



**A FEW
MOMENTS LATER**

Let's get started with Lecture 4!

External Forces Which Shape HRM



PHASE 1: Learning SHRM Through Theory

Week 1: — An Intro to the module and a little on what we mean by Strategic HRM

Week 2: — What makes a good employer? (Best Practice)

Week 3: — Shouldn't HRM be dependent on organisational needs? (Best Fit)

Week 4: — What external forces influence HRM?

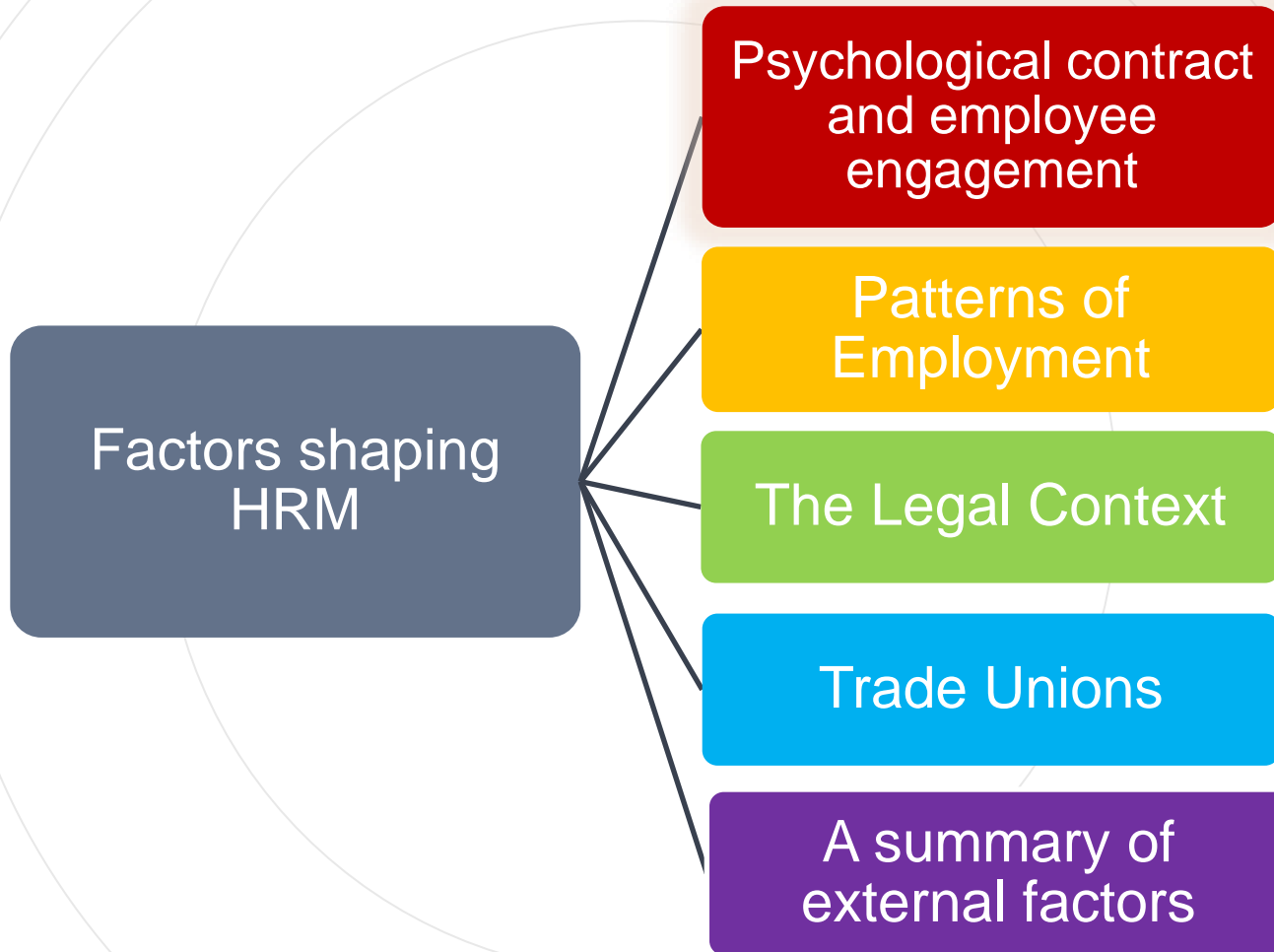
Week 5: — What do HR functions and departments actually look like?

Week 6: — HR and ethics – people are problematic

This lecture won't provide you with direct cause and effect relationships between external factors and an organisation's HRM practices.

However, there will be plenty of questions you can ask/research when writing your assignment.

Don't worry about remembering everything in this session.



Please don't do a PESTEL or Porter's Five Forces Analysis in your assignment – try to apply concepts from this module.

Our employees' expectations of what their work is matter.

Unfortunately, employees don't usually tell us what these expectations are.

This is where problems may arise.



The Psychological Contract

- It was first mentioned by Chris Argyris in the 1960s, then Edgar Schein, but was developed by Denise Rousseau in 1995
- It is the “unwritten expectations of the employer and employee” (Daniels, 2008:135)
- It is either “transactional” or “relational”
- Trust is vital to the psychological contract
- Often broken: exit, discontent, passive negligence, subversion
- Job security – “insecurity thesis” (Henry and Salmon, 2000)
- Long and short-term employment
- Work intensification



TYPES OF PSYCHOLOGICAL CONTRACTS (Rousseau, 1995)

Duration	Performance Terms	
	Specified	Unspecified
Short-term	Transactional <ul style="list-style-type: none"> - Low ambiguity - Easy exit/turnover - Low commitment - New contract freedom - Little learning - Weak integration 	Transitional <ul style="list-style-type: none"> - High ambiguity - High turnover - Instability
Long-term	Balanced <ul style="list-style-type: none"> - High member commitment - High integration - Ongoing development - Mutual support - Dynamic 	Relational <ul style="list-style-type: none"> - High member commitment - High affective commitment - High integration - Stability

Old and New Psychological Contracts

Old psychological contract:	New psychological contract:
“I will work hard for and act with loyalty towards my employer. In return I expect to be retained as an employee provided I do not act against the interests of the organisation. I also expect to be given opportunities for development and promotion should circumstances make this possible”	“I will bring to my work effort and creativity. In return I expect a salary that is appropriate to my contribution and market worth. While our relationship may be short term, I will remain for as long as I receive the developmental opportunities I need to build my career”
Relational contract might contain	Transactional contract might contain
Employer: Job security, career prospects, training and development	Employer: Pay, performance based pay, having a job
Employee: Loyalty, conformity	Employee: Long hours, multi-skilled, willing to change

The psychological contract

4 factors that affect reaction to 'breakage':

1. The more explicit the promise the greater the reaction
2. If the other party is considered to have been personally responsible
3. If the event happens rarely and unexpectedly
4. If the relationship and the work goals that both parties share is seen as very important by the employee

(Conway & Briner 2002 cited in Sparrow and Cooper 2003: 48)

Do any of these principles apply to the sector or organisation(s) you'll be using for your assignment?

Example: The Police

This was published on Personnel Today last year.

Police who feel their psychological contract isn't met are more likely to suffer from stress, anxiety and depression.

'Psychological contract violation' affects police mental health, study finds

By Ashleigh Webber on 6 Oct 2020 in Police, Mental health and stress, Mental health, Stress, Wellbeing



Shutterstock

Employers need to take more responsibility for the 'psychological contract' they have with their employees, especially in occupations affected by austerity measures, as negative emotional reactions can increase the risk of work-related mental health issues.



The challenge for managers and HR

- To maintain a strong psychological contract through gaining commitment from employees and high levels of trust
- Despite employees stating that they are working harder than in 2004, job satisfaction has also increased in most areas of work, apart from job security (*WERS, 2011: 40*)
- A strong association between involvement in decision making and commitment to the organisation, 90% of employees who were satisfied with their involvement in decision making felt loyal to their organisation (*WERS, 2011: 19*)



What are the levels of trust and commitment in the sector and organisation(s) you will be using for your assignment?

A Solution?: I-deals (Idiosyncratic deals)

I-deals are individually negotiated work arrangements (Rousseau et al, 2006). They provide some flexibility on individual circumstances.

However, they need to be communicated openly, and shouldn't overtake fair standard work practices.

* Academy of Management Review
2006, Vol. 31, No. 4, 977-994.

I-DEALS: IDIOSYNCRATIC TERMS IN EMPLOYMENT RELATIONSHIPS

DENISE M. ROUSSEAU
Carnegie Mellon University

VIOLET T. HO
Nanyang Technological University

JERALD GREENBERG
The Ohio State University

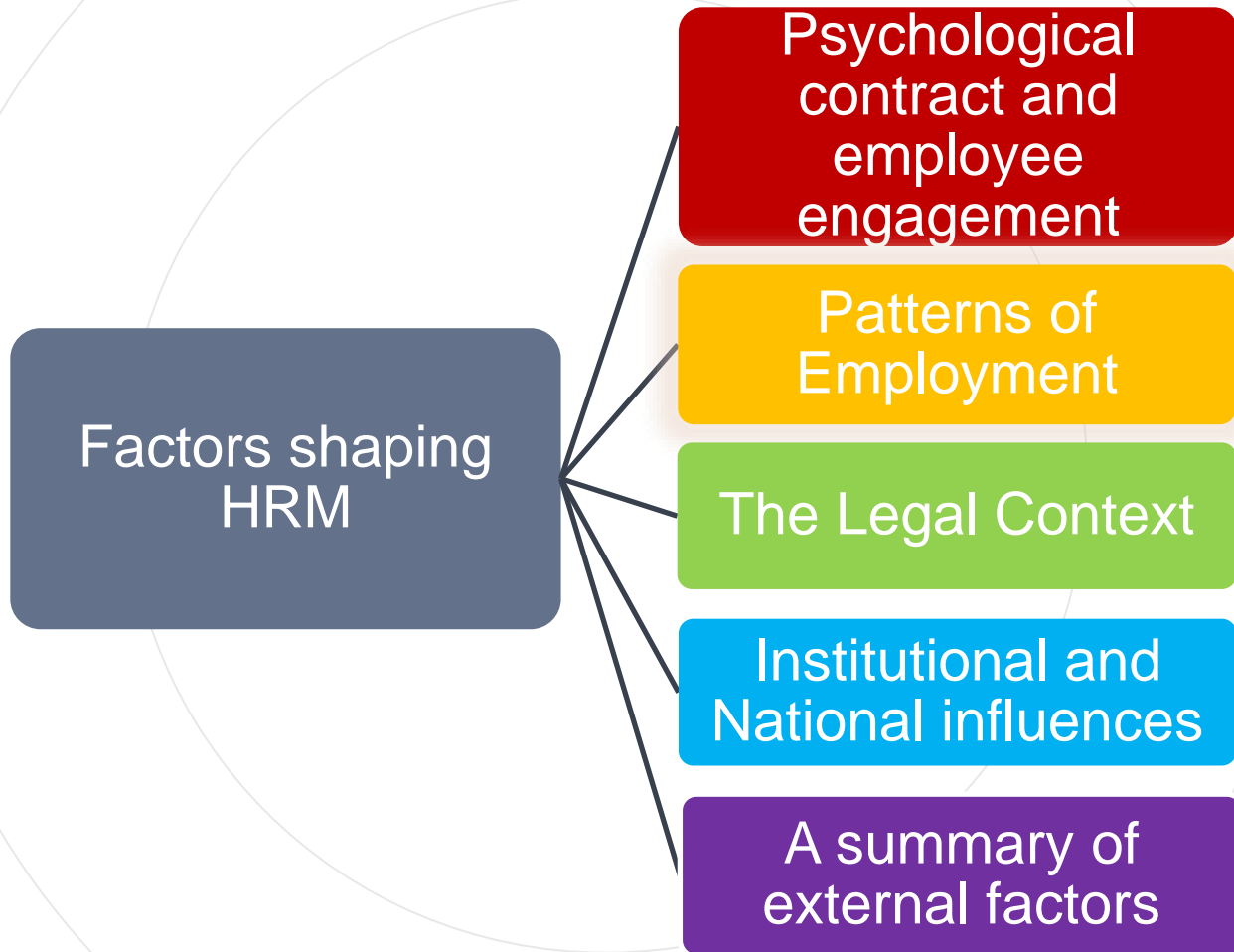
Idiosyncratic employment arrangements (i-deals) stand to benefit the individual employee as well as his or her employer. However, unless certain conditions apply, coworkers may respond negatively to these arrangements. We distinguish functional i-deals from their dysfunctional counterparts and highlight evidence of i-deals in previous organizational research. We develop propositions specifying both how i-deals are formed and how they impact workers and coworkers. Finally, we outline the implications i-deals have for research and for managing contemporary employment relationships.

Idiosyncratic employment arrangements are special terms of employment negotiated between individual workers and their employers

themselves in subtle and not-so-subtle ways from their more ordinary colleagues (Frank & Cook, 1995; Rosen, 1981). Famous movie stars

This ties nicely into the idea that employee engagement is essential – we looked at this concept in Week 2 as being crucial to High Commitment HRM.

If you'd like to analyse this in your assessment, ask what kind of psychological contracts are likely to appear in your organisation, and why.



Patterns of employment in your sector, and the demographics associated with them, will affect how your organisation can operate.

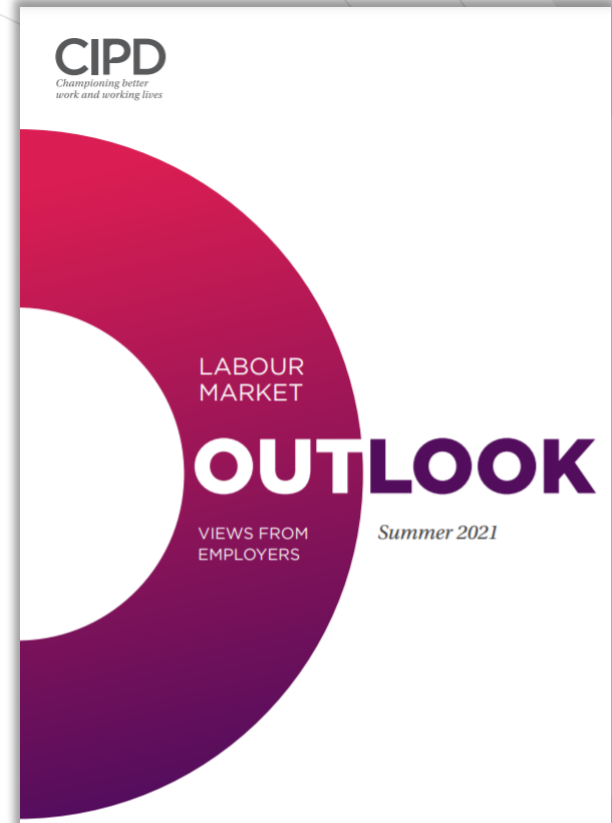


Every quarter of the year the CIPD conducts a Labour Market Outlook with Adecco.

These are free to view online and provide excellent data (HINT: may be useful for your assignment).

They have an archive dating back 3 years, so you could make comparisons,

We can't go through everything in this session, but here are a few pieces of data from the Summer 2021 report:



Labour markets and Patterns of Employment

Numbers employed/unemployed –

- Net employment intentions (recruitment v redundancy) is +32. It's measured by comparing the proportion of employers intending to increase employee numbers against the proportion intending to decrease employees. This figure is considerably different to the -8 twelve months ago (when I last taught this module).
- Overall, recruiting is a struggle for 39% of employers. Covid-hit sectors are struggling the most with filling vacancies. For example, 51% Hospitality, Arts and Entertainment are reporting hard-to-fill jobs.
- 44% are planning to deal with vacancies by upskilling current staff. 26% intend to hire more apprentices.

Some Statistics from the ONS (2021) Labour Market Outlook...

- Job vacancies are at a record high (1,102,000).
- The employment rate for both women and men has risen slightly over the year.
- Economic inactivity is the measure of how many people are unemployed and not choosing to seek work. It has dropped since last year, but 16 – 24s are still struggling with employment the most.

market:

Generation name	Born	Characteristics
Generation V “Veterans”	1939- 1947	Experienced significant change and the majority will have been with their employer for many years.
Generation B “Baby boomers”	1948- 1963	More likely to be idealist and liberal. Adapt well to change. Promotion through hard work and working long hours.
Generation X	1964- 1978	Likely to have experienced uncertainty in the workplace, adaptable.
Generation Y	1979- 1991*	Access to technology has been hugely influential. Higher cost of living than previous generations, e.g. education and housing. Familiar with change.
Generation Z	1992- 2008	Most socially networked and technically savvy. Other characteristics to be determined!

An Ageing Population – What does this mean for employers?

- Smaller talent pool when baby boomers retire
- Greater competition between organisations for school leavers/young graduates
- New strategies to retain older workers
- More sickness absence?
- Workers with elder caring responsibilities

The screenshot shows the Bath Spa University Library search interface. At the top left is the logo for Bath Spa University Library. The navigation bar includes links for Home, Request an item, Journals A-Z, Contact, and Help, along with My Account and My Lists. A search bar contains the text "generational differences workplace" and a Search button. Below the search bar are options for Advanced Search and filters for Everything, eBooks, Articles, and Books and Media. The search results section shows "Search for 'generational differences workplace'" and "Full Text" selected. The results are sorted by "Date (Descending)". A red box highlights the text "Results 1 - 10 of 853". Below this is a pagination bar with numbers 1 through 9 and a "Next >" button. The first result is titled "Avocado toast and pot roast: exploring perceptions of generational communication differences among health sciences librarians" by Stark RK, published in the Journal of the Medical Library Association (JMLA) in 2020. The objective and methods of the research are also visible.

BATH SPA UNIVERSITY Library

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generational differences workplace Search

Advanced Search

Everything eBooks Articles Books and Media

Catalogue Search for "generational differences workplace" Full Text english

Refine Your Search

Search Options

Full Text

Peer Reviewed

Source Type

Academic Journals (403)


Magazines (231)

News (60)

Results 1 - 10 of 853

Sorted by Date (Descending) Sort

1 2 3 4 5 6 7 8 9 ... Next >

 **Avocado toast and pot roast: exploring perceptions of generational communication differences among health sciences librarians**

By Stark RK

Publication Journal of the Medical Library Association : JMLA Journal. English. 2020

Objective: This research explored health sciences librarians' perceptions of intergenerational communication in the workplace. Methods: The authors developed...

If you type "Generational differences workplace" into Bath Spa Virtual Library, you will find a lot of useful papers.



Myths, exaggerations and uncomfortable truths

The real story behind Millennials in the workplace

IBM Institute for Business Value




IBM published a 2015 study which suggested large similarities between Baby Boomers, Gen X and (shock!) Millennials.

However there are some interesting small differences which you could use in Assessment One.

Figure 1

Millennials place much the same weight on many of the same career goals as older employees do

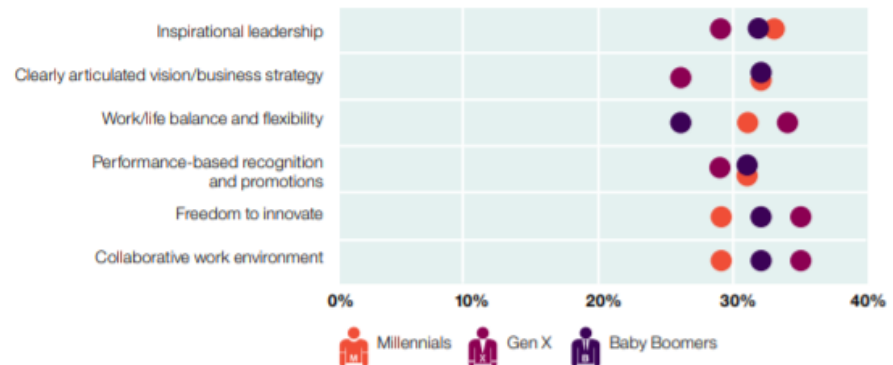
Top career goals

	 Millennials	 Gen X	 Baby Boomers
Make a positive impact on my organization	25%	21%	23%
Help solve social and/or environmental challenges	22%	20%	24%
Work with a diverse group of people	22%	22%	21%
Work for an organization among the best in my industry	21%	25%	23%
Do work I am passionate about	20%	21%	23%
Become an expert in my field	20%	20%	15%
Manage my work/life balance	18%	22%	21%
Become a senior leader	18%	18%	18%
Achieve financial security	17%	16%	18%
Start my own business	17%	12%	15%

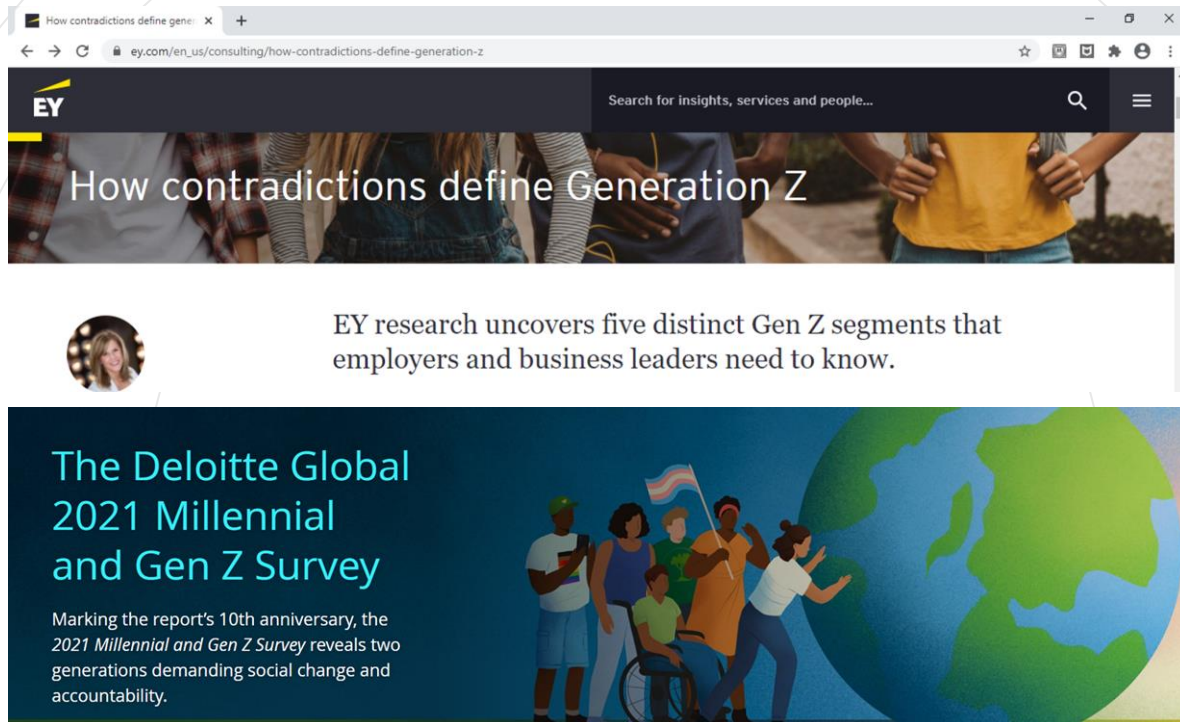
Source: IBM Institute for Business Value Millennial Survey 2014, Millennials n=1,153, Gen X n=353, Baby Boomers n=278.
Q15: Select the 2 long-term career goals that are most important to you.

Figure 2

What does it take to engage employees at work? Millennials' priorities align with those of other generations



Source: IBM Institute for Business Value Millennial Survey 2014, Millennials n=1,153, Gen X n=353, Baby Boomers n=278.
Q18: Which attributes does an organization need to offer to help employees feel engaged at work? Select your top three.



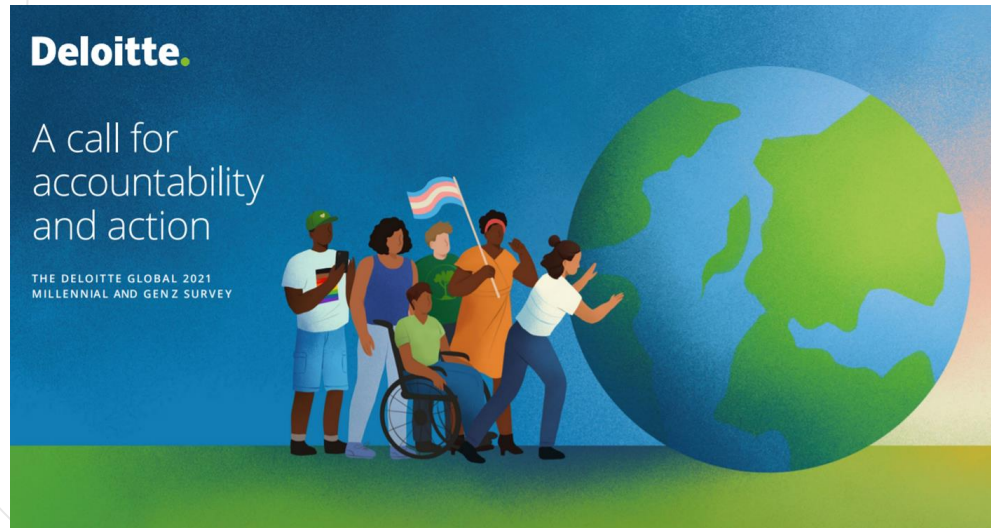
But there are counterpoints, from these good reports on what Generation Y and Z value in the workplace

Gen Y and Gen Z grew up in a context with social media and dramatic changes.

Around a third (more Gen Z) have taken time off work due to stress during the pandemic. 46% of Gen Z say they feel stressed ALL of the time.

They are increasingly sceptical of businesses pushing anything other than a profit motivation.

They see FLEXIBILITY as the most critical employee characteristic now.

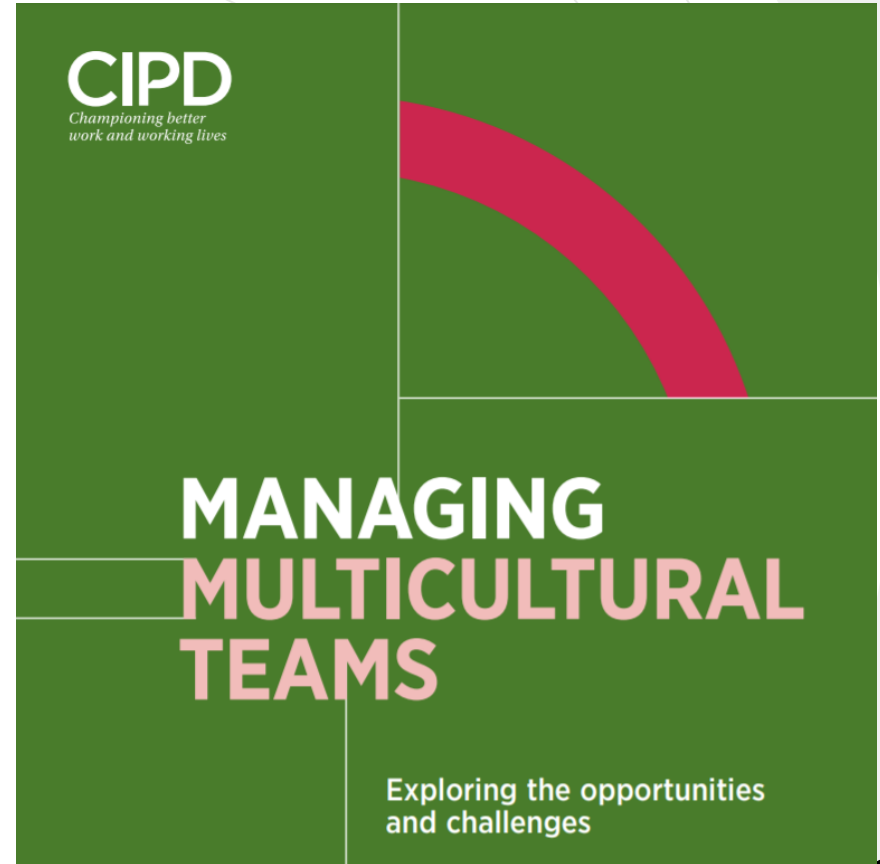


Recruitment and Diversity

A small hint for Assessment Two: A few of the available projects might involve how to recruit, engage, and include a diverse workforce.

If you are interested in the business case and practices for diversity (not just race, but also LGBTQ+, age etc) then try this page:

<https://www.cipd.co.uk/knowledge/fundamentals/relations/diversity#gref>



There are numerous trends in the labour market which you will notice from sources such as the Labour Market Outlook, Workplace Employment Relations Survey (WERS) 2011, and the Office for National Statistics (ONS). There might even be on an organisation's own webpages (and reports).

It will be up to you to decide what might have an impact on your organisation, and why.

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graph LR; A[Factors shaping HRM] --- B[Psychological contract and employee engagement]; A --- C[Patterns of Employment]; A --- D[The Legal Context]; A --- E[Institutional and National influences]; A --- F[A summary of external factors];
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Factors shaping HRM

Psychological contract and employee engagement

Patterns of Employment

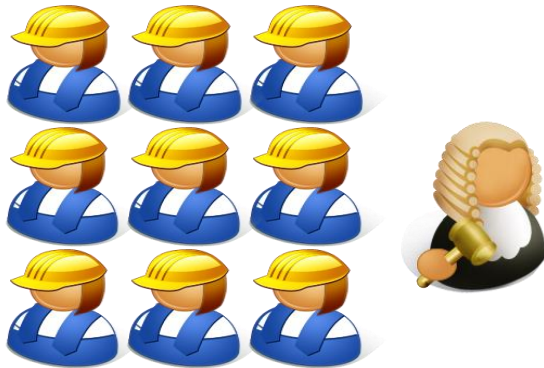
The Legal Context

Institutional and National influences

A summary of external factors

The changing nature of the law in the UK

Up to the 1960s

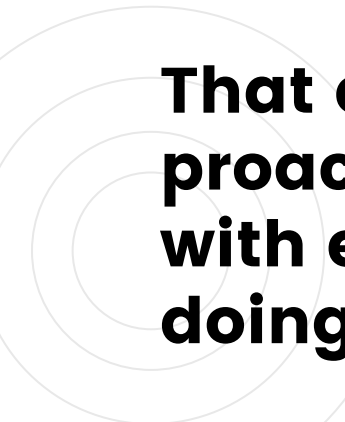


“One of the most important contemporary developments which has shaped HR practice in organisations has been the seemingly relentless increase, year on year, of new employment regulation”, (Torrington et al, 2014: 351)

Now



According to Leopold et al, employment law can act as a catalyst for proactive HR policies and has changed the role of HR in organisations, (2005)



That doesn't mean that organisations are proactive though. There are noticeably issues with equality legislation and companies only doing the bare minimum.

<https://www.personneltoday.com/hr/accountancy-firms-lagging-behind-business-on-diversity/>

<https://www.personneltoday.com/hr/diversity-hr-policies/>

The role of the law at work

- **Auxiliary** – ‘organised persuasion’, e.g. [ACAS guidelines on D&G](#)
- **Restrictive** – ‘stipulate what is allowed and what is forbidden’, e.g. [Rules of consultation for redundancy](#)
- **Regulatory** – a ‘floor of (individual) employment rights’, e.g. [National Minimum Wage, statutory redundancy payments, statutory notice periods](#)



Kahn-Freund (1956: 302 cited in Marchington & Wilkinson, 2016: 40)

Are there any particular laws that affect your organisation(s)? Does the organisation go beyond statutory legislation, e.g. holiday entitlement, maternity entitlements?

Some examples of recent changes – all of these have a bearing on your organisation(s) or sector

- **Fees for an employment tribunals** - introduced in April 2013, from £1,000 - £1,300, resulted in a near 60% reduction in claims, later over-ruled in April 2017, instead if you are thought to have lied or misled, you may have paid the employer's costs.
- **National Living Wage** for working people over 23, increased to £8.91; will be £9.50 by April 2022
- **Parental leave** – It's unpaid, but parents are entitled to 4 weeks a year (a max of 18 weeks by the child's 18th birthday)
- **Apprenticeship levy** – introduced in April 2017, but changes each year. If you have a pay bill of over £3million, you have to pay 0.5% towards the fund.



We need to keep on top of legal changes and the introduction of job schemes.

Government announces Kickstart job scheme for young employees

By Loun Pratt 8th July 2020 3:55 pm

The screenshot shows the GOV.UK website's 'Coronavirus (COVID-19) | Guidance and support' page. The breadcrumb trail is 'Home > Employing people'. A left-hand navigation menu lists various topics: Benefits, Births, deaths, and care, Business and s, Childcare and, Citizenship and UK, Crime, justice, Disabled peop, and Driving and tra. The main content area is titled 'Browse: Employing people' and features a 'Contracts of employment and working hours' link, which is highlighted in blue. Below this, there is an 'A to Z' section with links to 'Anti-bribery policy', 'Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme', 'Construction Industry Scheme (CIS)', 'Continuous employment', and 'Contract types and employer responsibilities'.

The screenshot shows a page titled 'Working safely during coronavirus (COVID-19)'. The breadcrumb trail is 'Home > Work > Health and safety at work'. The page is part of 'Work and financial support during coronavirus'. It includes a 'Give feedback about this page' link. The main content area is blue and contains the following information: 'From: Department for Business, Energy & Industrial Strategy and Department for Digital, Culture, Media & Sport', 'Published: 11 May 2020', and 'Updated: 6 October 2020, see all updates'.

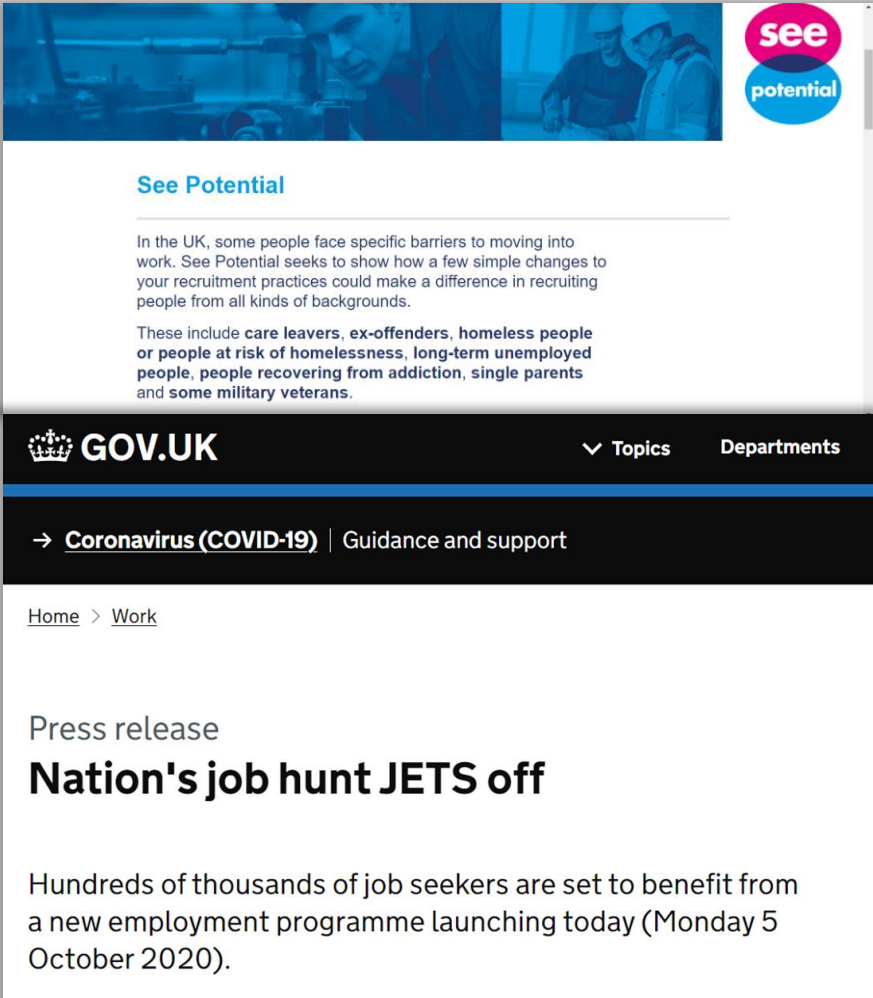
Amendments and schemes being made to boost employment while adapting to Covid rules

And let's not just think about Gen Z here!

Until March the Government had a "See Potential" campaign to help organisations to help organisations to resource people who are disadvantaged.

There's now JETS – the scheme to relaunch 100,000 careers for people who lost jobs during the pandemic.

But does this really target the same people?



The screenshot shows a webpage with a blue header image of workers. The 'see potential' logo is in the top right. The main content area has a white background with the title 'See Potential' and a paragraph explaining the campaign's goal to help disadvantaged groups like care leavers and ex-offenders. Below this is a dark navigation bar with the GOV.UK logo and links for 'Topics' and 'Departments'. A secondary dark bar contains a breadcrumb trail: '→ Coronavirus (COVID-19) | Guidance and support'. The main content area below is white and shows a breadcrumb trail 'Home > Work', followed by the text 'Press release' and the headline 'Nation's job hunt JETS off'. The final paragraph states that hundreds of thousands of job seekers will benefit from a new employment programme launching on Monday 5 October 2020.

see potential

See Potential

In the UK, some people face specific barriers to moving into work. See Potential seeks to show how a few simple changes to your recruitment practices could make a difference in recruiting people from all kinds of backgrounds.

These include **care leavers, ex-offenders, homeless people or people at risk of homelessness, long-term unemployed people, people recovering from addiction, single parents and some military veterans.**

GOV.UK ▼ Topics Departments

→ **Coronavirus (COVID-19)** | Guidance and support

[Home](#) > [Work](#)

Press release

Nation's job hunt JETS off

Hundreds of thousands of job seekers are set to benefit from a new employment programme launching today (Monday 5 October 2020).

The National Skills Fund

The government has stated that they will be investing £2.5 billion in this initiative.

This includes:

- Fully funded Level 3 qualifications (A Levels, International Baccalaureate, NVQ 3) for over 19s.
- Qualifications in sector-specific areas.
- Skills Bootcamps (shorter courses for certain sectors)



Education & Skills
Funding Agency

<https://awarding.org.uk/tag/national-skills-fund/>

About Apprenticeships...

The Apprenticeship Levy is a business tax.

However, the money paid in is stored away and can be used to fund apprenticeship training for employees (within 24 months). This isn't just for low-skilled work; MBAs and management education might be included.

The money can therefore be spent on organisations which provide apprenticeship training.

However, the system is heavily flawed. Look at Personnel Today or People Management if you want several current news stories.



How you manage people will also be affected by how they organise their own collective voice.



Collective rights at work – is this relevant to your organisation?

- **Compulsory union membership** – outlawed, restriction on deductions from pay
- **Strikes and picketing** – heavy regulated by law, changes proposed
- **Union recognition** – legally through ballot, tend to be no more 50 applications per year
- **Information and consultation** – 50 or more employees, fines for non-compliance



Trade unions

Historically in the UK:

- Craft unions
- General unions
- Industrial unions
- Open and closed

Turner, 1962

Now:

- Membership decline – and “super-unions”



1.42 million
members



1.3 million
members

If you'd like to check for Trade Unions or Employers Associations which might affect your organisation, then look at the following:

<https://www.gov.uk/government/publications/public-list-of-employers-associations-listed-and-unlisted/employers-associations-current-list-and-schedule>

<https://www.gov.uk/government/publications/public-list-of-active-trade-unions-official-list-and-schedule/trade-unions-the-current-list-and-schedule>

The government has full lists.

Trade Unions Rising (Again)

Trade Union membership rose to 13.2 million by 1979, but dropped to 7.6 million by 2007 and this trajectory carried on to 2016. We could put this down to anti-TU legislation, the decline of manufacturing industries which had high TU membership, and maybe even the emergence of Soft HRM (see Week One).

But here's the thing: For the last four years Trade Union membership has been *rising again*. In particular, this increase has shown in the number of women workers joining unions (<https://www.tuc.org.uk/blogs/good-news-bad-news-and-same-challenges-trade-union-membership-statistics>).

Will the organisation you've chosen be significantly affected by trade union activity, industry-specific laws, or changes in minimum wage/parental leave/apprenticeships?

And With That...

This session may be short and full of questions and ideas rather than answers.

But it might also add a critical edge to how you decide/recommend an organisation should act.

Carefully consider psychological contracts, labour markets, relevant legislation and schemes, and the presence of Trade Unions.