Fully updated to reflect current thinking, practice and research

9th edition

A Handbook of

## HUMAN RESOURCE MANAGEMENT PRACTICE

Michael Armstrong

List of figures List of tables About the author Preface	xvii xxi xxiii xxv
PART I HUMAN RESOURCE MANAGEMENT	
1 HRM: characteristics, impact and context Human resource management defined 3; HRM goals 4; Versions of HRM 8; HRM activities 9; HRM processes 11; How HR impacts on organizational performance 12; HRM in context 17	3
2 HRM: development and issues The development of the HRM concept 21; HRM issues 28; HRM and personnel management 32; Conclusions 35	21

3	Role of the HR function The overall role of the HR function 38; Variations in HR practice between different organizations 39; Changes in the scope of the function 40; Integrating the HR contribution 41; Organizing the HR function 41; The respective roles of HR and line management 43; Gaining support and commitment 47; Marketing the HR function 49; Preparing, justifying and protecting the HR budget 51; Outsourcing HR work 51; Shared HR services 54; Using management consultants 55	37
4	Role of the HR practitioner  Activities 59; Roles 61; Models of HR management roles 64; What is expected from HR professionals 67; Ambiguities in the role of HR practitioners 71; Conflict in the HR contribution 71; Ethical considerations 73; Professionalism in human resource management 74	59
5	Evaluating the HR function Approaches to evaluation 77; Overall methods of evaluation 78; Types of performance measures 79; Evaluation criteria 79; Practical methods of evaluation 80; Preferred approach 87; Auditing the HR function 88	77
6	International HRM International HRM defined 89; The challenge of international HRM 89; Characteristics of international HRM 90; The context of international HRM 91; International HR policies 94; Employment policies 95; Recruitment and selection 96; Career planning 97; International employee development 97; Managing expatriates 98; Realistic previews 99	89
PA	RT II HUMAN RESOURCE MANAGEMENT PROCESSES	
7	Strategic HRM The concept of strategy 104; Strategic HRM defined 105; Aims of strategic HRM 106; Resource based strategic HRM 107; Approaches to strategic HRM 108; The formulation of HR strategies 113; Achieving strategic fit 116; Strategic HRM models 122; Implementing HR strategies 124	103
8	HRM policies What human resource policies are 129; Why have HR policies 129; Do policies need to be formalized? 130; HR policy areas 130; Formulating HR policies 138; Implementing HR policies 139	129

9	The role of HR in facilitating and managing change Areas for change 142; HR practitioners as change agents 142; The contribution of HR to change management 143; How HR can facilitate change 143; Change guidelines for HR 144; Guidelines for HR innovations 145	141
10	Competency based HRM Development of the concept 148; Definitions 149; Use of different types of competencies 150; Coverage of competencies 150; The content of competency frameworks 151; Why organizations use competencies 152; Competency issues 152; Developing a behavioural competency framework 153; Developing a technical or functional competency framework 155; Applications of competency frameworks 156; Emotional intelligence 157	147
11	Knowledge management Knowledge management defined 160; The concept of knowledge 161; The purpose and significance of knowledge management 162; Approaches to knowledge management 163; Knowledge management systems 164; Knowledge management issues 165; The contribution of HR to knowledge management 166	159
12	Analysing and describing jobs and roles Definitions 174; Job analysis 175; Role analysis 184; Skills analysis 184; Competency analysis 187; Job descriptions 192; Role profiles 198	173
PA	RT III ORGANIZATIONAL BEHAVIOUR	
13	Characteristics of people Individual differences 203; Attitudes 208; Influences on behaviour at work 208; Attribution theory – how we make judgements about people 209; Orientation to work 210; Roles 211; Implications for HR specialists 212	203
14	Motivation The process of motivation 216; Types of motivation 217; Motivation theory 218; Instrumentality theory 218; Content (needs) theory 219; Process theory 220; Herzberg's two-factor model 224; Summary of motivation theories 225; The relationship between motivation and performance 225; Motivation and money 225; Motivation strategies 228	215

15	Commitment, job satisfaction and job engagement Commitment 231; Job satisfaction 239; Job engagement 240	231
16	How organizations function Basic considerations 243; Organization theories 243; Organization structure 248; Types of organization 249; Organizational processes 252	243
17	Organizational culture Definitions 263; The significance of culture 265; How organizational culture develops 265; The diversity of culture 266; The components of culture 266; Classifying organizational culture 268; Assessing organizational culture 270; Measuring organizational climate 271; Appropriate cultures 272; Supporting and changing cultures 273	263
PA	RT IV WORK AND EMPLOYMENT	
18	The nature of work What is work? 279; Theories about work 280; Organizational factors affecting work 282; Changing patterns of work 284; Unemployment 285; Attitudes to work 286	279
19	The employment relationship The employment relationship defined 287; Nature of the employment relationship 287; Basis of the employment relationship 289; Defining the employment relationship 289; Significance of the employment relationship concept 290; Changes in the employment relationship 290; Managing the employment relationship 290; Trust and the employment relationship 292	287
20	The psychological contract The psychological contract defined 297; The significance of the psychological contract 299; The nature of the psychological contract 300; The changing nature of the psychological contract 302; The state of the psychological contract 304; How psychological contracts develop 305; Developing and maintaining a positive psychological contract 306	297

#### 21 Organization design The process of organizing 309; Aim 310; Conducting organization reviews 311; Organization analysis 311; Organization diagnosis 312; Organization planning 314; Responsibility for Organization Design 315 22 Organizational development, change and transformation What is organizational development? 317; Organization development 318; Change management 323; Organizational transformation 332; Development and change processes 335

PART V ORGANIZATION, JOBS AND ROLES

# Job and role design

#### Jobs and roles 337; Factors affecting job design 338; Job design 340; Job enrichment 342; Self-managing teams 343; High-performance work design 344; Role development 344

#### PART VI EMPLOYEE RESOURCING Employee resourcing defined 347; Employee resourcing and HRM 347;

### Plan 349 Human canital

44	riuman capitai
	Human capital defined 351
	of human capital 352; Hum
	capital 355; The practical in
	Conclusions 359

25 Human resource planning

#### requirements 371; Labour turnover 373; Action planning 380; The contribution of HR to human resource planning 386

26 Talent management Talent management defined 387; Talent management processes 387; Becoming an employer of choice 388; Attraction strategy 389; Retention strategy 389; Reward strategy 391; Role design and development

an capital theory 353; Measuring human nplications of human capital theory 357;

# The role of human resource planning 361; Aims of human resource

planning 366; The process of human resource planning 366; Resourcing strategy 369; Scenario planning 370; Estimating future human resource

strategy 393; Succession planning strategy 393; Talent audits 394

; Intellectual capital 351; The significance

- 317
  - 337

351

361

387

309

27	Recruitment and selection	395
	The recruitment and selection process 395; Defining requirements 396;	
	Attracting candidates 400; Advertising 402; Internet recruiting 405; Outsourcing recruitment 407; Educational and training	
	establishments 408; Sifting applications 409; Selection methods 413;	
	Types of interviews 413; Assessment centres 414; Graphology 415;	
	Choice of selection methods 415; Improving the effectiveness of	
	recruitment and selection 417; References, qualifications and offers 417;	
	Final stages 420	
28	Selection interviewing	421
	Purpose 421; Advantages and disadvantages of interviews 422;	
	The nature of an interview 423; Interviewing arrangements 424;	
	Preparation 426; Timing 426; Planning and structuring interviews 426;	
	Interviewing approaches 428; Interview techniques – starting and	
	finishing 432; Interviewing techniques – asking questions 432; Selection	
	interviewing skills 439; Coming to a conclusion 441; Dos and don'ts of	
	selection interviewing 441	
29	Selection tests	443
	Psychological tests: definition 443; Purpose of psychological tests 443;	110
	Characteristics of a good test 444; Types of test 445; Interpreting	
	test results 449; Choosing tests 450; The use of tests in a selection	
	procedure 450	
30	Introduction to the organization	453
	Induction defined 453; Why taking care about induction is important 454;	
	Reception 455; Documentation 456; Company induction – initial	
	briefing 457; Introduction to the workplace 457; Formal induction	
	courses 458; On-the-job induction training 459	
31	Release from the organization	461
	General considerations 461; Redundancy 464; Outplacement 467;	
	Dismissal 469; Voluntary leavers 472; Retirement 472	

#### PART VII PERFORMANCE MANAGEMENT

Performance management defined 477; Purpose of performance

32 The basis of performance management

	management 479; Principles of performance management 479; Concerns of performance management 480; Ethical considerations 481; The scope of performance management 481; Background to performance management 483; The process of performance management 483; Conclusion 484	
33	Performance management processes Key activities 485; Role profile 487; Performance agreements 487; Managing performance throughout the year 492; Performance reviews 496; Performance rating 499; Documentation 505; Introducing performance management 506; Monitoring and evaluating performance management 511	485
34	360-degree feedback 360-degree feedback defined 513; Use of 360-degree feedback 514; Rationale for 360-degree feedback 515; 360-degree feedback – methodology 516; Development and implementation 518; 360-degree feedback – advantages and disadvantages 519; 360-degree feedback – criteria for success 520	513
PA	RT VIII HUMAN RESOURCE DEVELOPMENT	
35	Strategic human resource development Strategic HRD defined 525; Strategic HRD aims 526; HRD and HRM 526; Elements of HRD 526; Human resource development philosophy 527	525
	, · · · · · · · · · · · · · · · · · · ·	
36	Organizational learning and the learning organization Organizational learning 530; The learning organization 533	529

477

38	The delivery of learning and training Definitions 549; The objective of learning and training 550; The learning environment 550; Making the business case for learning and training 550; The systematic and blended approach to learning and training 551; Identifying learning and training needs 553; Learning and development programmes 555; Training programmes 563; Evaluating training 565	549
39	<b>E-learning</b> Definition 569; The concepts underpinning e-learning 570; The process of e-learning 571; Factors affecting success 572; The concept of blended learning 572; Developing e-learning processes 573	569
40	Management development Aims of management development 577; Impact of management development 578; The nature and elements of management development 579; Management development activities 580; Approaches to management development 581; Emotional intelligence and leadership qualities 588; Responsibility for management development 590	577
41	Career management: management succession and career planning Definitions 593; Overall aims 594; The process of career management 594; Career management policies 598; Demand and supply forecasts 601; Succession planning 602; Performance and potential assessment 604; Recruitment 604; Career planning 605	593
PA	RT IX REWARDING PEOPLE	
42	Reward management Reward management defined 613; Reward management – strategic aims 614; Reward strategy 615; The concept of total reward 619; Reward policies 622; The components of reward management 623; Factors affecting pay levels 626	613
43	Job evaluation Job evaluation definition, purpose and aims 631; Types of job evaluation 632; The incidence of job evaluation 635; The case for and against job evaluation 638; Design and process criteria 639; Designing an analytical point factor scheme 640; Implementing job evaluation 645; Managing job evaluation 649; Maintaining job evaluation 649; Equal pay for work of equal value 649; Conclusions 650	631

44	Market rate analysis	651
	Purpose 651; The concept of the market rate 651; The information	051
	required 652; Job matching 652; Presentation of data 653; Sources of	
	information 653	
45	Grade and pay structures	
10		657
	Definitions 657; Rationale for grade and pay structures 659; Criteria for grade and pay structures 660; Types of grade and pay structure 660;	
	Choice of structure 668; Design options 670; Designing a grade structure	
	and grading jobs 672; Pay structures for manual workers 676; Developing	
	pay structures 676; Implementing new grade and pay structures 679	
	7 by constitutes of of implementing new grade and pay structures 6/9	
46	Contingent pay: paying for performance, competence, skill and contribution	685
	Contingent pay defined 686; The rationale for contingent pay 688;	
	Contingent pay strategy 689; Criteria for contingent pay 690;	
	Performance-related pay 690; Competence-related pay 696; Skill-based	
	pay 699; Contribution-related pay 700; Service-related increments 705:	
	Team-based pay 705; Shop-floor incentive schemes 706; Organization-	
	wide schemes 709; Choice of approach 710	
47	Rewarding special groups: directors, expatriates and sales staff	
	Rewarding directors and senior executives 715; Expatriate pay 722; Sales	715
	staff 724	
<b>48</b>	Employee benefits, pensions and allowances	727
	Employee benefits 727; Occupational pension schemes 729; Allowances	
	and other payments to employees 732	
49	Managing reward systems	
77		735
	Reward budgets and forecasts 735; Evaluating the reward system 736;	
	Pay reviews 738; Control 740; Reward procedures 740; Responsibility for reward 742; Communicating to employees 743	
	16 rate / 12, Communicating to employees /43	

PART X	EMPL.	OYEE	REL.	ATIONS
- 4 WALL /		$\sim$ LLL		$\Delta IIVIV$

Employee relations defined 745; Plan 746

50	The framework of employee relations The elements of employee relations 748; Industrial relations as a system of rules 749; Types of regulations and rules 749; Collective bargaining 750; The unitary and pluralist views 752; The reconciliation of interests 753; Individualism and collectivism 753; Voluntarism and its decline 754; The HRM approach to employee relations 755; The context of industrial relations 756; Developments in industrial relations 757; The parties to industrial relations 762; Role of the HR function in employee relations 768	747
51	Employee relations processes Employee relations policies 770; Employee relations strategies 774; Employee relations climate 775; Union recognition and de-recognition 777; Collective bargaining arrangements 779; Informal employee relations processes 785; Other features of the industrial relations scene 785; Managing with trade unions 788; Managing without trade unions 790	769
52	Negotiating and bargaining The nature of negotiating and bargaining 793; Negotiating 794; Negotiating and bargaining skills 801	793
53	Employee voice The concept of employee voice 805; Involvement and participation 806; Purposes of employee voice 806; The framework for employee voice 806; Expression of employee voice 807; Factors affecting choice 808; Forms of employee voice 808; Joint consultation 809; Attitude surveys 810; Suggestion schemes 812; Planning for voice 813	805
54	Communications Communication areas and objectives 817; Communications strategy 817; Communication systems 819	815

#### PART XI HEALTH, SAFETY AND WELFARE

Managing health and safety at work 828; The importance of health

55 Health and safety

	and safety in the workplace 828; Health and safety policies 829; Conducting risk assessments 830; Health and safety audits 833; Safety inspections 835; Occupational health programmes 835; Managing stress 837; Accident prevention 837; Measuring health and safety performance 838; Communicating the need for better health and safety practices 839; Health and safety training 840; Organizing health and safety 840	
56 PA	Welfare services Why provide welfare services? 843; What sort of welfare services? 845; Individual services 846; Group welfare services 849; Provision of employee welfare services 849; Internal counselling services 850; Employee assistance programmes 850  RT XII EMPLOYMENT AND HRM SERVICES	843
57	Employment practices  Terms and conditions and contracts of employment 856; Mobility clauses 858; Transfer practices 858; Promotion practices 859; Attendance management 860; Equal opportunity 862; Ethnic monitoring 863;	855
	Managing diversity 864; The Data Protection Act 865; Sexual harassment 865; Smoking 868; Substance abuse at work 868; Bullying 869; AIDS 869; E-mails 869	

59 Computerized human resource information systems

Benefits of a computerized human resource information system 881; HR information strategy 882; The functions of a computerized HR system 883; Rating of system features 883; An effective system 884; Problems and how to deal with them 885; Developing an information system 886; Examples of applications 889; Auditing the system 895

827

881

Appendix A Training techniques 897

APPENDICES

Subject index

Appendix B Example of an attitude survey 907

References 917

949

975

Author index