. Specifically, larger firms will operationalise their best practices to a greater extent than will smaller firms.

The presence of a specialist HR department and/or a HR manager is considered to be a significant structural difference in small and large firms. Therefore, the adoption and strength of operationalised HRM best practices may also be linked to the presence of an HR department. Thus, it is further predicted:

H2a: Firms with an HR department/specialist will adopt more best practices than firms with no HR department/specialist.

H2b: Firms with an HR department/specialist will operationalise their best practices to a greater extent than will firms with no HR department/specialist.

Methodology

This study has two aims. Firstly, to determine the extent to which New Zealand firms adopt and operationalise HRM best practice and secondly to examine how this usage is related to firm size and the presence of an HRM department.

Participants

A list of possible firms that could participate in the research was generated from the latest online edition of Business Who's Who (2004). Auckland firms were chosen as there was a sufficient spread of businesses of all sizes.

Design and Procedure

Participants for this study were selected using stratified sampling. The population was divided into six categories based on firm size (0-10; 11-20; 21-50; 51-100; 101-500; 500+ employees). The number of firms within each category was then divided by 50 to derive the frequency number (n), which was used to select the sample by means of systematic sampling . To limit bias and sampling error, a random number was used to decide where to start on the sampling frame (Saunders et al, 1997). A total of 300 Auckland firms were selected, overall, from a population of almost 8,000 firms.

The survey contents included a covering letter, a questionnaire, an information sheet, a consent form, and a return addressed envelope. These survey contents were addressed to the manager of the firm, with the covering letter asking for the survey to be passed to the person most responsible for HRM. This aimed to mitigate the dilemma concerned with whether or not the specified role of an HR manager existed or not. To ensure that the most suitable person acted as respondent, a question concerning the amount of responsibility held regarding HRM issues was included in the questionnaire. This aimed to increase the likelihood of an accurate response.

The survey instruments were designed to ensure an adequate response rate was gained. For example, the covering letter aimed to appeal to the personal needs of HR managers or those interested in HRM in New Zealand. In addition, access to the results based upon voluntary involvement was offered to provide a further incentive. The survey contents also included a return addressed envelope to encourage an adequate response rate. Participation in this study was voluntary and confidentiality was guaranteed. These survey instruments were distributed to each firm by means of post. Two weeks was the maximum time allocated for response. The survey achieved a response rate of 30 percent.

Data Collection

The questionnaire used in this study is divided into four parts. The first part contains a range of demographic questions. Specifically, respondents were asked to provide information on their position in the firm, their level of responsibility for HRM activities, the size of the firm, and whether or not there was an HR department present. These questions primarily served to identify the dichotomous variables: firm size and HR department presence. They also intended to slowly lead the respondent into the more specific questions about the use of HRM practices.

The second section aimed to establish whether the organisations responding had a particular HRM best practice in place. These questions asked respondents to indicate, using a dichotomous yes/no response format, whether a particular practice was in place. If respondents answered yes, they were then asked to indicate, using

a five-point likert scale, the strength of the practice (1 = used very little, 5 = used to a high extent). This second option to the questions enabled the strength of operationalised HRM best practices to be measured. By separating firms that did use the practices this study was able to identify both the adoption rates and the strength of operationalised HRM best practices.

The items used to measure the adoption and strength of operationalaised HRM best practices were based on an adapted version from Wood and Albanese (1995) (refer to Appendix A). These practices were derived from the theoretical framework developed by Walton (1985), on high commitment practice. The reliability of these measures had been tested by Wood and Albanese (1995) using latent trait analysis. The original set of 18 items was reduced down to 13 due to the low internal reliability of these items ($a \leq 0.42$). In the current study, a split-half reliability test was conducted to ensure that the items were internally consistent. For the measures concerning the number of practices used, a reasonably low level of internal reliability was found ($a = 0.592$). However, this was not the case for the measures concerning the strength of operationalised practices ($a = 0.705$).

The third part of the questionnaire required the respondent to identify any other practices that they thought were important for effective HRM. A space was provided for respondents to include these practices. The purpose of this is to consolidate a standardised list of HRM best practices using the practitioner perspective. Finally, the survey assessed obstacles that had been encountered when implementing any of the practices contained in the questionnaire. A list of possible obstacles identified in the literature was provided. A tick box response format was used for respondents to indicate whether the obstacle had been encountered. Respondents were also provided with the opportunity to include any other obstacles that were not included in the list.

The Sample

An analysis of the demographic data in the first section of the questionnaire for this study showed that only 21 percent of respondents were HR specialists, whereas, 38 percent were general managers. A large proportion of respondents classified themselves as ‘other’, composing of positions such as chief executive officer, managing director, HR, safety, and quality manager, technical director, financial controller, administrator, and payroll manager.

Survey responses revealed that over 84 percent of respondents reported they had ‘quite a lot’ to ‘a lot’ of responsibility for HR issues. There were very few respondents with ‘moderate’ or less levels of responsibility (16 percent). This suggests that the covering letter ensured that the questionnaire was sent on to the person most responsible for HR issues in majority of the cases.

Furthermore, 45 percent of the firms participating in this study are classified as small while 55 percent are classified as medium/large. The difference between these two groups is reasonably small resulting in a good number of respondents in both size categories.
Finally, the data indicates that the larger the firm is, the more likely it is to have an HR department present (Table 2), which is supported by Johnson (1999; 2000)

Table 2: Firm Size by HR Department

	HR Department (N = 31)	No HR Department (N = 58)
Small Firms (N = 40)	2	38
Medium/Large Firms (N = 49)	29	20

Results

Adoption of HRM Best Practice and Firm Size

Firstly, the relationship between the adoption of HRM best practice and firm size was assessed. The results of the chi square test in Table 3 (found below) show that there are statistically significant differences for five of the 14 practices; formal performance assessments of staff, a policy of no compulsory redundancy, teamwork, uniform terms and conditions of employment, and training budgets. The adoption of a higher number of best practices in larger firms was found as four of these practices were adopted significantly more in medium/large firms than in small. Only one practice, a policy of no compulsory redundancy, was adopted significantly more in small firms.

Table 3: Adoption of Practices by Firm Size

The second chi square test aimed to compare the overall adoption rates in small and medium/large firms. The results of this test (Table 4) suggest that medium/large

PRACTICES ADOPTED BY RESPONDENTS	Small Firms N=40(%)	Med/Large Firms N=49(%)	Total Firms N=89(%)	Pearson's Coefficient	Significance
Training as a Major Selection Criterion	68 (n=27)	76 (n=37)	72 (n=64)	.700	.403
Commitment as a Major Selection Criterion	93 (n=37)	90 (n=44)	91 (n=81)	.197b	.657
Career Ladders	65 (n=26)	67 (n=33)	66 (n=59)	.054	.816
Teamwork	83 (n=33)	98 (n=48)	91 (n=81)	6.433b	.011*
Quality Circles	3 (n=12)	33 (n=16)	31 (n=28)	.072	.789
Training Budgets for Staff	50 (n=20)	71 (n=35)	62 (n=55)	4.283	.038*
A Policy of Job Design	65 (n=26)	59 (n=29)	62 (n=55)	.316	.574
Employee Responsibility for Quality	100 (n=40)	96 (n=47)	98 (n=87)	1.670b	.196
Flexible Job Descriptions	83 (n=33)	71 (n=35)	76 (n=68)	1.497	.221
A Policy of No Compulsory Redundancy	35 (n=14)	10 (n=5)	21 (n=19)	8.064	.005*
Performance Assessments of Employees	65 (n=26)	94 (n=46)	81 (n=72)	11.885	.001**
The Use of Temporary Staff	48 (n=19)	57 (n=28)	53 (n=47)	.822	.365
Uniform Terms & Conditions of Employment	73 (n=29)	90 (n=44)	82 (n=73)	4.468	.035*

Note: * = $p \leq 0.05$
** = $p \leq 0.001$
b = the minimum expected count is < 5

firms do adopt more HRM best practices than small firms as 53 percent of medium/large firms adopted a high level of practices, where as, only 32 percent of small firms adopted best practice to a high extent. However, this difference was not significant (p = 0.89).

Table 4: Adoption Rate by Firm Size

Adoption Rate	Small Firms (%)	Med/Large Firms (%)	Total (%)
Low (0-6)	5	8	7
Medium (7-10)	63	39	49
High (11-13)	32	53	44
Total	100	100	100

The independent samples t-test indicated that the mean score for the adoption rate in small firms was 6.95. Whereas in medium/large firms the mean score for adoption was 7.47. However, the results of this test did not find this difference to be statistically significant.

While these tests indicate that there is no statistically significant difference in the adoption of HRM best practice, it is apparent that medium/large firms do adopt more practices. These results are in the direction predicted for hypothesis 1a. This suggests that larger firms do adopt a higher number of HRM best practices than do smaller firms. However, the magnitude of this difference is small. Additionally, these results must be interpreted with caution as the number of participants in the study reduced the cell count in to less than five on three occasions (refer to Table 3). Therefore, it is suggested that a larger study is required to confirm this result.

The Strength of HRM Best Practice and Firm Size

Secondly, the strength of practices that were operationalised and how this varies with firm size was examined. The mean scores for the strength of operationalised HRM best practices and the results of the t-test are reported in Table 5 (found below). The results indicate that small firm respondents operationalise seven of the adopted practices to a greater extent than larger firms. Whereas, eight of the adopted practices are operationalised to a greater extent by larger firms. This suggests that larger firms may operationalise HRM best practices to a greater extent than smaller firms. The standard deviations for these mean scores ranged between 0.000 and 1.142.

However, the results of the independent samples t-tests indicate that only two of these differences are statistically significant; flexible job descriptions, which are operationalised to a significantly greater extent in small firms and formal performance assessments of management staff, which are operationalised to a significantly greater extent in medium/large firms. While both of these results are statistically significant only one of them is in the direction predicted.

The mean differences for all the other areas of practice are found to be non-significant. This suggests that there is no difference in the operationalisation of HRM best practice in small and medium/large firms. Therefore, hypothesis 1b, which

predicts that larger firms will operationalise their best practices to a greater extent than will smaller firms, can be rejected.

Table 5: Strength of Operationalised Practices by Firm Size

Note: Scale: 1 = used to a low extent, and 5 = used to a high extent

PRACTICES IN PLACE	Small Firms N =40 (Mean)	Medium/Large Firms N = 49 (Mean)	Total Firms N = 89 (Mean)	Significance
Training as a Major Selection Criterion	3.78 (n=27)	3.76 (n=37)	3.77 (n=64)	.926
Commitment as a Major Selection Criterion	4.14 (n=29)	4.25 (n=52)	4.20 (n=81)	.522
Career Ladders	3.54 (n=26)	3.70 (n=33)	3.63 (n=59)	.569
Teamwork	4.30 (n=33)	4.46 (n=48)	4.40 (n=81)	.331
Quality Circles	3.25 (n=12)	3.19 (n=16)	3.21 (n=28)	.877
Training Budgets for Management Staff	1.85 (n=20)	2.00 (n=35)	1.96 (n=55)	.188
Training Budgets for Shop Floor Staff	1.90 (n=20)	2.03 (n=35)	2.01 (n=55)	.418
A Policy of Job Design	3.04 (n=26)	3.21 (n=29)	3.13 (n=55)	5.22
Employee Responsibility for Quality	4.13 (n=40)	3.87 (n=47)	3.99 (n=87)	.105
Flexible Job Descriptions	4.03 (n=33)	3.40 (n=35)	3.71 (n=68)	.009*
A Policy of No Compulsory Redundancy	4.43 (n=14)	5.00 (n=5)	4.58 (n=19)	.199
Performance Assessments of Management Staff	1.69 (n=26)	1.96 (n=46)	1.91 (n=72)	.045*
Performance Assessments of Shop Floor Staff	1.73 (n=26)	1.65 (n=46)	1.86 (n=72)	.645
The Use of Temporary Staff	3.00 (n=19)	2.93 (n=28)	3.02 (n=47)	.873
Uniform Terms & Conditions of Employment	4.48 (n=29)	4.57 (n=44)	4.53 (n=73)	.597

* = $p \leq 0.05$

Adoption of HRM Best Practice and HR Departments

Thirdly, the adoption of HRM best practice and the presence of an HR department were examined. The results of the chi square tests are displayed in Table 6 (found below), which indicates that there are statistically significant differences for five of the 13 practices. Firms with an HR department present adopted more HRM best practices than firms without an HR department present in the areas of; training budgets, career ladders, formal performance assessments of staff, and teamwork. Only a policy of no compulsory redundancy, was adopted more in firms without an HR department present. No statistical differences were found for the other practices. This suggests that firms, with an HR department present, tend to adopt a higher number of practices than firms without an HR department present but only in certain areas of HRM.

Table 6: Adoption of Practices by HR Department

Note: ** = $p \leq 0.001$
* = $p \leq 0.05$

PRACTICES ADOPTED BY RESPONDENTS	No HRD N = 58 (%)	HRD N = 31 (%)	Total Firms N = 89 (%)	Pearson's Coefficient	Significance
Training as a Major Selection Criterion	67 (n=39)	81 (n=25)	72 (n=64)	1.797	1.80
Commitment as a Major Selection Criterion	90 (n=52)	94 (n=29)	91 (n=81)	.374b	.541
Career Ladders	55 (n=32)	87 (n=27)	66 (n=59)	9.214	.002*
Teamwork	86 (n=50)	100 (n=31)	91 (n=81)	4.968b	.030*
Quality Circles	29 (n=17)	36 (n=11)	32 (n=28)	.357	.550
Training Budgets for Staff	48 (n=28)	87 (n=27)	62 (n=55)	12.896	.000**
A Policy of Job Design	62 (n=36)	61 (n=19)	62 (n=55)	.005	.943
Employee Responsibility for Quality	97 (n=56)	100 (n=31)	98 (n=87)	1.094b	.296
Flexible Job Descriptions	76 (n=44)	77 (n=24)	76 (n=68)	.027	.869
A Policy of No Compulsory Redundancy	31 (n=18)	3 (n=1)	21 (n=19)	9.304	.002*
Performance Assessments of Staff	72 (n=42)	97 (n=30)	81 (n=72)	7.758	.005*
The Use of Temporary Staff	47 (n=27)	65 (n=20)	53 (n=47)	2.616	.106
Uniform Terms & Conditions of Employment	79 (n=46)	87 (n=27)	82 (n=73)	.831	.362

b = the minimum expected count is < 5.

The second chi square test examined the overall adoption rate in firms with and without an HR department present. The results, presented in Table 7, suggest that firms with an HR department present adopt a higher number of HRM best practices than firms without an HR department present as the percentage of firms with a high adoption rate was greater in firms with an HR department present. This difference was found to be statistically significant (p = .022).

Table 7: Adoption Rate by HR Department

Adoption Rate	HR Department (%)	No HR Department (%)	Total (%)
Low (0-6)	0	10	7
Medium (7-9)	39	55	49
High (11-13)	61	35	44
Total	100	100	100

An independent samples t-test further confirmed this result. Firms with an HR department present adopted on average 8.00 of the practices compared to firms with no HR department present, which adopted an average of 6.83. This difference is large and is found to be statistically significant suggesting that the presence of an HR department influences the number or practices a firm has in place.

Overall, these results show support for hypothesis 2a, which predicts that firms with an HR department/specialist present will adopt more HRM best practices than firms with no HR department/specialist. However, again it should be noted that the number of participants in this study reduced the cell count to less than five on three occasions (refer to Table 6), so these results must be interpreted with caution.

The Strength of HRM Best Practice and HR Departments

Finally, the strength of operationalised practices and how this related to the existence of an HR department was examined. These results are presented in Table 8 (found below). The standard deviations for the mean scores ranged between 0.378 and 1.506. A statistically significant difference was found for one practice; flexible job descriptions. This practice was found to be operationalised to a significantly greater extent in firms that do not have an HR department present. No statistically significant differences were found for all the other practices. This suggests that firms with no HR department present tend to operationalise their practices to a slightly greater extent than firms with an HR department present. However, this is only in one area of HRM best practice, thus, the magnitude of the difference is small. Therefore, no support is found for hypothesis 2b.

Other Practices considered as HRM Best Practice

Along with the use of HRM best practice, this study also aimed to explore whether there were any other practices that respondents thought constituted as HRM best practice. Respondents identified a number of practices, including; mentoring, regular work force briefings that facilitate information sharing, social functions that include employees and their families, open door policy, and benchmarking of remuneration schemes. However, there was insufficient support for any one particular practice put forward by respondents, as only three respondents at most put forward the same practice. This suggests that the list of practices identified in the literature, and subsequently used in this study, seemed to provide a suitable set of practices that are considered by practitioners to be best.

Obstacles to the Implementation of HRM Best Practice

The current study also aimed to identify obstacles encountered by respondents during the implementation of HRM best practice. The results, presented in Table 9, indicate that, overall, a lack of time to implement best practice, a resistance to change from employees, and top management viewing HR as low priority are the three most frequently encountered obstacles affecting the successful implementation of HRM best practice.

Table 8: Strength of Operationalised Practices by HR Department

Note: Scale: 1 = used to a low extent, and 5 = used to a high extent
* = $p \leq 0.05$

PRACTICES IN PLACE	No HRD N = 58 (Mean)	HRD N = 31 (Mean)	Total Firms N = 89 (Mean)	Significance
Training as a Major Selection Criterion	3.74 (n=39)	3.80 (n=25)	3.77 (n=64)	.806
Commitment as a Major Selection Criterion	4.17 (n=52)	4.24 (n=29)	4.20 (n=81)	.714
Career Ladders	3.78 (n=32)	3.44 (n=27)	3.63 (n=59)	.222
Teamwork	4.38 (n=50)	4.42 (n=31)	4.40 (n=81)	.808
Quality Circles	3.35 (n=17)	3.00 (n=11)	3.21 (n=28)	.387
Training Budgets for Management Staff	1.89 (n=28)	2.04 (n=27)	1.98 (n=55)	.331
Training Budgets for Shop Floor Staff	1.93 (n=28)	2.04 (n=27)	2.01 (n=55)	.478
A Policy of Job Design	3.25 (n=36)	2.89 (n=19)	3.13 (n=55)	.196
Employee Responsibility for Quality	4.09 (n=56)	3.81 (n=31)	3.99 (n=87)	.081
Flexible Job Descriptions	3.89 (n=44)	3.38 (n=24)	3.71 (n=68)	.045*
A Policy of No Compulsory Redundancy	4.56 (n=18)	5.00 (n=1)	4.58 (n=19)	.620
Performance Assessments of Management Staff	1.83 (n=42)	1.90 (n=30)	1.81 (n=72)	.608
Performance Assessments of Shop Floor Staff	1.64 (n=42)	1.73 (n=30)	1.86 (n=72)	.586
The Use of Temporary Staff	2.96 (n=27)	2.95 (n=20)	3.02 (n=47)	.977
Uniform Terms & Conditions of Employment	4.54 (n=46)	4.52 (n=27)	4.53 (n=73)	.879

Table 9: Obstacles Encountered During the Implementation of Practices

Obstacles Encountered During the Implementation of Practices	Obstacles encountered N = 89
Lack of time to implement the practices	35%
There is a resistance to change from employees	29%
Human resources are viewed as low priority by top management	21%
Top management has a lack of knowledge & skills	16%
Lack of financial resources	13%
Top management has a lack of understanding & commitment	13%
Top management is uninformed on the literature	9%

To establish whether any of the obstacles were related to the size of the firm, chi square tests were conducted. The results are presented in Table 10. Two obstacles reached statistical significance. These were; top management viewing HR as low priority and top management has a lack of understanding and commitment with medium/large firms encountering these obstacles more frequently than small firms.

Table 10: Obstacles Encountered by Firm Size

Obstacles Encountered by Firm Size	Small Firms N = 40	Med/large Firms N = 49	Pearson's Coefficient	Significance
Top management has a lack of understanding & commitment	3%	23%	7.513	.006*
Human resources are viewed as low priority by top management	10%	31%	5.572	.018*
Lack of time to implement the practices	28%	41%	1.720	.190
There is a resistance to change from employees	23%	35%	1.583	.208
Top management has a lack of knowledge & skills	13%	18%	0.572	.449
Top management is uninformed on the literature	8%	10%	0.197b	.657
Lack of financial resources	13%	14%	0.060	.806

Note: * = $p \leq 0.05$
b = the minimum expected count is < 5.

Chi square tests were also conducted to establish whether any of the obstacles encountered were related to the presence of an HR department. The results are presented in Table 11.

Table11: Obstacles Encountered by HR Department

Obstacles Encountered by HR Department	HRD N = 31	No HRD N = 58	Pearson's Coefficient	Significance
Top management has a lack of understanding & commitment	23%	9%	3.375b	.066
There is a resistance to change from employees	36%	26%	.904	.342
Human resources are viewed as low priority by top management	26%	19%	.563	.453
Top management has a lack of knowledge & skills	19%	14%	.471b	.492
Lack of time to implement the practices	32%	36%	.139	.709
Top management is uninformed on the literature	10%	9%	.028b	.868
Lack of financial resources	13%	14%	.014b	.907

Note: b = the minimum expected count is < 5.

No obstacles showed statistical significance, indicating that obstacles encountered during the implementation of HRM best practice are not positively related to the presence of an HR department. However, it is worth noting that the item; a lack of understanding and commitment from top management was encountered more by firms with an HR department present. This finding was not found to be statistically significant, but as noted previously, the number of participants in the study is small and reduced the cell count below an acceptable level on a one occasion, thus, the results should be interpreted with caution.

An open ended question was included to see if there were any other obstacles encountered by the respondents. A number were identified including; the continual changing of legislation on employment issues which make it difficult to implement best practice as most of the time managers are trying to deal with these changes, the lack of structure within the company which makes it difficult to implement best practice, and selling the idea of best practice to top management. However, there was insufficient support for any one particular obstacle put forward by respondents. As only a maximum of four respondents encountered the same obstacles, which suggests that the obstacles are not very common. This indicates that the list of obstacles previously identified in the literature also appear to be the main obstacles encountered during the implementation of HRM best practice.

Discussion

The use of HRM best practice in New Zealand firms appears to be reasonably widespread. The results indicate that both the adoption rates and the strength of operationalised HRM best practices are relatively high. This suggests that New Zealand firms are not that much different from their overseas counterparts. This finding supports Johnson (2000).

The Adoption of HRM Best Practice in New Zealand

Research suggests that larger firms tend to adopt more HRM best practices than smaller firms (Merrilees & Miller, 1996; Matlay, 1999; Johnson, 2000; Massey, 2004). While the results of the current study were in this direction, insufficient statistical support was found. Therefore, these results give support to those theorists that claim HRM best practice is universally applicable (Walton, 1985; Guest, 1997; 2004). However, these results should be interpreted with caution as the relatively small sample size may have had an effect on the validity of the results. It is suggested that a larger study needs to be conducted to examine this further.

Secondly, the presence of a specialist HR department and/or a HR manager is considered to be a significant structural difference in small and large firms and has also been linked to the usage and strength of HRM best practice (Johnson, 1999). The results of the current study support past research and theory (Johnson, 1999; 2000), finding that the HR department or specialist does have an influence on whether or not a firm will adopt HRM best practice.

This finding has significant implications for New Zealand firms. Johnson (1999) reports that only 61 percent of respondents reported having either an HR department or manager. This is considerably lower than the proportion found in many other countries. For example, 98 percent of Australian organisations have an HR department. Therefore, it may be considered that New Zealand firms are at a disadvantage as they are less likely to have an HR department or manager present, and are thus, less likely to adopt HRM best practice. This can have significant implications on the ability of New Zealand firms to develop a sustainable competitive advantage.

The results also suggest that several of the practices within HRM best practice are adopted by some firms more than others. In particular, larger firms with an HR department present, tend to adopt more practices than smaller firms with no HR department present. By examining these practices, some inferences can be made that may help to facilitate an understanding of why larger firms with HR departments adopt certain HRM best practices more.

Formal Performance Assessments:

- Adopted more by medium/large firms.
- Smaller firms may lack the specialist HR knowledge and the formal support systems to ensure that value is derived from the implementation of this practice.

Teamwork:

- Adopted more by larger firms with an HR department present.
- Smaller firms with no HR department present may not have the employee numbers to effectively facilitate teamwork as the predominate system of working. Also, it may be easier to coordinate and control employee performance due to smaller numbers, thus limiting the need for teamwork.

Career Ladders:
- Adopted more in firms with an HR department present.
- Firms without and HR department present tend to have flatter hierarchical structures and minimal status differences, reducing the need for this practice.

A Policy of No Compulsory Redundancy:
- Few firms engaged with this practice. Those that did were mainly smaller firms with no HR department.
- These firms may use this strategy as an incentive during the induction process as they may not have the ability to offer competitive benefits packages as larger firms can (Williams & Dreher, 1992).

Training Budgets:
- Adopted more in larger firms.
- Smaller firms have a higher probability of labour turnover. Therefore, smaller firms may not invest in training initiatives as the likelihood of highly trained employees staying with the firm is low, resulting in a lower use of training budgets as an HRM best practice (Arthur & Hendry, 1990; Storey, 1999).

Uniform Terms and Conditions of Employment:
- Adopted more in larger firms.
- Smaller firms may not need this practice due to the smaller numbers of staff and the type of work performed in smaller firms. For example, small firms have fewer employees with a narrow variety of jobs, thus, reducing the need for uniform terms and conditions. Conversely, in larger firms, where complex hierarchies tend to exist, there is a need to reduce the differences between shop floor staff and management staff, so as to promote equality within a firm.

Implications

Based on these results, it appears that small firms are making good use of the practices that do not require formal structures or large numbers of people, whereas, larger firms appear to be using both. This supports the findings of Delery and Doty (1996) who assert that some of the HRM best practices are more appropriate than others. In particular, it may be considered that many of the HRM best practices are inappropriate in smaller firms due to the limited ability to allocate resources to effectively implement these practices. Thus, the current results support the underlying principle of strategic HRM. Human resources managers must align some key HRM practices with the context of the business. This suggests that firms should not universally adopt practices, but should be aware of those HRM practices that support the firm's contextual environment. This has significant implications for managers of smaller firms, and for New Zealand as a whole, as they may be at a disadvantage in reaping the benefits gained from the use of HRM best practice compared to other countries.

The Strength of Operationalised HRM Best Practices

The findings of this study reflect the value in examining both the adoption of HRM best practice and the strength of the practices that were adopted. That is, while the presence of an HR department had an effect on the adoption of HRM best practices,

it appeared to have little effect on the strength of the practices that were operationalised. This finding suggests that the presence of an HR department is valuable in initiating specific strategies and practices that are associated with HRM best practice. However, it appears that this value does not extend to ensuring that these practices are used extensively over time. By relating the obstacles encountered by firms, during the implementation of HRM best practice, some inferences can be made that may help to facilitate an understanding of why the presence of an HR department does not influence the strength of operationalised best practices.

In this study, three obstacles that managers most frequently encountered when implementing HRM best practice, were highlighted. These obstacles include; a lack of time to implement the practices, a general resistance to change by employees, and HR activities receiving a low priority status from top management. These obstacles reflect the nature of HRM in New Zealand, as surveys in New Zealand show that the HR function tends to have only a moderate status and prestige (Stablein & Geare, 1993; Dowling & Fisher, 1997; Johnson, 1999). For example, it has been noted that compared to the major Western economies, New Zealand has only recently recognised HRM as a distinct body of professional knowledge and practice (Stablein & Geare, 1993).
Therefore, it is expected that these obstacles may be a reason for the inability of the HR department to ensure that practices are effectively operationalised within a firm. For example, the time allocated to implementing best practice may be limited as New Zealand HR departments tend to be less strategic than their overseas counterparts, and thus, have less experience in effectively operationalising strategies such as HRM best practice.

Secondly, the resistance from employees may be due to mistrust placed in the HR department. For example, employees may not value the changes implemented by HR managers as they do not trust their motivations behind such changes. This may be due to the traditional view of HR managers, which views HRM as a cost to be minimised. This belief may still be pervasive amongst New Zealand firms, resulting in difficulties for HR managers to extensively implement HRM best practices.

Finally, due to the lack of moderate status given to the HR department in the past, top management may also place have little trust in the ability of the HR department to create positive value for the firm. Consequently, the implementation of HRM strategies, such as HRM best practice, may be difficult for the HR department to pursue as top management places a low priority on HRM activities that are strategic in nature.

However, despite no overall differences in the strength of operationalised HRM best practice, some practices were operationalised to a greater extent than others. For example, smaller firms with no HR department present appeared to operationalise flexible job descriptions more. It may be considered that this is due to the increased levels of flexibility within smaller firms with no HR departments present. That is, lower numbers of employees may mean that staff may have to perform or assist in other tasks to meet desired productivity levels on a regular basis. Therefore, this practice will be essential to the strategy of smaller firms with no HR departments.

Furthermore, performance assessments for management staff were found to be operationalised to a greater extent in larger firms. However, this is not very surprising as smaller firms are less likely to have many management staff and in some cases may only have a general manager or owner and shop floor staff. Therefore, the need to assess the performance of management staff will be significantly reduced. Conversely, in larger firms with a higher number of managers, it is important for performance assessments to be conducted to ensure that they are performing their job effectively.

Conclusion

Key Findings and Implications

Research suggests that HRM best practice is internationally widespread. This study indicates that New Zealand is also picking up on this movement, as the use of best practice was found to be reasonably pervasive with many firms indicating the use of Walton's (1985) commitment model of HRM. Therefore, it may be considered that New Zealand firms are not that much different from their overseas counterparts, which is also supported by another New Zealand study conducted by Johnson (2000). This humanistic orientation in the management of employees in New Zealand firms suggests that they are realising the potential value of their human resources.

However, considerable variation was found in the practices adopted from HRM best practice. This variation in adoption of HRM best practice suggests that some of the practices are not appropriate in all situations. This is evidenced by the higher adoption of HRM best practice in larger firms with HR departments present. The literature maintains that the HRM best practice approach creates value due to the additive nature of the practices. That is, in isolation these practices may be limited in the ability to create a sustained competitive advantage, whereas in combination, they can enable a firm to realise its full competitive advantage (Becker & Gerhart, 1996). Consequently, the high adoption of some HRM best practices and not others may have considerable implications for New Zealand firms in creating a source of sustained competitive advantage.

By identifying and discussing the variation in the practices adopted, some inferences were made, which help to explain why some of the practice may not be appropriate. In particular, it is considered that smaller firms with no HR department were lacking the expertise and resources required to successfully adopt many of the practices. Conversely, it is considered that firms with an HR department present are more likely to implement HRM best practice as they have the specialist knowledge and expertise available to implement the practices. The implications of these findings are of concern for smaller firms without HR departments, which are particularly abundant within New Zealand industry.

However, of particular interest was lack of influence that the HR department had in successfully operationalising practices that were adopted. This result reflects the value of examining both the adoption and strength of operationalised practices. This study considered the effect of the obstacles encountered during the implementation

of HRM best practice and contributed this to the inability of the HR department to fully operationalise practices in place. For example, many firms encountered the following obstacles; a general resistance to change by employees, lack of time to implement HRM best practice, and top management viewing HR as low priority. These obstacles suggest that the HR department may still have difficulties in successfully implementing HRM due to the moderate status and prestige that still resides with the department. This situation may be having an effect on the ability of a firm to implement HRM best practice. Therefore, New Zealand firms could be at a disadvantage as the lack in strategic intent in HR departments may be preventing the firms from successfully realising their full potential.

In summary, this study has provided some valuable information on current HRM practice within New Zealand firms. Primarily it has identified areas of HRM that may require improvement to ensure firms can develop a sustainable competitive advantage. Furthermore, this study has also facilitated in consolidating a standardised list of measures of HRM best practice. It was found that practitioners and academics appear to agree on the practices that constitute HRM best practice as few other practices were put forward by respondents. This suggests that the measures used in this study may be effective for future research on HRM best practice.

Based on the results of this study, it may be considered that all of the HRM best practices are not entirely suitable for all organisations all of the time. In particular smaller firms with no HR department present appear to be finding many of the practices within HRM best practice inappropriate. This reflects the value of studying both small and large firms within a New Zealand context. However, globalisation, increasing competition and rapid change are factors that are propelling organisations towards to the use of HRM best practices (Van Buren & Werner, 1996). Therefore, it is important for small firms with no HR departments in particular to improve the management of their employees. Despite the structural differences in small and large firms, the literature maintains that best practice principles are relevant to firms of all sizes. Thus, smaller firms may have to tailor the practices, depending on their resource capacity, but ultimately the principles should remain the same (Johnson, 2000).

Limitations and Future Research

There are two limitations to this research. Firstly, the small sample size that was used due to cost constraints. It has been noted that these results should be interpreted with caution and a larger study is required to confirm these results. Secondly, while this study provided some important linkages between the use of HRM best practice and firm size and the presence of HR departments, the reasons for the linkages need to be explored further. Therefore, it is suggested that future research focuses on the use of HRM best practices in smaller firms to ascertain why they are using some of the practices and not others. Also, an investigation of how HRM best practice can be effectively implemented into smaller New Zealand firms so that they can compete effectively in the international market. Finally, a further examination of the strength of operationalised practices to investigate how this can be improved. This will help to provide a framework with which to further facilitate an improvement in HRM in New Zealand firms and, in particular, smaller firms.

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Appendices

Appendix A: Measures of HRM Best Practice

Number	HRM Best Practices
1	Trainability as a major selection criterion
2	Commitment as a major selection criterion
3	Career ladders
4	Teamwork
5	Quality circles
6	Training budgets
7	A policy of job design (that ensures the full use of employees' skills and abilities)
8	Employee responsibility for quality
9	Flexible job descriptions
10	A policy of no compulsory redundancy
11	Formal performance assessments of staff
12	The use of temporary staff (to protect employment security)
13	Uniform terms and conditions of employment

(Source: Adapted from Wood & Albanese, 1995)

The Importance of Organisational Fit and Emotional Intelligence in Selection Decisions

Christine Theissen

Introduction

Recruiting and selecting the right people for positions is arguably one of the most important decisions a manager can make. The repercussions of a poor appointment can be significant both for the organisation and the individual involved. With careful preparation, an astute awareness of organisational needs and values, a clear understanding of the qualities you need to ascertain in candidates, along with the application of tools that contribute to the assessment of skills and abilities, it is possible however to reduce the chance of error.

This paper takes a personal case study approach, looking at a selection decision I made for a senior position, and why within a short space of time, I determined that the decision was perhaps not the best one I could have made. The answer is clear. Although the appointee was indeed a good match for the organisation in terms of cultural fit, their values did not align with mine, and I had failed to identify and articulate these prior to the interview process. As a result, the questions that were asked by the interview panel members and me did not elucidate the actual information I needed to make a sound selection decision - because no one actually knew what I was looking for. In essence, I was looking for a change agent - someone who would challenge the current norms and values and help to successfully drive a change in the existing culture. Instead, I selected someone who was firmly indoctrinated into the current culture. I also failed to assess whether the candidates had the very essential "softer" personal qualities (emotional intelligence) - attributes that would indicate to me that they had the potential to achieve the desired objectives given the personalities and attitudes that were inherent in the department at the time.

I have limited my review to first defining and then considering why organisational fit and emotional intelligence are important factors in the selection of staff for management positions. The implications for organisations and individuals of not addressing these aspects are also discussed. Consideration is given to how behavioural interviewing techniques as part of a formalised panel interview process might contribute to the identification and assessment of the level of organisational fit and emotional intelligence in candidates, however the validity of various interview techniques is not explored in detail. A number of conclusions are drawn and recommendations offered for organisations seeking to refine their selection processes.

*This assignment was for MANT407, Advanced Personnel Management. Supervised by Dr. Vicky Browning.

The case study

The position was a supervisory one with significant day-to-day responsibilities for 16 staff as well as a defined technical component. The department had experienced an extremely high level of turnover over the preceding year; in-fighting between the previous manager and colleagues (both senior and junior); low morale as a result of a lack of role definition, and significant communication problems within the team. Appointing the right person was therefore extremely important. The wrong choice could destabilise the remaining workforce, damage relationships with other departments, build further resentment particularly with management, and potentially further increase turnover.

My boss encouraged me to advertise internally only. I felt this was risky, given there was only a small field of staff who had any supervisory experience, however I allowed myself to be persuaded. I was also aware that there was a reluctance for people to "step forward" for fear of being seen as thinking they could do better than the incumbent. This was particularly true for recent new arrivals - the ones who in my opinion had already demonstrated the interpersonal skills and value systems that I wanted for the department but had not openly communicated.

Given the poor inter-departmental relationships and the existing political environment, it was decided to reduce the potential for bias (as seen by staff) and invite a manager external to the department to participate in a formal interview process. This person would join three other staff to form the interview panel.

It was agreed that a series of questions designed to assess the candidate's capabilities be drawn up and weighted according to importance, and scored by each member of the panel. Questions included those designed to gauge level of experience (e.g. "What experience do you bring to this position?"; Role perception - in this case wrongly labelled as management style (e.g. What personal characteristics do you believe are required to ensure your success in this role?) and situation questions (e.g. Some staff have expressed a view that their role is limited with not much scope for increased responsibility. Staff feel "stuck in a rut" indicating there is "no future" and turnover is increasing. What would you do to enhance job satisfaction?). Technical skill was not assessed, as candidates were qualified technicians with current practising certificates.

In preparation, I identified the key characteristics that I believed the candidates would need to ensure success in the position (supervisory, teaching, project management skills, postgraduate clinical experience). Each question was weighted according to importance, and scored by each member of the panel. Members were required to document their comments and each applicant's interview would be reviewed at conclusion of all interviews.

There were only two candidates, both currently long serving employees of the department. The first seemed ill-prepared for the interview and had difficulty responding even with encouragement and rephrasing of questions. The second candidate however offered "text book" answers - so much so that I felt that the candidate must have seen the questions beforehand. (I could find no evidence of this).

On summing up, the panel members unanimously agreed that the second candidate met the requirements of the position as outlined. Although I was uneasy about the decision to appoint him, I felt unable to explain why it just did not feel right.
The problems started soon after his commencement in the role.

What is organisational fit and why is it important?

Person-organisation fit is defined as *"the match between the norms and values of organisations and the values of individuals*" (Chapman, 1989; Guilliford & Alun, 1992; Heraty & Morley, 1998; Marshall, 1992). They consider that if an individual can be matched with an organisation in terms of its culture and values, it should be possible to achieve a positive effect on a range of variables such as performance, commitment, production, turnover and general employee satisfaction. Shared values within the organisation were also considered to contribute to improvements in interpersonal relations.

Knowledge, skills and abilities are all important elements in job performance. Selecting the right type of person for the organisation is no less important. Defining the appropriate "fit" is more difficult than it seems because managers may define fit as similarity to themselves and thus select an applicant who will not necessarily fit the job or the organisation well (Posthuma, Morgeson, & Campion, 2002). Senior staff for example often stamp their collective personalities and values on an organisation through the creation of a particular work environment (Chatman, as cited in Heraty & Morley, 1998).

If an organisation can identify those characteristics that successful employees exhibit, there is a greater likelihood of identifying the most appropriate candidates in a selection procedure. The use of a repertory grid, as described by Kelly (as cited by Smith & Robertson,1986), might be helpful in this instance.

The notion of organisational fit is attractive, suggesting a satisfied and committed workforce able to adapt to its environment (Schein, as cited in Marshall, 1992). Managers are not alone in their desire to employ people who fit into their organisations. Individuals also want to feel as though they belong. By identifying the specific values, attitudes and behaviours considered important by the organisation and its managers and matching these against those of job candidates it should be possible to create a starting point for identifying those individual who do fit, and for developing a way of identifying those who are likely to fit in the future.

What went wrong?

- Although the panel members and I could not find fault technically with the second candidate's responses, I was uneasy about the decision to appoint him on the basis that I had not been able to gauge how he would fit in with the organisation. I was also unsure whether he had the 'style' of management behaviour that would ensure objectives could be achieved without major disruption.

Conclusions and Recommendations

- The appointed candidate fitted the current organisation's culture perfectly (authoritarian, rigid, fault-finding, however this was not what I actually wanted!) I needed a "change agent" - someone who would look outside the existing indoctrinated and introspective environment and encourage a new approach. I needed a "nurturer". In order to ensure successful selection I not only needed to have a clear understanding of the environment I was working in but how I wanted the environment to change. I had failed to identify and state openly what I was looking for and why.

- Although the panel interview is considered to be more reliable than a one-on-one interview (Muir, 1988), it would have been difficult for panel members to understand what I was looking for because I did not describe the current culture, or share my vision for the department with them clearly. I had assumed that the members of the interview panel would see things as I did. Realistically, this was unlikely given that the other panel members had all been long serving members of the organisation. Their values, beliefs and management style may well have been significantly different from my own, and hence where they saw a good "fit" I did not.

- Conduct a comprehensive job analysis to establish the particular requirements of the job and where that job fits into the overall organisation structure. An organisational analysis should be carried out prior to making staffing decisions in order to identify the dominant values, social skills and personality traits required of potential job applicants. (Bowen, as cited in Heraty & Morley, 1998).

- Managers need to be independent and strong enough to "step back" and objectively assess the needs of the organisation as a whole, recruiting people with complementary skills, if that is what is needed, being clear about the direction the company needs to go and selecting people who can take it there.

- I could have listened to my level of unease with the selection decision and requested a further assessment or interview, with the specific purpose of examining the candidate's value system, and how he felt about the existing work environment. Instinct is an important factor in selection decisions. It is important to listen to the inner self!

What is emotional intelligence and why is it important?

Emotional Intelligence, or EI, is defined as "*the capacity for recognising our own feelings and those of others, for motivating ourselves, and for managing emotions well, in ourselves and in our relationships*" (Goleman, as cited in Bagshaw, 2000). People with high levels of emotional intelligence have the capacity to see the world from another person's perspective. They communicate authentically and assertively; (empathy); are able to accept others and use their talents for the good of the organisation, not just themselves (social awareness) and are able to size up and respond sensitively and positively to a wide range of difficult situations involving others (social responsibility and adaptability). They are also effective problem solvers because they proactively seek solutions and are open to new and very different ways of doing things (change agents). People lacking in these skills may display antisocial attitudes, be inflexible, fail to recognise and take advantage of new opportunities and may demonstrate signs of unpredictable and negative behaviour (Stein & Book, 2000; Bagshaw, 2000).

When people in the workplace do not act with emotional intelligence the costs to both the organisation and the individual can be significant. Low morale, bitter conflict, and stress all limit business effectiveness. Turnover and sickness can increase, interpersonal relationships deteriorate, motivation warns and performance can drop (Heraty and Morley, 1998). Emotional intelligence can contribute in a positive, business enhancing way, improving team working, customer service and managing diversity (Bagshaw, 2000). If properly managed emotions can drive trust, loyalty and commitment and guide many of the greatest productivity gains, innovations and accomplishments of individuals, teams and organisations (Cooper, 1997).

Martinez (1997), Gibbs (1995) and Johnson and Kleiner (2000) all consider emotional intelligence to be a significant predictor of work success arguing that in most cases people who fail in their job fail because of inadequate interpersonal skills rather than a technical inability; that they had poor communication skills or because they didn't fit in with the culture. Some of the fatal flaws include classic emotional failings, such as poor working relations, being authoritarian or too ambitious and having conflict with upper management.

Although emotional intelligence can be learned, through coaching, training and an ongoing time investment, organisations need to consider whether they have the resources to invest in the development of individuals who may not demonstrate sufficient insight into their own behaviour or who do not easily identify with the values of the organisation when they start out. It is for this reason that organisations need to consider and articulate those attributes and values that are held, and identify those that are the most important, before they select new employees.

In summary, emotional intelligence is about managing diverse relationships effectively, being able to recognise when they are not going well, and then working to overcome difficulties in a positive, proactive and empathetic way.

What went wrong?

Although the appointee was indeed a highly competent technician, interpersonal relations with a number of his staff quickly deteriorated. His style of management was directive, authoritarian, and 'gung-ho'. Staff indicated regularly that their viewpoints were not taken into account. They felt belittled when stating they needed additional training in the more specialised areas of their work, so they stopped talking. In team meetings that I attended, chaired by the appointee, I found myself cringing at how things were being raised and his tendency to see things as very cut and dried. There was one way of doing things - his way. There was also a tendency for him to comment, "it's been like this for 10 years - you won't change it, so why try?"

The independent, positive, change embracing manager I thought I had hired needed much more guidance and support than I had predicted from his interview. The true level of his experience in managing a diverse group of strong and wilful personalities, and his ability to nurture those people battered by change and put-downs had not been validly established at the outset of the selection process. Performance, both his and staff under his direction are not yet where they should be. Although progress is being made, the depth of involvement that has been required by me has meant that some of my own objectives have not advanced as far as I would have liked.

Conclusions and Recommendations

- Prevention is always better than cure. However given that the staff member was with me to stay, there were a number of things I felt I could do to improve the situation. Working regularly alongside the manager, I encouraged him to think about using different approaches in getting ideas across to staff; getting him to reflect on situations and outcomes and contemplate how else things might have been handled. In essence, I tried to get him to see things from other people's points of view, and to see how he was coming across to them. With his staff, I was often required to reinterpret his comments in order to soften the effect by using language that was less directive and more consultative. I encouraged staff to have the confidence to put their ideas forward and ensured I was with the manager when staff raised these. I acknowledged their needs openly and put mechanisms in place that demonstrated follow-through and action. In effect, I tried to lead by example.

- The qualities that I have outlined refer to "emotional intelligence". This can be taught, using coaching, mentoring and ongoing support. Although it requires perseverance, it is often possible to bring about positive changes in behaviour.

- Organisations should not under-estimate the importance of identifying and valuing the 'softer' qualities of people. There is much evidence to suggest that assessing emotional intelligence is now a greater predictor of work success than IQ (Cherniss and Goleman, 2002; Dulewich & Higgs, 1999; Stein & Book, 2001).

The link between organisational fit and emotional intelligence

Put simply, organisational fit is associated with the identification of an organisation's culture and value system, whereas emotional intelligence is about understanding 'self and others'. Because individuals, like organisations have values and belief systems, establishing congruence between the two is essential for sustainable organisational and individual success. Therefore to ensure the best match between an organisation and an individual, both parties must have a clear understanding of what is important to them and how they like and need to work. I believe that the behavioural questioning structured interview is one tool that can be used to help assess this.

Using behaviour questioning interviews to assess Emotional Intelligence and Organisational fit

Behavioural or situational interviews are based on a detailed analysis of the skills required to perform the job to be filled (Stone, 2002). Behavioural specifications aim to depict the job in terms of how the individual must work in order to perform well. Questions in a behavioural interview are aimed at specific past experiences that give the interviewer insight into how the candidate will perform in the job. Janz, (as cited in Stone, 2002) states that behavioural descriptions reveal specific choices applicants have made in the past and the circumstances surrounding those choices. The interviewer probes the details of the situation and what the applicant did, the result, how they felt about it, and what they would do differently next time (if anything). This allows the interviewer to assess how well the applicant performed in the situation and to develop an idea of the applicant's typical behaviour patterns, how they think and how they are likely to react (Johnson & Kleiner, 2000). Assessing behaviours in this way helps to determine the level of insight the candidate has into their own actions as well as their motivation to learn and develop, that is, their

emotional intelligence. At the same time, the interviewer is able to establish whether the way in which the candidate managed those situations would bode well in the environment that they are being recruited for.

Behavioural interviews are based on the assumption that the best predictor of future performance is past performance (Bianchini, as cited in Johnson & Kleiner, 2000). Barclay (1999) suggests however that past behaviour merely gives an *indication* of future behaviour and that in the end selectors still have to evaluate candidates on the information they have ascertained during interview. However, this method has advantages over situational questioning which focuses on events that candidates are likely to come across in the new organisation and how they might deal with them (Taylor, 2002). Since interviewees are all motivated to provide the best answers possible, the answers given may not necessarily reflect how they will actually perform or behave. Behavioural situations are also much easier to validate because past employers can verify how the interviewee actually managed the situation described.

Dulewicz and Higgs (1999) consider that the development (and hence assessment of) emotional intelligence in individuals is best achieved by having an individual reflect on past behaviour in different situations, consciously practice different behaviours and actively seek feedback on the way in which others interpret and respond to these new behaviours. In broad terms, it is important to reflect on how the feedback might apply in a range of situations that the individual has faced and to capture and reflect on these. Consequently, if appropriate behaviour questioning techniques are used in interview and during performance appraisals it should be possible to identify the potential and actual growth of individuals in organisations. They can also assist in determining whether a better job fit could be obtained for employees elsewhere within their organisation.

While research suggests that behavioural interviews have much greater validity than situational interviews (Blackman & Funder, 2002; Taylor, 2000; Stone, 2002), they are time consuming to develop. Nevertheless, if the position is an extremely important one, the investment will be worth it.

What went wrong?

- In the interview process, the questions asked of candidates referred only to situations that they might come across in this organisation. I had not included questions that would assess how the candidate had managed similar situations in the past, their reactions, ability to self-reflect or what they learnt from their experiences.

Conclusions and Recommendations

- Caution should be exercised when asking behavioural questions. A snapshot of a person's behaviour observed in an interview situation may not be representative of the candidate's behaviour in real life, however it should give an indication of a candidate's ability to self-reflect, their motivation to learn, and their openness to change. Generally, if you probe enough, and allow the candidate to respond to at least three behaviour description questions it should be possible to see general patterns of behaviour emerge across these situations.

- The use of past behaviour and situation questions require interviewers to have a clear idea of the competencies required for the job and to focus questions on these competencies (Barclay, 2001). Careful and considered preparation is essential.

- People's reactions and behaviour change over time and they can learn from experience. Interviewers should gather several examples of behaviour and seek evidence of trends or patterns rather than relying on a single example, especially if this is a weak or negative example.

- Seek verbal rather than written references so that an applicant's approach to managing previous organisational problems, their reactions and approach can be validated. It is more likely that managers will elucidate details of behavioural style through the use of probes, than by a written request for information. This will add greater validity to a formal interview process.

Additional Recommendations

- Organisations need to actively analyse the constitution of their labour turnover and learn from their mistakes. There is little evidence to suggest that organisations do this effectively - they accept turnover as being a normal part of recruitment. Exit interviews when undertaken well can help identify the reasons for turnover and job dissatisfaction. Performance appraisals can also detect dissatisfaction and poor organisational fit.

- Organisations should not underestimate the importance of sound training in recruitment and selection practices. The greater the impact of the selection decision, the greater the need for preparation, rehearsal and opportunity for practice. Focus and thoroughness is emphasised. Investing in techniques and skills that improve selection decisions is essential for organisational success (Barclay, 2001).

- The various tools available to organisations to help assist with selection decisions all have varying degrees of reliability and validity. Organisations should consider using a variety of these to help reduce the risk of poor selection decisions. These may include a combination of formal and informal interviews, the use of both behavioural and situation questioning, personality and psychometric testing, assessment centres etc.

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