An empirical evaluation of strategic human resource management within construction sites

This item was submitted to Loughborough University's Institutional Repository by the/an author.

Additional Information:

- A Doctoral Thesis. Submitted in partial fulfillment of the requirements for the award of Doctor of Philosophy of Loughborough University.

Metadata Record: [https://dspace.lboro.ac.uk/2134/8116](https://dspace.lboro.ac.uk/2134/8116)

Publisher: © Nicola Naismith

Please cite the published version.
This item is held in Loughborough University’s Institutional Repository (https://dspace.lboro.ac.uk/) and was harvested from the British Library’s EThOS service (http://www.ethos.bl.uk/). It is made available under the following Creative Commons Licence conditions.

For the full text of this licence, please go to:
http://creativecommons.org/licenses/by-nc-nd/2.5/
AN EMPIRICAL EVALUATION OF STRATEGIC HUMAN RESOURCE MANAGEMENT WITHIN CONSTRUCTION SMES

By

Nicola Naismith
BSc Hons, MRICS

A doctoral thesis submitted in partial fulfilment of the requirements for the award of Doctor of Philosophy of Loughborough University

November 2007

© Nicola Naismith 2007
CONTENTS

Abstract iv
Certificate of originality vii
Acknowledgements viii
List of Chapters ix
List of Figures xiv
List of tables xv
List of appendices xviii
List of abbreviations xx
ABSTRACT

Strategic Human Resource Management (SHRM) offers a people-management framework which promotes improved performance, innovation and competitiveness. However, little research has considered how such practices are implemented within Construction SMEs, and whether they complement overall business strategy.

The nature of the UK construction industry requires construction organisations to balance project requirements with competing organisational and individual employee expectations, priorities and needs. This conflict raises several complex and problematic issues for SHRM within the construction industry as well as opportunities for improvement. However to date, despite this sector exhibiting the well-known 'labour-intensive' and 'people oriented' characteristics, there is little informed understanding of the complex interplay of factors that shape strategic decision making processes, and approaches to SHRM within construction SMEs.

The overall aim of this thesis was to explore the types of HRM strategies used by construction SMEs and develop a framework to improve their organisational performance. The objectives of the research were:

1) To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies;
2) To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices;
3) Examine the relationship between the different SHRM approaches, the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive; and
4) To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs.
The study explored the current SHRM practices of a sample of construction SMEs using qualitative methods. Fifteen exploratory semi-structured interviews with strategic managers from construction SMEs informed six longitudinal case studies which comprised 23 further semi-structured interviews with strategic managers and HR specialists supported by documentary analysis. The framework derived from the results of the research was validated within four other construction SME firms.

This thesis revealed the following related to the research objectives:

- Construction SMEs undertake strategic management, the nature of strategic decision making was often emergent, a wide diversity of types of strategies existed, differentiation strategy was prevalent and the nature of niche markets was wide.
- Construction SMEs do undertake SHRM, and there is a clear link between the size of the organisation and the approaches used. The larger organisations generally have more sophisticated approaches than smaller organisations.
- HRM is integrated in the business strategies of construction SMEs to varying degrees. The SHRM processes and organisational structures support the business strategy. Three generic themes for improving integration of the organisation’s business strategy and their strategic approaches were found:
  - Improving the communication of business strategy to their employees;
  - Encouraging employee participation; and
  - Linking SHRM and the business strategy
- There is scope for construction SMEs to improve linking their SHRM approaches to specific organisational goals, through the use of a support decision framework designed and refined within this research.
Keywords: Strategic Human Resource Management, Strategic Management, Construction SMEs, Construction Industry.
ACKNOWLEDGEMENTS

I would like to thank my supervisors Professor A. R. J. Dainty, Professor A. D. F. Price and during my early studies Professor C. Rayner for their invaluable support, encouragement and guidance throughout the research process.

I would like to thank primarily the University of Loughborough, as well as Glasgow Caledonian University and Staffordshire University for their financial support and all the staff that helped me along the way.

I would like to acknowledge the support of all the organisations and individuals who have taken time and provided resources to participate in the research, without this input this PhD would not have been possible.

Finally I would like to thank all my friends and family for their emotional support and practical advice and for believing in me.
# LIST OF CHAPTERS

## CHAPTER 1  
INTRODUCTION  
1.1 Research context  
1.1.1 The construction industry and its characteristics  
1.1.2 The definition and importance of SMEs  
1.1.3 Justification for the research  
1.2 The study aim, objectives and research questions  
1.3 Research methodology  
1.4 Contribution to knowledge  
1.5 Guide to the thesis  
1.6 Summary  

## CHAPTER 2  
STRATEGIC MANAGEMENT  
2.1 The definition of strategy  
2.2 The strategic management process  
2.2.1 The definition of the process  
2.2.2 The dimensions of strategy  
2.2.3 Strategic analysis, formulation and implementation  
2.3 The benefits of strategic management  
2.4 Mintzberg’s strategic management theory  
2.4.1 Mintzberg’s strategy safari  
2.4.2 Summary  
2.5 Strategic management and SMEs  
2.5.1 The nature of SMEs  
2.5.2 Strategy management in SMEs  
2.5.2.1 Strategic decision making in SMEs  
2.5.2.2 Strategic planning in SMEs  
2.6 Conclusion  

## CHAPTER 3  
STRATEGIC HUMAN RESOURCE MANAGEMENT  
3.1 The origins of SHRM  
3.1.1 Industrial relations  
3.1.2 Personnel and Human Resource Management (HRM)  
3.1.3 Strategic Human Resource Management (SHRM)  
3.2 Models of SHRM  
3.2.1 The Matching model of SHRM  
3.2.2 The Michigan model of HRM  
3.2.3 The map of the HRM territory model  
3.2.4 Guest’s model of SHRM  
3.2.5 The Warwick model  
3.2.6 The integration of HRM systems model  
3.2.7 Conclusion  

## PAGE NUMBERS  
1  
2  
21  
22  
23  
24  
25  
26  
28  
31  
34  
37  
38  
41  
42  
45  
48  
49  
50  
51  
52  
54  
57  
57  
58  
59  
60  
60  
61  
62
3.3 Core components of SHRM

3.3.1 Organisational culture and structure

3.3.2 HR leadership, management and planning

3.3.3 People management strategies

3.3.3.1 Recruitment and selection

3.3.3.2 Training and development

3.3.3.3 Employment relations

3.3.4 Conclusions to the origins, models and components of SHRM

3.4 SHRM and SMEs

3.4.1 Introduction

3.4.2 HRM leadership and management practices

3.4.3 People management strategies

3.4.3.1 Training and development

3.4.3.2 Recruitment and selection

3.4.3.3 Employment relations

3.4.4 Formality of practices, processes and policies

3.5 Conclusion

CHAPTER 4

THE RELATIONSHIP BETWEEN STRATEGY AND SHRM IN THE CONSTRUCTION INDUSTRY

4.1 The relationship between SHRM and strategic management

4.1.1 The relationship between strategy and human resource strategies

4.1.2 The need for alignment of SHRM approaches and business strategies

4.2 The context of the Construction Industry

4.2.1 Strategic management practice in the construction industry

4.2.1.1 Definitions of strategy used within the construction context

4.2.1.2 Strategy prevalence within the construction industry

4.2.1.3 Conclusions

4.2.2 Strategic approaches to managing human resources in the construction industry

4.2.2.1 The ‘personnel’ perspective

4.2.2.2 People management strategies

4.2.2.2.1 Recruitment and selection

4.2.2.2.2 Training and development

4.2.2.2.3 Employee relations

4.2.2.3 Conclusions

4.3 The need for an empirical investigation of Strategy, SHRM and their alignment within the context of construction SMEs

4.3.1 Lack of Strategy, construction management and SME research

4.3.2 Lack of SHRM, construction management and SME research
CHAPTER 5  
RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction 119
5.2 The research requirements 119
5.3 The research strategy 121
5.4 The research design 124
  5.4.1 The research framework 124
  5.4.2 The case studies 127
  5.4.3 The unit of analysis 128
  5.4.4 Reliability and validity of the research 130

5.5 Data Collection 133
  5.5.1 Phase one (exploratory phase) 133
    5.5.1.1 Sample frame, selection and population 134
    5.5.1.2 The research instruments 134
  5.5.2 Phase two (multiple case studies) 135
    5.5.2.1 Number of cases 135
    5.5.2.2 Case study selection 136
    5.5.2.3 Instruments and procedures 137
  5.5.3 Phase three (validation phase) 138
  5.5.4 Secondary data collection 139

5.6 Analysis of data 139
  5.6.1 Data analysis 139
  5.6.2 Document analysis 145

5.7 Validation of the research outcome 145

5.8 Summary 145

CHAPTER 6  
RESULTS

6.1 Phase one: Semi-structured interviews 148
  6.1.1 Contextual factors 148
  6.1.2 Strategic management 149
  6.1.3 Summary 155

6.2 Phase two: Individual organisational case studies 160
  6.2.1 Contextual factors 162
  6.2.2 Strategic management 164
    6.2.2.1 Strategy 164
    6.2.2.2 Strategic analysis 165
    6.2.2.3 Policies, practices and implementation 168
    6.2.2.4 Summary of phase two: strategy 170
  6.2.3 SHRM 173
    6.2.3.1 Core components of SHRM 173
    6.2.3.2 Decision making 176
    6.2.3.3 Training strategies 178
    6.2.3.4 Recruitment and selection strategies 180
    6.2.3.5 Employment relations 182
    6.2.3.6 The nature of SHRM approaches 188
## LIST OF FIGURES

### Chapter 1
- **Figure 1.1** Guide to the thesis 17

### Chapter 2
- **Figure 2.1** Chapter 2 Layout and content 23
- **Figure 2.2** Dimensions of Strategy (De Wit and Meyer, 1998) 25
- **Figure 2.3** Porter's generic strategies (Porter, 1985) 30

### Chapter 3
- **Figure 3.1** Chapter 3 Layout and content 50
- **Figure 3.2** The origins of SHRM over time 51
- **Figure 3.3** Matching model of SHRM (Devanna et al, 1984) 58
- **Figure 3.4** Michigan model (Fombrun et al, 1984) 59
- **Figure 3.5** The map of the HRM territory (Beer et al, 1984: 16) 60
- **Figure 3.6** The Warwick model of strategic change and HRM (Hendry and Pettigrew, 1990) 61
- **Figure 3.7** The integration of HRM systems (Sparrow and Marchington, 1998) 62
- **Figure 3.8** The systematic training model (El-Sawad, 2002: 291) 70

### Chapter 4
- **Figure 4.1** Chapter 4 Layout and content 92

### Chapter 5
- **Figure 5.1** The research events 125
- **Figure 5.2** Research interpretative framework 126
- **Figure 5.3** Units of analysis 130

### Chapter 7
- **Figure 7.1** Results of pilot study data analysis: Porter (1985) Generic strategies (N=15) 217
- **Figure 7.2** Results of organisational case studies data analysis: Porter (1985) Generic strategies (N=6) 217
- **Figure 7.3** Results of data analysis: strategy schools (Mintzberg et al, 1998) with Porter (1985) generic strategies (N=14) 219

### Chapter 8
- **Figure 8.1** SME SHRM framework outline 265
- **Figure 8.2** Step guide to using the framework 267
# LIST OF TABLES

## Chapter 1
- **Table 1.1** Current SME definition (European Commission)  
- **Table 1.2** Research questions  
- **Table 1.3** Relationship between the research aim, objectives and Initial research questions

## Chapter 2
- **Table 2.1** Schools of thought (adapted from Mintzberg et al 1998, p. vii)  
- **Table 2.2** Dimensions of strategy adapted from Mintzberg et al 1999 and Mintzberg et al 1998

## Chapter 3
- **Table 3.1** Five types of Employee Involvement (Marchington, 1995; Corbridge and Pilbeam, 1998)

## Chapter 4
- **Table 4.1** Definitions of strategy within the construction context  
- **Table 4.2** Research questions 5 to 9  
- **Table 4.3** Research questions 1 to 3  
- **Table 4.4** Research questions 4 to 9

## Chapter 5
- **Table 5.1** Summary of the objectives and related methods of data collection and analysis  
- **Table 5.2** Reliability and validity addressed by the research design  
- **Table 5.3** Protocol developed for the research  
- **Table 5.4** Outline of cases and reasons for their selection  
- **Table 5.5** Relationships between the case study interview schedules, interview content and organisational interviewees  
- **Table 5.6** Outline of validation organisations and reasons for their selection  
- **Table 5.7** Theme analysis protocol

## Chapter 6
- **Table 6.1** Organisational strategies identified by phase one study (organisations 1 to 7)  
- **Table 6.2** Organisational strategies identified by phase one study (organisations 8 to 15)  
- **Table 6.3** Phase one cross case organisational SWOT analysis  
- **Table 6.4** Exploratory phase: organisations 1 to 8 key strategic themes  
- **Table 6.5** Exploratory phase: organisations 9 to 15 key strategic themes  
- **Table 6.6** Key findings from phase one of the study  
- **Table 6.7** Detailed appendices for case study organisations  
- **Table 6.8** Summary of organisational contextual factors  
- **Table 6.9** Case study organisational strategies  
- **Table 6.10** Phase two cross case organisational SWOT analysis  
- **Table 6.11** Strategic decision making, management, practices and policies

xv
Table 8.15 Guidelines for selecting the appropriate management of training and development 280
Table 8.16 Practical process for the appropriate management of employee relations 281
Table 8.17 Guidelines for selecting the appropriate management of employee relations 282
Table 8.18 Practical process for the appropriate management of organisational culture 283
Table 8.19 Guidelines for selecting the appropriate management of organisational culture 284
Table 8.20 Practical process for the appropriate management of organisational structure 285
Table 8.21 Guidelines for selecting the appropriate management of organisational structure 286
Table 8.22 Feedback on the presentation of the framework document 287
Table 8.23 Organisational benefits of the framework document 288
Table 8.24 Usability of the framework 289
Table 8.25 Organisational categories applicable for using the framework document 290
Table 8.26 Timeframe for framework document usage 290
Table 8.27 Summary of suggested improvement themes 291
Table 8.28 Key findings of the framework document 295

Chapter 9
Table 9.1 Summary of learning points and their relationship with the research objective A 349
Table 9.2 Summary of learning points and their relationship with the research objective B 350
Table 9.3 Summary of learning points and their relationship with the research objectives C and D 351
<table>
<thead>
<tr>
<th>LIST OF APPENDICES</th>
<th>394</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: List of publications</td>
<td>395</td>
</tr>
<tr>
<td>B: Exploratory semi structured interview schedule for</td>
<td>397</td>
</tr>
<tr>
<td>strategic Managers</td>
<td></td>
</tr>
<tr>
<td>C: Organisational profiles for exploratory semi</td>
<td>403</td>
</tr>
<tr>
<td>structured interviews</td>
<td></td>
</tr>
<tr>
<td>D: Primary case study interview schedules:</td>
<td>409</td>
</tr>
<tr>
<td>D1: Round 1 Interview schedule and organisational</td>
<td>411</td>
</tr>
<tr>
<td>background</td>
<td></td>
</tr>
<tr>
<td>D2: Round 2 Interview questions: SHRM</td>
<td>415</td>
</tr>
<tr>
<td>D3 Round 3 Interview questions: relationship between</td>
<td>419</td>
</tr>
<tr>
<td>strategy and SHRM</td>
<td></td>
</tr>
<tr>
<td>D4 Round 3 Interview questions: SHRM implementation a</td>
<td></td>
</tr>
<tr>
<td>middle management perspective</td>
<td></td>
</tr>
<tr>
<td>E: Overview of the primary case study Organisation A</td>
<td>422</td>
</tr>
<tr>
<td>E1: Contextual factors</td>
<td>425</td>
</tr>
<tr>
<td>E2: Strategy</td>
<td>427</td>
</tr>
<tr>
<td>E3: SHRM</td>
<td>428</td>
</tr>
<tr>
<td>E4: Statement of alignment within the business strategy</td>
<td>429</td>
</tr>
<tr>
<td>E5: Statement of alignment within SHRM</td>
<td>433</td>
</tr>
<tr>
<td>F: Overview of the primary case study Organisation B</td>
<td></td>
</tr>
<tr>
<td>F1: Contextual factors</td>
<td>434</td>
</tr>
<tr>
<td>F2: Strategy</td>
<td>436</td>
</tr>
<tr>
<td>F3: SHRM</td>
<td>437</td>
</tr>
<tr>
<td>F4: Statement of alignment within the business strategy</td>
<td>438</td>
</tr>
<tr>
<td>F5: Statement of alignment within SHRM</td>
<td>442</td>
</tr>
<tr>
<td>G: Overview of the primary case study Organisation C</td>
<td></td>
</tr>
<tr>
<td>G1: Contextual factors</td>
<td>443</td>
</tr>
<tr>
<td>G2: Strategy</td>
<td>445</td>
</tr>
<tr>
<td>G3: SHRM</td>
<td>447</td>
</tr>
<tr>
<td>G4: Statement of alignment within the business strategy</td>
<td>451</td>
</tr>
<tr>
<td>G5: Statement of alignment within SHRM</td>
<td>451</td>
</tr>
<tr>
<td>H: Overview of the primary case study Organisation D</td>
<td></td>
</tr>
<tr>
<td>H1: Contextual factors</td>
<td>452</td>
</tr>
<tr>
<td>H2: Strategy</td>
<td>455</td>
</tr>
<tr>
<td>H3: SHRM</td>
<td>456</td>
</tr>
<tr>
<td>H4: Statement of alignment within the business strategy</td>
<td>461</td>
</tr>
<tr>
<td>H5: Statement of alignment within SHRM</td>
<td>461</td>
</tr>
<tr>
<td>I: Overview of the primary case study Organisation E</td>
<td></td>
</tr>
<tr>
<td>I1: Contextual factors</td>
<td>462</td>
</tr>
<tr>
<td>I2: Strategy</td>
<td>464</td>
</tr>
<tr>
<td>I3: SHRM</td>
<td>465</td>
</tr>
<tr>
<td>I4: Statement of alignment within the business strategy</td>
<td>469</td>
</tr>
<tr>
<td>I5: Statement of alignment within SHRM</td>
<td>469</td>
</tr>
<tr>
<td>J: Overview of the primary case study Organisation F</td>
<td></td>
</tr>
<tr>
<td>J1: Contextual factors</td>
<td>470</td>
</tr>
<tr>
<td>J2: Strategy</td>
<td>472</td>
</tr>
<tr>
<td>J3: SHRM</td>
<td>473</td>
</tr>
<tr>
<td>J4: Statement of alignment within the business strategy</td>
<td>478</td>
</tr>
<tr>
<td>J5: Statement of alignment within SHRM</td>
<td>478</td>
</tr>
<tr>
<td>K: Industry Dissemination Pack- SME SHRM FRAMEWORK</td>
<td>479</td>
</tr>
<tr>
<td>L: Framework Validation Process Questions</td>
<td>508</td>
</tr>
<tr>
<td>L1: Interview Schedule</td>
<td>509</td>
</tr>
<tr>
<td>L2: Organisational background</td>
<td>512</td>
</tr>
<tr>
<td>M: Theme analysis protocol</td>
<td>514</td>
</tr>
<tr>
<td>M1 Node Listings</td>
<td>516</td>
</tr>
<tr>
<td>M2 Coding stripes</td>
<td>517</td>
</tr>
<tr>
<td>M3 Thematic tables</td>
<td>518</td>
</tr>
<tr>
<td>M4 Main themes</td>
<td>520</td>
</tr>
<tr>
<td>M4 Recoding</td>
<td>521</td>
</tr>
<tr>
<td>M6 First draft</td>
<td>527</td>
</tr>
<tr>
<td>M7 Final summaries</td>
<td>535</td>
</tr>
</tbody>
</table>

xviii
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIB</td>
<td>Construction Industry Board</td>
</tr>
<tr>
<td>CIC</td>
<td>Construction Industry Council</td>
</tr>
<tr>
<td>CIOB</td>
<td>Chartered Institute of Building</td>
</tr>
<tr>
<td>CIPD</td>
<td>Chartered Institute of Personnel and Development (previously IPD, see below)</td>
</tr>
<tr>
<td>CITB</td>
<td>Construction Industry Training Board</td>
</tr>
<tr>
<td>CPD</td>
<td>Continuous Professional Development</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>EPSRC</td>
<td>Engineering and Physical Sciences Research Council</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
<td>HRD</td>
<td>Human Resource Development</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>HRP</td>
<td>Human Resource Planning</td>
</tr>
<tr>
<td>IIP</td>
<td>Investors in People</td>
</tr>
<tr>
<td>IPD</td>
<td>Institute of Personnel and Development (now CIPD, see above)</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KM</td>
<td>Knowledge Management</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>LO</td>
<td>Learning Organisation</td>
</tr>
<tr>
<td>PFI</td>
<td>Private Finance Initiative</td>
</tr>
<tr>
<td>PPP</td>
<td>Public-Private Partnership</td>
</tr>
<tr>
<td>QA</td>
<td>Quality Assurance</td>
</tr>
<tr>
<td>QS</td>
<td>Quantity Surveyor</td>
</tr>
<tr>
<td>RICS</td>
<td>Royal Institution of Chartered Surveyors</td>
</tr>
<tr>
<td>SME</td>
<td>Small to medium sized enterprise</td>
</tr>
<tr>
<td>SHRM</td>
<td>Strategic Human Resource Management</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION
CHAPTER 1

INTRODUCTION

The Strategic Human Resource Management (SHRM) paradigm is an effective approach to people management which has developed greatly during the last decade. SHRM is a widely accepted and adopted tactic to personnel recruitment which improves performance and retention within many industries and organisations (Guest, 1987; Pfeffer, 1994; Huselid, 1995; Mabey et al, 1998; CIPD, 2001; Taylor, 2002; Armstrong and Baron, 2002). However, to date little attention has been paid to SHRM within the construction sector (Loosemore et al, 2003) despite this sector exhibiting the well-known 'labour-intensive' and 'people oriented' characteristics that SHRM can address (Druker and White, 1995; Smithers and Walker, 2000).

The need for construction organisations to move towards SHRM practices has been demonstrated by a number of studies (Druker and White, 1995; Druker et al, 1996; Maloney, 1997; Dainty et al, 2000a; Raiden, 2004). The benefits that these practices would bring include the commitment of the organisation and its employees to improvement, innovation and change which could in turn sustain the organisation’s competitive advantage within their market (Porter, 1985; Loosemore et al, 2003). However, few have considered how these practices are implemented within commercial organisations and whether they complement overall business strategy. This thesis argues that by developing a structured and comprehensive understanding of existing SHRM practices and business strategies within construction SME organisations, a framework that informs SHRM decision-making and practices can be developed to support improved organisational performance and alignment of strategic issues within the industry.
Although smaller firms clearly typify the construction industry, very little research has been undertaken into this organisation type within this sector. Within the broad construction paradigm, a number of industry reviews (e.g. Banwell, 1964; Latham, 1994; Egan, 1998; Fairclough, 2002; and Respect for People, 2000) have informed the industry competitiveness and guided the sector’s development. These initiatives demonstrate an increasing recognition and awareness of the link between good HRM practice and improved business performance, Loosemore et al. (2003). Despite their role in driving policy decisions and initiatives in the UK construction industry, many of these reviews are not specifically tailored to the needs of SMEs.

This chapter discusses the general background for the thesis, the rationale behind the research, the research aim and objectives and methodology. The chapter concludes with an outline of the thesis structure.

1.1 Research context

1.1.1 The construction industry and its characteristics

Construction is a large, labour-intensive sector in the UK that accounts for eight percent of the GDP (Strategic Forum for Construction, 2002) and employs approximately 1.8 million people (BERR, 2007). It is ‘project-based’ where individual projects are usually custom-built to client specifications (Bresnen, 1990; Loosemore et al, 2003), and one of the most dynamic and complex industrial environments. There are considerable variations in the number, size and type of projects undertaken by construction organisations; these variations in the organisational workloads cause significant challenges for construction SMEs in their strategic intention and staffing needs.

A key characteristic of the industry’s output is that the finished product is largely non-transportable and therefore has to be assembled at a point of use, usually outside, and often geographically dispersed (Bresnen, 1990; Fellows et al, 2002). This requires construction organisations to establish
temporary organisational structures at dispersed geographical locations, frequently at a distance from central management. The project team thus forms the focus of working life in construction, operating with a significant and necessary degree of independence. Delegation and empowerment have become essential to the effective management of construction work (Dainty et al, 2002; Nesan and Holt, 2002), however, the characteristics of staff allocated to project teams also have a crucial effect. Because every construction project is different, a bespoke team is usually created for each project. However, the time available between contract award and the mobilisation of the project is usually extremely limited (Druker et al, 1996), making strategic planning complex.

Construction projects form autonomous business units with their own multifunctional teams and objectives. Within project teams, line managers thus become partially or completely responsible for the Human Resource Management (HRM) function as well as many other technical and financial aspects. This devolution often occurs without any proper training or central support and is a unique characteristic of the industry. Loosemore et al (2003) confirm that due to this approach, tension occurs between the short-term objectives of the project and the longer-term strategic needs of the wider organisation, often resulting in people-related issues adopting a lower priority to the core procurement challenges of meeting project targets.

The sensitivity of the level of construction industry economic activity to wider economic activity creates a further challenge for SHRM. Construction has always suffered from being one of the first industries to be affected by economic downturn and one of the last to recover from it. This cyclical construction demand makes it very difficult for companies to retain directly employed workforce and make long-term investments in its core professional staff (Lingard, 2002) as well as defend against uncertainty of workload, economic slump and unstable demand (Langford et al, 2000).
Whilst the increasing use of subcontractors has acted as a defence against this cyclical demand and has allowed contractors to pass on risk and achieve greater organisational flexibility, it provides a number of challenges. It further fragments the industry, as these firms and individuals are not directly employed by the main contractor, and there is no responsibility for them apart from payment for work completed, resulting in the creation of more small firms and higher levels of self employment and casual labour (Langford et al, 2000). In turn this has consequently made project coordination more complex and has increased the need for highly skilled and experienced management (Druker and White, 1995; Fellows et al, 2002; Loosemore et al, 2003).

The above characteristics make SHRM extremely difficult within the context of the construction industry. In particular, the current competitive recruitment climate has increased the need for construction organisations to retain their professional employees in order to remain competitive. Those companies who fail to meet the psychological expectations of employees stand to lose their most able and ambitious personnel to their competitors in an increasingly competitive marketplace for good people (Druker and White, 1996). Employee turnover is an extremely important issue for the strategic HR planning of construction companies, however, a culture of mobility has emerged and often employees drift from job to job with little sense of loyalty to their employers. Within the UK, there are concerns that staff turnover may continue to increase as staff shortages intensify and competition between different employers intensifies. In a survey of construction professionals, forty two percent stated that they were actively looking for new positions (Ford, 1997). The need for companies to retain staff has thus become a major HRM issue throughout the construction industry.

Over recent years there have been a number of changes in the industry including: a steady increase in the quality of services and products expected by construction industry clients; an influx of workers with English as a
second language; and a growing need for construction projects to be delivered more quickly. This has been achieved through considerable commitment from those working in the industry; however, it can give rise to unsafe working practices, long working hours and increased levels of stress (Respect for People, 2000). These changing industry demands means that strategic human resource management (SHRM) is vital to construction organisations to help them achieve improved levels of performance and hence greater profitability (Loosemore et al, 2003).

The construction industry presents challenges that have the potential to undermine the applicability and effectiveness of SHRM. Construction activity relies on skilled manual labour supported by an integrated project management and design team. Despite this, these functions often remain disjointed right up to the point of delivery causing fragmentation within the project delivery process that makes construction one of the most difficult project-based industries in which to apply good Human Resource Management (HRM) practices (Moore and Dainty, 2001).

1.1.2 The definition and importance of SMEs

Micro, small and medium-sized enterprises are socially and economically important. They comprise 99 percent of all enterprises in the EU, provide approximately 65 million jobs and stimulate entrepreneurship and innovation (EC.Europa.eu, 2007). There were an estimated four million business enterprises in the UK at the start of 2003. Almost all of these enterprises (99.2 percent) were small (0 to 49 employees). Only 26,000 (0.6 percent) were medium-sized (50 to 249 employees) and 6,000 (0.2 percent) were large (250 or more employees) (DTI Statistical Bulletin, 2004).

While the above review provides a convenient snapshot, detailed research suggests that there is no universally accepted definition of what constitutes either a ‘small’ or ‘medium-size’ organisation. The wide diversity of businesses has caused researchers to adopt very different terminology. Boon (1996) defined small, professional companies (architects, designers, project
managers) as having between five and 20 employees, while Dean et al, (1998) assumed that small organisations had less than 20 employees.

In part, the lack of SHRM research in SMEs derives from the problematic and complex issue of size. As Storey (1994, p.8) noted, “there is no single, uniformly acceptable, definition of a small firm”. Most definitions of small firms, especially those concerned with employment relations, relate to the numbers employed. However, there is no consensus on how ‘big’ small is, and it can range from 50 to 500 employees.

In addition to the variety of definitions, many researchers have failed to define the size parameters that they have adopted. The most widely referred to and most appropriate descriptions of the key characteristics of a small firm remain those used by The Bolton Committee (1971), The DTI Companies Act (1985) and The European Commission (2005). The Bolton Committee in its 1971 Report on Small Firms, stated that size was relevant to sector and developed an ‘economic’ definition incorporating the criteria of: share of the market; personalised management by owners; and independence. Appendix 2 of The Department of Trade and Industry, Companies Act (1985) provides three definitions, namely:

- small less than 50 employees and £2.8m in turnover;
- medium less than 250 employees and between £2.8m and £11.4m turnover; and
- large more than 250 employees and £11.4m in turnover.

In February 1996, the European Commission adopted a communication setting out a single definition of SMEs. This was subsequently updated by Recommendation 96/280/EC which has been in effect since 1 January 2005 and provides several definitions (Table 1.1).
Table 1.1: Current SME definition (European Commission)

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount</th>
<th>Turnover</th>
<th>or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 million</td>
<td>≤ € 43 million</td>
<td></td>
</tr>
<tr>
<td>small</td>
<td>&lt; 50</td>
<td>≤ € 10 million</td>
<td>≤ € 10 million</td>
<td></td>
</tr>
<tr>
<td>micro</td>
<td>&lt; 10</td>
<td>≤ € 2 million</td>
<td>≤ € 2 million</td>
<td></td>
</tr>
</tbody>
</table>

Although policy makers have assumed that the micro-enterprise context is not unique and therefore can be embraced within the term ‘Small and Medium’ sized enterprise, SMEs have characteristics which clearly differentiate them from micro-enterprises (Greenbank, 2001). The micro-enterprise paradigm is different from that found affecting other organisations: their perception of societal forces varies; economic priorities differ; as does the individual’s drivers. This contextualised environment directly affects the micro-enterprise’s objectives and their less formalised and more personal management practices in micro-enterprises mark them out as being distinct from their relatively larger counterparts (EC, 96). For these reasons micro enterprises have been excluded from this study.

For the purpose of this study employee numbers were used as the criteria for defining the organisation as an SME. The European Commission (2005) guidelines were used to categorise the organisations into SMEs as these guidelines are comprehensive and recently published. Subsequently, for this research: a small enterprise has 0 to 49 employees; for a medium-sized enterprise; 50 to 249 employees; and a large enterprise has 250 or more employees.

1.1.3 Justification for the research

The rationale for conducting this research are summarised as follows:

Strategic management has had an important role in the development of all construction organisations due to the highly competitive nature of the
industry and drive for improved organisational performance through sustained competitive advantage (Langford and Male, 2001). Robinson and Pearce (1984) also noted that the success of small businesses is also very much dependent upon the quality of the strategic decisions they make.

In addition to this, historical strategic management literature is mainly quantitative in nature (Ansoff, 1965; Mintzberg, 1979; Porter, 1980, 1985) reflecting its development within predominant management philosophies of past eras and its focus on large organisations. A well accepted premise in the small firm literature is the notion that SME strategic orientations are different from those adopted by large organisations (Penrose, 1959; Beaver, 2002; Storey, 1994). As a consequence, SMEs require strategic management and SHRM guidance that is sensitive to the organisation, its structure, culture and context.

Few studies have sought to capture effective approaches to strategic management or SHRM within the construction sector (Raiden, 2004). However, the construction industry is renowned for a poor record in people management issues including HRM practices in areas including high levels of staff turnover and poor training and safety levels (Loosemore et al, 2003). Studies also indicate that construction organisations commonly support the traditional ‘personnel management’ style people management practices, rather than those associated with the strategic human resource management (SHRM) typified by Druker and White, (1995) and Druker et al. (1996). The industry has a low take-up of the Investors in People (IiP) initiative (Strategic Forum, 2002), reflecting its limited commitment to human resource development (HRD) (Dainty et al, 2000).

The importance of SMEs to the economy in general has been outlined in the previous section; this importance is also reflected within the construction industry. In 1990, Hillebrandt observed that construction industry structure has remained largely unaltered since the 1970s, comprising a small number of very large firms and a vast number of small firms. More recently,
Langford and Male (2001) and Stocks and Male (1991) support this view noting that construction is essentially a large industry mainly comprising small to medium sized companies.

Although smaller firms clearly typify the construction industry, very little research has been undertaken into this organisation type within this sector. Within the broad construction paradigm, a number of industry reviews (e.g. Banwell, 1964; Latham, 1994; Egan, 1998; Fairclough, 2002; and Respect for People, 2000) have informed the industry competitiveness and guided the sector’s development. These initiatives demonstrate an increasing recognition and awareness of the link between good HRM practice and improved business performance, Loosemore et al, (2003). Despite their role in driving policy decisions and initiatives in the UK construction industry, many of these reviews are not specifically tailored to the needs of SMEs.

Price et al (2003a) commented that even though there are a high number of SMEs within the economy and the construction industry, the development of strategic management principles and decision-making processes has been neglected in all industries, let alone construction. This situation is summarised by Brouthers et al (1998), who stated:

"Surprisingly little research exists that examines strategic decision making in small firms...The research that exists, examines the activities of managers in large multinational firm".

In summary, SMEs are significantly important to the construction industry and the economy in general. This importance is contrasted with a dearth of construction industry research involving SMEs. In part, the lack of SHRM research in SMEs derives from the problematic and complex issue of size (Storey 1994, pg.8).

The vital importance of strategic management and SHRM to the construction industry is also clear, although similarly a lack of construction
management research is evident. This is further accentuated by the lack of SME research in both areas and lack of research examining their relationship even though this is critical for organisational success.

This research addresses the shortfall of construction research summarised above. It outlines the need for construction SMEs to use strategic management processes and SHRM in an integrated manner to gain competitive advantage in a highly competitive environment. This thesis begins to address the shortfall by contributing a structured and comprehensive explanation of current strategic management and SHRM practices within construction SMEs. It also develops a framework for the closer alignment of these practices for improved organisational performance. Furthermore, as the industry mainly comprises small firms, this investigation of SHRM within small or medium sized organisations adds value to understanding the state of SHRM within the industry as a whole.

1.2 The study aim, objectives and research questions
The overall aim of this research is to explore the types of HRM strategies used by construction SMEs and to develop a framework to improve their organisational performance.

To following objectives were used to achieve the overall aim.

A. To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.

B. To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.
C. Examine the relationship between the different SHRM approaches, and the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive.

D. To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs.

From the rationale for the research, and the above research aim and objectives, the following set of research questions was formulated to guide the research.

<table>
<thead>
<tr>
<th>Table 1.2: Research questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Questions</td>
</tr>
<tr>
<td>Question 1 (Q1)</td>
</tr>
<tr>
<td>Question 2 (Q2)</td>
</tr>
<tr>
<td>Question 3 (Q3)</td>
</tr>
<tr>
<td>Question 4 (Q4)</td>
</tr>
<tr>
<td>Question 5 (Q5)</td>
</tr>
<tr>
<td>Question 6 (Q6)</td>
</tr>
<tr>
<td>Question 7 (Q7)</td>
</tr>
<tr>
<td>Question 8 (Q8)</td>
</tr>
<tr>
<td>Question 9 (Q9)</td>
</tr>
<tr>
<td>Question 10 (Q10)</td>
</tr>
<tr>
<td>Question 11 (Q11)</td>
</tr>
<tr>
<td>Question 12 (Q12)</td>
</tr>
</tbody>
</table>

These research questions were developed and refined throughout the literature review (Chapters 2, 3 and 4) and their validity explored in the findings and results (Chapter 6) discussion (Chapter 7) and guide the development of SME SHRM Framework (Chapter 8). Chapter 9 concludes
the thesis by assessing the extent to which the research aim, objectives and research questions have been met. Table 1.3 shows the relationships between the research aim and objectives and the initial research questions.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Research Questions</th>
<th>Literature, results and discussion</th>
</tr>
</thead>
</table>
| A         | Q1 Do construction SMEs undertake strategic analysis as part of their management systems?  
            Q2 Can the types of strategy used within construction SMEs be defined?  
            Q3 Are the strategic management approaches of construction SMEs generally informal and emergent? | 2.2, 6.1.3, 7.1.  
            2.4, 6.13, 7.1.  
            2.5, 6.13, 7.1. |
| B         | Q4 How do the core components of SHRM manifest themselves within Construction SMEs?  
            Q5 Does the SHRM style and level of control in decision making depend upon the size of the organisation?  
            Q6 Do construction SMEs have a training culture linked to the provision of formal training?  
            Q7 Within construction SMES is there a link between firm size and the recruitment and selection processes applied?  
            Q8 Does informality characterise construction SMEs' employment relations?  
            Q9 Are the SHRM approaches of construction SMEs generally informal in nature? | 3.2, 6.2.3.1, 7.2.1.  
            3.4.2, 6.2.3.2, 7.2.1.2.  
            3.4.3.1, 6.2.3.3, 7.2.1.3.  
            3.4.3.2, 6.2.3.4, 7.2.1.4.  
            3.4.3.3, 6.2.3.5, 7.2.1.5.  
            3.4.4, 6.2.3.6, 7.2.1.6. |
| C         | Q10 Is HRM integrated in the business strategies of construction SMEs?  
            Q11 Do the organisational structures and SHRM processes of construction SMEs support their business strategy? | 4.1.1, 6.2.4.1, 7.3.1.1.  
            4.1.1, 6.2.4.2, 7.3.1.2. |
| D         | Q12 Can SHRM formulation within SME construction firms be informed by a guiding framework? | 3.5, 8.2, 8.3, 8.4.6. |
1.3 Research methodology

In accordance with the aim of the research, the research was divided into three broad phases: the first explored existing approaches to strategic management and SHRM; the second phase examined the relationship between the different SHRM approaches, the associated strategic organisational goals to establish whether the approaches and goals are mutually supportive. The third phase comprised the development of the SME SHRM framework and its validation and refinement.

Within an overall interpretative framework, a case study methodology was adopted as an approach to data collection. It included fifteen exploratory, in-depth, semi-structured interviews and six in-depth case studies. The studied organisations were carefully selected to be representative in terms of size, number of employees, annual turnover and construction activities undertaken by SMEs in the construction industry.

The interviews and case studies adopted the holistic perspective recommended by Yin (2003). Case studies accommodated the processes of complementary theory-testing and theory-building that took place (Eisenhardt, 1989; Bryman, 1989; Yin, 2003) and allowed the influence of environmental factors to be recognised and evaluated (Yin, 2003; Blismas, 2001). These factors supported the verification of the general application of the findings and results as well as the development of the framework.

The first research phase commenced with a thorough investigation into the existing use of strategic management within construction SMEs. Exploratory in-depth interviews were held with strategic managers within construction SMEs to establish whether strategic management existed within these organisations and how it manifested itself.

Six organisational case studies were then undertaken in the second phase to explore the relationship between the strategic management practices and
SHRM approaches within construction industry SMEs. The use of case studies was considered appropriate as the type of research question was the 'how' and 'why' of organisational strategic approaches (Sjoberg et al, 1991). It was also considered useful as it would allow the opportunity to gain a rich understanding of the context of the research and the processes being enacted (Morris and Wood, 1991). Interviews were held with strategy makers and middle managers with HR responsibility and the qualitative data was subsequently analysed. A range of secondary data (organisations' records, industry statistics and reports, journals and books) was collected and analysed to inform wider understanding of these existing approaches to the SHRM process.

The third phase comprised the development of the SME SHRM framework. A typology was designed based upon existing literature and the results of the exploratory study and case studies to inform the synthesis of a range of complementary strategic management practices and SHRM approaches for use by construction industry SMEs. Although no single company had developed a completely successful integrated approach to managing the SHRM process and its relationship with the strategic intention, a combination of individual components from each organisation informed the development of the draft framework. Once the framework had been designed semi-structured in-depth interviews were held with strategic managers within four construction SMEs to establish whether these organisations felt that the framework was useful, appropriate and suitable for use within their organisation and by other construction SMEs. Following this interview process the draft SME SHRM framework was refined to produce a final SME SHRM framework.

1.4 Contribution to knowledge

This research attempts to develop a structured and comprehensive explanation of SHRM practices within construction SMEs. Prior to this work, little has informed understanding of the complex interplay of factors that shape strategic decision making processes and SHRM approaches
within construction SMEs. The research has provided insights into the perspectives of the strategic managers and HR professionals whose activities affect SME organisation performance and, ultimately, the construction industry's future development.

The SME SHRM framework represents an integrated approach to strategic decision-making which develops the informal approaches often currently used. This multidimensional framework comprises a set of interrelated activities, which together take account of organisational business strategy and SHRM needs. The framework informs strategic managers' resolution of conflicts between their strategic vision and the construction industry's people management challenges.

The theoretical and practical contributions of the research have in part been disseminated through two conferences (SEMS, 2002; ARCOM, 2004, Appendix A).

1.5 Guide to the thesis
This thesis is arranged into nine chapters. Figure 1.1 schematically represents the chapters included within the thesis and the way in which they interrelate. A description of the content of the thesis follows.
Chapter 1: INTRODUCTION
General background to the thesis, rationale for the research. Research aim, objectives and propositions Guide to thesis

Chapter 2: STRATEGIC MANAGEMENT
Review of theoretical foundations of strategic management: history, current trends and interrelationships

Chapter 3: STRATEGIC HUMAN RESOURCE MANAGEMENT
Review of theoretical foundations of SHRM, history, and current trends

Chapter 4: THE RELATIONSHIP BETWEEN STRATEGY AND SHRM IN THE CONSTRUCTION INDUSTRY
Review of organisational strategies in the context of the construction industry and the nature of the relationship between strategy and SHRM

Chapter 5: RESEARCH DESIGN AND METHODOLOGY
Research design, the methodological approach, data collection and analysis

Chapter 6: FINDINGS AND RESULTS
Strategic management practices, SHRM practices, the relationship between strategy and SHRM

Chapter 7: DISCUSSION
The case study findings and results discussed in the context of the literature (Chapters 2, 3 and 4)

Chapter 8: THE SME SHRM FRAMEWORK
The needs and requirements of a SME SHRM framework, its development, its usage, testing and refinement

Chapter 9: CONCLUSIONS
The achievement of the research aim, objectives and research questions. Limitations of the study and recommendations for future research

Figure 1.1: Guide to the thesis
Chapter One of the thesis acts as an introduction to the research. It sets out the general background and context for the thesis and establishes the rationale for the research. The research aim, methodology, and findings are explained and the structure of the thesis is introduced.

Chapter Two reviews the theoretical foundations of strategic management. It discusses key issues including the definitions of strategic management, the importance of competitive advantage to businesses. It examines current management theory, models and types of strategy, key concepts and relationships between the theories.

Chapter Three reviews the theoretical foundations of SHRM. It discusses key issues including the definitions of SHRM; it examines current management theory, models and types of SHRM, as well as key concepts and relationships between the theories. Focus is placed on the SHRM function and its role and importance to the performance of an organisation.

Chapter Four links the context of the research with the concepts of strategic management and SHRM. It focuses specifically on construction firms' strategies, the current approaches to strategic management practice and SHRM in the context of the construction industry and SMEs. The nature and importance of the relationship between strategy and SHRM is defined and the compatibility of the concepts discussed.

Chapter Five presents the research design and methodology. It discusses the research strategy, the research design, the research methods including sample selection, research instruments, analysis of data, and the validation of the findings. The major challenges met along the research process are also evaluated.

Chapter Six presents the results of the semi-structured interviews and case studies. The chapter is structured according to the research objectives:
firstly, the organisation’s strategy and strategic management processes, secondly the organisation’s SHRM strategy, policy and practices are outlined. This is followed by a detailed examination of the relationship between the strategy and SHRM, and individual and cross-case comparisons between organisations.

*Chapter Seven* summarises and discusses the research findings and results within the context of the research questions, theory and literature. The discussion is conducted in line with the objectives and aim of the research. The types of strategic approaches used are established and their compatibility and conflict are discussed. The chapter concludes by summarising current challenges, discussing the application of the findings for improved performance.

*Chapter Eight* details the development of the SME SHRM framework, exploring the approaches of construction SMEs to addressing the challenges of SHRM function and the links they form between strategy and SHRM approaches. The validation of framework is discussed along with its refinement and presentation of the final SME SHRM framework. The chapter concludes by summarising the contribution of the framework.

*Chapter Nine* presents the main conclusions of the research. It summarises the achievement of the research aim, objectives and research questions, it outlines the limitations of the study and makes recommendations for future research.

1.6 Summary
This chapter has provided an introduction to the research and has explained the need to closely align strategic management and SHRM practices within construction SMEs. Because the conclusions of previous research have indicated that effective SHRM contributes substantially to organisational performance it was found necessary to examine approaches to SHRM in construction SMEs. The next three chapters review the relevant literature,
firstly strategic management, secondly strategic human resource management (SHRM) including its relationship with strategic management, and finally, the current strategic approaches in the context of the construction industry.
CHAPTER 2

STRATEGIC MANAGEMENT
CHAPTER 2

STRATEGIC MANAGEMENT

Chapter One introduced the general background for this thesis, justified the rationale for the research and established the research aim and objectives. This chapter examines key issues related to the definition of strategy. It also examines the strategic management process, its origins and its benefits. It goes on to discuss the contemporary theory and existing strategic management research within SME organisations. The review has been conducted in this way as it offers a structured approach to examining a very wide body of contrasting management literature and views. Figure 2.1 illustrates the layout and sections of the chapter. Literature is explored in light of research objective A set out in the introduction (Section 1.2):

“To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.”
2.1. The definition of strategy

The word strategy is derived from the ancient Greek word ‘strategia’. A number of authors have stated that a precise definition of strategy is difficult since the issue has been subject to considerable debate within management literature and no one has provided a single, authoritative definition of what the concept embodies (Cannon, 1993; Mintzberg et al, 1998; De Wit and Meyer, 1998; and Norton and Irving, 1999).

Strategy exists at a number of levels in an organisation. In most large organisations it is possible to distinguish at least three different levels of organisational strategy, generally known as Corporate Strategy, Strategic Business Unit Strategy and Operational Strategy. The majority of strategic management research studies tend to focus at the corporate level of strategy.
For this study, corporate strategy is described as:

"The pattern of major objectives or goals and the essential policies for achieving those goals, stated in such a way as to define what business the company is in, or will be in and the kind of company it is, or will be".

Corporate strategy therefore constitutes the logic underlying an organisation's interactions with its environment and guides its deployment of resources. An organisation’s corporate strategy will be referred to as its business strategy for the purpose of the study, as it was anticipated that the term corporate strategy would cause a barrier for strategic managers of SMEs.

2.2 The strategic management process
This section defines the nature of the strategic management process and the dimensions of strategy.

2.2.1 The definition of the process
There are also many definitions of the process of developing strategy and since the 1960s the process has undergone a number of name changes from Long-range Planning to Corporate Planning to Strategic Planning to Strategic Management. Chandler (1962) defines strategic management as:

"The determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals".

In this research, the process of developing strategy is referred to as the 'strategic management process,' Thompson (1997) offers a detailed definition as:
"The process by which organisations determine their purpose, objectives and desired levels of attainment; decide on actions for achieving these objectives in an appropriate time-scale, and frequently in a changing environment; implement the actions; and assess progress and results. Whenever and wherever necessary the actions may be changed or modified. The magnitude of these changes can be dramatic and revolutionary, or more gradual and evolutionary".

2.2.2 The dimensions of strategy

To help strategic decisions to be fully considered, De Wit and Meyer (1998) introduced the idea that every strategic problem has three dimensions which must be considered separately as well as together. These are illustrated in Figure 2.2 and described briefly below.

![Figure 2.2: Dimensions of strategy (De Wit and Meyer 1998)](image)

1. **Strategy Process**, which is defined as the 'manner in which strategies come about' and is concerned with the how, who and when of strategy.

2. **Strategy Content**, which is described as the product of the strategy process and is the 'what' of strategy and includes the main actions of the proposed strategy.
3. *Strategy Context*, which is concerned with the where of strategy and refers to the organisational and environmental circumstances under which the strategy process and strategy content are determined.

These elements have been widely researched by others including Porter (1980), Hambrick (1983), Dess and Davies (1984), and Miller and Friesen (1984). It should be understood that these three dimensions interact and if the linkages are disregarded the strategist is likely to obtain a limited understanding of the topic. In most corporate strategy situations, the context and content are reasonably clear, as they are the way in which strategy is developed and enacted: it is 'the process' that is more difficult to define and explain.

2.2.3 *Strategic analysis, formulation and implementation*

The strategy process, or strategic management process, is also frequently divided into three elements as detailed below.

*Strategic Analysis* is concerned with understanding the strategic position of the organisation, what changes are going on in the environment and how they will affect the organisation and its activities (Thompson, 1997). The analysis process is generally divided into three parts. The first part is the external audit, which might include an assessment of the nature of the environment, an industry analysis, a market analysis, a competitor analysis, and the identification of key opportunities and threats offered and posed by the business environment. This is followed by the internal audit, which aims to establish the strategic capability, strengths and weaknesses of the organisation through, for example, an analysis of current results, identification of core competencies, and a value chain analysis. The final activity is likely to be some form of SWOT analysis, the aim of which is 'to identify the extent to which the current strategy of an organisation, and its more specific strengths and weaknesses are relevant to, and capable of, dealing with changes in the business environment' Johnson and Scholes (2002).
Strategy Formulation involves a number of issues. The determination and evaluation of strategic options available to the organisation, and the choice of future courses of action involving decisions about the way in which it needs to respond to any pressures and influences identified in strategic analysis. Formulation could use one of the following methods:

1. Generic strategies, the basis on which an organisation might seek to achieve a lasting position in its environment, e.g. through competitive advantage or user benefit, in particular the works of Porter (1980, 1985).

2. Alternative directions, in which the organisation may choose to develop within its generic strategy for example through developing new products or markets or its competency base.

3. Alternative methods, by which any direction of strategic development might be achieved, for example through: internal development, acquisition or alliances, mergers and evaluation criteria for example, suitability, acceptability, and feasibility.

Strategy Implementation is concerned with both planning how the choice of strategy can be put into effect and managing the changes required (Johnson and Scholes, 2002). Changes can be categorised as physical changes including any change to the organisation’s structure, management systems, policies and procedures, budgets and resources allocations, and information systems. Behavioural changes include any changes to communication systems, managing and developing quality and excellence, manifested values and the organisational culture, as well as innovation (Thompson, 1997).

The three elements of strategic analysis, formulation and implementation have previously been portrayed as three discrete stages in a rational linear process. However, Ohmae (1982) and Mintzberg (1987, 1994) strongly criticised this traditional view of rationality and favour a more creative
approach in which "...imagination and judgement are more important than analysis and logic" (De Wit and Meyer, 1998). Furthermore, the division of the process into sequential stages has also been challenged by Quinn (1980) who believes that strategies are formed incrementally through experimentation.

Given that the strategic management process is commonly defined as three key related subjects: strategic analysis, formulation, and implementation. The strategic analysis element of the process informs the strategy formulation and the strategy implementation, regardless of whether the strategic management process is viewed as linear or incremental.

Therefore based on this literature research question one (Q1) as set out in the introduction (Section 1.2), asks:

"Do construction SMEs undertake strategic analysis as part of their management systems?"

The next section explores the benefits of strategic management.

2.3 The benefits of strategic management
Porter (1985) stated that competition is fundamental to the success or failure of firms, and competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Competitive strategy has been defined as "positioning a business to maximise the value of the capabilities that distinguish it from its competitors" (Slack et al., 1998). At the highest level, it should be recognised that strategy can be defined as the ongoing search for competitive advantage, since this is the fundamental task of every business (Porter 1985). Munive-Hernandez et al (2004) also noted that effective
strategic management is essential for organisations to cope with increasing competition and business complexity.

Porter (1980) suggested that there were three fundamental ways (generic strategies) through which firms can achieve sustainable competitive advantage: cost leadership, differentiation and focus strategies.

A *cost leadership* organisation aims to become the low cost producer in its industry, exploiting all sources of cost advantage. It will be an above average performer provided it can command prices at or near the industry average. A *differentiation strategy* involves seeking to be unique along some dimensions that are widely valued by buyers. A firm that can achieve and sustain differentiation will be an above average performer if its price premium exceeds the extra cost incurred in being unique. A *focus strategy* is based on the choice of a narrow competitive scope within an industry. The focus-based organisation selects a segment or group of segments in an industry and tailors its strategy to serving them to the exclusion of others. Within focus strategy there are two alternatives: cost focus where a firm seeks a cost advantage in its target segment; and differentiation focus where a firm seeks differentiation in its target segment.
## COMPETITIVE ADVANTAGE

### Figure 2.3: Porter's generic strategies (Porter 1985)

Porter (1985) also argued that the potential for competitive advantage can only be identified by looking at the individual parts of the whole firm, using the value chain to structure the analysis of business activities in generic categories. Differences between value chains are a key source of competitive advantage between competitors, and stress the importance of technology to value chain analysis.

Hussey (1997) supported Porter’s ideas of competitive advantage and identified that responses to changes in the business environment made by many organisations and industries included a focus on achieving competitive advantage through benchmarking, downsizing, business process reengineering, emphasis on total quality management and commitment to achieving greater flexibility through outsourcing.
2.4 Mintzberg's strategic management theory

In addition to the wide range of definitions offered for strategy and the strategic management process, a number of views have been offered since the inception of strategic management to identify the strategies that exist within organisations.

2.4.1 Mintzberg's strategy safari

Mintzberg et al (1998) looked holistically at strategy on a number of levels since its inception as a concept and identified multiple schools of thought within existing literature. This provided a useful tool for outlining both the origins of strategic management and the contemporary issues that surround it. Table 2.1 presents Mintzberg et al.'s schools of thought and the perception of strategy characterising each.

Table 2.1: Schools of thought (adapted from Mintzberg et al, 1998, p. vii)

<table>
<thead>
<tr>
<th>School of Thought</th>
<th>Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>The design school</td>
<td>Strategy formation is viewed as a process of conception</td>
</tr>
<tr>
<td>The planning school</td>
<td>Strategy formation is viewed as a formal process</td>
</tr>
<tr>
<td>The positioning school</td>
<td>Strategy formation is viewed as an analytical process</td>
</tr>
<tr>
<td>The entrepreneurial school</td>
<td>Strategy formation is viewed as a visionary process</td>
</tr>
<tr>
<td>The cognitive school</td>
<td>Strategy formation is viewed as a mental process</td>
</tr>
<tr>
<td>The learning school</td>
<td>Strategy formation is viewed as an emergent process</td>
</tr>
<tr>
<td>The power school</td>
<td>Strategy formation is viewed as a negotiation process</td>
</tr>
<tr>
<td>The culture school</td>
<td>Strategy formation is viewed as a collective process</td>
</tr>
<tr>
<td>The environmental school</td>
<td>Strategy formation is viewed as a reactive process</td>
</tr>
<tr>
<td>The configuration school</td>
<td>Strategy formation is viewed as a transformation process</td>
</tr>
</tbody>
</table>

The ten schools fall into three groups. The first three schools are prescriptive in nature and are more concerned with how strategies should be formulated than how they actually form. The next six schools consider specific aspects of the process of strategy formation and are less concerned with prescribing ideal strategic behaviour. The final school combines the previous nine. These schools have appeared at different stages in the
development of strategic management. Table 2.2 summarises the main dimensions of each school. A more detailed discussion of each school's premise follows the table.
<table>
<thead>
<tr>
<th>SCHOOLS OF THOUGHT</th>
<th>DESIGN</th>
<th>PLANNING</th>
<th>POSITIONING</th>
<th>ENTREPRENEURIAL</th>
<th>COGNITIVE</th>
<th>LEARNING</th>
<th>POWER</th>
<th>CULTURAL</th>
<th>ENVIRONMENTAL</th>
<th>CONFIGURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key words</td>
<td>Congruence, fit, distinctive competence, competitive advantage, SWOT, formulation/implementation</td>
<td>Programming, budgeting, scheduling, scenarios</td>
<td>Generic strategy, strategic group, competitive analysis, portfolio, experience curve</td>
<td>Bold stroke, vision, insight</td>
<td>Map, frame, concept, schema, perception, interpretation, bounded, rationality, cognitive style</td>
<td>Incrementalism, emergent strategy, sense making, entrepreneurship, venturing, champion, core competences</td>
<td>Bargaining, conflict, coalition, stakeholders, political game, collective strategy, network, alliance</td>
<td>Values, beliefs, myths, culture, ideology, symbolism</td>
<td>Adaptation, evolution, contingency, selection, complexity, niche</td>
<td>Configuration, archetype, period, stage, life cycle transformation, revolution, turnaround, revitalization</td>
</tr>
<tr>
<td>Strategy</td>
<td>Planned perspective, unique</td>
<td>Plans decomposed into sub strategies and programs</td>
<td>Planned generic positions (economic and competitive, also ploys)</td>
<td>Personal, unique perspective (vision) as niche</td>
<td>Mental perspective (individual concept)</td>
<td>Pattern, unique</td>
<td>Political and cooperative patterns and positions, as well as ploys, overt and covert</td>
<td>Collective perspective, unique</td>
<td>Specific positions (called niches in pop. ecol) generic</td>
<td>Any to the left in context</td>
</tr>
<tr>
<td>Basic process</td>
<td>Cerebral, simple, and informal, judgmental, deliberate (prescriptive)</td>
<td>Formal, decomposed, deliberate (prescriptive)</td>
<td>Analytical, systematic, deliberate (prescriptive)</td>
<td>Visionary, intuitive, largely deliberate, (as an umbrella, although emergent specifics (descriptive)</td>
<td>Mental, emergent, overwhelming or constrained, descriptive</td>
<td>Emergent, informal, messy (descriptive)</td>
<td>Conflicting, aggressive, messy, emergent (micro) deliberate (macro) descriptive</td>
<td>Ideology, constrained, collective, deliberate (descriptive)</td>
<td>Passive, imposed, hence emergent, (descriptive)</td>
<td>Integrative, episodic, sequenced, plus all of those to the left, context (descriptive for configurations, deliberate and prescriptive for transformations</td>
</tr>
<tr>
<td>Category</td>
<td>Prescriptive</td>
<td>Prescriptive</td>
<td>Prescriptive</td>
<td>Descriptive (some prescriptive)</td>
<td>Descriptive</td>
<td>Descriptive</td>
<td>Descriptive</td>
<td>Descriptive</td>
<td>Descriptive</td>
<td>Descriptive and prescriptive</td>
</tr>
<tr>
<td>Linearity*</td>
<td>Linear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The design school

Mintzberg et al (1998) commented that this school says little about the content of strategies and concentrates on the creative process by which they should be developed. The design process is complete when strategies appear fully formulated offering little room for incrementalist views or emergent strategies, which allow ‘formulation’ to continue during and after ‘implementation.’

The planning school

Mintzberg et al (1998) stated that this school requires a predictable and stable environment during both strategy making and formalisation process and that it provides very little regarding the actual creation of strategies. As a consequence, strategic planning has been compared to a numbers game of performance control having little to do with strategy.

The positioning school

Mintzberg et al (1999) noted that this school argued that strategies are generic rather than unique, specifically common, identifiable positions in the marketplace and that the marketplace (the context) is economic and competitive. Mintzberg et al (1998) confirmed that this school added content by emphasising the importance of strategies themselves; it also added substance, by focusing the content of strategies.

The entrepreneurial school

Mintzberg et al (1998) outlined that this school introduced the notion that the entrepreneur is the person with the business idea, who ceases to perform an entrepreneurial function as soon as he or she stops innovating. Mintzberg et al (1999) confirmed the school’s main deficiency of strategy formation as the behaviour of a single individual without providing any detail of what the process is.
The cognitive school
Mintzberg et al (1999) suggested that the cognitive school aims to get at what the strategy formation process means in the sphere of human cognition, drawing especially on the field of cognitive psychology. Mintzberg et al (1998) stated that strategies emerge as perspectives in the form of concepts, maps schemas and frames that shape how people deal with inputs from the environment.

The learning school
Mintzberg et al (1998) explained that this school considers strategies to emerge as people act, sometimes individually but more often collectively, to learn about a situation as well as their organisation’s capability of dealing with it. Mintzberg argued that deliberate strategy is associated with managerial control and is aimed at ‘ensuring that managerial intentions are realised in action’, while emergent strategy emphasises “coming to understand through the taking of actions what those intentions should be in the first place” (Mintzberg et al. 1998).

The power school
Mintzberg et al (1999) stated that the literature has focused on strategy making rooted in power. Mintzberg et al (1998) noted that the basic premise of the power school is that strategy formation is shaped by power and politics, whether as a process inside the organisation or as the behaviour of the organisation itself in its external environment. The strategies that may result from such a process tends to be emergent, and take the form of positions and ploys more than perspectives.

The cultural school
Mintzberg et al (1999) stated that the cultural school is a reverse image of the power school. It focuses on common interest and integration and takes the view that strategy formation is a social process rooted in culture. Strategy takes the form of perspective more than positions, rooted in collective intentions (not necessarily explained) and reflected in the patterns by which the deeply embedded resources, or capabilities, of the
organisation are protected and used for competitive advantage. Strategy is therefore best described as deliberate.

The environmental school

Mintzberg et al (1999) suggested that the environmental school has its roots in contingency theory. Premises of the environmental school are that the environment presenting itself to the organisation comprises a set of general forces, which are the central factors in the strategy making process. The organisation must respond to these forces' or fail to succeed in the market. Leadership thus becomes a passive element for purpose of reading the environment and ensuring proper adaptation of the organisation. Organisations end up clustering together in distinct ecological type niches, positions where they remain until resources become scarce or conditions so hostile they die.

The configuration school

Premises of the configuration school are that it encompasses those of the other schools. An organisation can be described in terms of some stable configuration of its characteristics; it adopts a particular form of structure matched to a particular type of context. These periods of stability are interrupted occasionally by some process of transformation to another configuration. Strong criticism of the configuration school has come from Donaldson (1996). Donaldson (ibid.) argues that this school represents a flawed approach to theorising, precisely because they are so easy to understand and teach and that most organisations are changing incrementally rather than static or changing rapidly as the school suggests.

Although the configuration school has been strongly criticised, the ‘schools of thought’ theory as to date not been challenged within the literature, given that this contemporary view by Mintzberg and his colleagues reviewed the strategic management literature of the past fifty years. Their view is beneficial for a number of reasons; it identifies how businesses actually form strategy; encompasses a wide range of strategic perspectives; provides a typology for the classification of strategy, including each strategy’s key
proponents, and the fundamental elements of the basic process for each strategy.

The contrasting schools have also been described in other ways including: traditional and incremental strategies; or linear or non linear approaches to strategy (Turner 1999).

Turner (1999) stated that most of our current theories of economics and organisation are based on linear logic, where cause and effect are closely linked. More recently there have been attempts to develop non-linear approaches to the study of complex natural and organisational phenomena. In mathematics a simple definition of a non linear system is any problem where the variable (s) to be solved for cannot be written as a linear sum of independent components. Generally non linear issues are much less understandable than linear problems, whereas the outcome of a linear problem is generally predictable, whilst the outcome of a non linear issue is inherently not.

The first three schools of the strategy safari are likened to the "traditional approach" where strategy was conceived as a rational, sequential process exhibiting linear qualities. In contrast the following six schools are considered to be nonlinear in nature and are essentially reactive rather than rational. Non-linear logic strategy evolves and develops over time in a non-linear fashion, complexity theorists refer to this as "punctuated equilibria", Dudik (2000).

Strategists have also begun to look at complexity and chaos theory (Axelrod and Cohen, 1999; Holland, 1995; and Kelly and Allison, 1999). Complexity theory challenges our existing view of strategy and shifts our thinking away from "steady state" concepts like: vision, mission, leadership and core businesses. Both Complexity and Chaos Theory assume non-linear relationships, according to the so-called butterfly-effect, smallest changes can result in enormous effects (Axelrod and Cohen, 1999). These theories place emphasis on the process and organisational dynamics, at the expense
of content and analysis, highlighting the necessity for experimentation in strategy (Holland, 1995; and Kelly and Allison, 1999).

The contrasting schools of thought are typical of the wide range of perspectives that exist amongst leading theorists in the field of strategy. A further key contemporary debate relates to strategic performance and organisational performance.

2.4.2 Summary

From this discourse it is clear that no single definition exists for strategy. This finding was supported by Kaplan (2002) who stated in his keynote address to the Performance Measurement Association (PMA) that "It is difficult to agree about a common language to talk about strategy." It is also clear that there are many definitions of the process of developing strategy.

Given this lack of consistency regarding definitions of the topic and the need to meet the research objective A:

"To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies."

Porter has been a key writer and influential in the development of strategic management theory and the classification of strategy. Campbell-Hunt (2000) suggested that Porter's theory of generic competitive strategy is unquestionably among the most substantial and influential contributions that have been made to the study of strategic behaviour in organisations (Porter, 1980, 1985). Yet his views have been challenged by the discussion on the origins of contemporary strategic management theory (Section 2.4). In particular, Mintzberg et al (1998) called for a holistic approach to understanding strategy formulation in any organisation within their 'strategy safari'.

38
Therefore based on this discussion this raises the research question two (Q2) as set out in the introduction (Section 1.2), asks:

"Can the types of strategy used within construction SMEs be defined?"

The next section explores strategic management within the context of SME organisations.

2.5 Strategic management and SMEs

Smith (1997) confirmed that there is now growing empirical and theoretical literature discussing strategy and the small firm. Whereas Spillan et al (2003) supported the view of Beaver (2002) that although a significant body of knowledge exists concerning strategy in the concept of large firms, little has been developed about applying strategic principles to small businesses. According to Borch et al (1999) selecting strategies for success is one of the most important decisions for small firms and that the choice of competitive strategy is one of the most important decisions for small business success. However, they believe that there is a lack of data about the relationship between a small firm’s internal resources and its strategic orientation.

2.5.1 The nature of SMEs

A well accepted premise is that small firms are fundamentally different from large firms in their characteristics, and subsequently their strategic orientations (strategy formulation, planning, and decision-making) (Chaston, 1997; Birley, 1982).

Wynarczyk et al (1993), building upon the observation of Penrose (1959) stated that the small and large firms are as fundamentally different from each other as a caterpillar is from a butterfly, they argued that there are three central aspects in which small firms are different from large firms, uncertainty, innovation and evolution.
Uncertainty is associated with being a price taker i.e. because they have a small share in the market place. Storey (1994) built upon this view and stated that the central distinction between large and small firms is the greater external uncertainty of the environment in which the small firm operates, together with the greater internal consistency between its motivations and actions.

Innovation is the ability of the smaller firm to provide something marginally different in terms of product or service which distinguishes it from the more standardised product or service likely to be provided by the larger organisation. Small firms are more likely to introduce fundamentally new innovations than large firms, this feature being attributable to small firms having less commitment to existing practices and products (Pavitt et al, 1987).

The third area of difference is the much greater likelihood of evolution and change in the smaller firm. Small firms which become larger undergo a number of stage changes which influence the role and style of management and the structure of the organisation (Scott and Bruce, 1987). The structure and organisation of the small firm is more likely to be in a state of change as the firm moves from one stage to another, than is the case for larger firms. Mount et al (1993) identified five main stages of organisational growth and followed similar lines to the research of Churchill and Lewis (1983). These stages are: existence; survival; success; take-off; and resource maturity. In reality, movement from one stage to another is slow, gradual and often blurred. The model has also been criticised due to its complexity and its use depends upon the assumption that, as a company must grow and pass through all the stages of development, each stage must be passed through in chronological order. Thus it is inappropriate to use where the strategic aim of the organisation is not linked to growth. Peiser and Wooten (1983) argued that family-run businesses may encounter more problems than other small businesses because normal growth problems are compounded by the difficulties of separating family relationships from business decisions.
Jennings and Beaver (1997) also outlined further differences between small and large firms. They suggested that small businesses are frequently dominated and controlled by one person. Business decisions are often personal decisions. Small businesses often have issues raising cash as they will not have access to raising funds through the stock market. Thus by their very nature small businesses are very different and have special characteristics, operating contexts and qualities.

Beaver (2002) added that business ownership is one of the factors at the heart of what characterises and differentiates a small business from its larger counterpart. He also stated that these differentiating factors render the business development management process very different and more risky for small organisations.

Wynarczyk et al (1993) and Burns and Dewhurst (1996) argued that a small firm is not just a scaled down version of a large firm. Both Atkinson and Meager (1994) and Lyons (1991) suggested that there is a marked shift to formality when an organisation has around 10 to 20 employees. It is a common perception that power cultures are thought to increase with the size of the firm, when formal delegation and structure becomes more important (Beaver and Harris, 1996).

2.5.2 Strategy management in SMEs
When considering strategic management in SMEs, it is clear that two areas of research have been undertaken to date. One area of the literature focussed on strategic decision making within SMEs, the second focussed on the existence of strategic planning within SMEs.

2.5.2.1 Strategic decision making in SMEs
When considering strategic decision making within SMEs, a number of themes can be seen. Smith (1997) (citing Bamberger, 1983) stated that strategic decision making within very small firms is often closely linked to the personal aspirations of the owner-manager. Shuman and Seeger (1986)
echoed the work of Bamberger (1983) noting that the owner-manager's personal objectives are linked to company objectives. Cooper (1993) also suggested that SME patterns of development may depend greatly upon the goals of the founder.

Jarvis et al (1997) confirmed that small business managers pursue a range of goals other than profit maximisation. The most important appear to be business survival and stability, others include altruistic goals, status considerations and professional pride. A number of authors also suggested that owner managers juggle a range of objectives, continually arranging and rearranging within what they perceive as changing constraints internal and external to the enterprise (Stanworth and Curran, 1973, 1976; Scase and Goffee, 1980; Chell, 1991; Curran et al, 1997; Jarvis et al, 1997).

Millar and Toulouse (1986) found that the chief executive was often the only person who made strategic decisions. This contrasted with the findings of Shuman and Seeger (1986) and Cooper (1993) who stated that as a firm grows and becomes more complex its planning is more likely to become more formalised, more people become involved in the decision making process, authority is delegated and the goals of the business begin to change. Storey (1994) also had a slightly different view, as the firm grows, the owner-manager has two options available: to retain control, keep growth relatively contained and continue to be one's own boss; or to learn to delegate responsibility, seek extra financing and aim for expansion which removes an element of control but might reap larger financial rewards in the long term. He also believed that decision making in young, small firms appears to be closely linked to the ambitions of the owner-manager.

2.5.2.2 Strategic planning in SMEs
Gilmore (1971) studied the formulation of strategy in smaller companies, confirming that strategic planning remains more of an art than a science for smaller and medium sized companies. Robinson and Pearce (1984) found a limited amount of empirical research into small firm planning, and concluded that most firms do not formally plan.
Deakins and Freel (1988) also supported this view and suggested small firm owners were naive about planning and the development of strategy. The development of strategy within SMEs has often been portrayed as limited and operations managed on a day to day ‘fire-fighting’ basis. Their case study research revealed that SME strategic development and change occurs more as a result of combination of knowledge and reaction to critical events rather than through planned development.

Joyce et al (1997) agreed with this conclusion and cited Wheelan and Hunger (1995), stating that many small firms do not plan strategically. They gave the following four reasons for this drawing on the research of Aronoff and Ward (1990) and Aram and Cowen (1990):

- Not enough time is available to engage in strategic planning, due to ‘fire fighting’;
- Fear that planning ‘hems you in’;
- Lack of skills in strategic planning, or opportunity or time to acquire the necessary skills for strategic planning; and
- Lack of trust and openness, they keep the information to themselves.

Gibb and Scott (1985) also examined strategic planning in small businesses. They also concluded that planning in the small business is unlikely to be formalised for the organisation as a whole in the large company planning sense. They suggested instead that strategic planning will be characterised by varying degrees of strategic awareness.

In contrast, Thurston (1983) noted that plans can be informal and unwritten or formal and written. Thurston suggested that required planning levels and forms will depend upon a number of interacting factors. These included: the administrative style and ability of the owner-manager; the abilities of the managers who implement strategy; the complexity of the business; the
strength of competition; the perceived potential gain from strategic planning; the level of uncertainty faced by the company; and the understanding and effective implementation of formal planning. Lyles et al (1993) continued this debate and found that small businesses had strategic planning processes. Naffziger and Kuratko (1991) also found strategic planning commonplace in small businesses.

O'Regan and Ghobadian (2002) examined effective strategic planning in small and medium sized firms, and suggested that SMEs that engage in formal strategic planning experience fewer barriers to strategy implementation than those that do not. Stonehouse and Pemberton (2002) stated that there are strong indications of business planning among the SME organisations. Ninety two percent of a survey of 159 SME organisations indicated that they undertake strategic planning, either highly structured or of a general nature. Planning is often flexible as plans are amended when circumstances dictate. Two thirds of surveyed organisations had vision or mission statements. These findings confirmed that few organisations make use of what are regarded as the traditional tools of strategic management. Of the techniques given, financial analysis was clearly the most used, followed by SWOT analysis, core competence, organisational culture, benchmarking, and human resource analysis. In terms of strategic plan content, the presence of a mission statement was associated with larger companies.

Smith (1997) continued this debate further stating that small firms who use strategic planning in an effective manner will out perform those that do not. This could be linked to whether or not the organisations dealt with their problems on a reactive or proactive basis although, to some extent, success or failure is dependant upon the personality of owner-managers concerned (ibid.). Maclaran and McGowan (1999) drew upon Kuhn (1982) and Sandberg (1986) and concluded that differentiation strategies are key to success for the small firm. One way of achieving differentiation, which is also consistent with a small firm's major strengths, is through a quality service.
A clear debate exists regarding the strategic decision making process and strategic management practices that exist within SMEs currently. Whereas a well accepted premise is that small firm strategic orientations (strategy formulation, planning, and decision-making) are different from those adopted by large organisations (Storey, 1994; Penrose, 1959; Wynarczyk et al, 1993; Jennings and Beaver, 1997; Beaver, 2002). Prince (1988) stated that most authors recognise that smaller businesses deal with a different set of issues than bigger businesses and behave differently in their strategic analysis. He suggested that the environment, age and size of the firm are important to efficient planning. Specifically, small firms engaged in adaptive modes of decision-making (Mintzberg, 1973), or a process of muddling through (Lindblom, 1959), do not usually participate in the traditional, rational and linear methods of strategy development (Mohammed, 1994) which use formal, written plans as is more common in large organisations (Johnson and Scholes, 2002). Thus, the literature supports research question three (Q3) as set out in the introduction (Section 1.2), which asserted that:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

2.6 Conclusion

It is clear from the literature that no single definition exists for strategy or the strategic management process. Porter (1985) stated that competition is fundamental to the success or failure of firms, and competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Mintzberg (1989) also emphasised that making strategy is one of the most important things managers do.

Porter (1980) suggested that there were three fundamental ways (generic strategies) through which firms can achieve sustainable competitive
advantage: cost leadership, differentiation and focus strategies. This was challenged by the discussion on the origins of contemporary strategic management theory (Section 2.4). In particular,

Mintzberg et al (1998) called especially for a holistic approach to understanding strategy formulation in any organisation within their 'strategy safari'. Therefore, based on this discussion the literature research question two (Q2) as set out in the introduction (Section 1.2), asks:

"Can the types of strategy used within construction SMEs be defined?"

The strategic management process is often described within the management literature as consisting of three inter-related parts, strategic analysis, formulation and implementation (Lynch, 2005; Johnson and Scholes, 2002; and De Wit and Meyer, 1998.) Therefore based on this literature research question one (Q1) as set out in the introduction (Section 1.2), asks:

"Do construction SMEs undertake strategic analysis as part of their management systems?"

Although the strategic management literature is immense, its application to SMEs has been limited (Burns and Dewhurst, 1996; Howell, 1999). Lee et al, (1999) confirmed that there have been relatively few formal research studies on competitive strategies for SMEs. Wyer et al (2000) and Woods and Joyce (2003) more recently confirmed little is still known about small firm strategic management and strategic development processes.
Thus, the literature supports research question three (Q3) as set out in the introduction (Section 1.2), which asks:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

Whilst there appears to be great informing potential embedded within the traditional strategic management knowledge base, there has to date been little concerted attempt to ground the various schools of thought in understanding of the organisational and behavioural features of small businesses. Therefore, and in line with the research aim, objectives and research questions (Section 1.2) focus within this thesis is placed on the strategies employed and their implementation.

The next chapter (3) looks at the theoretical foundations of SHRM by exploring the origins and differing SHRM models, discussing the relationship between them, and providing an understanding to the contemporary SHRM approaches and the research of SHRM within SMEs.
CHAPTER 3

STRATEGIC HUMAN RESOURCE MANAGEMENT
CHAPTER 3

STRATEGIC HUMAN RESOURCE MANAGEMENT

This chapter investigates the theoretical foundations of SHRM. It reviews the existing literature firstly by examining its evolution. By exploring the origins and differing models of these concepts, it goes on to discuss the relationship between them providing a background and understanding to the contemporary SHRM approaches and the research of SHRM within SMEs. The review has been conducted in this way as it offers clarity and depth to the reader and shows a transparent development of the issues relating to SHRM. This is in contrast to the previous chapter, where the strategic management literature has developed as a more ‘messy’ entity encompassing many definitions and standpoints within a body of literature. Figure 3.1 illustrates the layout and sections of the chapter.
3.1 The origins of SHRM

SHRM originated with the study of organisational behaviour in the 1920s where the concept was termed the human relations approach. SHRM is concerned with both the behaviour of individuals in the organisation and how they form, perform, change and develop (Huczynski and Buchanan, 2001). It also focuses on understanding, predicting and controlling human behaviour as well as the factors which influence the performance of people within an organisation (Mullins, 2002). The application of theories of organisational behaviour to the context of management has led to the
development of a number of narrower disciplines including Industrial Relations (IR), Personnel Management (Personnel), Human Resource Management (HRM) and Strategic HRM (SHRM). An insight into these disciplines is crucial to understanding current SHRM approaches. Figure 3.2 illustrates the development of these concepts and theories over time (Raiden, 2004). The development of each concept is summarised in the following discussion, as Figure 3.2 acts merely as an indication of the approximate theory timeframes, due to the nature of the overlapping transition periods at each stage of the process.

### 3.1.1 Industrial relations

Industrial relations theory laid the foundation for effective people management by providing frameworks for the design and implementation of strategies, policies and processes within organisations that take human behaviour into account. IR emerged in the late 1950s and dominated management practice until the development of the concept ‘personnel’ in the 1970s.

Key theories in IR include Dunlop’s systems theory (Dunlop, 1958), which contributed a focus on IR ‘systems’ as the organisational means by which the rules of employment are established and administered to modern HRM (Checkland, 1981). Social action theory provides a complementary systems approach and assists in understanding the system and the processes within it which frame actors’ behaviour (Farnham and Pimlot, 1990). Marxist theory highlights the class nature of the employment contract and the continuous struggle between those representing capital and those representing labour (Torrington and Hall, 1991). The classical unitary theory emphasises a stable structure and the co-operative nature of work and work relations,
whereas neo-unitary theory is more sophisticated and aims to integrate employees as individuals into the organisation in which they work (Coupar and Stevens, 1998). The industrial conflict and pluralist theories focus on conflict identification and problem solving, individuals and groups are considered to hold divergent values and interests which must be accommodated within their organisations (Torrington and Hall, 1991).

3.1.2 Personnel and Human Resource Management (HRM)

Personnel management was dominant during the late 1970s and the 1980s (Beardwell and Holden, 1997). Torrington and Hall (1991) described the function as being ‘workforce-centred’ as it was directed mainly at the organisation’s employees. Personnel specialists were responsible for employee recruitment and training, ensuring correct payment, communicating and justifying management expectations to non-managerial employees, satisfying any non-managerial employees’ work-related needs, dealing with employees’ problems and attempting to modify management decisions. Key features of ‘personnel’ include: focus on procedures and control, administration of employment contracts and collective bargaining with little strategic involvement (Sparrow and Marchington, 1998). Although clearly a management function, personnel management has never totally aligned itself with broader management interests of the organisation and instead focused on understanding and articulating the aspirations and views of the workforce (Torrington and Hall, 1991). This misalignment often resulted in ineffective mediation of the needs of the organisation with those of the employees (Legge, 1989; Storey, 1992).

Human resource management (HRM) as a body of management thought developed in the late 1970’s and early 1980’s, and during the late 1980s, the concept of human resource management came to Britain from the US (Beardwell and Holden, 1997). HRM shifted focus toward training and development, organisational culture, and performance-related reward mechanisms (Sparrow and Marchington, 1998). This was achieved by planning, monitoring and controlling employees rather than by implementing HR policy, procedures or mediation. Torrington and Hall
(1991) viewed the function as being 'resource-centred', directed mainly at fulfilling organisations' needs for human resources to be provided and deployed. This emphasis on human resource, rather than employees, had two major implications, HRM is concerned with the management and development of the management team (Storey, 1992) as well as encouraging employment flexibility through non-standard forms of employment such as part-time work, self-employment and subcontracting (Emmott and Hutchinson, 1998). This evolution initiated changes to the way work is organised within organisations (Sparrow and Marchington, 1998).

A precise definition of HRM is difficult since the issue has been subject to considerable debate within management literature and no singularly accepted definition has emerged. Storey (1992) placed people management activities at the centre of organisational strategy, raising the profile and importance of people and human resource managers as a key competitive resource for an organisation. Huczynski and Buchanan (2001), on the other hand, defined HRM as a managerial perspective, both theoretical and prescriptive, requiring an integrated series of personnel policies consistent with organisation strategy to ensure quality of working life, high commitment and performance from employees so that organisational effectiveness and competitive advantage can be promoted.

Criticisms of HRM are varied and the contribution of HRM to organisational performance remains unclear. The term HRM can portray more of an image than actually delivering real benefits to organisational performance (Armstrong, 1987). It treats conflict within organisations in a simplistic manner, remaining a disappointingly mechanistic function and has been described as "old wine in new bottles" (Keenoy and Anthony, 1993). Debate continues around 'hard' and 'soft' views of HRM, in which the hard view of HRM is said to focus on the resource or cost dimension or organisation function, whilst the soft view emphasises the human input dimension (Storey, 1992). Sisson (1994) argued that the language of soft HRM can be used to mask what is in reality a hard HRM approach.
3.1.3 Strategic Human Resource Management

Much of the early HRM literature treats the notion of strategy superficially, rather as a purely operational matter the results of which cascade down throughout the organisation (Boxall, 1992). Boxall and Purcell (2003) stated that SHRM is a fairly new field, which has emerged out of the parent discipline of HRM and argue that strategic HRM is concerned with explaining how HRM influences organisational performance. Maybe et al (1998) complemented this view stating SHRM did not arrive as a body of ideas fully formed: many of the values, assumptions and arguments of SHRM have been around for some time, although they have not previously been fused together as they are now.

As no single entity of SHRM exists, (it consists of a variety of definitions and approaches) it is difficult to pinpoint the exact date of the origin of SHRM. It is believed that the late 1980's signified the beginnings of SHRM (Maybe et al, 1998). This was also supported by Armstrong (1992) who stated that many writers in the late 1980's started clamoring for a more strategic approach to the management of people than the traditional management practices being followed.

Hendry and Pettigrew (1986) stated that changes in political, economic and business environment over the past few years have cued many organisations to rethink their business strategy and at the same time the content and style of their human resource policies. They also noted that note the origin of SHRM in the crisis of confidence in American economic performance initiated by the perceived failure of American manufacturers in the face of Japanese competition. The British emergence of SHRM was also centered on a concern for declining competitiveness, and was associated with the organisational implications of Thatcherism (Du Gay and Salaman, 1992).

Considering HRM as a strategic function rests on the belief that an organisation’s human assets are a sustainable source of competitive advantage. In light of this, Armstrong (1991) defined SHRM as being
concerned with the development and integration of people management strategies with corporate strategies. Armstrong (1991) also suggested that SHRM must also ensure that the culture, values and structure of an organisation and the quality, motivation and commitment of its members contribute fully to the achievement of its goals. SHRM has been described as a set of practices designed to maximise organisational integration, employee commitment, flexibility and quality of work (Guest, 1987).

According to Anthony et al (1996), SHRM has six key characteristics:

1. Recognition of the outside environment;
2. Recognition of competition and labour market dynamics;
3. Its focus should be long range;
4. It should have a decision making focus;
5. It must consider all the stakeholders; and
6. The HR strategy should be integrated with the firm's overall corporate strategy.

A central belief of SHRM is that the effectiveness of an organisation largely depends on the efficient use of its human resources. SHRM differs from HRM in its emphasis on the relationships between people, structures, strategy and an organisation's external environment (Tichy et al, 1982; Fombrun et al, 1984; Boxall, 1992). Ulrich (1997) helped to define SHRM by distinguishing between strategic HR and HR strategy. He defined strategic HR as the process of linking HR practices to business strategy. In light of this definition, strategic HR is concerned with identifying the personnel capabilities required to support a business strategy and using HR practices to develop those capabilities.

Although the above discussion suggests that SHRM is a well-established field of study, consensus is yet to emerge. Ongoing debate on whether SHRM is just a new name for personnel management has continued since the development of early models. The principles of SHRM are yet to be agreed and remain the subject of a continued dialogue which is unlikely to end in the near future (Boxall, 1992; Beardwell and Holden, 1997; Sparrow
Guest (1987) and Sisson (1993) argued in favour of SHRM due to the manner by which it addresses several key issues. These included the integration of HR policies with business planning, a shift in responsibility for HR issues from personnel specialists to line managers, and a shift from the collectivism of management (trade-union relations) to the individualism of management (employment relations). Guest (1987) and Sisson (1993) also noted that SHRM emphasises commitment, flexibility and quality.

Legge (1989), on the other hand, provided an overtly critical perspective on SHRM, finding little difference with the underlying values of personnel management. She argued that organisational constraints can make a truly integrated approach highly impractical. This is explained by SHRM’s concentration on managers generally and emphasis of the key role of line management and the responsibility of top management for managing culture.

In contrast to the approaches of Guest, Sisson and Legge, Storey’s (1992) contribution to the debate comprised an ‘ideal type’ classification matrix comprising a 27-item checklist for research and analytical purposes. This instrument allowed for sets of approaches (belief and assumptions, strategic aspects, line management and key levellers) to be pinpointed in organisations by highlighting the main features of IR/Personnel and SHRM, and outlining the differences between them in an exaggerated way. This allows organisations to assess and reflect upon their SHRM activities.

Despite the ongoing debate, Storey (1992) noted that SHRM carries the potential to bring coherence and direction to an organisation. He suggested that the effectiveness of an organisation largely depends on the efficient use of human resources via practices designed to maximise organisational integration, employee commitment, flexibility and quality of work. This puts forward a comprehensive approach toward the management of people
within organisations, which is integrated, individualistic, business focused, and incorporates flexibility. Sisson (1994) confirmed that people are not simply one of the factors of production, but are the major source of competitive advantage. Therefore how organisations recruit, train, reward, motivate and discipline their employees is of central importance to business success.

3.2 Models of SHRM
In recent years competing models of SHRM have been developed to describe the ways in which organisations can align HRM practices with their wider strategic objectives. Although such models exist, no universally agreed model of how SHRM should operate exists. Each model has suffered from individual criticism, and none of the models were designed specifically to suit the context of SMEs.

3.2.1 The Matching model of SHRM
Devanna et al’s (1984) ‘matching model’ of SHRM (Figure 3.3) acknowledges that corporate objectives and human resource objectives are linked, and that a prerequisite of business success is an organisation-wide acceptance of the importance of people and their contribution to corporate goals (Sisson, 1990). This model provides a simple overview of the key elements of SHRM but lacks sufficient detail for analytical purposes (Boxall, 1992).
3.2.2 The Michigan model of HRM

In contrast, the Michigan model (Fombrun et al, 1984) (Figure 3.4) considers people like any other organisation resource and therefore advocates their management to maximise utility whilst minimising cost. It emphasises the interaction of the functional aspects of the SHRM role such as selection, appraisal, rewards and development. The Michigan model is lacking in detail because it treats the SHRM function as a closed system, ignoring the organisational context of a hostile business environment in which many companies operate.
3.2.3 The map of the HRM territory model

The ‘map of the HRM territory’ provided by Beer et al (1984) (Figure 3.5), or the ‘Harvard model’ as it is better known, is one of the most influential illustrations of SHRM, as it draws together environmental (stakeholder interests) and internal organisational influences (situational factors) together with analytical components. Huczynski and Buchanan (2001) commented that Beer et al’s model is particularly informative because it provides a cyclical representation of SHRM decisions, the business environment and an organisation’s performance. This link is important as by adding the ‘performance’ factor into the model it provides a more satisfactory representation of SHRM (Boxall, 1992).

Although the Harvard model has gained much attention, it also has shortcomings. The nature of the casual chain suggested by the model is unclear because it does not explain the relationships between environmental and stakeholder factors and SHRM outcomes, neither does it explain the relationships between the four HRM policy choices. As a consequence, Loosemore et al (2003) concluded that it has a limited role in explaining how to consider HRM as a strategic function.
3.2.4 Guest’s model of SHRM

Drawing on the prescriptive and analytical qualities of the Harvard model, Guest (1987) and Hendry and Pettigrew (1990) reflected on the development of British approaches to SHRM within European traditions and management styles. Guest concluded his review with a set of propositions: strategic integration, high commitment, high quality, and flexibility, which he considered amenable to testing SHRM within the organisation (Guest, 1987; Beardwell and Holden, 1997).

3.2.5 The Warwick model

The main contribution of Hendry and Pettigrew’s ‘strategic change and HRM’ (also known as the ‘Warwick model’) (Figure 3.6) is the identification of five interrelated strategic elements which allow the influence of external factors on the internal operations of an organisation to be analysed. It is based on the Harvard model but concentrates more on the strategy (Cakar et al, 2003). The model reflects European traditions and
management styles with an emphasis on a full range of interrelated, complex tasks and skills that define HR as a strategic function. This compensates for the Harvard model's inability to explain the 'how' relationships between the different components of the HR system.

![Diagram of the Warwick model of strategic change and HRM](Hendry and Pettigrew, 1990)

**Figure 3.6: The Warwick model of strategic change and HRM**

(Hendry and Pettigrew, 1990)

3.2.6 *The integration of HRM systems model*

Sparrow and Marchington (1998) have more recently introduced 'the integration of HRM systems' model to represent the complex relationships
of five distinct but interdependent SHRM functions and processes (Figure 3.7). The 'integration of HRM systems' model lacks the external organisation context emphasised by the earlier models and is therefore inappropriate for further consideration.

![Diagram of The integration of HRM systems](image)

Figure 3.7: The integration of HRM systems (Sparrow and Marchington, 1998)

### 3.2.7 Conclusion

All of these models have tried to capture the ways in which organisations can align HRM practices with their wider strategic objectives, and there is no universally agreed model of how the SHRM function should operate. Given the wide range of SHRM models and the core components represented within each research question four (Q4) as set out in the introduction (Section 1.2), asks:

"How do the core components of SHRM manifest themselves within Construction SMEs?"
The following section explores the core components of SHRM in more detail.

### 3.3 Core components of SHRM

Several concepts and components of SHRM are evident in the literature and are consistently present within its ongoing debate. These concepts and components describe key aspects of the SHRM approach and must, therefore, be considered in more detail. They are therefore investigated in this study and comprise: organisational culture and structure; HR leadership, management and planning; and people management strategies.

#### 3.3.1 Organisational culture and structure

**Culture**

Culture has been defined in many ways, Barney (1991) described organisational culture as valuable, rare and imperfectly imitable; it has high potential for creating sustainable advantage. Through rituals, heroes, routines and managerial values, organisational culture directly and indirectly influences investment and resource allocation decisions (Deal and Kennedy, 1982; Merron, 1995).

Researchers generally agree that culture is extremely difficult to imitate or duplicate (Fitzgerald, 1988; Mueller, 1996) due to its inherent tacitness, complexity and specificity (Barley, 1983; Gregory, 1983; Lippman and Rumelt, 1982; Meek, 1988; Reed and DeFillippi, 1990) and that a corporate culture has a major impact on a company’s ability to carry out its objectives and plans (Chan et al, 2004).

A large number of typologies of organisational cultures have been developed. Some of the best known classifications include Harrison (1972), Handy (1978, 1993), Deal and Kennedy (1982), Quinn and McGrath (1985), Scholz (1987) and Wiener, (1988).

Several authors have also outlined the benefits of organisational culture. Hamel and Prahalad (1994) suggested that culture should offer direction for
employees to develop their skills and learn new innovations, with clear guidance for allocating the organisation’s resources to compete in its operating context. Denison and Mishra (1995) and Kotter and Heskett (1992) stated that culture should create a strong sense of need for creativity, positive and proactive attitudes toward changes and commitment to work with a high degree of flexibility. A culture that enhances an organisation’s ability to retain its well-developed and motivated human capital is important (Sheridan, 1992). This aspect of organisational culture will strengthen the organisation’s performance. Brown (1995) outlined a number of benefits related to organisational culture: conflict resolution; co-ordination and control; reduction of uncertainty, motivation and competitive advantage. Brown, (1995) also stated that organisational culture is an important source of motivation for employees, thus has significant influence on the efficiency and effectiveness of organisations. Panayotopoulou et al (2003) confirmed that provided that the policies for managing people are integrated with strategic business planning and organisational culture, human resources of an organisation can be a source of competitive advantage, (Delbridge and Lowe, 1997; Khatri, 2000; Poole and Jenkins, 1996).

A strong organisational culture can be a source of competitive advantage (Brown, 1995; Staber, 2003). A strong culture promotes consistency, co-ordination and control, reduces uncertainty and enhances motivation, culture facilities organisational effectiveness and therefore improves its chances of being successful in the marketplace. Staber (2003) also suggested that an organisation is said to have a strong culture if meanings are strongly held, widely shared and deeply embedded. The hallmark of a strong organisational culture is unity and loyalty. Culture strength rests on orientations and interpretations that are taken for granted, not contested and thus not the subject of consensus building efforts. Ogbonna and Whipp (1999) stated that organisations wishing to develop and sustain ‘strong’ cultures would need to pay particular attention to their HR policies to ensure that they are supportive of the culture they wish to develop and that they feed through to strategic planning. It is the consistency over time in the pursuit of the culturally relative policies that may give rise to a strong
culture. Wilkins (1984) observes that many organisations sustain culture by developing ‘statements of philosophy’ denoting their stance on the management of HR. He contends that successful companies have a system of transmitting their organisations’ philosophy to new employees and that HR policies should give credence to the company philosophy (and help support positive organisational stories).

However, the links between HRM and culture have not been developed in the literature. It has become a common assertion that culture must be managed (Baker, 1980; Green, 1988; Kilmann, 1982; and Whipp et al, 1989). Legge (1989) observed that HRM emphasises the management of culture as a central management activity, while Whipp et al, (1989) noted that the management of culture is an essential element of HRM. Equally, it is argued that the achievement of certain HR policy objectives (such as integration, commitment, flexibility, quality and competence) identified by Beer et al (1985) and Guest (1987) requires the management of organisational culture, notwithstanding that different cultures require the support of different HR practices (Fombrun, 1983).

Organisational Structure

Organisational structure is an integral part of SHRM concept, the size of an organisation is a contingency expected to influence the level of strategy making (Miller, 1987), the perceived effectiveness of the human resources function (Huselid et al, 1997), and business performance.

Chew and Chong’s (1999) review of successful companies illustrated that the way that the organisation’s structure is designed contributes to the organisation’s success. Chew and Chong (ibid.) determined that organisation structure must complement its strategic vision, and that an organisation that has a vision of achieving innovation, for example, would need to give employees autonomy and participation in decision making. They suggested that an environment of autonomy could be created through a high degree of decentralisation and a low level of formalisation.
Large organisations are characterised by numerous hierarchical levels, standardised procedures, increased specialisation, limited flexibility and bureaucratic control (Child, 1974; Keats and Hitt, 1988; Lawler, 1997; and Mintzberg, 1979). Increased organisational size necessitates co-ordination between internal departments and thus causes complex control and co-ordination mechanisms to be established which, in turn, lead to a high level of procedure (Lawler, 1997; Miller, 1986). Cameron and Quinn (1999) observed that larger organisations operated more complex internal process models.

Rowlinson (2001) stated that a matrix organisational structure has been identified as being particularly suited to the construction project environment (Bresnen, 1990). Matrix has been defined as a vertical functional hierarchy overlain by lateral authority, influence or communication, i.e. a mixed organisation (Knight, 1976), this structure leads to institutionalised conflict which if properly directed, should lead to an efficiency and flexibility in use of resources, technical excellence of solutions, motivation, and development of employees (Galbraith, 1973).

With specific regard to HRM, Hendry and Pettigrew, (1992) discovered that the HR function of organisations is mainly administrative during the growth stage of their life cycle, due to the organisation's primary focus on growth and associated short-term economic factors (Gerhart and Milkovich, 1990; Milliman et al, 1991). In contrast, a mature organisation has lower growth expectations and places more emphasis on gaining competitive advantage from human resource effectiveness (Legnick-Hall and Legnick-Hall, 1988). The next section examines the component of HR leadership, management and planning.

3.3.2 HR leadership, management and planning
Consistency of management style within an organisation is of significant importance since a key feature of SHRM is to devolve much of the HR responsibility to operational line management (Sparrow and Marchington, 1998; Pilbeam and Corbridge, 2002). This requires careful management of
the HR-operational line management interface if organisations are to maintain healthy balance of interests. Thus, the HR professional’s role in advising operational managers particularly on the increasingly complex web of national and EU legislation remains crucial (Gennard and Judge, 2002). The extent of this advising is dependent on the management style held within an organisation, since the management style influences an organisation’s culture, determines its conflict resolution approach and dictates the strategies and practices that are likely to succeed within it.

Gennard and Judge (2002) summarised different management styles using the broad categories of unitary or pluralist, and within these broad categories authoritarian, paternalistic, consultative, constitutional or opportunistic approaches. Each combination has two additional dimensions: individualism and collectivism (ibid.). Purcell and Ahlstrand (1994) developed a useful model for classifying management styles along the individualist-collectivist continuum known as the ‘The Management Style Matrix’ that combines different levels of the two dimensions to define six distinct approaches to employment relations. These approaches are: traditional, paternalistic, sophisticated human relations, bargained constitutional, modern paternalistic and sophisticated consultative (ibid.).

Human resource planning activities are important as they translate an organisation’s strategic vision into its specific human resource needs. Human resource planning provides the backbone for the rest of an organisation’s HR functions (Fombrun et al, 1984) as it informs key decisions in strategic human resource planning, the formalisation of HR plans, their integration with the organisation’s overall strategic plans, as well as whether the strategic focus is required to be broad or narrow.

D’Herbemont and César, (1998) offer another complementary view. They suggested that every day managers must adapt to rapidly changing markets and situations. Yet change is difficult and new rules and regulations add to that difficult, especially as it is the nature of people to resist change even
when they benefit from it. Companies too face these problems, facing the need for increased productivity with the same number of staff.

Here they define a project as simply an intention to do something. The strategy of the lateral project in essence is a way of introducing change by having an understanding of people and why they act in certain ways, by being flexible and looking for allies rather than attacking enemies. The essence of managing a sensitive project is to mobilise the allies. Sensitive or difficult projects also take into account the coordinated actions by the key players which are needed in order to achieve the success of the project (ibid.).

They suggested that there are two kinds of difficulties in a project, technical difficulties and human difficulties. Projects can be managed with a direct strategy: a trade off between deadlines, costs and objectives, or with an indirect strategy: the focus should not be on the tasks, but on the players who will perform the tasks, or those who will prevent the tasks from being carried out (ibid.).

3.3.3 People management strategies

Another core element of SHRM is people management strategies. People management strategies or an organisation's human resource system can be categorised in a number of ways in relation to SHRM based upon the models of SHRM outlined (Section 3.2) and definitions offered by key authors in the field (Section 3.1). For the purpose of this study they are classified as: recruitment and selection; training and development; and employee relations. This classification has been developed from the most common categories found within the literature in order to provide a wide understanding of the most common issues.

3.3.3.1 Recruitment and selection

Several authors have examined issues associated with recruitment and selection. Huselid (1995), Koch and McGrath, (1996), Delaney et al. (1989) and Terpstra (1994) have studied the use of employment tests. Further,
Terpstra and Rozell (1993) and Koch and McGrath (1996) have investigated structured and standardised interviews, Koch and McGrath (1996) and Terpstra (1994) have also conducted validation studies on the methods currently used.

The reconciliation of the Human Resource Planning (HRP) outcomes with short-term business operating conditions indicates the levels of recruitment required. Larraine and Cornelius (2001) highlight the importance of:

- Analysing the organisation's long-term resource requirements;
- Clear advertising of vacancies via appropriate media to ensure the widest possible pool of suitable candidates is attracted and choice in the selection process is achieved;
- Determining appropriate reward linking the process with other HRM strategies; and
- The measurement, review and evaluation of the selected candidate's performance being fed into the organisation's performance management systems.

By emphasising the continuity of the process and the links with other HRM systems Larraine and Cornelius' approach reveals the importance of effective recruitment and selection processes to ensuring a supply of appropriately skilled staff that can positively contribute to achieving business objectives. Chew and Chong (1999) verified the importance of this issue by stating that recruitment and selection must manage the flow of personnel within the organisation to satisfy the strategic needs of the organisation.

3.3.3.2 Training and development

Training and development includes a range of formal and informal activities that are aimed at providing employees with the skills required to carry out their job. This includes the maintenance and further development of their existing capabilities as well as the learning of new competencies. Training
activities (the ‘hard’ element of HRD) usually refer to employer-driven, short-term courses focused on present needs. Developmental activities are often more unstructured and incorporate learning undertaken outside the organisational boundaries. Organisational development is the result of collective learning within the members of the organisation, whom deliver their development into the organisational practice (Harvey and Butcher, 1998; Massey and Walker, 1999). Training and development must ensure that employees are equipped with skills, knowledge and abilities suited to the fulfilment of the organisation’s strategic goals.

Marchington and Wilkinson (2002) suggested that the training cycle (Figure 3.9) presents a planned, systematic and cyclical process for identifying and suitably responding to individual and organisational training and development needs. The current and future business needs act as the ‘driving force’ for the cycle (Lee and Chon, 2000).

![Figure 3.8: The systematic training model (El-Sawad, 2002: 291)](image)

Lundy and Cowling (1996) also stated that the training process is generally represented in the literature as having distinct stages or phases similar to the training model depicted above (Wexley and Latham, 1991).
The identification of training needs can be carried out at an organisational, job, occupational and individual level. McClelland (1993) noted that a comprehensive analysis is required and this should include a broad range of internal and external data.

Training design and delivery should focus on what is to be learned and how people learn (Harrison, 1997). This influences the choice of appropriate training methods such as whether traditional packaged classroom learning experiences are to be offered, computer-based e-learning encouraged or informal, ‘organic’, on-the-job learning facilitated via mentoring. Kolb’s (1996) learning cycle and Honey and Mumford’s (1982) learning styles inventory provide useful frameworks for the design and delivery of training and development solutions that support the achievement of the desired learning outcomes.

A major objective of training and learning evaluation is to demonstrate the impact of Human Resource Development ‘HRD’ investment (El-Sawad, 1998: 234). Reid et al (1992) suggested five levels at which the evaluation may be useful, ranging from trainees’ reaction to the training programme to characterising the extent to which training has benefited the organisation.

3.3.3.3 Employment Relations

Employment relations provide an overarching management philosophy or style for the management of human resources within an organisation. Aspects of this function include the traditional industrial relations issue of dealing with trades unions to, more recently, the provision of equal opportunities and management of diversity. Gennard and Judge (2002) suggested that the purpose of employment relations is to reconcile the different interests of the employers and their employees.

At present, much of the employment relations agenda is concerned with issues relating to employment legislation, pay, working hours, work-life balance, equality of opportunity, managing diversity and management style. Key authors include MacDuffie (1995); Delery and Doty (1996); Ichniowski
et al. (1996), who examined the opportunities given to employees and suggested improvements and make decisions.

The issue of work-life balance has become important over the last few years. Increasing pressures for high employee performance have resulted in increased working hours which often conflict with family or other outside-work commitments (Marchington and Wilkinson, 2002). This, coupled with the intensification of work, has led to an increase of stress related problems (Pilbeam and Corbridge, 2002). Many organisations have recognised the importance in achieving work-life balance to reduce stress related problems (Hogarth et al, 2001). Family-friendly policies and flexible forms of working are common initiatives that organisations have adopted to accommodate this employee need and thereby facilitate staff retention. These policies are often wide ranging and can include childcare arrangements, special leave arrangements and flexible working hours.

The concept of employee involvement is closely related to the issue of employment relations as it is aimed at achieving employee commitment and participation by increasing their voice and decision-making power (Mabey et al, 1998; Taylor, 2002). In essence, employee involvement is concerned with increasing organisational effectiveness through manager and employee collaboration and by sharing power and control (Honold, 1997). Kochan et al's (1986) early work suggested that employee voice be enhanced by creating opportunities for employees or their representatives to engage in decisions affecting their jobs and terms and conditions, and by actively resolving disputes.

Through the growing importance and extending scope of employee involvement, progression toward informal practices has emerged (Millward et al, 1992; Taylor, 2002), although employee involvement now takes a variety of forms in practice. Marchington (1995) argued that these forms can be categorised into five groups, as presented in Table 3.1.
Table 3.1: Five types of employee involvement (Marchington, 1995; Corbridge and Pilbeam, 1998)

<table>
<thead>
<tr>
<th>Type of Employee Involvement</th>
<th>Objective</th>
<th>Techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downward communication</td>
<td>Managers to provide information to employees to develop their understanding of organisational plans and objectives.</td>
<td>Formal and informal communications: reports, newspapers, videos, presentations, team briefings.</td>
</tr>
<tr>
<td>Upward problem-solving</td>
<td>Utilise the knowledge and opinions of employees to, for example, increase the stock of ideas within the organisation, encourage co-operative relationships and legitimise change.</td>
<td>Suggestion schemes, total quality management (TQM) and quality circles, attitude surveys.</td>
</tr>
<tr>
<td>Task participation</td>
<td>Encourage employees to expand the range of tasks they undertake.</td>
<td>Job rotation, job enrichment, teamwork, empowerment, semi-autonomous work groups.</td>
</tr>
<tr>
<td>Consultation and representative participation</td>
<td>An indirect form of employee involvement, aiming to support effective decision-making, air grievances, and 'sound out' employee views on organisational plans.</td>
<td>Joint consultation, discussions between managers and employees or their representatives.</td>
</tr>
<tr>
<td>Financial participation</td>
<td>Relate the employees' overall pay to the success of the organisation with the assumption that employees will work harder if they receive a personal financial reward from the organisation's success.</td>
<td>Profit-sharing schemes, employee share ownership plans.</td>
</tr>
</tbody>
</table>

Different types of employee involvement are often found to co-exist, particularly within organisations where employee involvement is a central element of the overall management style. The most common types are downward communication, consultation and representative participation, and financial participation. These have been found particularly effective means of: managing change (Mabey et al, 1998); improving performance (Cruise O’Brien, 1995); and ensuring customer satisfaction and encouraging innovation (Wickisier, 1997). Lawler et al (1995) found positive results from employee involvement programmes, as supported by Levine (1995) who summarised the many potential benefits of employee involvement to include: better decisions; more committed implementation; and improved communication, co-operation and loyalty.

3.3.4 Conclusions to the origins, models and components of SHRM
In summary, the concept of SHRM developed from organisational behaviour and management theories within the industrial relations and personnel paradigms as an integrated approach to people management. The
literature indicates a variety of SHRM models, all of which have tried to capture the ways in which organisations can align HRM practices with their wider strategic objectives, offering numerous ways to categorise the core components of SHRM and their relationships. To date there is no universally agreed model of how the SHRM function should operate. Therefore based on this discussion the literature research question four (Q4) as set out in the introduction (Section 1.2), asks:

"How do the core components of SHRM manifest themselves within construction SMEs?"

For the purpose of this study the core components selected from the literature by the author for consideration are classified as: organisational culture and structure; HR leadership, management and planning; and people management strategies.

3.4 SHRM and SMEs

This section explores SHRM within the context of SME organisations, including the lack of attention to SMEs within the existing literature, HRM leadership and management practices, people management strategies and the formality of practices, processes and policies.

3.4.1 Introduction

The lack of attention to SMEs within existing HRM literature has been bemoaned by a wide range of authors including (Hornsby and Kuratko, 1990; Vickerstaff, 1993; Hendry et al, 1995; Duberley and Whalley, 1995; Curran, 1987; Heneman et al, 2000; Chandler and McEvoy, 2000; and Williamson, 2001). Chandler and McEvoy (2000) and Henemen et al (2000) note that published research highlights effective HR management as one of the most important problems faced by SMEs. Despite this, and the fact that the majority of employees are working in SMEs (Golhar and Deshpande, 1997; Kirchoff, 1996), there is an acute shortage of research investigating
the practices used in small firms. Little is known about core personnel functions, such as staff selection, training, development performance management, and the internal communications (Bacon et al, 1996; Szamosi et al, 2004; Vinten, 1999). Wilkinson (1999) and Nguyen and Bryant, (2004) observed that existing research on human resource practices (HRP) has focused on larger firms that employ full-time personnel specialists. As a result, these studies often suggest solutions that are appropriate only for larger companies possessing formal human resource systems (Annette and Marilyn, 1999; Katz et al, 2000).

Lange et al (2000) echoes some of these views and stated that the culture within a small firm differs greatly from that in larger organisations. They suggested that some reasons for cultural differences in SMEs refer to the lack of economies of scale, the small size of the company, the nature of the product, the type of technology used and some of the personality of SME owner managers themselves. Another reason is the horizontal working structure of SMEs; this can be contrasted with larger organisations, which tend to display a more hierarchical or vertical structure. Scase and Goffee (1980), state that small businesses as developed by their owners are organised on the basis of informal flexible personal relationships. The way in which business is conducted and the way in which the firm is managed thus drives the culture of the firm.

3.4.2 HRM leadership and management practices
Duberley and Whalley (1995) used Storey’s (1995) framework to determine that few organisations have adopted a strategic approach to HRM. Rather, the most common practices in use relate to the traditional small firm approach. Duberley and Whalley (1995) confirmed that HR practices currently in use vary widely between organisations. This supports other evidence which suggested that HR practices tend to be fairly ‘ad hoc’ in smaller firms (Marlow and Patton, 1993; Wagar, 1998).

Size has significant influence on the adoption of HR practices. Smaller firms are less likely to have written job descriptions, to apply formal
procedures in recruiting such as application forms and interviews, and to conduct performance appraisals (Deshpande and Golhar, 1994; Golhar and Deshpande, 1997; Wagar, 1998; Huang and Brown, 1999; Hornsby and Kuratko, 1990). Amba-Rao and Pendse (1985) found that small firms lacked any systematic or rational approach in their compensation practices. Little (1986) discovered that HR practices in small firms were handled mostly by the owners. McEvoy (1984) found that only one-third of SMEs used any method of formal job evaluation.

Matlay (1999) examined decision-making in micro and small businesses and discovered that organisational control rested entirely with owner-managers. Only a number of small business owner-managers delegate human resource decision making processes to personnel managers. Formal training and human resource plans and budgets were only encountered in a fraction of micro and small businesses. In contrast, Matlay (ibid.) found that control was typically devolved to management team or board of directors in medium-sized organisations. In large businesses, organisational control was found to rest with the board of directors and its chairperson. The organisational control in micro-businesses emerged as the most important single factor to affect employee relations in this type of firm.

Matlay (2002) also examined management styles of micro-business owner-managers. He determined that micro-business owner-managers play a crucial role in the overall management of their firm and that no owner-managers in this category were prepared to delegate responsibility for the human resource function. Such informal management styles were absent from the large businesses surveyed. Matlay (1999) also confirmed that management style influences specific organisational aspects, in particular: recruitment; training; human resource development; pay bargaining; grievance procedures; and interpersonal relationships. Reid et al (2002) suggested that the practice of HRM differs between family and non-family businesses. HRM managers were not involved in strategic decision making at either the development or implementation stage.
In summary, a strategic approach to HRM within SMEs varies widely between organisations; some evidence suggests HR practices tend to be fairly ‘ad hoc’ in smaller firms and that size has significance influence on the adoption of HR practices. Thus, the literature supports research question five (Q5) as set out in the introduction (Section 1.2), which asks:

"Does the construction SME SHRM style and level of control in decision making depend upon the size of the organisation?"

3.4.3 People management strategies

3.4.3.1 Training and development

Training has been given considerable attention in both the SHRM literature and the SME field of research (Pettigrew et al, 1990; Arthur and Hendry, 1990; Gilliland, 1993; Keep and Mayhew, 1994; Abbot, 1994; Holliday, 1995; Storey and Westhead, 1997; Kitching, 2000; Brand and Bax, 2002). It is generally found that employees in small firms are less likely to have access to structured training provisions than their counterparts in large firms. Current and future training needs were evaluated informally, mainly on the basis of personal perceptions or expectations (Cassell et al, 2002; Kerr and McDougall, 1999; Keogh and Stewart, 2001). It is generally accepted that the likelihood of formal training being provided to staff increases with organisation size (Storey and Westhead, 1997; Cambridge Small Business Research Centre, 1992; Blackburn, 1990; Creagh et al, 2000; Reid et al, 2002).

Kirby (1990) and Marshall et al (1993) confirmed that the majority of companies conducted formal and informal training both on and off the job, depending on the issue to be addressed. In smaller companies, the emphasis was towards hands-on rather than theoretical training. The majority considered training to be central to their organisational success. A large proportion of companies emphasised the importance of the strategic role of
training and confirmed that training was part of the company strategy. Vinten (2000) supported this view although management education is a less certain area, and may depend on whether those in charge of companies have themselves been through management education. Cassell et al (2002) confirmed training is both focused and targeted, according to perceived employee needs.

Matlay (2002) stated that there are considerable differences in small business owner-manager attitudes and approaches towards the training needs of family and non-family employees. He stated that this would suggest that these differences could influence and differentiate employee development in, and competitive strategies of, family-owned small business. Matlay (2002) also confirmed that in the majority of all small businesses, the owner-manager was identified as the main decision maker, inclusive of issues related to training and human resource development. In medium sized businesses the owner-manager’s involvement in human resource development issues was still considerable, even though these organisations exhibit increased complexity and formality. All organisations use training plans and related budgets as part of their HRD strategy.

Smith et al (2002) confirmed that the ability and willingness of SMEs to train employees is influenced by a number of factors. Factors include the lack of finance, pressures on owner-manager’s time and a reluctance to expose managerial shortcomings (Marlow, 1998). They supported the view that SMEs typically do not have a training culture linked to the provision of formal training (Scott et al, 1996; Vickerstaff, 1992). The extent of informal training within SMEs has been underestimated (Curran et al, 1997), often firms do not recognise themselves as ‘training’ (Ross, 1993). The development of skills is often built around problem solving, as employees have to be multi-skilled (Chittenden and Robertson, 1994). Training may therefore be reactive to pressing issues (such as the installation of new equipment, for example) rather than an ongoing commitment to development.
Simpson et al (2004) examined the impact of education, training, development, prior knowledge and experience on the success of SMEs. Most businesses heavily relied on prior knowledge and experience rather than formal education or training. However, they commented that there was some conflicting evidence that training may be very important for the success of some organisations but not others. The limited use of training is often seen as an organisational weakness and this seems to be a fairly common weakness particularly in small service sector companies (Smith and Whittaker, 1998).

In summary, it is generally found that employees in small firms are less likely to have access to structured training provisions than their counterparts in large firms, although training is often both focused and targeted, according to perceived employee needs. Thus, the literature supports research question six (Q6) as set out in the introduction (Section 1.2), which asks:

"Do construction SMEs have a training culture linked to the provision of formal training?"

3.4.3.2 Recruitment and selection
Carroll et al (1999) confirmed that relatively little material is available specifically for small firms. Carroll et al (1998) indicated that poor recruitment and selection decisions are often blamed for subsequent disciplinary problems in small firms. As a consequence, a number of these firms stated that recruitment was now being undertaken with greater care including the widespread use of informal, word-of-mouth recruitment methods. This is supported by Holliday (1995), who found that recruitment by word-of-mouth is the most common recruitment method and that firms prefer to recruit people who are already trained and experienced. The notion of "fitting in" is a recurring theme in recruitment in small firms. Curran and Stanworth (1979), Scott et al (1989) and Kitching (1994) all suggest that the
employer's judgement of a potential recruit as a person is seen as the most important aspect of selection. Further, when Holliday (1995) examined career progression within SMEs, she found that internal promotion was common.

Brand and Bax (2002) noted that small firms make extensive use of 'job try-outs', confirming Duberley and Whalley's (1995) earlier observation that organisations favour this recruitment strategy due its low cost and ability to evaluate the fit of a person with the (implicit) demands of the job. The 'personal atmosphere' of small firms is reflected in the high use of informal procedures (Deshpande and Golhar, 1994).

Bayo-Moriones et al (2001) examined selection criteria in manufacturing SMEs, and confirmed a significant link between firm size and the selection criteria applied. They (ibid.) adopted Bartram et al's (1995) observation that smaller firms pay more attention to candidate personality than qualifications or experience. This is similar to the findings of Barber et al (1999) who stated that small firms have less confidence in academic qualifications, while there is no difference in their attitude towards interpersonal skills or motivation in comparison with Deshpande and Golhar (1994) who reported that small firms focus more on qualifications than do larger ones.

Cassell et al (2002) noted that recruitment and selection procedures were used more than reward and development by SMEs. However, the selection practice used was found to be particularly dependent on the nature of the job vacancy. Often word of mouth was considered to be the appropriate recruitment method. This observation verified the Workplace Employee Relations Survey 1998 findings where fifty three percent of small businesses with owner-managers recruited on recommendation (Cully et al, 1998).

Matlay (1999) established that the majority of micro-business owner-managers rely exclusively on informal recruitment channels. Those owner-managers who preferred mixed management styles claimed to make use of
both formal channels and informal networks. Typically, 'ordinary' employees, in both service and manufacturing micro-firms, were recruited via informal channels. Technical or managerial staffs as well as individuals targeted for 'hard-to-fill' vacancies were recruited through employment agencies, recruitment fairs and advertising campaigns in the media or in specialist publications.

Evidence has suggested that small firms do, in fact, find it hard to attract the calibre of staff they need. According to Atkinson and Storey (1994) and Scott et al (1989) small firms report labour market problems more frequently than any other impediment on performance, including financial problems. The most frequent complaint was with the quality of labour.

Scott et al (1989) found variations in small firms' approach to recruiting staff. Traditional manufacturing and service sectors were found to prefer informal methods, while formal methods were much more widespread in the high-technology sectors. Atkinson and Meager (1994) found that the prevalence of word-of-mouth recruitment varied according to the type of employee being recruited. It was the most popular method for recruiting managers and manual workers, with more formal methods used to recruit clerical and technical employees. Thus, the literature supports research question seven (Q7) as set out in the introduction (Section 1.2), which asks:

"Within construction SMES is there a link between organisation size and the recruitment and selection processes applied?"

3.4.3.3 Employment relations

Kinnie et al (1999) stated that employment relations in SMEs are often characterised as being different from those in large companies. Bolton (1971) revealed the marked heterogeneity of employment relations within SMEs (Storey, 1994; Scase, 1995). Curran et al (1993) drew attention to the generally good relations between employers and employees in the service
sector and Rainnie (1989) highlighted the conflictual nature of relations within manufacturing industries. Wilkinson (1999) also explored employment relations in SMEs and confirmed the use of a variety of personal links, associates and business contacts and assumptions about the prevailing organisational culture to facilitate flexibility as a characteristic of small firms.

Massey (2004) examined employee practices in small firms suggesting that small firms have particular ways of approaching SHRM issues. Massey suggested that this includes employment relations (Wilkinson, 1999); training and human resource development (Hill and Stewart, 2000; Loan-Clarke et al, 1999), recruitment and retention (Carroll et al, 1999; Kickul, 2001), performance management (Hudson et al, 2001) and a number of other aspects of managing people (Coviello et al, 2000; Ghobadian and Gallear, 1997).

Cassell et al (2002) suggested that there is considerable diversity amongst SMEs in relation to their use of HR practices, and in their relative success in aiding the achievement of company objectives. One third of the interviewees reported that their firm had a formal HR strategy and half of them stated that a designated person dealt with HR issues. Incentive schemes such as bonuses and performance related pay were used, if only a little, by nearly half of companies. Several examples were given where managers were trying to de-centralise power to give individuals and groups of employees more responsibility.

Wilkinson (1999) stated that informality characterises SMEs' employment relations and that individual membership and recognition of trade unions are less common in small firms than in large ones. The reasons usually given for low union membership relate to the ideological opposition of owner-managers as well as difficulty in unions organising themselves, rather than harmonious relations rendering them irrelevant (Dundon et al, 1999).
Wilkinson (1999) noted that management had adopted various employee involvement techniques within companies. Generally, these differed in practice, but were undertaken in a structured manner within the organisation, often as a result of intensified market competition. Typically, the employee involvement techniques included team briefings, strategic business reviews and employee training schemes. Paradoxically, the forms of employee involvement observed mirrored best practice HRM found in larger organisations and symbolises a significant change of direction from a flat organic structure to one of increased managerial hierarchy. In some cases, a shift from informal to formalised relations has adverse effects (Wilkinson et al, 1996; Wilkinson et al, 1998).

Matlay (1999) investigated the nature and extent of employee relations in micro-businesses and confirmed that owner-managers of micro-businesses tend to exhibit highly personalised and mostly informal management styles. Employee relations strategies were also diverse as they reflected the characteristics, personalities and preferences of the owner-managers themselves. When considering grievance procedures the majority of owner-managers resort to informal discussions or meetings. Mixed formal and informal management structures generated grievance procedures that varied according to the type and complexity of issues under review. Most grievances involving managerial, clerical or specialist staff were resolved informally by the owner-manager. A speedy solution was sought, generally by mutual consent, to minimise interruptions to work schedules or costly and time consuming staff replacement situations.

Bayo-Moriones et al (2001) confirmed that HRM style differs between small and large organisations. They confirmed that the way in which the payroll is managed is liable to be affected by the size of the organisation. Larger companies will tend, on the whole, to develop more sophisticated pay systems (Poole and Jenkins, 1998). Brown and Medoff (1989) also suggested a possible correlation between size and wage levels. Thus, the literature supports research question eight (Q8) as set out in the introduction (Section 1.2), which asks:
"Does informality characterise construction SMEs' employment relations?"

3.4.4 Formality of practices, processes and policies

Brand and Bax (2002) stated that research shows that HR practices vary markedly between small firms (Duberley and Whalley, 1995; Julien, 1998; Bacon et al, 1998). Often determined by the ideology and pluralistic goals of the small business owner (Duberley and Whalley, 1995; Wagar, 1998; Bacon et al, 1998; Koch and De Kok, 1999), as a result of this informality they are more sophisticated than often expected (Julien, 1998). Nguyen and Bryant (2004) stated that a key challenge for human resource management in SMEs is to balance formal policies and informal culture within these smaller firms.

Vinten (1999) confirmed that SMEs use a mixture of formal and informal communication systems, but favour informal methods. The majority of smaller companies operated informal word of mouth communication systems, issues being dealt with by teams as they arise.

Roberts et al (1992) argue that when a firm employs more than 20 staff, the limits of informality become apparent. Informal networks of recruitment dry up, informal styles of management communication are stretched, and ad hoc responses to personnel issues create problems. This fits with Jennings and Beaver's contention that once the organisation is above a certain size and the owner becomes over-extended, management needs to be professional and delegated (Jennings and Beaver, 1997; Loan-Clarke et al, 1999).

Marlow (2002) suggested that as firms grow they develop formal HR practices from policies, rules and regulations that define and oversee the employment relationship. Indicators of a formal system include the presence of personnel specialists and written policies or criteria that influence
recruiting, hiring, and performance appraisal. HR practices are considered to be informal when no system is in place and decisions are made on a personal, case-by-case basis. Formal and informal HR practices are not two discrete choices; rather they form two ends of a continuum from informal to formal.

Marlow and Patton (2002) suggested that business owners face a tension between the formality and informality of management practices in general. Informality can create a strong sense of teamwork and strong social relations that increase employees' motivation (ibid.). Small firms tend to resist formality because they do not have the resources to implement formal policies and owner-managers do not consider formal policies to be important or beneficial to the firm (Marlow, 2002). Marlow and Patton (2002) suggested that small firms face a tension between creating a positive, personal, teamwork-oriented environment and maintaining discipline and resolving grievance issues.

Nguyen and Bryant (2004) measured the formality of HR practices by asking business owners to state which formal HR practices they used. This builds on the work of Hornsby and Kuratko, (1990) and Wagar, (1998) who both revealed that size has a significant influence on the use of HR practices. Nguyen and Bryant (2004) findings confirmed that the larger SMEs use formal HR practices more widely than the smaller SMEs, and that the formality of HR practices is positively correlated with organisation performance. Nguyen and Bryant (2004) suggested the decision on whether the organisation should undertake HR with formality is a response to the interplay between cultural, economic, and institutional factors; this is consistent with Ram et al.'s (2001) study. The results also confirmed that HR formality increases with firm size and that HR formality is positively associated with higher firm performance. The three most commonly used HR practices observed are: having an HR specialist; using written criteria for hiring; and using professional sources of recruitment.
Mazzarol (2003) suggested that as a firm grows and its employee numbers increase the complexity of its HRM deepens. As the number of staff employed within the firm increases, the need for a formal HRM manager or process also becomes more pressing (Little, 1986). Oliver (1997) suggested that a firm with less than 100 employees can probably operate successfully without a full-time personnel or HR manager, however once the employee base exceeds 150 a professional manager may be required. He further suggests that firms with over 200 employees may require a dedicated HR department. Mazzarol (2003) also stated that the characteristics of the owner-manger (management style, management education, management experience and personality style) directly influence company structure as well as the nature of HRM policy and practice within the business. His work was also consistent with the findings of Kinnie and Purcell (1999), who stated that the decision making of the owner-manager is influenced by the external market conditions facing the business, which also influence both the company structure and the nature of the work environment within the firm. Thus, the literature supports research question nine (Q9) as set out in the introduction (Section 1.2), which asks:

"Are the SHRM approaches of construction SMEs generally informal in nature?"

3.5 Conclusion
The literature indicates a variety of SHRM models, (Devanna et al, 1984; Fombrun et al, 1984; Beer et al, 1984; Guest, 1987; Hendry and Pettigrew, 1990; Sparrow and Marchington, 1998) all of which have tried to capture the ways in which organisations can align HRM practices with their wider strategic objectives, offering numerous ways to categorise the core components of SHRM and their relationships. To date there is no universally agreed model of how the SHRM function should operate.
Duberley and Whalley (1995) used Storey’s (1995) framework to determine that few organisations have adopted a strategic approach to HRM. Rather, the most common practices in use relate to the traditional small firm approach. Duberley and Whalley (1995) confirmed that HR practices currently in use vary widely between organisations. This supports other evidence which suggested that HR practices tend to be fairly ‘ad hoc’ in smaller firms (Marlow and Patton, 1993; Wagar, 1998).

Therefore, based on this discussion the literature, research question twelve (Q12) as set out in the introduction (Section 1.2), asks:

"Can strategic formulation within SME construction firms be informed by a guiding framework?"

Despite the ongoing debate concerning the definition and components of SHRM, the importance of SHRM should not be underestimated. Storey (1992) noted that SHRM carries the potential to bring coherence and direction to an organisation. Sisson (1994) confirmed that people are the major source of competitive advantage. Therefore, how organisations recruit, train, reward, motivate and discipline their employees is of central importance to business success.

Based on the importance of understanding how organisations undertake the components of SHRM and the current lack of research (Bacon et al, 1996; Szamosi et al, 2004; Vinten, 1999) the following research questions (Q4 to Q8) as set out in the introduction (Section 1.2), asks:
"How do the core components of SHRM manifest themselves within Construction SMEs?"

"Does the SHRM style and level of control in decision making depend upon the size of the organisation?"

"Do construction SMEs have a training culture linked to the provision of formal training?"

"Within construction SMEs is there a link between firm size and the recruitment and selection processes applied?"

"Does informality characterise construction SMEs' employment relations?"

Several authors have confirmed that SHRM approaches of SMEs are in general often 'ad hoc' in nature (Marlow and Patton, 1993; Wager, 1998). This combined with studies focussing on individual elements and practices of SHRM draw the same conclusion (Matlay, 1999, 2002; Reid et al, 2002; Storey and Westhead, 1997; Holliday, 1995). Thus, the literature supports research question nine (Q9) as set out in the introduction (Section 1.2), which asks:

"Are the SHRM approaches of construction SMEs generally informal in nature?"

Whilst there appears to be a wide traditional SHRM knowledge base, there has to date been little attempt to understand the organisational and behavioural features of SMEs. Therefore, and in line with the research aim,
objectives and research questions (Section 1.2) focus within this thesis is placed on the SHRM strategies employed and their implementation.

The next chapter (4) presents a more in-depth review of the strategy and SHRM literature in the context of the construction industry.
CHAPTER 4

THE RELATIONSHIP BETWEEN STRATEGY AND SHRM IN THE CONSTRUCTION INDUSTRY
CHAPTER 4

THE RELATIONSHIP BETWEEN STRATEGY AND SHRM IN THE CONSTRUCTION INDUSTRY

The previous two chapters established the theoretical basis for the use of strategic management and strategic human resource management (SHRM). This chapter presents a more in-depth review of the strategy and SHRM literature in the context of the construction industry. To begin with, alignment between strategy and SHRM is considered, and the importance of effective strategic management of the organisation for improved organisational performance. The context of the construction industry is considered as well as the current initiatives adopted to address the industry challenges. Literature on strategy and SHRM in the construction industry and SMEs is then discussed. The chapter is concluded by linking the recommendations of the literature supporting closer alignment between strategy and SHRM with specific challenges faced by construction industry SMEs. Figure 4.1 illustrates the layout and sections of the chapter.
4.1 The relationship between SHRM and strategic management

This section explores the relationship between strategy and human resources strategies and the need for their alignment.

4.1.1 The relationship between strategy and human resource strategies

Useful overviews of the relationship between organisational strategy and human resource strategies have been offered by Beaumont (1992), Hendry and Pettigrew (1990), and Storey and Sisson (1993).

In general, relationships between organisation strategy and human resource strategy have been examined from two perspectives. Firstly, how and when human resources management must be considered in the strategic process.

Some authors concentrated on the relationship between one personnel management practice and different types of organisational strategy (Balkin and Gomez-Mejia, 1990; MacDuffie and Kochan, 1995), while others analysed the relationship between one business strategy and the portfolio of HRM practices performed by individual organisations (Jackson et al, 1989). In addition to these, a further group of studies addressed the relationships between different organisation strategy forms and HRM practices (Arthur, 1992; Snell and Dean, 1992; Peck, 1994; Raghuram and Avery, 1994). Legnick-Hall and Legnick-Hall (1988) proposed a reciprocal linkage between competitive strategy and human resource strategy and stated that, if competitive strategy dictates the demand for skills and employees, then human resource strategy determines organisational readiness. In general, most empirical work has established that companies relate their human resources practices and their business strategy. Bird and Beecher (1995) detailed different typologies of HRM and their links with a range of business strategies.

Sanz-Valle et al (1999) examined the matches between human resource practices and types of business strategy. After examining 200 Spanish SMEs they confirmed significant associations between some human resource practices and business strategy within companies. The CEOs of companies were interviewed using a structured questionnaire of close-ended questions. HRM practices were grouped into different areas to facilitate their analysis and business strategies were categorised into 'quality', 'cost leadership' and 'innovation'.
Sanz-Valle et al (1999) also confirmed very few differences between strategy and acquisition of employee practices. Independent of their strategy, companies showed a clear preference for internal recruitment, experience and specialist knowledge as well as skills as employee selection criteria. Companies with an innovation or quality strategy had the biggest investment in training, whereas companies with a cost leadership strategy carried out fewer training actions. Established appraisal systems were mainly found in companies with an innovation strategy whereas firms with a cost leadership strategy placed less emphasis on appraisal.

Sans-Valle et al (ibid.) also noted significant differences in relation to strategy and remuneration. Firms with an innovation strategy pay higher remuneration, due to their ability to attract qualified flexible, creative and skilled people who assume both risk and responsibility for strategy implementation. Whereas firms with a cost reduction strategy failed to encourage employee participation as much as companies with an innovation or quality strategy, who sought creative and flexible personnel and employee involvement.

The study revealed that some HRM practices do not vary with firm's strategy; most firms prefer internal recruitment and had similar selection or appraisal criteria. It also confirmed that HRM was more developed in companies with an innovation or quality strategy and firms with cost strategy had less developed planning activity. It offered empirical evidence that some relationships between strategy and human resource practices exist, and provided partial support to the Schuler and Jackson (1987) typology of strategies.

When human resources management is considered in the strategic process, Sanz-Valle et al (1999) stated that two main approaches were demonstrated: a reactive approach; and a proactive approach. Companies with a reactive approach exhibited HRM which did not form part of their strategy formulation but instead supported the implementation of previously stated
strategy. Whereas companies with a proactive approach exhibited HRM as part of the business strategy and is integrated from the strategy formulation stage. From literature review, they concluded that the relationship of business strategy and HRM tends to evolve through different stages, which range from a more reactive viewpoint to a more proactive, integrated one. They noted finally that the consideration of human resources as strategic factors is important, as they play an important role in strategy implementation and they are being recognised as sources of sustainable competitive advantage.

This discussion indicates numerous ways in which the relationship between strategy and human resource strategies has been suggested within the literature. A clear theme that emerges is that the relationship and the linkage between the two concepts is an important one. Therefore based on this discussion the literature research question ten (Q10) as set out in the introduction (Section 1.2), asks:

"Is HRM integrated in the business strategies of construction SMEs?"

A number of other areas are illustrated in the literature regarding the importance of the relationship between elements of SHRM. Chew et al (1999) explored the various relationships between strategic human resource practices and vision. Both Grundy (1997) and Gratton (1994) asserted that there is a need for the alignment of the firm’s human resources with its strategic intent. This would enable effective implementation of the business strategy and vision. Vision has also been closely associated with leadership. The two concepts often work hand in hand in helping organisations achieve success. Some authors have suggested that vision is itself a form of leadership (Phillips and Hunt, 1992; Sashkin, 1988), while others perceived it as one of the critical tasks leaders of organisations need to perform (Pearson, 1989; and Phillips and Hunt, 1992). Despite its importance, vision
is still not defined in a generally agreed manner (Larwood et al, 1995). Chew et al (1999) results also showed a significant positive relationship between strategic vision and various SHRM functions: HR planning; recruitment and selection; rewards and compensation; as well as training and development.

This discussion has shown the importance of various relationships that exist with the organisation’s SHRM paradigm. In general most empirical work has established that companies relate their human resources practices and their business strategy (Sanz-Valle et al, 1999). Legnick-Hall and Legnick-Hall (1988) proposed a reciprocal linkage between competitive strategy and human resource strategy and stated that, if competitive strategy dictates the demand for skills and employees, then human resource strategy determines organisational readiness. By considering matches between human resource management decisions and business strategy forms based on the assumption that the relationship between human resource practices and the organisational results is contingent on the organisation’s strategy. Thus, the literature supports research question eleven (Q11) as set out in the introduction (Section 1.2), which asks:

"Do the organisational structures and SHRM processes of construction SMEs support their business strategy?"

4.1.2 The need for alignment of SHRM approaches and business strategies

Since the beginning of the 1980s, the need for human resources to adopt a strategic role has been identified (Devanna et al, 1981; Baird et al, 1983; Guest, 1987; Miller, 1987; Armstrong, 1991). Although HRM and organisation strategy have traditionally been considered independent from each other, the relationship between these two aspects of organisation function has been accentuated recently as a consequence of resource-based

Organisations are becoming increasingly aware of the benefits of linking human resource practices to strategy due to two reasons. Firstly, employees and the way they are managed is critical to organisational success and can be a source of sustainable competitive advantage (Itami, 1991; Lado and Wilson, 1994; Wright et al, 1994; Kamoche, 1996; Mueller, 1996; Barney and Wright, 1998). It is argued that using HRM as a source of competitive advantage requires that an organisation not only reacts to present challenges in its environment but anticipates and exploits a future competitive arena (Beer et al, 1985; Hendry and Pettigrew, 1986, 1992; Guest, 1987; Gennard and Kelly, 1994; Cappelli and Crocker-Hefter, 1996).

The second reason for linking human resources with organisation strategy is that strategic human resource practices have a direct and positive effect on organisational performance (Huselid, 1995; Youndt et al, 1996; Delery and Doty, 1996; Chew and Chon, 1999; Gennard and Kelly, 1994; Lado and Wilson, 1994; Cappelli and Crocker-Hefter, 1996; Bird and Beechler, 1995). Many of these practices revolve around employee work involvement and employee participation in their organisation’s decision-making processes.

Several authors suggest that the uniting of strategy and HRM distinguishes ‘high performance work organisations’ (Kochan and Dyer, 1993; Osterman, 1994; Pfeffer, 1994; Delaney and Huselid, 1996; MacDuffie, 1995). Further, Schuler (1992) has demonstrated the interlinked role of the two concepts play in organisation function and has argued that HRM could enhance the capacity of the organisation to manage strategic change.

MacDuffie (1995) and Lahteenmaki et al (1998) argued in favour of ‘bundles’ of HR policies and practices. They confirmed that individual HR practices cannot be implemented effectively in isolation, and it is the combination of these HR practices into a coherent package which is of vital
importance. This view is similar to that of Becker and Gerhart (1996) who observed that the effect of HR practices on organisation performance is a consequence of the architecture of the system, not in adopting so called best practices.

Ogbonna and Whipp (1999) suggested that despite the link between strategy and HRM and performance, with some notable exceptions, much of the research has looked at a single or a few HR practices at a time. This approach is considered inappropriate as it may show a spurious significant relationship with performance because of being correlated with HR practices that actually influence performance.

This discussion has shown several benefits to organisations if they embrace alignment between the human resource practices and business strategy. Alignment has a direct and positive affect on organisational performance (Youndt et al., 1996; Delery and Doty, 1996).

4.2 The context of the Construction Industry
The construction industry is one of the most complex industrial environments and is unique in many aspects which make effective SHRM extremely difficult (Bresnen, 1990; Loosemore et al., 2003). Despite industry recognition of the importance of strategic management and its impact on construction organisations, relatively little research has been undertaken especially with regard to construction SMEs. This section describes current literature under the main components of: the definition of strategy; strategy prevalence; strategic management practices; and barriers to strategic management in construction organisations. It then goes on to discuss strategic approaches to managing human resources in the construction industry.
4.2.1 Strategic management practice in the construction industry

4.2.1.1 Definitions of strategy used within the construction industry

Betts and Ofori (1992) confirmed that, within the construction industry, there are several perceptions of strategy and its implication for the enterprise. Table 4.1 outlines the main perceptions of strategy within the construction management literature.

Table 4.1: Definitions of strategy within the construction context

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channon (1978)</td>
<td>Strategy defined in terms of the extent of diversification, international activity and acquisitions policy.</td>
</tr>
<tr>
<td>Newcombe (1990)</td>
<td>Strategy defined as the extent of market diversification and geographical expansion.</td>
</tr>
<tr>
<td>Ramsay (1989)</td>
<td>A business strategy is used so that you are in control of the situation and includes: scope of the business, what and how the needs are being satisfied. The resource development or distinctive competence of the business. Competitive advantage of the firm. Synergy, how parts of the firms' processes can be best combined.</td>
</tr>
<tr>
<td>Hillebrandt and Cannon (1990).</td>
<td>Successful construction companies must have clear objectives, being aware of the environment in which it operates, and have an appropriate structure.</td>
</tr>
<tr>
<td>Betts and Ofori cited Mulcahy (1990)</td>
<td>Successful companies are those that are eager to understand change, adopt a systems approach to management, pursue competitive advantage, seek to increase market share over the long term and to provide the client with innovative services.</td>
</tr>
<tr>
<td>Junnonen (1998)</td>
<td>A firm's business strategy is the result of a series of activities and managerial decisions that coalesce into a pattern and logic. The essence of business strategy is to do something distinctive.</td>
</tr>
</tbody>
</table>

4.2.1.2 Strategy prevalence within the construction industry

Early research considered corporate management issues in construction firms and Lansley (1983, 1987) extended this to a discussion of flexibility in corporate responses to change in demand. Even so, Male and Stocks (1991) stated that strategic management is an underdeveloped area within the construction management discipline. Claver et al (2003) more recently confirmed that the construction industry to date had received little attention in the field of strategic management research.
Mohammed (1994) referred to Kaka (1990) who stated that strategic planning in the construction industry was generally very basic as strategies are formulated and implemented without systematic approach and formality. Spencer-Chapman and Grandjean (1991) confirmed that British construction firms generally think short term because their financial structures require immediate results, leading to pragmatism and flexibility rather than intricate planning.

Weston (1996) examined the consequences of proactive strategic planning for competitive advantage in construction industry SMEs. Results indicated the level of management training undertaken is extremely low and mainly directed towards the operational aspects of construction projects and that business planning within SMEs was minimal.

Edum-Fotwe (1995) also commented that few construction contractors have, until recently, adopted formal processes to develop long-term strategies. In a recent study Price et al (2003b) explained this by suggesting that construction organisations have focused on winning and delivering construction projects in a turbulent and changing business environment. This has resulted in construction organisations concentrating on project effectiveness at the expense of long-term business strategies.

Another study conducted by Price et al (2003a) reviewed the current use of strategic management within UK construction organisations. It noted that many large construction organisations were found to be rapidly developing their strategic management capabilities and allocating substantial resources to the task. However, strategic management was found to be a low-profile activity within many small and medium-size construction organisations. Price et al (2003a) also stated that strategic planning is usually performed by top management in a top-bottom approach, with little involvement of the lower echelons of the organisation, customers, partners or suppliers (stakeholders).
Hillebrandt and Cannon (1989, 1990) studied the strategic behaviour of large UK building and civil engineering contractors. They observed that, in some construction companies, strategy was equated with planning and this sometimes tended to be short term and related to financial budgeting and forward planning. Yet when questions were asked about strategy most people were able to talk enthusiastically and cogently about it, in spite of the strategy not always being formally discussed or accepted within the firm (ibid.). Langford and Male (1991) also stated that strategy does occur in construction organisations and managers have to make decisions about the strategic decisions of their organisations.

Ssegawa (2005) examined strategic planning in small and medium sized construction firms in Botswana. The study revealed that CEOs had strategic awareness capability; they knew where their firms should be in the future and understood the constraints they face in their business environment. However, this was not matched by a strategic response. Ssegawa (2005) further determined that the nature and form of planning depends on the size and age of firms. He based this observation on the premise that larger and older firms pursued the activity in a more systematic and formalised manner, and that smaller and young firms carried out strategic planning in an informal and ad-hoc manner, if they pursued the activity at all. In most cases, it is the owner manager who carries out the process and the plan stays in his memory and is rarely documented. This investigation confirmed earlier findings within the UK context that small and medium firms hardly carry any comprehensive or meaningful strategic planning.

Betts and Ofori (1992) outlined that strategic planning is becoming more common in construction. This is supported by Junnonen (1998) who stated that the industry's dramatically changing business environment has resulted in strategic thinking becoming increasingly important to construction organisations. Strategy formation involves the determination and evaluation of strategic options and the choice of future courses of action. Formulation must involve consideration of the type of strategy to be adopted (ibid.).
Betts and Ofori (1992) also discussed appropriate strategy types, confirming that all three types of Porter's generic strategies (1980) have relevance to construction enterprises, and examples have been found in many construction organisations. The construction industry's traditional procurement practices have organised competitive tendering to achieve minimum cost. This has driven many construction organisations to adopt 'cost leadership' (low cost) strategies with the benefit of producing low initial tender costs to win construction work.

New approaches to procurement based on best value and partnering have encouraged many construction organisations to make better use of 'differentiation' strategies. Hillebrandt (1989) argued that there are many ways to differentiate through design and build packages, construction management and facilities management. Differentiation can also provide a response to the procurement and tendering strategies adopted by the client and the corresponding need to respond to clients' diverse requirements through new forms of product and service (Pinnock, 1996).

There are many examples of 'focus' strategies within construction. These include focussing on: partnering projects; operating within fixed geographic regions; the provision of high added value skills by downsizing to core competencies; design and build; Private Finance Initiative (PFI) and specific construction sectors such as house-building. Betts and Ofori (1992) stated that the concept of basic core competencies has particular scope for construction enterprises. The approach to focus strategies has changed significantly over recent years as a result of increased integration of activities throughout construction supply chains. Many organisations have formed consortia that are able to offer diverse services such as financing, designing, building and operating facilities.

Mohammed (1994) confirmed that a relationship between large UK construction firms' competitive strategies and their financial performance exists. The strategies found by this study are similar to Porter's (1980) generic strategies. It was discovered that the simplest coping strategy in
construction is one of intensive cost control and resource flexibility. The study also showed that firms are strategically influenced by the personal characteristics, expectations and perceptions of the organisation's management. It was further discovered that, although the size of the firm and complexity of the environment may be important in overall strategic management, their significance in the smaller firm is related more to the planning system, than the content of planning.

Recent research has demonstrated that although strategic management has been a low-profile activity within most construction organisations, it is now becoming more widely used by many large construction organisations who are allocating substantial resources to the task. Key strategic approaches that have been adopted include: radical reorganisation of supply chains; focus on work procured solely through partnering; or PFI projects; specialisation; and global operation (Price et al 2003b). Chinowsky and Byrd (2001) emphasised that within the industry, organisations operate within complex project environments, hence it essential that construction organisations become more strategically aware.

This discussion has suggested that certain types of strategy are applicable to the construction industry in general, although no research to date has focussed on the types of strategy that exist within construction SMEs or the types of strategy that would be specifically applicable for construction SMEs. Therefore research question two (Q2) as set out in the introduction (Section 1.2), and the Strategic Management Chapter (Section 2.4) is further supported.

"Can the types of strategy used within construction SMEs be defined?"

This discussion has also outlined the limited research concerning the prevalence of strategy generally within the construction industry and
supports the research question three (Q3) already set out in the introduction (Section 1.2) and the strategic management chapter (Section 2.5) which asserted that:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

4.2.1.3 Conclusions

Betts and Ofori (1992) concluded that strategic planning is relevant to all construction enterprises, large or a small, regardless of the aspect of construction they are involved in. Both Betts and Ofori (ibid.) and Dioguardi (1983) suggested that construction enterprises have adopted appropriate organisation structures, practices and strategies to suit the nature of their tasks and the peculiarities of operating environment.

Mohammed (1994) and Price et al (2003a) suggested that effective strategic management is essential because if firms know where they are going they are more likely to get there. Understanding the nature of strategy and the distinction between strategic, tactical and other decisions is the first step in establishing a sense of direction and vision in a firm. A construction firm is not an exception to these perspectives, hence it is important to understand the nature of construction firm’s strategy. Maloney (1997) and Junnonen (1998) emphasised that the rapid rate of change in their external environment that has made it essential for construction organisations to pay increased attention to strategy formation especially with regards to human resources.

These views echo the views previously set out in Chapter 2 outlining the benefits of strategic management to organisations in general, and a wide variety of definitions for strategy. This offers further support for the need to answer research question two (Q2).
The next section reviews the prevalence of SHRM within the construction industry context.

4.2.2 Strategic approaches to managing human resources in the construction industry

Despite the recognised importance of SHRM and its wide reaching impact on the construction industry’s people management approaches relatively little research has been undertaken in the area. The following accounts for the current literature under the main components of the ‘personnel’ perspective and people management strategies.

4.2.2.1 The ‘personnel’ perspective

Although few studies have reviewed strategic approaches to human resources in construction, Druker, et al. (1996) investigated personnel and HRM in this sector. They suggested that the personnel function is centrally located, close to strategic decision takers, but with line managers retaining responsibility for personnel issues. They observed that personnel department function is normally determined by strategic decision making, with seventy five per cent of departments owing their structure and responsibilities to decisions taken by the chief executive. Evidence indicated that few construction companies adopt SHRM policies because they do not have a long term view and that they adopt fairly reactive approaches to staffing and managing people (ibid.). A more recent study by Thomas et al. (2001) examined the HR information requirements of construction companies and confirmed twenty three basic HR activities were being undertaken. They grouped these activities into seven major functions, namely: project management and control; strategic planning; review and analysis; employee profile; employee performance; human
resource development; payroll and accounting; and information outside the company.

Druker and White (1995) also confirmed that construction organisations commonly adopt the traditional personnel management style of people management practices rather than those associated with the SHRM approach. They determined that the industry was managed by people concerned with cost and production. Personnel specialists hold close proximity with strategic decision-making, but are therefore unlikely to influence the decisions taken to any significant extent. As many day-to-day HR responsibilities have been devolved to operational line managers, the role of the personnel specialists often consists of coping with immediate problems without capacity to change the wider circumstances which had led to it.

This discussion indicates a lack of knowledge concerning the SHRM paradigm within the construction industry in general. Therefore, research question four (Q4) as set out in the introduction (Section 1.2), and the Strategic Human Resource Management Chapter (Section 3.3.5) is further supported.

"How do the core components of SHRM manifest themselves within Construction SMEs?"

4.4.2.2 People management strategies
This sections sets out to discuss the people management strategies of recruitment and selection, training and development and employee relations within the context of the construction industry.

4.4.2.2.1 Recruitment and selection
De Feis (1987) recognised the crucial role of employee recruitment and selection in effective people management. This observation is particularly
relevant to the construction industry, where current and estimated future skills shortages are highlighting the importance of recruitment. Fellows et al (2002) confirmed the importance of recruitment and selection, suggesting three levels to consider: the company; the trade or profession; and the industry level.

The recruitment of appropriately skilled candidates to the industry, the trades and professions within it are seen as having a crucial impact to attracting a suitable pool of potential candidates at the company level (ibid.). At the company level, recruitment and selection is generally undertaken by line managers rather than specialist HR personnel (Bresnen et al, 1985, 1986; Druker and White, 1996; Dainty, 1998). The SHRM literature suggests that organisations should use a wide range of techniques for recruitment and selection. Construction industry approaches are more restricted, however, with informal practices, personal introductions and contacts commonplace and an important source of recruitment at all levels of organisations (Druker and White, 1996; Dainty, 1998). Where formal selection methods exist, they are often restricted to interviews and assessment centres (Langford et al, 1995; Druker and White, 1996; Loosemore et al, 2003).

This discussion indicates that construction industry approaches in general to recruitment and selection are restricted with informal practices, personal introductions and contacts common practice at all levels of organisations (Druker and White, 1996; Dainty, 1998). Therefore research question seven (Q7) as set out in the introduction (Section 1.2), and the Strategic Human Resource Management Chapter (Section 3.4.3.2) is further supported.

"Within construction SMES is there a link between firm size and the recruitment and selection processes applied?"
4.2.2.2 Training and development

Training and development is an important aspect of SHRM for construction organisations (Yankov and Kleiner, 2001). Fellows et al (2002) identified three managerial and professional staff training methods in this sector, namely: professional development; management development; and the use of learning networks.

Professional development refers to graduate training aimed at achieving a corporate membership of a chartered institution, such as The Chartered Institute of Building (CIOB), The Royal Institution of Chartered Surveyors (RICS) or The Institution of Civil Engineers (ICE).

Management development seeks to advance employees' managerial skills beyond professional institution membership requirements. This commonly includes formal education and training activities as well as informal, incidental and opportunistic learning (Langford et al, 1995; Druker and White, 1996; Fellows et al, 2002). However, Langford et al (1995) noted that the number of organisations implementing management development within the industry is small, although those organisations that do undertake it support it with formal technical training and coaching. When reviewing obstacles to management development Loosemore et al (2003) discovered that training delivery is perceived as expensive and an encumbrance on production objectives. Legislative training requirements are considered onerous yet essential, making the further training associated with management development a low level priority. Organisations are also apprehensive regarding training and developing employees, fearing that it will make them more attractive to other companies especially as the industry has a 'learn on the job' culture (ibid.)

The third technique, use of learning networks, includes: the formal organised networks, which are often based around professional groupings and managed by appropriate professional bodies; and, the more informal networks, which develop as companies work together. Supply chain management and partnering commonly encourage this type of learning and
thus facilitate the inter-organisational transfer of knowledge (Barlow and Jashapara, 1998). Jashapara (2003) suggested that the dynamics of competitive forces imply a need for construction organisations to focus their organisational learning on efficiency and proficiency to achieve competitive advantage.

Dainty et al (1998, 1999, 2000a, 2000b) suggested that it is essential for construction organisations to address career development barriers that impede the progress of professionals within the sector and subsequently their organisation. Career management and development opportunities tend to influence the reducing or increasing the pool of potential candidates available for recruitment and selection. Accordingly, it is imperative for the success of strategic and integrated SHRM that construction organisations provide their employees with a flexible range of career structures and a variety of opportunities for personal and professional development (Schirmer, 1994; Fellows et al, 2002). This implies the need for organisations to resume their part of the career management responsibility, despite the recent trend to transfer the responsibilities to their employees. Dainty et al (2003a) suggested that construction firms must develop HRM policy which emphasises career development and which recognises the contribution of the individual, rather than relying on pluralistic solutions.

This discussion indicates a variety of opinions concerning the type and level of training and development generally within the construction industry. This ranges from employees being in control the direction of their own careers and, hence, focuses their efforts on personal and professional growth (Schirmer, 1994; Weddle, 1998), whereas Langford et al (1995) noted that the number of organisations implementing management development within the industry is small.

Therefore research question six (Q6) as set out in the introduction (Section 1.2), and the Strategic Human Resource Management Chapter (Section 3.4.3.1) is further supported.
"Do construction SMEs have a training culture linked to the provision of formal training?"

4.2.2.2.3. Employee relations

Currently, evidence of employee relations and employee involvement is limited (Santos and Powell, 2001). This is despite recent governmental suggestions that employee involvement is beneficial to the organisation and the industry (Egan, 1998; Rethinking Construction, 2000) and the recommendations of research studies (Nesan and Greasley et al, 2003).

Tener (1993) argued that organisational profitability and competitiveness is dependant upon the empowerment of its people. Long (1997) supported this view suggesting that the concept as a positive driver toward enhanced employee performance and corporate success within the industry. More recently, Dainty et al (2002) suggested that if empowerment was used selectively it could aid construction organisations by reducing the negative effects of the fragmented project delivery process and helping to improve organisational performance.

Nesan and Holt (1999) and Greasley et al (2003) confirmed that understanding of the definition of empowerment is poor in the construction industry. Greasley et al (2003) further identified that a key barrier to empowerment was the organisational structure and culture, which can hinder the implementation of empowerment. Changing such features is a slow process and requires a holistic approach. However, (Dainty et al, 2002; Loosemore et al, 2003) also outline potential barriers to the successful implementation of Employee Involvement within construction organisations. They proposed that the concept is best implemented where flatter management and organisational structures, formal support networks, and devolved lines of product delivery responsibility exist.
More recently Greasley et al (2005) examined how empowerment is perceived by individuals employed on construction projects. They confirmed that the temporary nature of construction projects does appear to pose particular problems to the implementation of empowerment but it is also clear that where there is a consensual drive to promote and accept empowerment, it benefits both employees and management in terms of productivity and job satisfaction. This research supports the idea that empowerment is a set of perceptions and beliefs, a position shared by researchers who take an experiential perspective on the meanings of empowerment (Psinoos and Smithson, 2002; and Menon, 1995).

King et al (2004) outlined the way in which construction SME organisations maintain employee relations is often informal in nature. All companies could articulate the important themes; possess objectives and techniques for the management of employee relations within their organisations. The level of development that exists within the approaches varies between companies. The larger organisations clearly have 'developed' approaches and clear difference exist between the larger and smaller organisations.

This discussion indicates that currently, evidence of employee relations, employee involvement and how the approaches are undertaken in the construction industry and construction SMEs is limited. Therefore, research question eight (Q8) as set out in the introduction (Section 1.2), and the Strategic Human Resource Management Chapter (Section 3.4.3.3) is further supported.

"Does informality characterise construction SMEs' employment relations?"
4.2.2.3 Conclusions

Few studies have reviewed strategic approaches to human resources in construction, and of the studies that have been undertaken opposing views have been elicited. Druker and White (1995) confirmed that construction organisations commonly adopt the traditional personnel management style of people management practices rather than those associated with the SHRM approach. Druker et al (1996) suggested that few construction companies adopt SHRM policies and that they adopt fairly reactive approaches to staffing and managing people. Whereas Thomas et al, (2001) examined the HR information requirements of construction companies and confirmed twenty three basic HR activities were being undertaken. Therefore, based on this discussion of the literature, research question four (Q4) as set out in the introduction (Section 1.2), and the Strategic Human Resource Management (chapter 3) asks:

"How do the core components of SHRM manifest themselves within construction SMEs?"

These views echo the views previously set out in Chapter 3 outlining the theory of people management strategies, the benefits of SHRM and the existing research within SMEs in general. This offers further support for the need to answer research questions five, (Q5) six, (Q6), seven, (Q7) eight, (Q8,) and nine (Q9) outlined in Table 4.2.
Table 4.2: Research questions 5 to 9

<table>
<thead>
<tr>
<th>(Q5)</th>
<th>&quot;Does the SHRM style and level of control in decision making depend upon the size of the organisation?&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Q6)</td>
<td>&quot;Do construction SMEs have a training culture linked to the provision of formal training?&quot;</td>
</tr>
<tr>
<td>(Q7)</td>
<td>&quot;Within construction SMES is there a link between firm size and the recruitment and selection processes applied?&quot;</td>
</tr>
<tr>
<td>(Q8)</td>
<td>&quot;Does informality characterise construction SMEs' employment relations?&quot;</td>
</tr>
<tr>
<td>(Q9)</td>
<td>&quot;Are the SHRM approaches of construction SMEs generally informal in nature?&quot;</td>
</tr>
</tbody>
</table>

The next section concludes the literature review and outlines the need for the research.

4.3 The need for an empirical investigation of strategy, SHRM, and their alignment within Construction SMEs

The need for the research is discussed using three main themes:

- Lack of strategy, construction management and SME research;
- Lack of SHRM, construction management and SME research; and
- Lack of research on strategic relationships and construction SMEs.

4.3.1 Lack of strategy, construction management and SME research

It is clear from the strategic management literature that no single definition exists for strategy or the strategic management process. Although the strategic management literature is immense, its application to SMEs has been limited (Burns and Harrison, 1996; Howell, 1999). Lee et al, (1999) confirmed that there have been relatively few formal research studies on competitive strategies for SMEs.

Wyer et al, (2000), O'Regan and Ghobadian, (2002) and Woods and Joyce (2003) more recently confirmed little is still known about small firm strategic management and strategic development processes. Despite the
construction industry being dominated by SMEs (Stocks and Male, 1991), there is a dearth of research concerning this type of organisation.

As Robinson and Pearce (1984) noted, the success of small businesses depends upon the quality of strategic decisions made by their leaders. Betts and Ofori (1992) concluded that strategic planning is relevant to all construction enterprises, large or a small, regardless of the aspect of construction they are involved in. Both Betts and Ofori (ibid.) and Dioguardi (1983) suggested that construction enterprises have adopted appropriate organisation structures, practices and strategies to suit the nature of their tasks and the peculiarities of the operating environment.

Thus, it is an imperative that the research questions one (Q1) two (Q2), and three (Q3), set out in the introduction and Table 4.3 are further explored through empirical research.

Table 4.3: Research questions 1 to 3

<table>
<thead>
<tr>
<th>(Q1)</th>
<th>“Do construction SMEs undertake strategic analysis as part of their management systems?”</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Q2)</td>
<td>“Can the types of strategy used within construction SMEs be defined?”</td>
</tr>
<tr>
<td>(Q3)</td>
<td>“Are the strategic management approaches of construction SMEs generally informal and emergent?”</td>
</tr>
</tbody>
</table>

4.3.2 Lack of SHRM, construction management and SME research

The lack of attention to SMEs within existing HRM literature has been bemoaned by a wide range of authors including (Hornsby and Kuratko, 1990; Vickerstaff, 1993; Hendry et al, 1995; Duberley and Whalley, 1995; Curran, 1987; Heneman et al, 2000; Chandler and McEvoy, 2000; Williamson 2001). Chandler and McEvoy (2000) and Henemen et al (2000) note that published research highlights effective HR management as one of the most important problems faced by SMEs. Despite this, and the fact that the majority of employees are working in SMEs (Golhar and Deshpande,
1997; Kirchoff, 1996), there is an acute shortage of research investigating the practices used in small firms. Little is known about core personnel functions, such as staff selection, training, development performance management, and the internal communications (Bacon et al, 1996; Szamosi et al, 2004; Vinten, 1999). Wilkinson (1999) and Nguyen and Bryant, (2004) observed that existing research on human resource practices (HRP) has focused on larger firms that employ full-time personnel specialists. As a result, these studies often suggest solutions that are appropriate only for larger companies possessing formal human resource systems (Annette and Marilyn, 1999; Katz et al, 2000).

In the construction sector, few studies have captured effective approaches to SHRM function or examined how these activities could be adapted and implemented to improve the performance and job satisfaction of the industry's workforce. This research aims to provide an informative and detailed exploration into how modern construction companies manage their various aspects of SHRM. Contribution by examining the key areas of SHRM will allow a basis for capturing effective approaches which can be synthesised into a simple and effective framework for Construction SMEs to use.

Thus, it is an imperative that the research questions four (Q4), five (Q5), six (Q6), seven (Q7), eight (Q8), and nine (Q9), set out in the introduction and listed in Table 4.4 are further explored through empirical research.
Table 4.4: Research questions 4 to 9

<table>
<thead>
<tr>
<th>(Q4)</th>
<th>&quot;How do the core components of SHRM manifest themselves within construction SMEs?&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Q5)</td>
<td>&quot;Does the SHRM style and level of control in decision making depend upon the size of the organisation?&quot;</td>
</tr>
<tr>
<td>(Q6)</td>
<td>&quot;Do construction SMEs have a training culture linked to the provision of formal training?&quot;</td>
</tr>
<tr>
<td>(Q7)</td>
<td>&quot;Within construction SMES is there a link between firm size and the recruitment and selection processes applied?&quot;</td>
</tr>
<tr>
<td>(Q8)</td>
<td>&quot;Does informality characterise construction SMEs' employment relations?&quot;</td>
</tr>
<tr>
<td>(Q9)</td>
<td>&quot;Are the SHRM approaches of construction SMEs generally informal in nature?&quot;</td>
</tr>
</tbody>
</table>

4.3.3 Lack of research on strategic relationships and construction SMEs

An acute shortage of research identifying and validating human resource practices in small firms in the construction industry exists, and even less research focussing on the relationship between strategy, human resource practices, and small firm performance. Fields et al (2000) confirmed that the results of studies which have attempted to explain relationships within organisations among business strategy, performance and choice of HRM strategy have had limited success.

In general, relationships between organisational strategy and human resource strategy have been examined from multiple perspectives within the management field (Beaumont, 1992; Hendry and Pettigrew, 1990; and Storey and Sisson, 1993). Most of this empirical work has established that companies relate their human resources practices to their business strategy. Although all such models of SHRM are controversial and widely debated in terms of their representation of reality, (Boxall, 1992; Loosemore et al, 2003; and Cakar et al, 2003) they do highlight the difficulties inherent in trying to take account of all the relevant factors that influence effective SHRM practices. They illustrate that many SHRM practices become problematic in the dynamic context of project based sectors, and this is particularly inherent in the construction industry (Loosemore et al, 2003).
Thus, it is an imperative that the research questions ten (Q10) and eleven (Q11), set out in the introduction are further explored through empirical research.

Research question ten (Q10):

"Is HRM integrated in the business strategies of construction SMEs?"

Research question eleven (Q11):

"Do the organisational structures and SHRM processes of construction SMEs support their business strategy?"

The next chapter (Chapter 5) discusses the research design and methodology adopted for the empirical work.
CHAPTER 5

RESEARCH DESIGN AND METHODOLOGY
CHAPTER 5

RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction
The investigation of organisational processes and strategic priorities is a complex task which requires a systematic approach to data collection and analysis if meaningful results are to be achieved. This chapter outlines the methodology and techniques used to fulfil the aim of the research set out in the introduction (Section 1.2). This chapter presents the research design and selection of appropriate research strategy including perspectives, research types, research method and data collection, sample selection, collection instruments and the development of an analytical strategy for data processing, including management of this activity. Issues relating to validity and reliability are also discussed.

5.2 The research requirements
The research aim, as defined in Section 1.2, was to:

   Explore the types of HRM strategies used by construction SMEs and to develop a framework to improve their organisational performance.

To following objectives were used to achieve the overall aim:

A. To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.

B. To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.
C. Examine the relationship between the different SHRM approaches, and the associated strategic organisational goals, in order to establish whether they are mutually supportive.

D To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs.

Furthermore, the research questions stated:

<table>
<thead>
<tr>
<th>Research Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 1 (Q1) Do construction SMEs undertake strategic analysis as part of their management systems?</td>
</tr>
<tr>
<td>Question 2 (Q2) Can the types of strategy used within construction SMEs be defined?</td>
</tr>
<tr>
<td>Question 3 (Q3) Are the strategic management approaches of construction SMEs generally informal and emergent?</td>
</tr>
<tr>
<td>Question 4 (Q4) How do the core elements of SHRM manifest themselves within Construction SMEs?</td>
</tr>
<tr>
<td>Question 5 (Q5) Does the SHRM style and level of control in decision making depend upon the size of the organisation?</td>
</tr>
<tr>
<td>Question 6 (Q6) Do construction SMEs have a training culture linked to the provision of formal training?</td>
</tr>
<tr>
<td>Question 7 (Q7) Within construction SMES is there a link between firm size and the recruitment and selection processes applied?</td>
</tr>
<tr>
<td>Question 8 (Q8) Does informality characterise construction SMEs' employment relations?</td>
</tr>
<tr>
<td>Question 9 (Q9) Are the SHRM approaches of construction SMEs generally informal in nature?</td>
</tr>
<tr>
<td>Question 10 (Q10) Is HRM integrated in the business strategies of Construction SMEs?</td>
</tr>
<tr>
<td>Question 11 (Q11) Do the organisational structures and SHRM processes of construction SMEs support their business strategy?</td>
</tr>
<tr>
<td>Question 12 (Q12) Can SHRM formulation within SME construction firms be informed by a guiding framework?</td>
</tr>
</tbody>
</table>

The aim and objectives imply a need for a parallel investigation of organisational strategic requirements, processes and approaches. The research aim and all related objectives involved an examination of current
practices within construction SME organisations to develop a solution to the challenges faced by these organisations when aligning their SHRM approaches with organisational strategy and goals. To produce a structured and comprehensive explanation, a diverse range of in-depth data was required. These were gathered to include both descriptive and analytical information, necessitating the use of analytical techniques that facilitate both exploratory and orderly systematic examination of varied data. As the literature review (Chapters 2, 3 and 4) highlighted, the individual components of SHRM are highly complex. This suggested that a research strategy and approach must facilitate the investigation of in-depth, rich data. This research strategy is described in the next section.

5.3 Research strategy

Bryman (2001: 20) described research strategy simplistically as a general orientation to the conduct of the research. He suggested that research strategy should consider three key areas: the connection between theory and research; the epistemological considerations; and the ontological considerations. At the same time generally two distinct themes of research strategy exist in qualitative and quantitative research.

The aim and objectives of the research were synthesised from the review of relevant literature which highlighted the existing management theory and the current practices within the construction industry. This clarified the complex nature of the issues involved for investigation and a lack of previous research to date. As a qualitative approach allows for an in-depth study to take place where perceptions within organisations can be fully explored and described, and allows the opportunity to develop theory and examine in-depth the issues (Glatthorn, 1998; Naoum, 1998) a qualitative approach was adopted as the overarching research strategy for the project.

When considering the relationship between the theory and the research, an inductive approach has been taken on the whole. Bryman (2001) suggested that an inductive approach involves the process of drawing generalisable inferences out of the observations. As a consequence, theory has been built
as an outcome of the research rather than a deductive approach where the existing theory guides the research. However, following an inductive stance is likely to entail a small amount of deduction. The research uses the principles of grounded theory, i.e., it is inductive research in which issues relevant to the enquiry were allowed to emerge from the data. When first proposing this type of strategy, Glaser and Strauss (1967) confirmed that an inductive strategy of linking data and theory is typically associated with a qualitative research approach.

When considering the epistemological orientation, the question of what is (or should be) regarded as acceptable knowledge in the discipline is of concern. Generally speaking, there are two philosophical approaches to research: positivism and interpretivism. Aspects of both perspectives were adopted to complete the research, although there was a tendency towards an interpretivism approach, due to its advantages as outlined by Saunders et al (1997). They confirmed that interpretivism facilitates understanding of ‘how’ and ‘why’ and allows the researcher to gain in depth knowledge regarding processes. This approach was justified by the observation of Easterby-Smith et al (1999) who noted that interpretivism follows the idea that reality is socially constructed rather than objectively determined. In contrast, Easterby Smith et al (1999) described positivism as being based upon the idea that the social world exists externally and that its properties are measured by objective methods, rather than being inferred subjectively through sensation, reflection or intuition. Many authors have attempted to outline the intrinsic characteristics of these approaches in order to help understand the main features of each one, but it is hard to establish clear boundaries between them (Bryman, 2001).

Despite these distinctions Abrahamson (1983), Bryman (1988) Jones (1988) and Morgan (1997) argue that qualitative and quantitative research perspectives can be combined in a coherent, consistent, imaginative and methodical way. Qualitative data formed the main source of information for the project, supported by quantitative data. The combination is suited to the
case study approach, which, as Bryman (1989: 30, 175) notes, entails the detailed examination of one or a small number of cases.

In-depth case study methodology was incorporated as an integral aspect of the overall broadly qualitative methodological framework. An advantage of the case study is that it attempts to be comprehensive, and involves description and analysis of varied events and issues within the organisation (Jankowicz, 1995). A qualitative approach tends to place emphasis on understanding what is going on from the perspective of organisational members, in their own terms (Bryman, 1989: 29). The use of such an approach, therefore, allowed compatibility and conflict between an organisation's strategy and its SHRM approaches to be understood from within the organisation.

A 'grounded theory' approach was taken during the analysis. Grounded theory was defined by Jankowicz (1995) as a process of analytical induction. Grounded theory involves collecting data, generalising findings into statements about the possible relationships involved and checking out these statements by further data collection to a point at which you can categorise types of results (Glaser, 1978). Theory is said to emerge by induction from the realities of the situation, rather than being 'brought in from outside' (Glaser and Strauss, 1967).

**Applying the research strategy in context**

The rationale for the research strategy was justified with regard to the characteristics of SHRM within SMEs under investigation. The literature review indicates a wide range of methodologies have been utilised for construction sector, strategy, SHRM and SME research to date.

In order to answer the research aim and objectives fully it was important to consider how 'strategy and SHRM' was currently characterised within organisations, and why that characterisation existed. The use of case studies was considered the most appropriate research strategy, as case study
research provides an appropriate method for examining the 'how' and 'why' questions of research (Yin, 2003).

Strauss and Corbin (1990) suggested that such a qualitative research method is suitable for studying organisations, groups and individuals. As the research questions are suitable for investigation within organisations and is appropriate for examination of individual perspectives within the organisation it was felt that a qualitative framework was required. The research design is outlined in the next section.

5.4 Research design
The research design related to the framework of the research, the various datasets selected and the analytical processes and how they fit together both conceptually and chronologically. The specific research design chosen is that of the case study, and the rationale for this is discussed in more detail in Section 5.4.2.

5.4.1 The research framework
In order to examine the research design in more detail it is important understand the relationships between the phases of the research, the aim and objectives, expected outcomes, and the data collection and analysis methods employed. The first step to understanding the framework is to outline the sequence of research events illustrated in Figure 5.1. The methods used to deploy these events are discussed below.
Data collection and analysis events were organised into three research phases. These phases were defined to form an interpretative framework that illustrated the relationships between research outcomes and outputs as the research progressed (Figure 5.2).
Within the interpretative framework, multiple methods of data collection were employed to gather the combination of qualitative and quantitative material to explore and meet the research aim and objectives. Table 5.1 provides an overview of the methods used for data collection and analysis in relation to the research objectives.
Table 5.1: Summary of the objectives and related methods of data collection and analysis

<table>
<thead>
<tr>
<th>Research Objective</th>
<th>Method of data collection/analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.</td>
<td>Exploratory study-semi-structured interviews-15 in total. Multiple in-depth case studies- 6 in total. Semi-structured interviews with strategic managers. Grounded theory approach / NVivo / document analysis.</td>
</tr>
<tr>
<td>B. To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.</td>
<td>Multiple in-depth case studies- 6 in total. Semi-structured interviews with HR specialists- 5 in total. Semi-structured interviews with strategic managers- 18 in total. Grounded theory approach / NVivo / document analysis.</td>
</tr>
<tr>
<td>C. Examine the relationship between the different SHRM approaches, and the associated strategic organisational goals, in order to establish whether they are mutually supportive.</td>
<td>Thematic analysis of data collected during phase two of the study using a grounded approach. Cross case analysis of the data collected during phase two of the study using a grounded approach.</td>
</tr>
</tbody>
</table>

From the aim and the Objectives (A - C) which were set out in Section 1.2 and restated in Section 5.1, the proposed key outputs of the research were defined as:

1. A list and explanation of the key issues that form the centre focus for the study.
2. Theoretical output, which includes a structured and comprehensive explanation of current strategy practices and SHRM approaches within construction SME organisations.
3. Industry Output, SME SHRM Framework will provide a flexible and integrated approach to strategic decision making for use by Construction SMEs.

5.4.2 The case studies

The purpose of the interpretative framework was to discover how SHRM is undertaken with construction SMEs and the extent to which it aligns with organisational goals. It was therefore necessary to understand the current
practices of multiple construction SMEs. As discussed above, case studies were used to gather data.

Yin (2003 p:13) defined the scope of a case study as:

"An empirical enquiry that investigates a contemporary phenomena within its real life context, especially when the boundaries between phenomenon and context are not clearly evident".

The use of case studies was considered appropriate for a number of reasons, but particularly as the type of research question was the 'how' and 'why' of organisational strategic approaches (Yin, 2003). Since a number of organisational issues are related to the intersection of human agents and the organisational structures, major organisational issues can be addressed by using in-depth case studies (Sjoberg et al, 1991). Eisenhardt (1989) stated that case studies are appropriate to new research areas or research areas where existing theories seems inadequate. It was also considered useful as it would allow the opportunity to gain a rich understanding of the context of the research and the processes being enacted (Morris and Wood, 1991). As the concepts of strategic management, SHRM and the relationship between them are contemporary, the degree of focus was on contemporary as opposed to historical events. Case studies were considered appropriate as it is particularly suitable for examining contemporary events, when the relevant events cannot be manipulated (Rowley, 2002). Case studies also offer an opportunity to gather unbiased data and characterise the subject investigated without unduly influencing it (ibid.).

5.4.3 Unit of analysis
When designing the research strategy, it was necessary to define the unit of analysis for the case study (Stake, 2000; Yin, 2003). By defining the unit of analysis the perspective of the research is confirmed. This constrained the study to only consider information that was directly relevant to the research aim and objectives. McClintock et al (1979) offered a definition of the unit of analysis as:
"Individuals, groups, or organisations, they could be almost any activity, process, feature, or dimension of organisational behaviour".

Within this research each organisation was defined as the unit of analysis. This focused the study on the processes and structures involved in planning and delivering the studied organisations' strategic goals. At the level of the organisation, the current SHRM strategy, policies, processes, and contextual factors that specify organisational goals were analysed. Strategic managers from the case study organisations studied provided their perceptions of the relationship between their SHRM and organisational goals. HR specialists from these organisations also provided their perceptions of the effectiveness of their organisation's SHRM including policies and practice.

Within each 'case' the specific aspect or unit to be analysed required identification. Embedded units are yet finer aspects which could be studied and analysed within a case (Yin, 2003). The distinction between the unit of analysis and the embedded unit may be unclear, although embedded units generally refer to subunits within a larger case. In this research, two embedded units were defined; these were strategic managers and the HR specialists of each case. Both contributed significantly to unearthing rich data which further illuminated aspects of the processes involved. Internal validity was also enhanced as the embedded units were used to verify emergent themes at the unit of analysis level. Figure 5.3 illustrates the relationship between the unit of analysis and the embedded units, and how these were brought together to form a comprehensive framework of analysis.
5.4.4 Reliability and validity of the research

A main concern of case studies is often the threat of bias, subject bias, subject error and observer bias all jeopardise the reliability of the data (Robson, 1993). To reduce the risk of subject bias during interviews, participants were reassured that all discussions would remain confidential and that honest responses could lead to results that will produce organisational beneficial outcomes. Subject error could also arise due to participants being aware of recent incidents which blur their opinions of the entire situation. To overcome this, interviewees were asked to provide occurrences of a particular situation and whether the incidence cited was the norm or a one off incident. The risk of observer bias was reduced by an interview schedule that accommodated the recording and verbatim transcript of all interviews for analysis. Observer bias during data interpretation was reduced by two ‘sweeps’ of coding as well as members of the supervisory team checking a sample of coded data.

To ensure that other criticisms and concerns were adequately addressed, four commonly used tests were applied to the design. Table 5.2 outlines the
Reliability is concerned with the ability to repeat the study using identical procedures and obtain similar results (Gummesson, 1991; Yin, 2003; Orum et al, 1991). Reliability was achieved by creating a case study protocol.
(summarised in Table 5.3) which directed the data collection and recording in a case study database consisting of case study notes and case study documents.

**Table 5.3: Protocol developed for the research**

<table>
<thead>
<tr>
<th>Protocol headings</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial contact</td>
<td>Guidelines for contacting individuals to ascertain the feasibility of undertaking research within their organisations. The contact or 'gatekeeper' has normally been identified by this stage.</td>
</tr>
<tr>
<td>Data sources</td>
<td>Listed the targeted individuals and organisations to be approached for participation in the case.</td>
</tr>
<tr>
<td>Establish timetable</td>
<td>Provided a diary for arranging interviews with the individuals identified by the 'gatekeeper'.</td>
</tr>
<tr>
<td>Main interviews</td>
<td>A checklist of questions to be asked or covered during the interviews.</td>
</tr>
<tr>
<td>Documentation</td>
<td>Suggested documents to be sought from the interviews.</td>
</tr>
<tr>
<td>Source materials log</td>
<td>Cataloguing and handling all collected data to make them available for analysis.</td>
</tr>
</tbody>
</table>

Case study notes include interview transcripts, observation notes made during the interviews and document analysis. This provided an audit trail of all data collected and analysed. Yin (2003) suggested that the database and relevant data should be available and formally presented with the report, however, this would breach the confidentiality of the respondents and organisations involved so has been excluded. Multiple sources of evidence were sought to triangulate perspectives within the same data set. A database of all interview transcripts provided a chain of evidence which linked the initial literature, the research aim and objectives, conceptual framework, case study questions and nodal analysis, to the conclusions.

Construct validity refers to the establishment of appropriate operational measures for the concepts being measured (Yin, 2003). This was achieved by using multiple interviews to gather multiple sources of evidence in the
data collected. A chain of evidence was established during the data collection.

Internal validity is the degree to which an observed and measured effect is due to an identified causal rather than spurious relationship (Fellows and Liu, 1997; Yin, 2003). Internal validity also relates to circumstances that may confuse the issue under investigation, (the research may discover issues related to factors outside the organisation studied). This threat was reduced by investigating several organisations, undertaking cross case comparisons during data analysis, and triangulating evidence.

Case study research is further criticised regarding external validity. External validity is concerned with the degree to which findings can be generalised outside the study (Fellows and Liu, 1997; Yin, 2003). In this particular study, it was the ability to make theoretical observations for all construction SMEs. Although this research has started to compare different construction SMEs it was unable to fully generalise the results. However, by providing a relatively structured methodology with well-defined research questions, semi-structured interview schedules and data analysis approaches it will be possible for future researchers to replicate the investigation with further samples to ultimately make such generalisations. This is described as an implicit case study protocol. The next section discusses the data collection methods and research instruments utilised.

5.5 Data collection

5.5.1. Phase 1 (exploratory study)
As the data collection was undertaken in three phases, a separate sample was selected for each phase. Due to a significant time period between the phases, it was inappropriate to revisit the same sample.

Phase one was exploratory in nature and the success of the data collection methods used influenced the data collection methods chosen for phase two. Whilst no data method is without criticism, semi-structured interviews were
considered the most appropriate method for this research as discussed in Section 5.5.1.2.

5.5.1.1 Sample frame, selection, and population

A sample of general building contractors in the UK construction industry was used during phase one. Because these organisations are subject to intense competition, it was anticipated that they would exhibit some form of strategic awareness and possess a greater likelihood of the presence of strategy (Burns and Dewhurst, 1996).

Stokes (2000) and Chaston (1997) outlined that there is only limited consensus within SME research over what constitutes a small or medium-sized enterprise. The definition used for this research follows The European Commission (2005) guidelines where the upper limit on the number of employees is 250 employees. This definition was adapted to exclude very small ‘micro’ businesses (those with under 10 employees) as a lower limit.

For convenience, Staffordshire was chosen as the geographic location for this phase of the study. As no definitive database existed for construction firms in this county a ‘long-list’ was generated from several sources including the Federation of Master Builders, trade listings, business directories, yellow pages, internet searches, and personal contacts. This identified 120 businesses considered suitable for inclusion in the study, of which a randomly-selected 60 were contacted. A total of 15 owners agreed to participate. All interviewees were responsible for the strategy making within their company as the businesses were owned and managed by the strategy makers alone or in partnership. This exploratory phase investigated a localised market which is typical of the way the construction industry operates.

5.5.1.2 The research instruments

To fulfil the research aim and specifically research objective A, it was important to select an appropriate method for collating the necessary data. The type of knowledge that is required from the organisation is in-depth and
high-level in nature hence the knowledge needed to be gathered from the organisation via the strategy maker.

Objective A was developed into specific interview questions which were compiled into an interview schedule in two parts. The first part was quantitative and sought to characterise each organisation’s background. The second part was qualitative as it examined the how and why of organisational strategy within construction SMEs. The interview questions are presented in Appendix B.

The responses provided were detailed in nature, this was possibly aided by a careful construction of interview questions including their wording and order so as to develop rapport and relationship with the interviewee.

5.5.2 Phase two (multiple case studies)
Phase two not only reinforced the findings of phase one but aimed to meet the outstanding research objectives B and C. Due to the complexity and inter-relationships between these research questions, this phase was implemented using case studies, as previously described in Section 5.4.2. The interview questions used for this phase are presented in Appendix D.

5.5.2.1 Number of cases
Although there is no ideal number of cases, six individual organisations were selected to provide multiple case studies based upon a combination of factors. The number of cases was determined by the deliberate, theoretically driven approach advocated by Yin (2003). The six cases chosen reflected the desired range of cases, between the number of four and ten. This provided a reasonable confidence level based on the suggestions of Eisenhardt (1989), Miles and Huberman (1994) and Bryman (1989) who suggested a number between four and ten will usually suffice; anything below this number renders theory generation difficult and that data volume and complexity becomes inhibitive above ten cases. It also provides an appropriate trade off between depth and breadth of data.
5.5.2.2 Case study selection

A case study requires both clear definition and selection. It is important to impose a definition of the case and the level at which it would be studied to enable the object to be perceived in a more limited but precise manner (Hamel et al, 1993). The issue of case sampling is a subject of varying opinion. Two general schools of thought prevail, namely randomised and deliberate. This thesis supports the view that cases should be chosen deliberately (Ragin, 1992; Hamel et al, 1993; Eisenhardt, 1989; Yin, 2003; Strauss and Corbin, 1990). Random selection was rejected as the small number of cases involved may actually cause bias and the potential richness and variety of findings could be limited by the randomised selection process (Miles and Huberman, 1994).

The six organisational case studies were carefully selected according to three main criteria: organisation operation as an SME as classified; organisations' diverse nature in relation to each other; and organisation willingness to participate and divulge the necessary information. Bresnen (1998) asserted that ease of access and agreement between parties is the main criterion of case selection. In reality the choice was 'selectively opportunistic' meaning that selected cases were pursued but only with those allowing access as the value of the case was highly dependant upon the 'goodwill' of the organisation. The sample itself was selected from detailed databases obtained through contact with the European Construction Institute.

Within the construction SMEs studied, the diversity among the organisation types used in the study assisted in generating theory and generalising the findings. Organisation diversity was ensured by selecting organisations with different supply chain roles by moving away from stereotypical 'main contractors'. Considered together, the selected organisations incorporated a wide range of construction industry roles and performed a plethora of different types of work and a wide number of procurement methods. The final criterion was their willingness to participate and divulge the necessary
information. This was met by the careful selection of organisations that could provide access to individuals responsible for the strategic decision making and SHRM approaches within the organisations. Table 5.4 outlines the rationale behind the selection of the organisations as case studies.

Table 5.4: Outline of cases and reasons for their selection

<table>
<thead>
<tr>
<th>Case</th>
<th>Type of organisation</th>
<th>Main reasons for choice of the individual case</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Architectural design practice</td>
<td>Expanded company, medium scale, consultant</td>
</tr>
<tr>
<td>B</td>
<td>Project management consultant</td>
<td>Downsized process, medium scale, consultant</td>
</tr>
<tr>
<td>C</td>
<td>Mechanical and Electrical</td>
<td>Well established subcontractor, medium scale</td>
</tr>
<tr>
<td>D</td>
<td>Building and Civil Groundworks</td>
<td>Family business, small scale, recently expanded, subcontractor</td>
</tr>
<tr>
<td>E</td>
<td>Specialist Glazing</td>
<td>Family business, small scale, niche market</td>
</tr>
<tr>
<td>F</td>
<td>Speculative house builder</td>
<td>Family business, small scale, niche market</td>
</tr>
</tbody>
</table>

5.5.2.3 Instruments and procedures

The instruments and procedures used to collect data for phase two of the research were semi-structured interviews and document analysis. The research instruments reflected the knowledge required for collection from the unit of analysis, (the organisation), and the embedded units (the strategy maker and the HR specialist). The interviews were conducted during three separate visits ‘rounds’ to the organisations. Table 5.5 illustrates the relationship between the semi-structured interview schedules, interview content and interviewees’ organisation role.
Table 5.5: Relationships between the case study interview schedules, interview content and organisational interviewees

<table>
<thead>
<tr>
<th>Interview schedules</th>
<th>Interview content</th>
<th>Organisational interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round 1</td>
<td>Quantitative company background information.</td>
<td>Strategy makers.</td>
</tr>
<tr>
<td></td>
<td>Qualitative strategy information.</td>
<td></td>
</tr>
<tr>
<td>Round 2</td>
<td>Qualitative SHRM information processes and practices.</td>
<td>Strategy makers and HR specialists.</td>
</tr>
<tr>
<td>Round 3</td>
<td>Qualitative information regarding the relationship between SHRM and strategic management.</td>
<td>Strategy makers.</td>
</tr>
</tbody>
</table>

The quality of the responses obtained from the individual interviews was highly favourable. Similar to phase one of the research this was due to the types of questions used, and the careful construction of the interview structures for both round two and round three of the data collection phase, which helped to develop rapport and a close relationship with the interviewee.

5.5.3 Phase 3 (validation phase)

In order to complement the data collection methods for phase one and phase two of the study semi-structured interviews were considered the most appropriate method for the data collection.

The four validation organisations were carefully selected according to four main criteria: organisation operation as an SME as classified; organisations' diverse nature; the organisations' are similar in structure and operation to the organisations studies in phase one and two of the research; and organisation willingness to participate and divulge the necessary information.

The sample itself was selected from detailed databases obtained through contact with Glasgow Caledonian University. This was met by the careful selection of organisations that could provide access to individuals responsible for the strategic decision making and SHRM approaches within
the organisations. Table 5.6 outlines the rationale behind the selection of the validation organisations as participants.

Table 5.6: Outline of validation organisations and reasons for their selection

<table>
<thead>
<tr>
<th>Case</th>
<th>Type of organisation</th>
<th>Main reasons for choice of the Individual SME</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Project management and cost consultant</td>
<td>Well established consultant, medium scale.</td>
</tr>
<tr>
<td>B</td>
<td>Architectural design practice</td>
<td>Expanded company, medium scale consultant.</td>
</tr>
<tr>
<td>C</td>
<td>Project management and cost consultant</td>
<td>Family business, small scale, well established consultant.</td>
</tr>
<tr>
<td>D</td>
<td>Building Contractor</td>
<td>Originally small scale business, recently expanded, medium scale main contractor.</td>
</tr>
</tbody>
</table>

5.5.4 Secondary Data Collection

Prior to and after the identification of the research directions, extensive literature review was conducted and reviewed in detail in Chapters 2, 3 and 4. The synthesis of this literature helped identify relevant concepts regarding strategic management activities and SHRM approaches within construction SMEs in the UK, thereby framing the research topic. It has also helped to inform phase two of the study and determine methods of measurement to be used to characterise alignment between the strategic goals and the SHRM approaches of construction SMEs. The main advantage of using secondary data is the large saving in resources, particularly time and money (Ghauri et al, 1995). The next section outlines the data analysis methods utilised.

5.6 Analysis of data

5.6.1 Data analysis

As the data collected from both phases was similar in nature, the principles applied to the data analysis in each phase were the same. Interview transcripts were transformed for processing. As the semi-structured interviews asked questions whose content and sequence were not fully
specified in advance, a large amount of rich and fertile, but disorganised, data was collected. Hence the data analysis for all phases followed a grounded theory framework.

The only significant difference between the three phases of data analysis was the use of version 2.0 of the QSR NVivo software tool to decontextualise the data during phase two of the study. Computer programmes were not used for the data collected during the first phase of the research, as the data set was considered small enough for analysis by traditional methods. The data for phase one was decontextualised physically, with the aid of photocopiers and pair of scissors (Tesch, 1990; Lee and Fielding, 1991, Easterby-Smith et al, 1999). The data was divided into chunks and assigned to categories that had been extracted from the literature review and developed throughout the analysis process, before being re-joined in new ways and compared for similarities and differences (Miles and Huberman, 1994; Dainty, 1998; Kelle, 1995; Dey, 1993). The categories were both descriptive and conceptual (Miles and Huberman, 1994) and provided a basis for comparison between observations (Dey, 1993).

Due to the larger number of interviews and the detailed data that was expected to be collected during phase two of the research design (multiple case studies); the NVivo qualitative data analysis software package was used as it allowed for efficient data management. It did not to replace the skills of the researcher, but made data management more manageable.

Since the 1980s, several qualitative data analysis software packages have become available and have been reviewed by Tesch (1990) and Richards and Richards (1994) in general application and Dainty et al (2000c) and Weitzman (2000) and Blismas and Dainty (2003) in the field of construction management. Considered together, these reviews suggest that the best way of selecting an appropriate and up-to-date software package is to assess the specific needs of each research. Consideration was given to the compatibility of NVivo as a software package and the format and structure
of the data to be gathered from the case studies. Based upon its successful application in previous qualitative construction management studies (Dainty, 1998; Blismas, 2001; Raiden, 2004) its use was considered appropriate. NVivo also was selected for use as the researcher was experienced in its use in its previous, “Nudist” form. Finally Weitzman and Miles (1995) suggested that it is important to seek advice from other users of the software package. As research colleagues possessed such experience, the NVivo software was additionally selected for this reason.

Most computer aided methods enhance the validity of qualitative research findings in a number of ways. Firstly, they assist in the management, manipulation and exploration of larger and wider data sets than practical with traditional methods (Kelle, 1995; Dainty, 1998; Simister, 1994). Secondly, by providing facilities to code, search and retrieve large quantities of qualitative data, on a specific topic within the data set, that is simply not possible with traditional techniques (Loosemore and Hall, 1996; and Kelle, 1995). They also offer the potential to alleviate many of the time consuming aspects of qualitative analysis, as well as providing greater methodological transparency as a protection against accusations of bias (Dainty et al, 2000c).

Richards (1999) suggested that when analysing qualitative data, a balance must be struck between being swamped in complexity and being stranded by pre-emptive reduction of data. The nodes produced through coding the interviews in NVivo provided the base data for determining the main factors that influence SHRM and strategic management in construction SMEs.

The importance and role of coding is to allow a clearer understanding of the issues to be gained (Blismas and Dainty, 2003). In simplistic terms, coding was completed on two levels: after initial coding, the data was broken down further, where it was in then considered by the researcher as a potential for insight to the study. This allowed different tiers of the strategy to be considered but still indicated how the coding related back to the original objective. The categories (‘nodes’) were created from factors emanating
from literature in Chapters 2, 3, and 4. Bryman, (2001) confirmed that NVivo defines coding as "the process of marking passages of text in a project’s documents with nodes". Nodes are therefore the route by which coding is undertaken (ibid.) As no ‘ideal’ set of correct nodes awaiting discovery, the researcher identified nodes in response to their ongoing perception of the emerging relationship between underlying theory and the gathered data (Dey, 1993). These nodes were preliminary rather than exhaustive (Dey, 1993) and were refined as the data was applied to them.

Blismas and Dainty (2003) observed that the degree of coding skill increases markedly as the nodal system becomes entrenched within the coder’s mind and coding becomes more specific and accurate. The need to ensure distinctiveness between nodes was, therefore, the greatest factor contributing to the iterative refinement of the nodal system and tree. Bryman (2001) explains that the nodal system chosen can vary; by holding the nodes in a tree like structure ‘nodal tree’ this implies that connections exist between the nodes and allowed the researcher to have groups of ‘trees’ of related nodes. The coding criteria were developed following both the descriptive and interpretive routes identified by Miles and Huberman (1994). Data coding served a descriptive role in which aspects of SMEs’ strategic management and SHRM function were described and an interpretive role in which data supported identified concepts.

Interview transcripts were imported and supporting documents were created, e.g. company information and associated literature, notes could be made relating to the data and linked into the project. This meant that data sources were not separated from interpretation. Once the coding had taken place chunks of data were not separated from actual raw data. This assisted the researcher in remaining close to the data. The analysis was subsequently written into individual case study reports and cross case comparisons. Conclusions were supported through the construction of various thematic tables that illustrated the key concepts surrounding the objectives of the research. During the analysis process each node was printed with ‘coding stripes’ (colour coding provided by NVivo) to enable thematic tables to be
constructed by hand. These tables are described in the next chapter which outlines the results and findings of the research.

A combination of holistic and systematic analysis was undertaken to establish the themes from the data. The scheme adopted was based upon Easterby-Smith et al’s proposal (1999), although the stages of analysis undertaken were not as prescriptive and moving from one stage to another overlapped due to the nature of qualitative analysis Table 5.7 outlines the theme analysis protocol used during the data analysis.
<table>
<thead>
<tr>
<th>Stage of analysis</th>
<th>Proposed content of stage</th>
<th>Actual stage and appendix documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Familiarisation</strong></td>
<td>Re read data transcripts, enable some first thoughts to emerge, noticing and jotting down interesting things, this is essentially exploratory where questions begin to be framed.</td>
<td>All Transcripts were imported into N Vivo and each one was re read in turn. Initial coding took place for each transcript using N Vivo and initial nodes were constructed. See Appendix M1 Node Listings.</td>
</tr>
<tr>
<td><strong>Reflection</strong></td>
<td>A process of evaluation and critique becomes more evident as the data is evaluated in the light of previous research, academic texts and common sense explanations. Ideas begin to be formulated and reformulated in the light of previous work. Here the explanations and solutions are still very much instinctive ‘gut feelings’ stage.</td>
<td>All Transcripts were read again and a second phase of coding took place. This phase of coding followed the initial coding protocol and incorporated a number of questions to facilitate instinctive gut feelings. Typical questions included: does the data support or challenge existing knowledge? Does the data answer previously unanswered questions? What is new or different about the data? Revised codes were completed. See Appendix M2 Coding Stripes.</td>
</tr>
<tr>
<td><strong>Conceptualisation</strong></td>
<td>At this stage there is usually a set of concepts or variables which seem to be important for understanding what is going on. The researcher goes back to the data and searches for these concepts, methodologically highlighting them when they appear, coding with different colours. At this stage the researcher may come across more concepts which were previously missed and they can be added to the list.</td>
<td>The coding process involved reviewing the text and apportioning an appropriate theme or themes to segments of the text. From this it was possible to view the commonalities and differences that existed between each transcript, which enabled an insight into the dominant themes and issues that existed for the participants. The coding stripes enabled initial thematic tables to be constructed by hand. See Appendix M3.</td>
</tr>
<tr>
<td><strong>Cataloguing</strong></td>
<td>Once the concepts have been identified they can be transferred onto cards as a quick reference guide, label with your own terms or themes.</td>
<td>Catalogue list produced for main themes from Analysis Round 1, see Appendix M4.</td>
</tr>
<tr>
<td><strong>Recoding</strong></td>
<td>Now that all the references to particular concepts are known it will be possible to go back to the places in the data to see what was actually said, e.g. some concepts were used with different contexts or were used to explain different phenomena. When any recoding is undertaken, interpretation and analysis also takes place. At this stage concepts are beginning to be refined and recoded. Some codes may be enlarged or collapsed.</td>
<td>Recoding was completed in Microsoft word each case was reformatted under each theme heading. The content of each theme heading was closely examined and reviewed. An element of recoding took place as the patterns and concepts began to emerge, see Appendix M5.</td>
</tr>
<tr>
<td><strong>Linking</strong></td>
<td>The analytical framework and explanations are now becoming clearer, patterns are emerging and concepts spotted that could fit together. This involves tacking backwards and forwards between the literature and the evidence collected in practice. This stage produces a first draft.</td>
<td>A first draft of the findings was produced in the form of cross case analysis and individual case study reports see appendix M6.</td>
</tr>
<tr>
<td><strong>Re-evaluation</strong></td>
<td>The researcher may feel that more work is needed in some areas, e.g. the analysis may have omitted to take account of some factors or have over emphasised others. Following a careful consideration of issues the first draft is re written, it may have to be undertaken more than once.</td>
<td>Final Summaries of cross case analysis and individual case study reports were produced and revisited for conversion into chapter content, see Appendix M7.</td>
</tr>
</tbody>
</table>
5.6.2 Document analysis
During the case studies, the analysis of organisational documentation involved the examination of all available and relevant printed company information. Examples included: mission statements; policies and procedures (including general terms and conditions of employment, performance appraisal forms, and so forth); project outcome records (customer project reviews); and leaflets and brochures published for advertisement and public relations purposes. The location of the documents was recorded and saved for future reference and summary accounts of key issues noted. This minimised the likelihood of the data being lost or forgotten from the analysis.

5.7 Validation of the research outcome
- Validation of the results regarding objectives A and B was tested via semi-structured interviews with six individual case study constructions SMEs during round three interviews.
- Validation of the results regarding all of the objectives was tested via semi-structured interviews with four individual construction SMEs during the final phase of the research. These interviews provided feedback on the interpretation of the results and the usability of the draft SME SHRM Framework. This in turn allowed the refinement of the SME SHRM Framework.

5.8 Summary
This chapter has presented and discussed the methodological approach adopted for the research to meet the aim, objectives and research questions. The research design was that of the case study and the unit of analysis was the organisation. The main form of data collection was semi-structured interviews conducted on an individual basis or as part of a case study. All interviews were recorded and transcribed for qualitative analysis. Use of the NVivo software package allowed data to be grouped into conceptual nodes that could then be retrieved with ease. This software also enabled the management of all the collated data during the course of the research. Coded
data was reduced to simply analysis and the drawing of conclusions. Conclusions were supported through the construction of various tables that illustrated the key concepts surrounding the objectives of the research. The following chapter presents the research findings and results.
CHAPTER SIX

RESULTS
CHAPTER SIX

RESULTS

This chapter presents the results of the research. The chapter is structured according to the research objectives A-C (Section 1.2). Firstly, the organisations’ strategies, policies and practices are explored (research objective A). Secondly, the organisational case studies SHRM practices and strategies are outlined (research objective B). Thirdly, the relationship between strategy and SHRM approaches (research objectives C).

6.1 Phase one: Semi-structured interviews
Research Objectives A set out:

To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.

The following sections outline the results of phase one of the research. It outlines the organisations’ strategy, vision and values, their organisational policy and practices, their strategic management processes and the implementation process surrounding their strategy.

6.1.1 Contextual factors
Fifteen organisations were explored in an exploratory study to examine research objective A. The results illustrate some of the challenges construction SMEs face strategically.

The organisations were all construction SMEs based within the UK. They varied in terms of their size; turnover and number of employees (see Appendix C for details). They all have an established reputation within their geographic market. They also varied in terms of the nature of the projects...
undertaken and work types, although all fell within the SIC construction industry definition. They utilised a number of procurement systems including design and build, negotiation, partnering and the traditional form of procurement. Wide portfolios of projects were undertaken across the organisations and a substantial proportion of the group were family based businesses.

6.1.2 Strategic management

Organisational Strategy
Semi-structured interviews were conducted with strategic managers within the organisations. The strategy makers described their overarching organisational strategy in terms of their strategic goals and how they intended to achieve them. Table 6.1 and Table 6.2 illustrates the organisations' strategies identified by the exploratory study (n=15). The results indicate a wide diversity of strategic objectives across the organisations. It should be noted that a lack of knowledge of strategic management terminology was displayed by several of the strategy makers.
Table 6.1: Organisational strategies identified by phase one study
(organisations 1 to 7)

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To maintain a successful business, achieve client satisfaction and sustain repeat business. To concentrate on niche market, gain better margins by reducing turnover and capital assets. Operate within a limited geographic area of the head office with limited number of competitors.</td>
</tr>
<tr>
<td>2</td>
<td>To survive and grow steadily. Maintain a successful business with a happy workforce. Remain as general builders and focus work within a limited geographic area of the head office under normal competition.</td>
</tr>
<tr>
<td>3</td>
<td>To be known as a reputable company. To operate as a fair employer that is not ‘money mad.’ To remain in a similar field to today. To develop through gradual expansion within a limited geographic area of the head office. Secure work through selected negotiated, own development or design and build projects for Housing Associations.</td>
</tr>
<tr>
<td>4</td>
<td>Continue mutual success for all employed and make a ‘meaningful’ contribution to the North Staffordshire area by being 2 or 3% cheaper than others offering the same quality and services. Continue with general contracting, maintaining a wide portfolio of work types, operations and expertise. Grow the company in size by 25% and cultivate the most profitable work within a 50 mile radius of the head office under normal competition.</td>
</tr>
<tr>
<td>5</td>
<td>Survival, and to make a good standard of living for the owner-manager. Size-wise and work-wise the company is happy as workload is pretty static, and generally more work than the company could cope with. Continue this level by maintaining a good spread of customers within a 30-40 miles radius of the head office under normal competition.</td>
</tr>
<tr>
<td>6</td>
<td>To be the best medium sized building contractor within 100 miles of Burton on Trent and to provide an exceptional service to all of our customers. To survive, and grow if possible, but not to the detriment of the workforce. Operating in a niche, with a highly skilled workforce that are adaptable. Working for a mixed portfolio of customers generally within 100 miles of the head office, under normal competition.</td>
</tr>
<tr>
<td>7</td>
<td>To continue with good standard of living for the owner-manager; provide a good standard of work while remaining similar in size and nature. Continue with wide portfolio and add more new commercial projects, private clients and architects. To remain within a limited geographic area of the head office with a limited number of competitors.</td>
</tr>
<tr>
<td>Organisation</td>
<td>Strategy</td>
</tr>
<tr>
<td>--------------</td>
<td>----------</td>
</tr>
<tr>
<td>8</td>
<td>Be successful, to grow the size of the business if quality of labour is available, without overstretching the company, and to continue to provide quality and service. Maintain a nucleus of clients, a full order book, and continue to gain work through recommendation. Offer a wide portfolio all types of building work, except speculative housing, within a 40 mile radius of the head office under normal competition.</td>
</tr>
<tr>
<td>9</td>
<td>To remain successful. No ambitions to empire build, no plans to grow the business size. Plan to undertake building anything 'profitable' based upon wide experience. Government funding will provide relevant workload within a 20 mile radius of the head office, under normal competition.</td>
</tr>
<tr>
<td>10</td>
<td>To be successful without empire building. To provide employment for a good workforce; the main issue is not profit. Continue to operate as a general contractor offering a variety of works and services to a small nucleus of clients. Plan to expand speculative work to reduce direct competition and develop the design and build service. Working within a 20 to 30 mile radius of the head office under normal competition.</td>
</tr>
<tr>
<td>11</td>
<td>Stability and continuation of current level of turnover, maintaining size of workforce. No empire building, and no plans to grow. Remain at a niche in the market with a mix of clients and sectors. Possible expansion of development side as it provides projects for the organisation's construction division. Working within a 50 mile radius under normal competition.</td>
</tr>
<tr>
<td>12</td>
<td>Sustaining current business and giving work to current employees. To continue to survive, in a cyclical industry. Maintain growth just ahead of inflation. Continue with existing clients and develop new clients and niche markets. Working within a 30 miles radius of the head office with a small number of direct competitors.</td>
</tr>
<tr>
<td>13</td>
<td>Profit motivated, achieve stability through steady growth of 3 to 5 % above inflation. Working with a wide project portfolio, operating geographically within the Midlands, under normal competition.</td>
</tr>
<tr>
<td>14</td>
<td>Achieve the Mission Statement. To make a profit and to grow the business slowly over the next 2 years. Maintain a cross section of project types and reducing less lucrative work. Working within a 40 miles radius, under reduced competition through more negotiation and partnering projects.</td>
</tr>
<tr>
<td>15</td>
<td>Become more profitable and stable. Create a wider project and client base, with a mixture of activities that all support each other. By not being the cheapest but the best at what they do. No plan to change company size, aim to maintain and develop repeat business and increase profit through diversification and capitalising on development opportunities. Adapt to suit market changes while generally working in a 50 mile radius of the head office, under varied types of competition.</td>
</tr>
</tbody>
</table>
Strategic analysis

As part of any decision making process, strategic analysis is important to establish whether the resources at the disposal of the organisation are adequate to support their strategic intentions. Accordingly, each interviewee was questioned regarding their awareness of their business environment, their resources, competition, customers and state of the market. All interviewees articulated their organisation’s analysis, although few used formal strategic management tools for this process.

In order to summarise the strategic analysis issues for each organisation, a SWOT analysis was undertaken with the strategy maker during the interviews. Table 6.3 summarises the key themes that have emerged across all organisations interviewed during phase one of the study.

Table 6.3: Phase one cross case organisational SWOT analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
<td></td>
</tr>
<tr>
<td>Management style</td>
<td>Organisational structure</td>
</tr>
<tr>
<td>Organisation culture</td>
<td>Organisational inflexibility</td>
</tr>
<tr>
<td>Flexibility and team working</td>
<td>Limited financial resources</td>
</tr>
<tr>
<td>Investment in employees / training</td>
<td>Lacking skills</td>
</tr>
<tr>
<td>Longevity of employees' service</td>
<td>Poor quality communication and feedback from site</td>
</tr>
<tr>
<td>Employee competence and attitude</td>
<td>Employees and ensuring performance</td>
</tr>
<tr>
<td>Product and market alignment</td>
<td>Maintaining cashflow</td>
</tr>
<tr>
<td>Client satisfaction</td>
<td>Maintaining market awareness</td>
</tr>
<tr>
<td>Quality of service / work delivered</td>
<td></td>
</tr>
<tr>
<td>Reputation and strong client base</td>
<td></td>
</tr>
<tr>
<td>Strong financial base</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External environment</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities</td>
<td></td>
</tr>
<tr>
<td>Market growth new and existing</td>
<td>Market changes</td>
</tr>
<tr>
<td>Expand niche markets</td>
<td></td>
</tr>
<tr>
<td>Continue to develop partnering negotiation and repeat business</td>
<td>Economic change or downturn</td>
</tr>
<tr>
<td>Remain ahead of competition through developing specialised products</td>
<td>Interest rate changes</td>
</tr>
<tr>
<td></td>
<td>Level of industry regulation paperwork</td>
</tr>
<tr>
<td></td>
<td>Strength of competition</td>
</tr>
<tr>
<td></td>
<td>Inappropriate workload</td>
</tr>
<tr>
<td></td>
<td>Increasing legal responsibilities</td>
</tr>
<tr>
<td></td>
<td>Lack of training and operatives to the industry</td>
</tr>
</tbody>
</table>
Policies, practices and implementation

When considering the strategic policies and practices currently utilised by construction SMEs a number of themes were explored.

Strategic managers interviewed discussed the use of two strategic management policies. When considering the use of mission statements a large proportion of the organisations (n=9) had no explicit mission statement, whereas the balance of the organisations (n=6) had either an informal or written mission statement for their organisation. In contrast, when discussing the use of business plans, all bar one of the firms had a structured plan and could clearly articulate them. The vast majority of these plans were not written (n=9) although two of the larger organisations used written business plans.

The type of strategic management practices undertaken fall into a number of combinations. One organisation had a highly formal structure and policies supported by informal methods, whereas other organisations’ practices were highly informal in nature (n=3). The remainder of the strategic managers confirmed that a mixture of formal and informal methods were utilised, ranging from formal meetings, newsletters, and verbal communication.

Within the organisations, no formally recognised strategic management tools or techniques were used in their strategic management process. Only three organisations referred to their use of business management tools. This suggests the prevalence of informal strategic management processes within construction SMEs.

A structured planning process was found in thirteen of the fifteen organisations. Each of these organisations had a clear process regarding strategic planning which was continuously reviewed and implemented. The remaining two organisations tended to be more reactive in response to market pressures. Where structured planning took place this occurred with various timescales, either on a daily, weekly, monthly, quarterly or annual
basis. A clear theme was that planning relates directly to the timescales of projects undertaken and the certainty of workload that organisations are involved in.

When considering review of the business plan, the planning process and strategic practices in general, a wide range of scenarios were again quoted from daily to weekly, to monthly to annually. Within organisations a combination of the different time spans was also used. All the organisations that undertook structured planning (thirteen in total) also undertook a review process.

Strategic decision making and the leadership of the implementation process is undertaken within the organisations by the managing directors or joint directors who are generally owner-managers. These strategic managers cascade information down through the organisation using a number of processes including formal meetings, newsletters, memos, and information dissemination by providing the policies and procedures to their employees. Strategic managers generally considered the implementation process to be highly informal in nature.

The majority of the organisations preferred to use a mixture of formal and informal methods to implement and communicate the strategy within the organisation. However, three of the organisations used highly informal methods alone and avoided the use of formal methods.

The informal methods outlined included all communication from senior management to operative level. This communication took place generally through meetings which were weekly, monthly, bi monthly, quarterly and annually depending upon organisation structure and requirements (see Table 6.4). Three organisations’ strategic managers mentioned the importance of meetings with accountants either quarterly or six monthly, as cash flow was outlined as a critical factor in the strategic management process. Other methods quoted were company newsletters and memos.
6.1.3 **Summary**

Research question one (Q1) asked:

"Do construction SMEs undertake strategic analysis as part of their management systems?"

The results from phase one of the study indicate that construction SMEs do undertake strategic analysis as part of their management systems by clear articulation of their organisational SWOT analysis, although few used formal strategic management tools for this process. This is supported by the data presented above and in Section 6.1.2 which outlines the key strategic themes for the organisations. Organisational strengths were described relating to their intangible assets; organisational culture, management style, reputation and the skills of their employees were cited. Organisational weaknesses related to the organisation’s inability to be flexible, financial constraints and poor communication. Opportunities were described for market growth, expanding niche markets, development of specialised products and procurement routes. Threats to the organisation were numerous; discussion was focussed around the economy, interest rates and market changes although the level of industry regulation paperwork and increasing legal responsibilities for organisations as well as the lack of training and operatives to the industry were also noted as serious threats.

Table 6.4 and 6.5 summarise the key themes that emerged from the exploratory study to answer research question two (Q2) and research question three (Q3).
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Strategy</th>
<th>Strategic decision making and implementation</th>
<th>Policies</th>
<th>Practices and implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Client focussed, reputation is key. Concentrate on niche market, downsizing to improve margins.</td>
<td>MD decision maker. MD, implementer, cascades down through the business.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Formal structure and policies supported by more informal methods of verbal communication, periodic sit down meetings, including H &amp; S issues, quarterly site management meetings and office meetings.</td>
</tr>
<tr>
<td>2</td>
<td>Survival and steady growth, remain in the same market, happy workforce.</td>
<td>MD decision maker. MD, implementer, cascades down through the business.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Formal structure and policies supported by more informal methods of verbal communication, occasional memo's, especially for H &amp; S issues, with some formal minuted meetings.</td>
</tr>
<tr>
<td>3</td>
<td>Reputation is key, not profit driven, remain in the same market. Gradual expansion through selected procurement routes and clients.</td>
<td>Both Directors are decision makers. MD, implementer, cascades down through the business.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature. Communication is verbal between Directors and accounts manager with minuted forms etc for companies house.</td>
</tr>
<tr>
<td>4</td>
<td>Cost driven, continue in current market, grow the company by 25%.</td>
<td>Directors have split responsibility and both act as decision makers and implementers.</td>
<td>Informal mission statement. Business plan although not written in nature.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature. Formal communication includes, company secretary minutes weekly progress meetings. Informally day to day implementing strategy from the management meetings.</td>
</tr>
<tr>
<td>5</td>
<td>Survival, remain static, same market and portfolio.</td>
<td>Decision making is joint between Directors. Implementers who cascade information through the organisation.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Highly Informal in nature. Communicated minuted accountants meetings and financial adviser only twice per year, e.g. pensions and investments.</td>
</tr>
<tr>
<td>6</td>
<td>To remain a market leader, through service provided with limited growth. Wide portfolio, some niche segments.</td>
<td>MD decision maker. MD, cascades down through the business.</td>
<td>Written mission statement. Written business plan.</td>
<td>Highly formal structure and policies supported by informal methods. Including monthly minuted management team meetings, information is then passed via the meeting representative to each of the departments, each staff team has their own monthly meetings as well. Additionally a monthly newsletter is produced.</td>
</tr>
<tr>
<td>7</td>
<td>To continue with good standard of living: provide a good standard of work to remain very similar in size and nature. Wide portfolio. To remain within a close geographic area with a limited number of competitors.</td>
<td>MD decision maker. MD, cascades down through the business.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Highly Informal nature. Verbal communication generally.</td>
</tr>
<tr>
<td>8</td>
<td>Controlled growth. Continued quality and service to a nucleus of clients. Wide portfolio all types of building work, within a 40 mile radius, under normal competition.</td>
<td>MD decision maker. MD, cascades down through the business.</td>
<td>Informal mission statement. Business plan exists through formal meetings although not written in nature.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature. Senior members of staff have bi-monthly meetings, involved in the communication of fears for the future, include staff as part of the contract planning process. Formal written communication is limited.</td>
</tr>
<tr>
<td>Organisation</td>
<td>Strategy</td>
<td>Strategic decision making and implementation</td>
<td>Policies</td>
<td>Practices and implementation</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>9</td>
<td>Not empire building, no growth. Wide portfolio of projects within a 20 mile radius, under normal competition.</td>
<td>Father and son are joint decision makers. Father and son cascades down through the business.</td>
<td>No mission statement. No structured business plan as planning tends to be reactive in nature.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature Generally informal managed and communicated.</td>
</tr>
<tr>
<td>10</td>
<td>Not empire building, the main aim is not profit. Continue as a general contractor offering a variety of projects to a small nucleus of clients. Expand speculative work to reduce direct competition and develop the design and build service. Working within a 20 to 30 mile geographic radius under normal competition.</td>
<td>Two Directors are joint decision makers. Two Directors cascades down through the business.</td>
<td>No mission statement. A formal business plan was in place, now in formal in nature.</td>
<td>Highly Informal in nature. Communication is informal discussion between the two Directors and the rest of the organisation.</td>
</tr>
<tr>
<td>11</td>
<td>Stability and continuation of current level, maintaining size of workforce, not empire building, and no plans to grow. Remain at a niche in the market with a mix of clients and sectors. Possible expansion of development side as it feeds the organisations supply chain. Working within a 50 mile radius under normal competition.</td>
<td>Father and two sons are joint decision makers. Father and two sons' cascades down through the business.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Highly Informal in nature. Mixture of formal and informal methods. Communication is verbal throughout the organisation apart from formal meetings with the internal accountant each quarter.</td>
</tr>
<tr>
<td>12</td>
<td>Sustaining current business and giving work to current employees as well as survival, as work is cyclical in the industry. Maintain growth just ahead of inflation. Continue with existing and develop new clients and niche markets. Working within a 30 miles radius, and a small number of direct competitors.</td>
<td>MD decision maker. MD, cascades down through the business.</td>
<td>No mission statement. Business plan although not written in nature.</td>
<td>Formal structure and policies supported by more informal methods. Communicated informally on a day to day basis with weekly Director's meetings.</td>
</tr>
<tr>
<td>13</td>
<td>Profit motivated, achieve stability through steady growth with 3 to 5 % real growth above inflation. Maintain market and project portfolio.</td>
<td>MD decision maker. MD, cascades down through the business.</td>
<td>Written mission statement. Written business plan.</td>
<td>Formal structure and policies supported by more informal methods including senior management meetings, weekly meetings and verbal communication.</td>
</tr>
<tr>
<td>14</td>
<td>Profit and slow growth. Maintain project portfolio and focus on negotiation, and partnering.</td>
<td>MD decision maker. MD, cascades down through the business.</td>
<td>Written mission statement. Business plan although not written in nature.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature. Communication on a day to day basis is verbal.</td>
</tr>
<tr>
<td>15</td>
<td>Become more profitable and financially stable; create a wider mixture of activities. Aim to develop repeat business and increase profit through diversification and development opportunities. Work within 50 mile radius of office, under varied types of competition.</td>
<td>Directors are joint decision makers. Directors cascades down through the business.</td>
<td>Informal mission statement. Business plan although not written in nature.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature. Quarterly meetings and 12 monthly meetings exist otherwise communication is verbal.</td>
</tr>
</tbody>
</table>
Research question two (Q2) asked:

"Can the types of strategy used within construction SMEs be defined?"

Through careful and progressive questioning during the semi-structured interviews with the strategic managers of each organisation, strategies were found in all of the organisations interviewed; this is supported by the data presented in Table 6.1, Table 6.3 and Table 6.4. Organisations varied in their strategic objectives and their strategic vision and fell into a number of groups classified by niche, profit, growth, and survival, indicating that not all organisations are profit or growth driven.

Research question three (Q3) asked:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

The strategic management approaches of construction SMEs within this group were generally informal in nature, although the level of informality varied across the organisations; this is demonstrated by the data presented in Table 6.4 and Table 6.5.

The majority of the organisations did not have written mission statements or a written business plan. The organisation's mission and business plan was generally communicated verbally throughout the organisation. This communication was often led by the strategic decision maker, often the owner and Managing Director; the implementation process was highly
informal in nature. Within four of the organisations the implementation process was highly informal in nature and all communication was face to face often on a daily basis or when considered necessary. Whereas the other eleven organisations used a mixture of formal and informal methods to implement and communicate their strategy. Table 6.6 summarises the key findings from phase one of the study.

Table 6.6: Key findings from phase one of the study

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Key findings</th>
</tr>
</thead>
</table>
| Q1                | - Construction SMEs do undertake strategic analysis as part of their management systems by clear articulation of their organisational SWOT analysis.  
- Organisational strengths were described relating to their intangible assets; organisational culture, management style, reputation and the skills of their employees were cited.  
- Organisational weaknesses related to the organisation's inability to be flexible; financial constraints and poor communication.  
- Opportunities were described for market growth, expanding niche markets, development of specialised products and procurement routes.  
- Threats to the organisation were numerous; discussion was focussed around the economy, interest rates and market changes although the level of industry regulation paperwork and increasing legal responsibilities for organisations as well as the lack of training and operatives to the industry were also noted as serious threats. |
| Q2                | - Strategies were found in all of the organisations.  
- Organisations varied in their strategic Objectives and their strategic vision and fell into a number of groups classified by niche, profit, growth, and survival, indicating that not all organisations are profit or growth driven. |
| Q3                | - The strategic management approaches of construction SMEs are generally informal in nature.  
- The majority of the organisations did not have written mission statements or a written business plan.  
- The organisation's mission and business plan was generally communicated verbally throughout the organisation. This communication was often led by the strategic decision maker, often the owner and Managing Director; the implementation process was highly informal in nature.  
- Within four of the organisations the implementation process was highly informal in nature and all communication was face to face often on a daily basis or when considered necessary.  
- The other eleven organisations used a mixture of formal and informal methods to implement and communicate their strategy. |
6.2 Phase two: Individual organisational case studies

This section introduces phase two of the study which focussed on research objectives A, B, and C within the individual organisational case studies.

Research Objective A

_To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies._

Research Objective B

_To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices._

Research Objective C

_Examine the relationship between the different SHRM approaches, the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive._

In order to examine the research objectives A, B, and C in detail, it was necessary to review each organisational case study in turn to understand the operational contextual factors of each organisation, their business strategy and their SHRM activities. Contextual factors considered were: the organisation annual turnover; number of employees; business status; and operating markets and sectors. Each organisation's product portfolio characterised by project types and procurement route was also considered as well as their structure and culture. Business strategies included the organisations strategy, strategic analysis, policies and implementation. The SHRM activities examined included: culture and structure; operational management issues; and people management strategies.
Case study interviews were semi-structured in nature and undertaken with the strategic managers and the organisational representatives responsible for HRM issues. Strategy makers were interviewed on three occasions and HR representatives once throughout the study. The issues identified came from phase one of the study and the literature review.

A summary of each case study analysis will be presented by detailed appendices; this will help the reader to understand each organisation in turn and addresses the research objectives holistically. This will be followed by the cross case analysis which answers the research questions more specifically. Table 6.7 illustrates where the appendices are to be found.

Table 6.7: Detailed appendices for case study organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Contextual factors</th>
<th>Strategic management</th>
<th>SHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation A</td>
<td>Appendix E1</td>
<td>Appendix E2</td>
<td>Appendix E3</td>
</tr>
<tr>
<td>Organisation B</td>
<td>Appendix F1</td>
<td>Appendix F2</td>
<td>Appendix F3</td>
</tr>
<tr>
<td>Organisation C</td>
<td>Appendix G1</td>
<td>Appendix G2</td>
<td>Appendix G3</td>
</tr>
<tr>
<td>Organisation D</td>
<td>Appendix H1</td>
<td>Appendix H2</td>
<td>Appendix H3</td>
</tr>
<tr>
<td>Organisation E</td>
<td>Appendix I1</td>
<td>Appendix I2</td>
<td>Appendix I3</td>
</tr>
<tr>
<td>Organisation F</td>
<td>Appendix J1</td>
<td>Appendix J2</td>
<td>Appendix J3</td>
</tr>
</tbody>
</table>

Each organisation could clearly articulate their business strategy; strategic analysis, policies and implementation. This supports research objective A:

*To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.*
Each organisation could also clearly articulate their SHRM activities including: organisational culture and structure; operational management issues; and people management strategies. This supports research objective B:

\textit{To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.}

The next section outlines cross case analysis focusing on specific issues which will address the research questions set out in Section 1.2.

\textbf{6.2.1 Contextual factors}

The organisations were all construction SMEs based within the UK. They varied in terms of their size, turnover and number of employees. They all have an established reputation within their geographic market. They also varied in terms of the nature of the projects undertaken and work types, although all fell within the SIC construction industry definition. They utilised a number of procurement systems including design and build, negotiation, partnering and the traditional form of procurement. Wide portfolios of projects were undertaken across the organisations and a substantial proportion of the group were family based businesses. Table 6.8 provides a summary of the organisational contextual factors.
Table 6.8: Summary of organisational contextual factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Construction Industry Sector</th>
<th>Product portfolio</th>
<th>Organisational Structure</th>
<th>History and culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Architectural practice.</td>
<td>Varied projects Health care, urban design, education and community.</td>
<td>70 Employees. £3 million turnover. Matrix management structure.</td>
<td>Established 1870 (family business). Non family management.</td>
</tr>
</tbody>
</table>
6.2.2 Strategic management

6.2.2.1 Strategy

The strategy makers described their overarching organisational strategy in terms of their strategic goals and how they intended to achieve them. Table 6.9 illustrates the organisations’ strategies identified by each case study organisation. The results indicate a wide diversity of strategic objectives across the organisations ranging from extensive growth; differentiation; niche markets; with quality and service commonly quoted. It should be noted that a lack of knowledge of strategic management terminology was displayed by several of the strategy makers.

Table 6.9: Case study organisational strategies

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>To maintain a consistent and steady long term approach, not looking to make huge profits. Aim is to maintain the current size, no plans for growth, the key is maintaining high quality staff and quality environment. Continue as a multi-disciplinary practice with a large range of markets and sectors. Within a geographic focus of the North West of England, 80% within 100 mile radius.</td>
</tr>
<tr>
<td>B Project management</td>
<td>Maintain chemical engineering contractor status and to become a more specialised consultancy through developing into new areas. Growth plan is to double in size. A medium sized company, with medium sized projects, close to customers. To develop into new markets and provide a wider service through facilities management, and to find differentiators. Operate within the whole of the UK through a head office and regional offices, within a dozen sectors, under normal competition.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>Continue to grow and be profitable, strengthen areas of weakness, develop quality of people and remain well disciplined. Offering added value by being the expert, Through an international base and wide portfolio of work. Plan to develop heavy industrial side growth increased by 30%. Operating within an international market, within normal competition.</td>
</tr>
<tr>
<td>D Civil and building contractor</td>
<td>Stay as traditional civil engineering contractors, keeping core activities and markets. Plan to grow steadily with a good client base, good relationships and good safety record basically. Not empire building, selective regarding clients. Not the cheapest, due to the service offered. Working within a 40 mile radius, broad competition base.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Main aim is financial stability and personal fulfilment. Continue operating within a niche product market with little or no direct competition. As well as develop cast iron conservatory production. Grow to between 1 and 2 million pounds turnover offering quality products, not the cheapest. Possess core skills and technologies and apply them to new materials. Undertake varied projects, methods of procurement and wide client base. Work within a geographic focus.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Aim of the business is to earn a living. Through maintaining the same sorts of projects, high specification speculative housing. Don't produce the cheaper type of houses, provide something different. Recognised due to longevity, reputation, quality, the product and it's different design. Operations are limited to a local area e.g. 15 mile radius under normal competition.</td>
</tr>
</tbody>
</table>
6.2.2.2 Strategic analysis

As in phase one, each interviewee was questioned regarding their awareness of their business environment, their resources, competition, customers and state of the market. All interviewees articulated their organisation’s analysis, although few used formal strategic management tools for this process. Individual organisational SWOT analyses can be seen in Appendices E1, F1, G1, H1, I1, and J1. Table 6.10 summarises the key themes that have emerged across all organisations interviewed during phase two of the study.

Table 6.10: Phase two cross case organisational SWOT analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
<td>Employees and ensuring performance.</td>
</tr>
<tr>
<td>Company size matches strategy.</td>
<td>Limited financial resources.</td>
</tr>
<tr>
<td>Client satisfaction.</td>
<td>Organisational inflexibility due to organisational size and structure.</td>
</tr>
<tr>
<td>Reputation and strong client base.</td>
<td>Perceived organisational persona.</td>
</tr>
<tr>
<td>Longevity of employees.</td>
<td>Lacking skills.</td>
</tr>
<tr>
<td>Employee competence and attitude.</td>
<td>Maintaining product improvement.</td>
</tr>
<tr>
<td>Investment in employees / training.</td>
<td>Maintaining market awareness.</td>
</tr>
<tr>
<td>Quality of work delivered.</td>
<td></td>
</tr>
<tr>
<td>Management style.</td>
<td></td>
</tr>
<tr>
<td>Honesty and reciprocity.</td>
<td></td>
</tr>
<tr>
<td>Organisational flexibility.</td>
<td></td>
</tr>
<tr>
<td>Organisational innovation and learning.</td>
<td></td>
</tr>
<tr>
<td>Product and market alignment.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External environment</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities</td>
<td>Economic change or downturn.</td>
</tr>
<tr>
<td>Continuous improvement in market sectors.</td>
<td></td>
</tr>
<tr>
<td>Market growth new and existing.</td>
<td>Inappropriate workload.</td>
</tr>
<tr>
<td>Remain ahead of competition through technology.</td>
<td></td>
</tr>
<tr>
<td>Continue to develop partnering.</td>
<td>Over expansion leading to a drop in the quality of service and subsequently losing clients or financial problems.</td>
</tr>
<tr>
<td>Land and refurbishment opportunities.</td>
<td></td>
</tr>
<tr>
<td>Expand niche markets.</td>
<td>Market changes.</td>
</tr>
<tr>
<td>Providing good value to the client.</td>
<td>Level of industry regulation paperwork.</td>
</tr>
<tr>
<td></td>
<td>Strength of competition.</td>
</tr>
</tbody>
</table>

When considering the key themes of strengths, weaknesses, opportunities and threats a number of key issues were discussed and are summarised below.
Strengths
The workforce as an asset and major strength of the organisation was the most commonly quoted strength in phase one and two of the study. Strategy makers commented on the skills, experience and competences possessed by their employees as a major strength; the investment of finances and training made by the organisation in their employees were also noted as a strength. Other issues raised relate to the advantage created by their longevity of employee’s service, and overall positive attitude. A number of organisations saw the size of their company as an asset as its structure strongly matched their plans and aspirations. Two organisations found that their strong financial position allowed the organisations to be self sufficient in nature. Additionally three of strategic managers quoted the provision of their service as an important strength. This was either in relation to the level of service provided to their clients or a combination of their service, quality of product, and or as well as the price of the product provided in terms of value for money to the client.

Weaknesses
At operative level a number of key issues emerged. The lack of skilled workers, especially among young people, was identified by strategic managers to be a widespread problem. Additionally weakness in the quality of and level of feedback from site was also mentioned.

Organisational structure was described as a weakness by Organisation A. Due to its complex structure resulting from its large size it was described as being inflexible as a practice, as it was unable to react quickly to changes and experiences difficulty in maintaining efficient dissemination within the business due to the number of levels within the organisation. The size of the organisation was also identified as a problem wherever it was considered to exceed the capacity of its resources. Limited public relations and marketing were also described by two organisations as weaknesses. Ensuring an appropriate client base, continuity of work and cash flow were noted as weaknesses by Organisation E. Further, the inability of Organisations D and
E to compete with all their direct competitors was attributed to differences in organisation size and structure. This issue was described as becoming more problematic as competition barriers are being eroded in geographically terms as well as by their competitors undertaking projects of a type or size they would previously have not undertaken. A final weakness was that of the motivation of the organisations employees, as organisations sometimes found their ability to ensure employee performance lacking.

Opportunities
Each organisation could clearly articulate opportunities available for strategic development. Clear themes emerged including: long term relationships; partnering; alliance contracts; direct negotiation; and repeat business with satisfied clients. Market opportunities were widely quoted, particularly growth in specialised market areas relevant to each organisation, including the expansion of niche markets and property development. Other opportunities quoted included the development of new technologies, the delivery of new project types to continue to differentiate it to remain ahead of the competition.

Threats
Threats were numerous and a number of key themes emerged. The lack of interest in the market generally or changes within their market was described as a major threat to the organisation. The level of workload was also seen as a threat, being unable to obtain either the quantity or suitable type of work could lead to financial problems for the organisation. Economic change in the UK was also mentioned including the threat of or an actual recession. A further threat to the organisation was the increase in onerous government legislation as well as increasing legal responsibilities placed in the organisations would add both time and cost to the management of the organisation. A final threat was an over-expansion of the organisation, as it was anticipated to lead to a drop in the quality of service and subsequent loss of clients. Further, the lack of employee training and absence of new operatives entering the construction industry were also quoted as a threat to the organisation.
6.2.2.3 Policies, practices and implementation

When considering the policies, practices and implementation of the strategy, a number of relationships were considered to frame the context. Table 6.11 outlines the relationships between the strategic decision maker, strategic management implementor, the process itself and the policies and practices that exist.

The two largest organisations in terms of size and turnover (Organisation A and B) had formal strategic policies, clear strategic roles and responsibilities within the organisation. Planning was highly structured and disseminated through formal and informal methods. Strategy implementation occurs through formal and informal methods. The next two organisations (Organisation C and D) had a more mixed strategic approach. Informal policies existed with some strategic documents. Clear strategic roles and responsibility existed and long term, proactive planning, was continually reviewed. Strategy implementation occurred through a wide range of formal and informal methods. The two smallest organisations in terms of size and turnover (Organisations E and F) operated highly informal strategic approaches within their organisations. Informal policies existed with no strategic documents. Clear strategic roles and responsibilities existed although planning was reactive. Strategic management process and strategy implementation occurred mainly through informal methods.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Strategic decision maker</th>
<th>Strategic management responsibility</th>
<th>Strategic management process</th>
<th>Strategic policies and practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Architectural design practice</td>
<td>MD.</td>
<td>MD, cascades down through the business.</td>
<td>Formal structure and policies supported by more informal methods.</td>
<td>Formal policies. Clear strategic roles and responsibility. Planning highly structured and disseminated through formal and informal methods. Strategic management is a two way process. Strategy implementation occurs through formal and informal methods.</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>MD.</td>
<td>MD, cascades down through the business.</td>
<td>Formal structure and policies supported by more informal methods.</td>
<td>Formal policies. Clear strategic roles and responsibility. Highly structured planning and strategy implementation through formal and informal methods.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>MD (husband).</td>
<td>MD, cascades down through the business.</td>
<td>Limited formal structure, developed in some areas, otherwise informal in nature.</td>
<td>Informal policies, some strategic documents. Clear strategic roles and responsibility. Long term, proactive planning, continually reviewed. Strategy implementation through a wide range of formal and informal methods.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Father and son.</td>
<td>Father and son, cascades down through the business.</td>
<td>Limited formal structure, developed in some areas, otherwise informal in nature.</td>
<td>Informal policies supported by strategic documents. Clear strategic roles and responsibility. Long term planning, proactive, continually reviewed. Strategic management process / implementation are a mixture of formal and informal methods.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Brothers.</td>
<td>Brothers, cascades down through the business.</td>
<td>Highly informal in nature.</td>
<td>Informal policies supported by strategic documents. Clear strategic roles and responsibility. Long term planning, proactive and continually reviewed. Strategic management and strategy implementation mainly informal methods.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Father.</td>
<td>Father and two sons, cascades down through the business.</td>
<td>Highly informal in nature.</td>
<td>Informal policies, no strategic documents. Clear strategic roles and responsibility. Planning is reactive. Strategic management process and strategy implementation through mainly informal methods.</td>
</tr>
</tbody>
</table>
6.2.2.4 Summary of phase two: strategy

Research question one (Q1) asked:

"Do construction SMEs undertake strategic analysis as part of their management systems?"

The results from phase two of the study indicate that construction SMEs do undertake strategic analysis as part of their management systems by clear articulation of their organisational SWOT analysis, although few used formal strategic management tools for this process. This is supported by the data presented above and in Table 6.9 cross case SWOT analysis. Key themes that emerged include:

Organisational strengths were more wide ranging than phase one organisations; they described relating to their management style and strong client relationships, organisational flexibility, innovation, and reputation. The skills, attitudes and longevity of their employees, organisational size suitable for their strategy and careful product and market alignment were also cited. Organisational weaknesses were again similar to phase one and related to the organisation's inability to be flexible; financial constraints, skill shortages ensuring employee performance and poor communication. Opportunities were described almost identical to phase one organisations including for market growth, expanding niche markets, development of specialised products and procurement routes. Threats to the organisation were numerous; discussion was focussed around the economy, interest rates and market changes and leading to strength of competition or inappropriate workload as well as the level of industry regulation paperwork were also noted as serious threats.
Research question two (Q2) asked:

"Can the types of strategy used within construction SMEs be defined?"

Through careful and progressive questioning during the semi-structured interviews with the strategic managers of each organisation, clear strategies were found in all of the organisations interviewed; this is supported by the data presented in Table 6.8. Organisations varied in their strategic objectives and their strategic vision and fell into a number of groups. Four of the organisations wanted to grow while two organisations wanted to remain the same size. All of the organisations refer to added value, offering quality, service and selective clients as appropriate strategies. No relationship between the organisation’s size and chosen strategy could be discerned.

Research question three (Q3) asked:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

The strategic management approaches of construction SMEs within this group were varied in nature; this is demonstrated by the data presented in Table 6.10. The organisations fell into three clear groups. Two organisations were highly formal and sophisticated in their strategic approaches; two organisations had a mixed strategic approach adopting formal and informal methods. The final two organisations followed a clearly informal strategic management approach with little formal documentation support their verbal
strategy, communication and implementation. Table 6.12 summarises the key findings from phase two: strategy of the study.

Table 6.12: Key findings from phase two: strategy of the study

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Key findings</th>
</tr>
</thead>
</table>
| Q1                | - Construction SMEs do undertake strategic analysis as part of their management systems.  
- Organisational strengths were more wide ranging than phase one organisations; they described relating to their management style and strong client relationships, organisational flexibility, innovation, and reputation. The skills, attitudes and longevity of their employees, organisational size suitable for their strategy and careful product and market alignment were also cited. Organisational weaknesses were again similar to phase one and related to the organisation’s inability to be flexible; financial constraints, skill shortages, ensuring employee performance and poor communication.  
- Opportunities were described almost identical to phase one organisations including for market growth, expanding niche markets, development of specialised products and procurement routes.  
- Threats to the organisation were numerous; discussion was focussed around the economy, interest rates and market changes and leading to strength of competition or inappropriate workload as well as the level of industry regulation paperwork.  
| Q2 | - Clear strategies were found in all of the organisations.  
- Organisations varied in their strategic Objectives and their strategic vision.  
- 4 of the organisations wanted to grow while 2 organisations wanted to remain the same size.  
- All of the organisations refer to added value, offering quality, service and selective clients as appropriate strategies.  
- No relationship between the organisation’s size and chosen strategy could be discerned.  
| Q3 | - The strategic management approaches of construction SMEs were varied in nature.  
- The organisations fell into three clear groups.  
  - Two organisations were highly formal and sophisticated in their strategic approaches.  
  - Two organisations had a mixed strategic approach adopting formal and informal methods.  
  - Two organisations followed a clearly informal strategic management approach with little formal documentation support their verbal strategy, communication and implementation.  

172
6.2.3 SHRM
This section outlines the results of the study in relation to the key issues of the core components of SHRM, decision making, training strategies, recruitment and selection strategies, employment relationships, the nature of SHRM approaches.

6.2.3.1 Core components of SHRM
Research question four (Q4) asks

"How do the core components of SHRM manifest themselves within Construction SMEs?"

In order to summarise the core components of SHRM within Construction SMEs, an individual SHRM summary for each organisation was undertaken and is presented in appendices E2, F2, G2, H2, I2, and J2. Each organisation was summarised in terms of their organisational culture and structure, their HRM management, leadership and policies and their people management strategies including their communication, policies, process and management.

Table 6.13 and 6.14 provides a cross case summary of the core components for the six organisations. Organisations A, B and C have highly formalised organisational structures whereas Organisations D, E, and F have simple informal ones.

Organisations A and B are very similar in their HR management and people management strategies, with highly formalised structures, policies and procedures and clearly communicated people management strategies. Organisations C and D also share some similarities, information sharing exists through formal and informal methods, employee suggestions and participation are encouraged informally although no employee
representatives exist and employees do not participate in business decisions. Structured annual appraisals, bonus and project appraisals are undertaken within both organisations. Organisations E and F again share some similarities; they have strong financial structures and split their HR role between the directors. All people management issues are managed informally by the directors and employees do not participate in business decisions and information sharing is informal in nature.

Table 6.13: Organisation A, B and C, cross case SHRM summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Culture and structure</th>
<th>HRM leadership and policies</th>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architectural design practice</td>
<td>Strong culture. Highly formalised organisational structure. Culture is evolving, positive image and facilities. Formalised financial structure, strategically important. Proactive regarding changes.</td>
<td>Clear roles and responsibilities. Dedicated HR Manager forms strategic link between Executive Board and Managers. People management shared between the Directors and HR Manager. Written human resource policy exists which is continually reviewed.</td>
<td>Formal systems and policies for all areas of the business. Clear communication of all people management strategies and policies. High level information sharing, employee participation and consultation. High level of support offered to employees through career structure, individual training assessments and personal, design and project appraisals.</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>Strong business driven culture. Highly formalised organisational structure. Evolving culture, recent cultural change. Formalised financial structure, goals within the 3 year business plan. Proactive regarding changes.</td>
<td>Clear roles and responsibilities. Dedicated HR Manager forms strategic link between the Executive Board and the Line Managers. SHRM policies are written by the Executive Board and HR Manager. 3 year HR plan and training policy exist.</td>
<td>High level of information sharing exists. Formal HR policies, and centralised information collection by HR department. Employees participate in writing the business plan. A close link exists between employee performance, pay and appraisal. Structured staff development exists and is linked to succession planning. High level of support offered to employees through weekly workload and resources review and individual training appraisals and career structure.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>Strong culture, highly contractual in nature. Formalised organisational structure. Culture linked to strong leadership. Strong financial structure, clear plan and no overdraft. Proactive for changes.</td>
<td>Clear roles and responsibilities. HR split between the Directors. No written HR policies. Informal HR policy which includes slow staff turnover rate, longevity of employee’s service, and continued training from apprentice level through the firm. Regular reviews of informal policies take place.</td>
<td>Level of information sharing depends on the level of the employees. HR policies exist for all areas of the organisation and a system for employee suggestions exists. Staff are supported by personal encouragement. Career structure exists although can be employee led. Strict discipline rules exist internally. A clear link between employee performance and pay and promotion exists.</td>
</tr>
</tbody>
</table>
Table 6.14: Organisation D, E and F, cross case SHRM summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Culture and structure</th>
<th>HRM leadership and policies</th>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Strong culture. Simple organisational structure. ‘Hands on’ management style. Planning is reactive to secured workload.</td>
<td>Clear roles and responsibilities. HR split between the Directors and the Training Manager. No written HR policies exist apart from training. Unwritten HR policies exist for all areas of employee relations. Workload and resource planning is verbal on a day-to-day basis, sometimes reactive in nature.</td>
<td>Information sharing exists through formal and informal methods, no employee representatives exist. Employee suggestions and participation are encouraged informally. Employees do not participate in business decisions. Structured annual appraisals, bonus and project appraisals. Career structure is manifested through training and development. Annual training needs analysis exists.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Strong culture developed over time. Compact, informal organisational structure. Strong financial structure, no overdraft. Proactive regarding changes.</td>
<td>Clear roles and responsibilities. HR shared between the two Directors and the Company Secretary. No written policies. Plans are reviewed on a daily basis by chatting. HR plan considers next 3 to 5 years. Corporate philosophy is to treat staff with respect.</td>
<td>Information sharing is informal and ongoing in nature. Employees do not participate in business decisions, employee suggestions are rarely used and no employee representatives exist. All people management issues are managed informally by the directors. Training assessments are responsive to the needs of individuals and legislation. Employee training is generally vocational and all assessments and appraisals are verbal.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Strong culture. Compact informal organisational structure. Flexible organisation. Strong financial structure with land banks. Organisational change can be reactive to workload.</td>
<td>Clear roles and responsibilities exist. No dedicated HR staff. No written HR policies. HR role split between the Directors and the Company Secretary. Philosophy is to treat staff members as human beings.</td>
<td>Information sharing occurs at senior management level only. Employee participation is not proactive although employee suggestions are encouraged. Clear verbal HR policies exist and people management issues are dealt with generally informally. Employee careers develop naturally, no formal staff development plan.</td>
</tr>
</tbody>
</table>

175
6.2.3.2 Decision making

Research question five (Q5) asks:

"Does the SHRM's style and level of control in decision making depend upon the size of the organisation?"

In order to summarise the SHRM's style and level of control within construction SMEs Table 6.15 provides a cross case summary of the SHRM decision making process in terms of their level of control, strategic management responsibility and SHRM process. Organisations A and B indicated that control was typically devolved to the board of directors with HR manager and line manager input. Organisations C and D differed; members of the senior management team had decision making responsibilities and organisational control. Within Organisations E and F decision-making and organisational control rested entirely with the owner-managers.
### Table 6.15: Organisational case study decision making summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Size of organisation</th>
<th>Level of control</th>
<th>SHRM decision maker</th>
<th>SHRM process</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>70 Employees. £3 million turnover.</td>
<td>Clear levels of management. Board of directors, HR manager and line manager input.</td>
<td>MD in consultation with HR manager and employee consultation.</td>
<td>Formal structure and policies supported by more informal methods. Regular information sharing meetings.</td>
</tr>
<tr>
<td>B Project management</td>
<td>75 Employees. £8 million turnover.</td>
<td>Clear levels of management. Board of directors, HR manager and line manager input.</td>
<td>MD in consultation with HR manager and employee consultation.</td>
<td>Formal structure and policies supported by more informal methods. Regular information sharing meetings.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>40 Employees. £10 million turnover.</td>
<td>Family run business, husband, wife and son.</td>
<td>MD (husband) and wife.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature.</td>
</tr>
<tr>
<td>D Civil and building contractor</td>
<td>25 Employees. £5 million turnover.</td>
<td>Family run business, father, son and daughter.</td>
<td>Father and son only.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>10 Employees. £1 million turnover.</td>
<td>Family run business. Two brothers have complete control.</td>
<td>Brothers only.</td>
<td>Highly informal in nature. Reactive process.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>18 Employees. £4 million turnover.</td>
<td>Family run business, father and two sons.</td>
<td>Father only.</td>
<td>Highly informal in nature. Reactive process.</td>
</tr>
</tbody>
</table>
6.2.3.3 Training strategies

In order to answer research question six (Q6):

"Do construction SMEs have a training culture linked to the provision of formal training?"

A number of issues were discussed including; the types of training undertaken, the plans and policies that exist, the training budgets and decision making process and the process of assessing training needs within the organisation.

Table 6.16 outlines the key issues across the organisations indicating clear similarities between the larger organisations (A and B) and the smaller organisations E and F. Organisations C and D also showed some similarities with a mixed approach although organisation D had a dedicated and formal approach to training and development.

It is clear from the summary that some construction SMEs have a training culture linked to the provision of formal training. This is demonstrated within Organisations A and B. Formal training plans and staff development processes existed within both of these organisations. They provide employees support to facilitate their training including financial and time support. Both organisations offer formal training to their employees as well as a wide variety of informal training methods also.

Not all Construction SMEs exhibit a culture linked to the provision of formal training, Organisations C and D operate a mixed approach to their training and development, indicating areas of formality as well as areas of informality. In contrast Organisations E and F do not exhibit a culture linked to the provision of formal training, they are reactive to needs and legislation
and have informal processes for assessing training needs and a large proportion of their training occurs ‘on the job’ supported by formal routes.

Table 6.16: Organisational case study training and development summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Types of training</th>
<th>Training plans, policies and budgets</th>
<th>Staff development planning</th>
<th>Assessment of needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>A mixture of formal and informal methods is used. Provides financial and time to support staff training.</td>
<td>Formal training plans. Annual and generic in nature. Job related and then tailored to individual needs. No training budget.</td>
<td>Formal staff development plans and policies linked to succession planning. This process occurs from top to bottom within the organisation.</td>
<td>Two way process. Formal, proactive assessment.</td>
</tr>
<tr>
<td>B Project management</td>
<td>A mixture of formal and informal methods is used. Provides financial and time to support staff training.</td>
<td>Formal training plans. Annual and generic in nature. Job related and then tailored to individual needs. No training budget.</td>
<td>Formal staff development plans and policies linked to succession planning. This process occurs from top to bottom within the organisation.</td>
<td>Two way process. Formal, proactive assessment.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>A mixture of formal and informal methods is used. Provides financial and time to support staff training.</td>
<td>Verbal training plans. Annual and generic in nature. Job related and then tailored to individual needs. No training budget.</td>
<td>No formal plans exist. The process is verbal and is ongoing in nature.</td>
<td>Two way process. Formal, proactive assessment.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Generally practical in nature, often vocational. On the job training is commonplace supplemented by formal training and updates.</td>
<td>Formal training plans. Ensures that every individual had an agreed training plan. No training budget.</td>
<td>No formal plans exist. The process is verbal and is ongoing in nature.</td>
<td>Senior management led. Formal, proactive assessment.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Generally practical in nature, often vocational. On the job training is commonplace, supplemented by formal training and updates.</td>
<td>Verbal training plans. Job related and then tailored to individual needs. No training budget.</td>
<td>No formal plans exist. The process is verbal and is ongoing in nature.</td>
<td>Senior management led and responsive to employee needs. Informal format.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Generally practical in nature, often vocational. On the job training is commonplace, supplemented by formal training and updates.</td>
<td>Verbal training plans. Job related and then tailored to individual needs. No training budget.</td>
<td>No formal staff development plan or policy exists.</td>
<td>Senior management led and responsive to employee needs. Informal format.</td>
</tr>
</tbody>
</table>
6.2.3.4 Recruitment and selection strategies

In order to answer research question seven (Q7)

"Within construction SMES is there a link between firm size and the recruitment and selection processes applied?"

A number of issues were discussed including; the types of recruitment methods undertaken, the selection process and the decision making process within the organisation.

Table 6.17 outlines the key issues across the organisations indicating that all of the organisations irrespective of size used a wide variety of recruitment methods within their organisations indicating no significant link between the firm size and the recruitment process. Whereas clear similarities exist between the larger organisations (A and B) that operate more formalised selection processes than the other organisations. Organisations C, D, E and F also showed some similarities with an informal interview process and decision making process controlled by the owner managers. This partially supports research question seven (Q7) indicating a significant link between the firm size and the selection process used.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Size of organisation</th>
<th>Recruitment methods</th>
<th>Selection process</th>
<th>Decision making responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>70 Employees. £3 million turnover.</td>
<td>Generally advertisements. Junior positions through 'connexions'. Specialist positions through agencies, journals, degree shows, etc. Other methods include recommendation and promotion from within.</td>
<td>Line managers prepare short list for interview. Process includes: formal panel interview, tour of the organisation, meet and greet the team.</td>
<td>Panel decision made by MD and line managers, supported by HR manager.</td>
</tr>
<tr>
<td>B Project management</td>
<td>75 Employees. £8 million turnover.</td>
<td>Variety of methods; Head hunting, advertising, newspapers, technical journals, agencies. Word and mouth is a preferred route due to the specific skills needed and a tight knit industry.</td>
<td>HR and line managers prepare shortlist for interview. Formal interview panel and tour of the organisation.</td>
<td>Panel decision. Line manager input. HR manager undertakes process.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>40 Employees. £10 million turnover.</td>
<td>A number of recruitment methods were used. Often word and mouth as well as recruitment for site staff through training board arrangements. Promotion occurs from within the organisation.</td>
<td>Informal interview. Tour of the organisation.</td>
<td>Line manager input. MD (husband) and wife undertake the process.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>25 Employees. £5 million turnover.</td>
<td>Methods include: word and mouth, recommendation, advertising and promotion from within the organisation.</td>
<td>Informal interview. Tour of the organisation.</td>
<td>Father and son and undertake the process.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>10 Employees. £1 million turnover.</td>
<td>Generally word and mouth and recommendation. Part time employees via labour agencies. Then use of 'connect'. Finally traditional advertising methods.</td>
<td>Informal interview with both directors. Tour of the organisation. Meet and greet the team.</td>
<td>Informal discussion between the directors and consultation with the team.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>18 Employees. £4 million turnover.</td>
<td>Variety of methods; temporary office staff through agencies, subcontract site staff, word and mouth and promotion from within are commonplace.</td>
<td>Informal interview with one of the directors.</td>
<td>Informal discussion between the directors.</td>
</tr>
</tbody>
</table>
6.2.3.5 Employment relations

In order to answer research question eight (Q8)

"Does informality characterise construction SMEs' employment relations?"

A number of key issues regarding employee relations were discussed: the types of policies; methods of communicating policies; and the involvement of employees in business decision making. The organisations also considered the methods used to: maintain employee relations; ensure discipline; consult and participate with employees; and the prevalence of employee representation was examined. Table 6.18 outlines the key issues across the organisations regarding the management of grievance; disciplinary and health and safety issues.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Grievance issues</th>
<th>Disciplinary issues</th>
<th>Health and safety issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>Formal policy and process exists. Only one official grievance has occurred. Grievances can be dealt with at all levels. Issues are dealt with via discussion.</td>
<td>Formal policy and process exist. Informal discipline issues are dealt with at a local level by line managers. Formal discipline is conducted via HR.</td>
<td>Process for dealing with issues depends on the level of issues. Health and Safety have a dedicated full time Q.A. person responsible to support employees.</td>
</tr>
<tr>
<td>B Project management</td>
<td>Formal policy and process exists as part of the terms and conditions of employment. Most things are dealt with informally.</td>
<td>Formal policy and process exists as part of the terms and conditions of employment. If the issues can't be managed and agreed informally then the formal policy can be invoked. Formal policy only used twice in 18 years. Most things are dealt with informally.</td>
<td>Process for dealing with issues depends on the level of issues. Very disciplined about Health and Safety issues and their importance.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>Chat to employees informally. Open door policy exists. Employee is asked how they would like the issue resolved.</td>
<td>Issues are dealt with instantly. Very strong rules exist in the business and are communicated to employees, e.g. clean desk policy.</td>
<td>Very disciplined including minor issues. Office and sites are examined by external source, monthly safety meeting held with Director and contracts managers.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Issues tend to be financial or about personalities. Process used to deal with the issues depends on the situation.</td>
<td>Minor issues are dealt with on site. Major issues are dealt with by Directors. Process can be verbal, written or dismissal, it depends on situation Generally issues are dealt with informally.</td>
<td>An appointed safety officer undertakes audits, prepares general safety policy and completes tool box talks. Implementation of safety is led by site management team.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Issues are dealt with straight away. The employee would go to Director and resolve the issue informally.</td>
<td>Few problems exist. If there was a problem it would deal with generally informally via a chat.</td>
<td>Safety is very important, directors take it seriously. Everyone is made aware of health and safety.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Generally often done by informal chat and dealt with quickly. Employee would go to director, explain the issue informally. Employee can approach it in writing, and have a more formal chat.</td>
<td>Has to be assessed depending on the level of the problem. On site Director will informally interview, information can be logged at the office, letters can be sent out and more formal interviews where required. Issues are generally dealt with via talking to employees.</td>
<td>An external specialist company is employed to conduct random monthly site inspections and prepare reports. These findings are put into place. Issues are dealt with severely.</td>
</tr>
</tbody>
</table>
The techniques used to resolve grievances varied. The organisations have found that it is essential to listen to the grievance properly, and to address it promptly. The techniques used for airing grievances will often depend upon the perceived severity of the issue. Depending on their nature, grievances are addressed at an appropriate level of organisation management. Two of the larger organisations have clear written policies regarding grievances and although these policies exist, official grievances seldom arise. These organisations adopted a management style which initially addressed grievances informally and only escalating them via formal mechanisms if necessary.

The organisations exhibited clear rules regarding disciplinary issues. Organisations A and B have much more structured systems and specific discipline and grievance policies. Disciplinary issues can be escalated through three levels. All organisations tried to initially resolve issues informally by chatting with the employee(s) concerned, either on site or at the head office. Formal discipline in the form of verbal or written warnings is administered by senior management. The most serious situations can lead to dismissal, although all organisations quote very low rates of staff turnover and infrequent dismissals or use of formal disciplinary measures. One of the smaller organisations favours the informal approach to discipline as it suits the structure of the business.

All organisations consider health and safety issues to be of importance to them. They all articulated a stricter regime of discipline regarding health and safety in comparison with their attitudes to grievance and discipline in general. All organisations had individual employees or external advisors who conducted audits and prepared reports concerning health and safety issues. Organisations considered promoting health and safety awareness was important to their businesses. They support this by referring to the high level of specific health and safety training undertaken within the business.
Table 6.19 outlines the key issues across the organisations regarding the day to day management of employment relations; and how organisations maintain their employee relations.

### Table 6.19: Organisational case study maintaining employment relations summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Day to day management</th>
<th>Maintain employee relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>Dealt with by HR managers including informal counselling. Line managers deal with employee relations on day to day basis. Issues are then raised with Director or HR. Largely an informal process unless it is something serious.</td>
<td>Staff are supported by giving them the opportunities and the technical and emotional support needed to carry out the issue. Try to resolve the mistake not dwell on it. It is about good communication. Policies and processes are formal and informal. Clearly communicated via HR manager.</td>
</tr>
<tr>
<td>B Project management</td>
<td>Largely informal process. Dealt with by line manager on day to day basis with support from HR manager and Director when needed.</td>
<td>Staff are supported by trying to ensure they have the right resources to do the job. Done formally and informally, e.g. formal process includes looking at workload and resources each week. Policies and processes are clearly communicated via HR manager or Director.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>Divided between the three Directors. Process is quite informal in nature.</td>
<td>Policies and processes were often informal and clearly communicated. MD. Employees are encouraged through offering respect, effective communication, and early resolution of any issues, encouragement and support.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>No one person has the responsibility. Different levels exist depending on the severity of the issue. Either dealt with by the Director or the site managers. Generally dealt with by informal chat on day to day basis.</td>
<td>Policies and processes were often informal and clearly communicated via the Directors.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Reactive process based on employee’s verbal communication of the issues. Issues are dealt with by two Directors and company secretary. Mainly informal process.</td>
<td>Policies and processes were often informal and clearly communicated via the directors. Good relationships with employees exist, developed through respect.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>MD deals with day to day employee relations. Initially informal depending on the level of the problem. Directors in the company discuss the issues periodically.</td>
<td>Policies and processes were often informal and clearly communicated via MD. MD’s prepare lists of what we expect employees to do and order of work. If employees use their initiative and work is done in another way then it’s discussed to see if idea can be taken on board for the future.</td>
</tr>
</tbody>
</table>

Within the organisations grievance, dismissal and other related policies were in place. Policies and processes were often informal and clearly
communicated via human resources specialist or strategic manager. Employee relations were dealt with generally informally even when formal policies existed; the management styles give many employees a feeling of confidence and fair practice. Who will be selected within the organisation to deal with employee relations will relate to the perception of the seriousness of the issue. Matters considered to be more serious are dealt with mainly by Directors and on some occasions by senior managers. Lower level issues and day to day concerns and relationships are dealt with by line managers.

Organisations were examined to establish how they maintained their employee relations. It was clear from the discussion that a single person is not responsible for this management function alone. The individual given the responsibility for the management role of each situation will vary depending upon the perceived level of seriousness of each issue. Matters considered serious in nature are dealt with by Directors and senior managers. Issues and employee relations considered by the strategy makers as of lower importance are dealt with by line managers within the organisations. Regardless of the level of management dealing with the issue, it is typically resolved informally. Strategy managers within the organisations commented that for the effective management of employee relations to occur the organisation must encourage employees through offering respect, effective communication, and early resolution of any issues, encouragement and support.

Table 6.20 outlines the key issues across the organisations regarding the levels of employee consultation; participation and representation.
Table 6.20: Organisational case study employee consultation, participation and representation summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Consultation and participation</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architects practice</td>
<td>Employee consultation group. Environmental accreditation group. Induction activities promote participation. Employees are encouraged to attend workshops.</td>
<td>Formal employee representative, committee group and normal management structure. Trade unions are not recognised.</td>
</tr>
<tr>
<td>B Project management</td>
<td>Team briefings are an opportunity for employee consultation and participation.</td>
<td>No formal employee representatives, due to lack of employee interest. Any issues are discussed with all employees. Trade unions are recognised, some employees are still members.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical</td>
<td>Management meetings. Personal encouragement. Project knowledge for employees allows them to do their job and encourages an interest in the business.</td>
<td>No formal employee representatives, heads of departments have some responsibility for junior members of staff. Trade union membership is encouraged on site, but generally employees are not members.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Company magazine. Group management meetings. Directors meetings. Encouraging contribution relates to money, a bonus scheme is in existence.</td>
<td>No formal employee representatives. Employees are members of trade unions, pay rates are above the national average.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>No direct employee participation or consultation occurs.</td>
<td>No formal employee representatives exist, all employees are treated equally. No trade union involvement.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Open meetings are held to disseminate information and collect opinion. Nothing is done to encourage employees to take an interest in the business.</td>
<td>No formal employee representatives. Trade union involvement has disappeared.</td>
</tr>
</tbody>
</table>

The techniques utilised for employee consultation and representative participation are varied. Techniques were a high level participation via consultative committee; participation via management meetings; and
organisation newsletters. Two of the smaller organisations, (E and F) however, undertook no employee participation at all, strategy makers of these organisations suggested that based upon discussions with their employees, in general, employees in their experience have no interest in participation.

All except one of the SMEs had no formal employee representatives for gathering workforce issues. Despite this, employee representation through trade union involvement was minimal. Two organisations have employees who are members of unions, although union activity has reduced over the past decade. The remainder of the organisations had no contact with trade unions. Three organisations (B, D, and E) explained that the lack of employee representation generally was not due to the fact that organisations would not negotiate and was due more to the lack of employee interest in this function. Strategy makers of the organisations felt that this suggests a level of apathy on the part of employees.

6.2.3.6 The nature of SHRM approaches
In order to answer research question nine (Q9)

"Are the SHRM approaches of construction SMEs generally informal in nature?"

A number of issues were discussed including; the types of recruitment methods undertaken, the selection process and the decision making process within the organisation. Table 6.21 and Table 6.22 outline the key issues across the organisations indicating clear similarities between Organisations A and B who have formal structures for their SHRM approaches. Whereas Organisations C and D use a mixture of formal and informal approaches to SHRM. Similarities also exist between Organisations E and F who have only informal approaches to SHRM.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>People management strategies</th>
<th>Decision making processes</th>
<th>Training and development</th>
<th>Recruitment and selection</th>
<th>Employee relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Architects practice</td>
<td>Formal policies and procedures exist for grievances and discipline.</td>
<td>Formal policies and procedures exist for grievances and discipline.</td>
<td>Formal policies and procedures exist for grievances and discipline.</td>
<td>Formal policies and procedures exist for grievances and discipline.</td>
<td>Formal policies and procedures exist for grievances and discipline.</td>
</tr>
<tr>
<td>B: Project management</td>
<td>Formal HR policies and procedures exist.</td>
<td>Formal HR policies and procedures exist.</td>
<td>Formal HR policies and procedures exist.</td>
<td>Formal HR policies and procedures exist.</td>
<td>Formal HR policies and procedures exist.</td>
</tr>
<tr>
<td>C: Specialist mechanical engineering and electrical engineering</td>
<td>Limited formal structure.</td>
<td>Limited formal structure.</td>
<td>Limited formal structure.</td>
<td>Limited formal structure.</td>
<td>Limited formal structure.</td>
</tr>
</tbody>
</table>

Day-to-day management of employee relations is dealt with by the managers. It is widely an informal process unless it is widespread including a consultation group, environmental accreditation group, reduction activities promote participation and employee relations is encouraged to attend workshops.

Formal policies and procedures exist for grievances and discipline as part of the terms and conditions of employment. If the issues can't be managed and agreed informally then the formal policy can be involved.

Day-to-day management of employee relations includes team briefings and an opportunity to participate in writing the business plan.

Formal policies and procedures exist for grievances and discipline. Open door policy exists. Employee is asked how they would like the issue resolved.

Very strong rules exist in the business and are communicated to employees, e.g.

Employee consultation and participation includes management meetings and personal encouragement.

Day-to-day management of employee relations is dealt with in a very disciplined way. An external specialist offers regular inspections and advice.

Employee consultation and participation includes management meetings and personal encouragement.
### Table 6.22: Organisations, D, E and F SHRM approaches summary

<table>
<thead>
<tr>
<th>Organisation</th>
<th>People management strategies</th>
<th>Decision making processes</th>
<th>Training and development</th>
<th>Recruitment and selection</th>
<th>Employee relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Information sharing exists through formal and informal methods, no employee representatives exist. Employee suggestions and participation are encouraged informally. Employees do not participate in business decisions. Structured annual appraisals, bonus and project appraisals. Career structure is manifested through training and development. Annual training needs analysis exists.</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature.</td>
<td>Generally practical in nature, often vocational. On the job training is commonplace, supplemented by formal training and updates. Formal training plans exist. No training budget.</td>
<td>Recruitment occurs through word and mouth, recommendation and advertising from within the organisation. Selection process includes an informal interview and a tour of the organisation.</td>
<td>Grievance issues tend to be financial or about personalities. The process used to deal with the issues depends on the situation. Minor discipline issues are dealt with on site, whereas major issues are dealt with by Directors. Generally employee relations issues are dealt with informally. Health and safety issues are dealt with through an appointed safety officer who undertakes audits, prepares general safety policy and completes tool box talks. Implementation of safety is led by site management team. Day to day management of employee relations is dealt with by an informal chat. Employee consultation and participation includes: company magazine, group management meetings, directors meetings. Encouraging contribution relates to remuneration, a bonus scheme is in existence.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Information sharing is informal and ongoing in nature. Employees do not participate in business decisions, employee suggestions are rarely used and no employee representatives exist. All people management issues are managed informally by the directors.</td>
<td>Highly informal in nature and a reactive process.</td>
<td>Generally practical in nature, often vocational. On the job training is commonplace, supplemented by formal training and updates. No formal plans exist. No training budget.</td>
<td>Recruitment generally word and mouth and recommendation. Some use of labour agencies, 'connect' and advertising. Selection process includes informal interview with both directors, tour of the organisation and meeting the team.</td>
<td>Grievance issues are dealt with straight away. The employee would go to Director and resolve the issue informally. Discipline issues are infrequent, if there was a problem it would deal with generally informally via a chat. Health and safety is very important to the organisation, Directors take it seriously. Everyone is made aware of the importance of health and safety. Day to day management is a reactive process based on employee's verbal communication of the issues. Issues are dealt with by two Directors and Company Secretary often informally. No direct employee participation or consultation occurs.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Information sharing occurs at senior management level only. Employee participation is not proactive although employee suggestions are encouraged. Clear verbal HR policies exist and people management issues are dealt with generally informally. Employee careers develop naturally, no formal staff development plan.</td>
<td>Highly informal in nature and a reactive process.</td>
<td>Generally practical in nature, often vocational. On the job training is commonplace, supplemented by formal training and updates. No formal staff development plan/policy exist. No training budget.</td>
<td>Recruitment occurs through a variety of methods; temporary office staff through agencies, subcontract site staff, word and mouth and promotion from within the organisation are commonplace. The selection process includes an informal interview with one of the Directors.</td>
<td>Grievance issues are generally dealt with quickly through an informal chat. Employee would go to Director, explain the issue informally or employee can approach it in writing, and have a more formal chat. Discipline is dealt with depending on the level of the problem. On site Director will informally interview, information can be logged at the office, letters can be sent out and more formal interviews where required. Issues are generally dealt with via talking to employees. An external specialist company is employed to conduct random monthly Health and Safety site inspections and prepare reports. These findings are put into place. Day to day management is initially Informal depending on the level of the problem. Employee consultation and participation includes open meetings are held to disseminate information and collect opinion. Nothing is done to encourage employees to take an interest in the business.</td>
</tr>
</tbody>
</table>
6.2.3.7 SHRM summary

Research Objective B is:

*To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.*

Construction SMEs do undertake SHRM, the types of strategies employed are wide ranging in nature and implementation of their strategies is often informal in nature and led by the strategic decision makers. Research questions Q4, Q5, Q6, Q7, Q8 and Q9 explored these issues in more detail.

Research question four (Q4) asked:

"How do the core components of SHRM manifest themselves within construction SMEs?"

The core components of SHRM manifest themselves differently within construction SMEs. Similarities exist between the core components of SHRM within the larger and smaller organisations.

Organisations A and B have highly formalised structures, policies and procedures and clearly communicated people management strategies. Organisations C and D have a mixture of formal and informal parts to each component of their SHRM. Information sharing exists through formal and informal methods, employee suggestions and participation are encouraged informally although no employee representatives exist and employees do not participate in business decisions. Structured annual appraisals, bonus and project appraisals are undertaken within both organisations. Organisations E and F are generally informal in all their core components of SHRM. Each organisation is managed informally and split their HR role
between the Directors. Employees do not participate in business decisions and information sharing is informal in nature.

Research question five (Q5) asked:

"Does the SHRM’s style and level of control in decision making depend upon the size of the organisation?"

A relationship between the SHRM’s style and level of control in decision making does exist within the case study organisations. The two larger organisations (A and B) indicated that control was typically devolved to the board of Directors with HR manager and line manager input. Organisations C and D differed; members of the senior management team had decision making responsibilities and organisational control. In contrast within the two smaller organisations, (E and F) decision-making and organisational control rested entirely with their owner-managers.

Research question six (Q6) asked:

"Do construction SMEs have a training culture linked to the provision of formal training?"

It is clear from the summary that some construction SMEs have training cultures linked to the provision of formal training. This is demonstrated within the two larger organisations (A and B) that have highly formalised processes, policies and clear management. Whereas Organisations C and D, operate a mixed approach to their training and development, indicating areas of formality as well as areas of informality. In contrast, Organisations E and
F do not exhibit a culture linked to the provision of formal training, they are reactive and highly informal in their approach to training.

Research question seven (Q7) asked:

"Within construction SMES is there a link between firm size and the recruitment and selection processes applied?"

This was partially supported, indicating a significant link between the firm size and the selection process used; the larger organisations used very similar and more formalised selection processes including formal interview panels; although no significant link between the firm size and the recruitment method was observed as all of the organisations used a wide variety of recruitment methods.

Research question eight (Q8) asked:

"Does informality characterise construction SMES' employment relations?"

The level of informality characterised within construction SMESs' employment relations varied across the organisations and within the organisations depending on the individual employee relations issues.

Grievance, dismissal and other related policies were in place within the organisations. Policies and processes were often informal and clearly communicated via human resources specialist or strategic managers. Employee relations were generally dealt with informally even when formal
policies existed; the management styles provided many employees with a feeling of confidence and fair practice.

The techniques used to resolve grievances varied. The organisations have found that it is essential to listen to the grievance properly, and to address it promptly. The techniques used for airing grievances will often depend upon the perceived severity of the issue. All organisations adopted a management style which initially addressed grievances informally and only escalating them via formal mechanisms if necessary and was generally rare.

The organisations exhibited clear rules regarding disciplinary issues. Organisations A and B have much more structured systems and specific discipline and grievance policies. All organisations tried to initially resolve issues informally by chatting with the employee(s) concerned, either on site or at the head office. All organisations quote very low rates of staff turnover and infrequent dismissals or use of formal disciplinary measures.

All organisations dealt with health and safety issues in a formal manner. They all articulated a stricter regime of discipline regarding health and safety in comparison with their attitudes to grievance and discipline in general including external advisors, high levels of training and promotion of health and safety issues.

Employee consultation and representative participation are varied across the organisations. Techniques used by four of the largest organisations were formal in nature and included participation via consultative committee; participation via management meetings; and organisation newsletters. Two of the smaller organisations, (E and F) however, undertook no employee participation at all and the gathering of workforce issues was informal within all except one.
Research question nine (Q9) asked:

"Are the SHRM approaches of construction SMEs generally informal in nature?"

This was partially supported; two organisations demonstrated generally informal approaches to SHRM. In contrast, two organisations indicated generally formal approaches to SHRM; the final two organisations confirmed a mixed approach to SHRM involving both formal and informal methods. Table 6.23 summarises the key findings from phase two: SHRM of the study.
### Table 6.23 Key findings from phase two: SHRM of the study

<table>
<thead>
<tr>
<th>Research question</th>
<th>Key findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>The core components of SHRM manifest themselves differently within Construction SMEs. Similarities exist between the core components of SHRM within the larger and smaller organisations. Organisations A and B have highly formalised structures, policies and procedures and clearly communicated people management strategies. Organisations C and D have a mixture of formal and informal parts to each component of their SHRM. Organisations E and F are generally informal in all their core components of SHRM. Each organisation is managed informally and split their HR role between the Directors.</td>
</tr>
<tr>
<td>Q5</td>
<td>A relationship between the SHRM's style and level of control in decision making does exist within the case study organisations. The two larger organisations (A and B) indicated that control was typically devolved to the board of Directors with HR manager and line manager input. Organisations C and D differed; members of the senior management team had decision making responsibilities and organisational control. The two smaller organisations, (E and F) decision-making and organisational control rested entirely with their owner-managers.</td>
</tr>
<tr>
<td>Q6</td>
<td>Some Construction SMEs have a training culture linked to the provision of formal training. The two larger organisations (A and B) that have highly formalised processes, policies and clear management. Organisations C and D, operate a mixed approach to their training and development, indicating areas of formality as well as areas of informality. Organisations E and F do not exhibit a culture linked to the provision of formal training, they are reactive and highly informal in their approach to training.</td>
</tr>
<tr>
<td>Q7</td>
<td>This was partially supported, indicating a significant link between the firm size and the selection process used; the larger organisations used very similar and more formalised Section processes including formal interview panels. No significant link between the firm size and the recruitment method existed as all of the organisations used a wide variety of recruitment methods.</td>
</tr>
<tr>
<td>Q8</td>
<td>The level of informality characterised within Construction SMEs' employment relations varied across the organisations and within the organisations depending on the individual employee relations issues. Employee relations were dealt with generally informally even when formal policies existed; the management styles gave many employees a feeling of confidence and fair practice. All organisations adopted a management style which initially addressed grievances informally and only escalating them via formal mechanisms if necessary and generally rare. All organisations quote very low rates of staff turnover and infrequent dismissals. All organisations dealt with health and safety issues in a formal manner. Employee consultation and representative participation are varied across the organisations. The four of the largest organisations used techniques that were formal in nature. Two of the smaller organisations, used informal techniques.</td>
</tr>
<tr>
<td>Q9</td>
<td>This research question was partially supported. Two organisations demonstrated generally informal approaches to SHRM. In contrast two organisations indicated generally formal approaches to SHRM; the final two organisations confirmed a mixed approach to SHRM involving both formal and informal methods.</td>
</tr>
</tbody>
</table>
The next section outlines the research results in relation to the SHRM approaches and their link to organisational goals.

6.2.4 **SHRM approaches and their link to organisational goals**

Research Objectives C is:

> Examine the relationship between the different SHRM approaches, and the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive.

The above relationships were examined across a number of levels. Comparative review of all the organisations allowed conclusions to be drawn across the case studies, while individual examination of each case study organisation in turn determined the alignment within their individual strategy, within their individual SHRM approaches and the extent of alignment between their organisational strategy and SHRM. This comprehensive review allowed areas of compatibility and conflict to be identified.

6.2.4.1 **Integration of SHRM in the business strategy**

Research question ten (Q10) asked:

> "Is HRM integrated in the business strategies of construction SMEs?"

Organisations were examined regarding the integration of their SHRM and their business strategy to identify the level of integration. The observed organisations were found to clearly believe that their business strategy and SHRM were strongly linked and that strategic organisational development would not be possible without this link. Reasons suggested for this included that people define the organisation and the organisation’s strategy, and the
management of the people within the organisation is critically linked to organisational success.

"Yeah, because I think ultimately our ambitions are formed by the type of people we are and the company and the way we run the company is formed by those same sort of ideologies if you like".

Organisations felt that people management was strategic in nature and that they felt a clear relationship exists between an organisation's objectives and the way in which it manages its people.

"I think so... I think it relies on the charisma and strengths of the people running that practice".

All of the organisations felt that their people add value to the business as they are a fundamental element to the business and its success. Reasons suggested for this include that the organisations are dependant upon their people for the relationships, behaviour, skills and competence of their employees for competitive advantage.

"People well yeah the business is nobody without the people in the sense that everybody adds a value".

All the organisations felt that the organisation's philosophy is applied to both business strategy and SHRM. Although the same processes for the business strategy and SHRM may not necessarily apply.

"I think at the moment the way we manage our people and the vision for the company seem to harmonise".

"I say this is the shape of the business and it's in three parts at the moment...Its cascades down rather than dealt with in same way etc. individuals are the second part of the business".
When examining the management perspective regarding the ease of matching the business strategy and the SHRM, a divide was observed within the organisations regardless of their size. Four organisations felt that matching business strategy with SHRM was a difficult process. One cause of this was stated to be difficulties encountered in communicating the strategy to employees, which was sometimes the prior career and background of employees. An alternative cause was suggested to be the need for organisations to react to their available workload and consequent inability to plan in advance regarding people management issues before this workload has been established.

Two organisations thought that, on the whole, the matching of business strategy with SHRM is not difficult, except for individual cases where changes in the business strategy may be difficult for employees to accept. This is explained by the suggestion that people management is an element of the business strategy and a clear goal is to ensure people's enjoyment and reward. However, if the employees fail to embrace the business strategy they often do not embrace the people management processes either.

Organisations clearly believe that a strong link between their business strategy and SHRM exists and that without this link it would be impossible for the organisation to progress strategically. All organisations felt that the same philosophy is applied to the strategy and SHRM although they do not necessarily adopt the same rules. This is central to SHRM in that organisations' effectiveness largely depends on their efficient use of human resources.

This relationship was examined further by investigating the level of integration between the business strategy and SHRM approach. Table 6.24 summarises the organisation's SHRM approach, its business strategy, and the strategic link between the SHRM approach and the business strategy and the scope of improvements was then examined within the analysis.
Table 6.24: The differing strategic approaches and their relationship within individual organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>SHRM approach</th>
<th>Business strategy</th>
<th>Strategic link between approaches</th>
<th>Scope of improvements possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architectural design practice</td>
<td>Highly formalised</td>
<td>Highly formalised</td>
<td>Clear link</td>
<td>Limited minor improvements possible to SHRM approach, business strategy approach and strategic link between the two areas</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>Highly formalised</td>
<td>Highly formalised</td>
<td>Clear link</td>
<td>Limited minor improvements possible to SHRM approach, business strategy approach and strategic link between the two areas</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>Mixed approach (formal and informal)</td>
<td>Mixed approach (formal and informal)</td>
<td>Clear link in most areas</td>
<td>Minor improvements possible in a number of areas within the SHRM approach, business strategy approach and strategic link between the two areas</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Mixed approach (formal and informal)</td>
<td>Mixed approach (formal and informal)</td>
<td>Clear link in most areas</td>
<td>Minor improvements possible in a number of areas within the SHRM approach, business strategy approach and strategic link between the two areas</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Highly informal</td>
<td>Highly informal</td>
<td>Link in some areas is limited</td>
<td>Minor improvements possible in many areas within the SHRM approach, business strategy approach and strategic link between the two areas</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Highly informal</td>
<td>Highly informal</td>
<td>Link in some areas is limited</td>
<td>Minor improvements possible in many areas within the SHRM approach, business strategy approach and strategic link between the two areas</td>
</tr>
</tbody>
</table>

This comparison illustrates how individuals’ organisations needs and priorities differ, therefore, it is crucial that an organisation operate a system, which is capable of taking into account their specific individual needs and
preferences. The differences in approaches suggested extremely complex relationships within each organisation. When examining how effectively business strategy vision and mission are communicated within the organisation, Table 6.24 summarises the themes and two clear opinions emerged.

The four larger organisations (Organisations A, B, C and D) communicate their business strategy, vision and mission well, from the perspective of the strategy maker and the HR specialist interviewed. The information communicated is taken from the business plan and business framework although the language and communication method used is considered separately for the relevant employees and adapted as necessary. The smallest of the four largest organisations (Organisation D) varies its communication methods from structured senior management meetings to regular and often daily informal chats particularly with site operatives, this organisation believed that this method was more effective than structured meetings due to the size and structure of their organisation.

"... I think that's one of things we're good at, actually we make sure that staff know what's going on and in fact, from the directors, from above, I'd say that is that's a good point we've got".

In contrast, the two smaller organisations did not transparently communicate their business strategy to their employees, and was a clear area for improvement.

In order to gain more in-depth understanding an analysis of the relationship between strategic management and SHRM approaches areas of mismatch were undertaken. Table 6.25 summarises key issues regarding overall areas of mismatch within the strategic approaches, including the communication of strategy, communication of relationship between the strategy and SHRM and a variety of SHRM issues that vary from organisation to organisation. It also indicates lower levels of mismatch within the larger organisation.
<table>
<thead>
<tr>
<th>Organisation</th>
<th>Mismatch within the business strategy</th>
<th>Mismatch within SHRM</th>
<th>Mismatch between the business strategy and the SHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architectural design practice</td>
<td>Staff morale is less in comparison to that of direct competitors. Employee resourcing of projects is challenging.</td>
<td>Salary levels lacking as an incentive. Lack of formal succession planning.</td>
<td>Recruitment not in strategic plan. Human resources not directly linked to the business plan.</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>Future challenges include limited financial resources and market changes.</td>
<td>Training and succession planning policy is not reviewed annually. No formal flexible working arrangements, although all requests made to date have been met.</td>
<td>Day to day basis resourcing can be more reactive with contract staff.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>Vision and mission is only communicated to selected employees. The organisation is inflexible.</td>
<td>No written policies exist. Career structure can tend to be employee led. No succession planning. Informal monitoring of employee performance and flexible working policy. Employee participation limited to employees in management roles only. Strong discipline rules within the organisation conflict with informal management of employees relations. No specific training and development qualifications held by the organisation.</td>
<td>Organisation aims and goals are not always communicated to all employees.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Business strategy communication is limited. Organisational performance is not monitored against competitors. Future challenges include absence of required skills in labour market.</td>
<td>Employees do not participate in business decisions. Flexible working arrangements are negotiated with individual employees, as no formal mechanisms exist. Job descriptions are generic. Training and development appraisals occur at management level only. No formal staff development plan exists; SHRM planning is sometimes reactive in nature. No written HR policies exist.</td>
<td>Recruitment is not in the strategic plan. People management does not support the business strategy. No link between people management and future strategy.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Performance monitoring, customer feedback, financial resources, I.T. skills, and people management techniques are lacking.</td>
<td>Reactive culture. No written HR policies. Employee suggestions are generally not taken seriously. Generally, employees do not participate in business decisions. No specific job roles outlined for employees. No formal two way employee appraisal processes. No established employee career structure. Training is informal and responsive. No staff development plans or policies exist. No specific training and development qualifications held by the organisation.</td>
<td>The aims and goals are not communicated to employees. Business strategy is not effectively communicated.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Business performance comparison is not formally undertaken. Strategic management tools are not used.</td>
<td>Employee participation is not proactive and employees are not encouraged to take an interest the business. Strategic information sharing occurs at senior management level generally. No formal HR policy exists. No review of people management processes. People management issues are managed in a responsive nature. Employee performance is monitored visually on site; it is ongoing in nature with no timescales. No formal appraisals or career structure; careers have developed naturally. Flexible working arrangements are informally arranged and no formal policy exists.</td>
<td>Aims and goals are not transparent to employees. Employees do not participate in business decisions. No direct link between SHRM and strategy.</td>
</tr>
</tbody>
</table>
In addition to the areas of improvement derived from the mismatch analysis the organisations articulated a number of SHRM challenges facing them. Table 6.26 outlines the SHRM challenges discussed.

Table 6.26: Organisational case study key SHRM challenges

<table>
<thead>
<tr>
<th>Organisation</th>
<th>SHRM challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architectural design practice</td>
<td>Keeping all employees happy. Maintaining a positive atmosphere within the organisation, and remaining positive aspirations ‘forward thinking’ in a high pressured environment.</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>Age and profile of the organisations staff, people moving out of the industry, retiring and relocating.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>Ensuring that the organisation stays ahead of the technology race faced by its sector. Internally and externally to the organisation.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>A labour shortage indicated by a lack of qualified trades people and supervisors.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>A reduction in the number of people with practical skills available within the industry. The people remaining within the organisation therefore become more valuable. Monitoring industry legislation generally and subsequent training.</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Health &amp; safety requirements, employment law and insurances requirements.</td>
</tr>
</tbody>
</table>

All companies clearly articulated a variety of SHRM challenges for the future, within which themes also emerged regardless of organisation size. The theme of recruitment and retention of staff was raised including stimulating and maintaining staff morale. One organisation explained that they achieved this in part by paying higher than average remuneration. The second theme of skill shortages was raised; three companies discussed the issue of skill shortages for the industry and that this would have an impact upon their organisation. Strategy makers and HR specialists indicated concerns in relation to the changing age profile of the construction workforce as a whole. They noted that skilled labourers were clearly getting older, with most of their operative site staff approaching their 50s and 60s. The severe shortage of young trades’ people was therefore an issue of major
concern. Three organisations outlined the importance of recognising and valuing existing employees to counteract this problem. Legislation as a theme was also considered important, as three organisations discussed the issue of a large body of legislation that must be incorporated into their business operations and which must be continually updating to reflect its ongoing change. Both health and safety law and employment law were cited as key influences on the organisations. The final theme raised was competition, as a major challenge faced by the organisations was the need to stay ahead of their competition in terms of technology advances or business methods.

Overall, the case study findings indicated concerns regarding future markets in relation to the external challenges faced by all six organisations. All of these organisations predicted that the future will bring increasing difficulties in recruiting suitably qualified staff and clients will continue to become increasingly demanding.

By analysing the integration of each organisation's business strategy and their SHRM approach opportunities for improvement were identified. It was found that three key themes existed:

1. Improving the communication of business strategy to their employees;
2. Encouraging employee participation; and
3. Linking SHRM and the business strategy.

In addition to these generic areas of improvements, improvements were suggested for each of the organisations individually (Table 6.27).
Table 6.27: Key areas for organisational improvements

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Areas for improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architectural design practice</td>
<td>Improve staff morale and salary levels. Introduce succession planning. Link human resources and recruitment to the business strategy.</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>Improve financial resources. Introduce training and succession planning policy reviews. Introduce formal flexible working. Review resourcing strategy.</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>Transparent communication of vision, mission, and organisational goals. Establish written policies where appropriate. Introduce proactive career structure and succession planning, monitoring of employee performance and flexible working policy. Widen employee participation. Business rules and management style should compliment each other. Review staff development opportunities.</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Transparent communication of strategy. Undertake business performance comparison. Encourage employee participation in business decisions. Widen training and development appraisals and job descriptions. Formalise staff development plans, HR policies and flexible working arrangements. Link people management, recruitment and business strategy.</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Transparent communication of strategy. Improve cashflow, monitoring organisational performance, customer feedback and training in people management techniques. Encourage employee suggestions and employees participation in business decisions. Formalise training and staff development plans, appraisal system, career structure, specific job roles, and HR policies.</td>
</tr>
</tbody>
</table>

The analysis of the conflicts and compatibilities between the organisational strategy and SHRM function leads to the conclusion that organisations should ensure that their organisations SHRM approach links with their business strategy and that both functions are mutually supportive. This
requires a carefully balanced combination of organisational policies, procedures and initiatives to suit the organisational culture and structure.

6.2.4.2 SHRM as a support for the business strategy

Research question eleven (Q11) asked:

"Do the organisational structures and SHRM processes of construction SMEs support their business strategy?"

In order to answer this research question the relationship between the business strategy and the core components of structure, culture, leadership and people management strategies were reviewed.

Structure

Organisations felt that their structure suits and supports both their business strategy and their SHRM function. Strategic managers stated that their organisation's structure suited their competitive market. Organisations stated that the number of their employees and annual financial turnover was appropriate to their business strategy. Two of the smaller organisations stated that the structure is appropriate for the current level of work being undertaken and resources are added if the workload increases. All of the organisations felt that their management structures aid organisational accountability, effective communication, shared responsibility and teamwork. Some organisations also recognised that their structure can act as an operational constraint; the organisational structure could be too small or too large and lead to inflexibility and an inability to compete within the market.

Culture

All of the organisations felt that their cultures complement and support their business strategy. This is demonstrated by the way in which the types of work pursued by the organisations reflect their organisational philosophies,
and that their strategy and culture are apparent to employees at all levels within the organisation. The larger organisations also recognised that their culture can act as an operational constraint. One of these organisations outlined that the large size of their office and long time served employees makes their business plan slightly slower to implement and may indicate why the organisation has been stable for a long period of time.

Organisations felt that their cultures fully support the way that people are managed based upon a number of factors including their current success, historical development and the fact that that employees feel valued.

"Culture is very much based around interactions of people...I'd say it's because of the way that they're managed that the culture has generated".

"It fits in very well... although some of the guys that have come to work for us, have worked for other organisations and they've actually come to like it and I think they feel valued".

Leadership
The organisations felt that their leadership styles clearly compliment their business strategy. Strategy makers felt as leaders they are proactive in nature and this feeds through to the other members of the management team and ultimately the employees and encourages unity within the organisation.

"...they all come together to make sure everybody's doing the right job and feeling supported on those jobs".

Across the organisation there was a clear opinion that the organisation's individual leadership style supports the people management within the organisation. Strategy makers described a direct relationship between the work undertaken, the organisational culture and the people within the organisation. To maintain successful leadership, one organisation outlined that this direct relationship needs to be passed down through the
organisation and communicated efficiently by the leadership; another organisation suggested that the leadership style needs to remain non-confrontational in nature to support the people management within the organisation.

All of the organisations believed that as an organisation they have the necessary skills to manage people effectively. Two organisations recognised that their management skills are due to their personal experience and their own personalities including the ability to deal with employees fairly.

Managers also examined human resource requirements via human resource planning (HRP) activities and the organisational culture projected an open and friendly working environment. This informal culture, which emphasised loyalty and close working relationships between staff and their managers, offers an opportunity for effective managerial practice to take place.

**People management strategies**

Recruitment is not always present in the organisations' strategic plans due to the difficulty in predicting the future needs in construction. Regardless of its presence in these strategies, the organisations believed that their recruitment methods support their business strategy. Organisations find that HRM is simplified when staff are employed on a permanent basis, and that it is more difficult to implement where contract staff are employed and tends to be more reactive in nature.

"Not specifically part of the business plan, the human resources are not directly linked, the human resources supports the elements that make the business plan work".

Organisations felt that training supports their business strategy and is fundamental to their organisation's performance, although constraints do exist. These constraints were that training requirements and the availability of funding are continually evolving along with the business strategy so they are never complete. Further, where employees are long serving training
requirements become limited. The integration of training into the business plan varies. Within the larger organisations some level of formality exists although only one of the organisations explicitly addresses training needs in its written strategic business plan. None of the smaller organisations have written training plans.

When considering the issues of employee relations issues four organisations felt that employee relations support their business strategy and believe that this support is demonstrated through two way communication and employee involvement.

"You know we explain to them what the goals and visions of the business is, and try to tie up the incentives and the communications".

"Well without communicating a vision then you can't expect the vision to be attempted then its obviously the importance of feedback ... we put quite a lot of information on communication and feedback on how its got back to staff".

When examining whether employees participate in business decision making, the three larger organisations were proactive in ensuring that employees were involved through employee consultation undertaken in advance of Executive Board decisions at all levels within the organisation. This included employee involvement in the writing and formation of the strategic business plan.

Employees do not usually participate in business decisions in smaller organisations, as these decisions are generally taken by the Directors. However, the Directors will implement employees' suggestions where they consider them appropriate.

Four organisations stated that goal setting for employment management strategies tends to take a long term view although the goal setting is
constantly evolving in response to the status of the organisation’s projects. All of the organisations felt that the management of their employees is a mixture of both formal and informal measures ranging from proactive examination of evolving job roles to formal appraisal systems, contracts and understanding employees’ needs.

Delivering the strategy, vision and reflecting values forms the focus of the human resource plan, which is formulated annually as part of the overall business plan for one of the larger organisations (B). The plan is distributed to the divisional directors and senior managers who hold the responsibility for its implementation, supported by HR. For the remaining organisations, the link between the overall business plan and the human resource plan is informal as it is undocumented.

Table 6.28 summarises the fundamental nature of the strategic approaches observed in each organisation’s SHRM and business strategy approaches. The interview data suggest that the strategic approaches and the level of formality within each of the organisation compliment each other within each organisation. This can explained as the type of approach for both the business strategy and SHRM are similar in nature within each organisation.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>SHRM approach</th>
<th>Business strategy approach</th>
<th>Organisational structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Architectural design practice</td>
<td>Highly formalised</td>
<td>Highly formalised</td>
<td>Matrix management structure</td>
</tr>
<tr>
<td>B Project management consultancy</td>
<td>Highly formalised</td>
<td>Highly formalised</td>
<td>Matrix management structure</td>
</tr>
<tr>
<td>C Specialist mechanical and electrical contractor</td>
<td>Mixed approach of formal and informal measures</td>
<td>Mixed approach of formal and informal measures</td>
<td>Functional management structure</td>
</tr>
<tr>
<td>D Civil and building engineering contractor</td>
<td>Mixed approach of formal and informal measures</td>
<td>Mixed approach of formal and informal measures</td>
<td>Functional management structure</td>
</tr>
<tr>
<td>E Specialist glazing contractor</td>
<td>Highly informal</td>
<td>Highly informal</td>
<td>Simple management structure</td>
</tr>
<tr>
<td>F Speculative house builder</td>
<td>Highly informal</td>
<td>Highly informal</td>
<td>Simple management structure</td>
</tr>
</tbody>
</table>
It was also possible to draw conclusions from across the case study organisations concerning their strategic operational constraints and the consequences of these issues. Table 6.29 outlines the three key issues discussed by the strategy makers of their organisation’s culture, its structure and the organisation’s internal resources. Each operational constraint can manifest itself in a number of ways within the organisation and create a wide variety of consequences. All of the constraints and their consequences were perceived by the strategy makers to be linked to a reduction in the organisation’s ability to compete or a loss in clients to the organisation. The table also emphasises the importance of managing organisational culture and taking into account the management style and structure.

Table 6.29: Organisational strategic operational constraints

<table>
<thead>
<tr>
<th>Constraint</th>
<th>Manifestation</th>
<th>Consequence</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational culture</td>
<td>Level of formality.</td>
<td>Creates inaccurate image of the organisation for clients and employees e.g. a macho or inflexible reputation.</td>
<td>Reduction in client interest or types of work won.</td>
</tr>
<tr>
<td>Organisational structure</td>
<td>Management structure too complex or not complex enough. Project based nature of work.</td>
<td>Poor communication within the business. Inflexibility in management approach. Lacking business functions.</td>
<td>Inability to compete. Difficulty in maintaining client base.</td>
</tr>
<tr>
<td>Internal resources</td>
<td>Lacking IT skills.</td>
<td>Non compliance with project requirements. Poor cash flow. Poor quality of employees. Poor organisational performance can be linked to any or all three manifestations.</td>
<td>Inability to compete for work or follow the organisational strategy. Loss of workload or clients.</td>
</tr>
</tbody>
</table>
6.2.4.3 Summary
All of the organisations viewed the effective management of labour, the way in which they undertake people management, organisational resources and skills as essential elements to create competitive advantage. All organisations, however, considered people management to be strategic in nature.

In summary, all the organisations exhibited a level of integration of their SHRM activities and their business strategies. The degree of integration varied between the organisations and some the organisations offered examples of practice that are insightful and can be mirrored, and all of the organisations have areas that can be improved.

6.3 Conclusion
A number of key themes have emerged from the research results in support of the Objectives.

Research Objective A was to:

\[ To \ establish \ whether \ construction \ SMEs \ undertake \ strategic \ management, \ the \ types \ of \ strategies \ employed \ and \ how \ they \ implement \ their \ strategies. \]

This is supported by the data presented above (Section 6.1.2 and Section 6.2.2) indicating that each organisation studied had a strategy and undertook strategic analysis as part of their management system. The analysis also indicated that the strategic management approaches of construction SMEs were varied in nature. Within the semi structured interviews the strategic management approaches were generally informal in nature. However within the case study organisations two organisations were highly formal and sophisticated in their strategic approaches, two organisations had a mixed strategic approach and two organisations had a completely informal approach to their strategic management.
Research Objective B was to:

*To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.*

This is supported by the data presented above (Section 6.2.3) indicating that the construction SMEs observed do undertake SHRM. The analysis shows evidence of a recurring theme: the lack of formal organisational policy and procedure within the smaller companies. The larger organisations tend to follow more formal systems and less individualistic management styles as more formal ways to manage the SHRM processes will provide support within the larger setting and deliver effective SHRM solutions.

Research Objective C was to:

*Examine the relationship between the different SHRM approaches, and the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive.*

This is supported by the data presented above (Section 6.2.4) where an in-depth analysis of the SHRM practices clearly highlighted areas of integration within all of the organisations. The analysis also indicated areas of integration improvement of the various aspects of strategic management and the SHRM function individual to each organisation. The analysis shows evidence of recurring themes: of improving the communication of business strategy to their employees; encouraging employee participation; and linking SHRM and the business strategy more effectively. Table 6.30 summarises the key findings from phase two of the study.
### Table 6.30: Key findings from phase two of the study

<table>
<thead>
<tr>
<th>Research Objective</th>
<th>Key findings</th>
</tr>
</thead>
</table>
| A                  | Each organisation had a strategy and undertook strategic analysis as part of their management.  
The strategic management approaches of Construction SMEs were varied in nature.  
Within the semi structured interviews the strategic management approaches were generally informal in nature.  
Within the case study organisations two organisations were highly formal and sophisticated in their strategic approaches, two organisations had a mixed strategic approach and two organisations had a completely informal approach to their strategic management. |
| B                  | The observed construction SMEs do undertake SHRM.  
There was a recurring theme: the lack of formal organisational policy and procedure within the smaller companies.  
The larger organisations tend to follow more formal systems and less individualistic management styles as more formal ways to manage the SHRM processes. |
| C                  | Areas of integration of the business strategy and SHRM were seen within all of the organisations.  
Clear areas of integration improvement of the various aspects of strategic management and the SHRM function exist within each organisation.  
Recurring themes: of improving the communication of business strategy to their employees; encouraging employee participation; and linking SHRM and the business strategy more effectively. |

### 6.4 Summary

This chapter has described the main findings and results of the research. A detailed insight into the individual in-depth case study's current strategic approaches was undertaken. Individual organisational case studies were used to illustrate the complexity of the strategies and relationships. The next chapter (7) discusses these research findings in the context of the literature.
CHAPTER 7

DISCUSSION
CHAPTER 7

DISCUSSION

So far this thesis has identified the need for the research, presented the aim and objectives together with the theoretical framework for the empirical work, and has outlined the research methodology adopted to achieve the research objectives. The previous chapter (Chapter 6) reported the main findings and results of the primary data collection and explored current strategic organisational goals and SHRM approaches used within a sample of construction SME organisations.

This chapter discusses these findings and results in relation to the literature, with the aim of establishing the requirements for improved organisational strategic relationships. Firstly, the nature of business strategy within construction SMEs is examined. This is followed by a review of the current SHRM practices and challenges observed in the individual case study organisations and an assessment their compatibility and conflict with the case study organisations’ business strategies.

7.1 The nature of current strategic management practice

7.1.1 Classifying Strategy

Interviews were conducted with the strategic managers of the exploratory phase and case study organisations. These strategy makers were asked to articulate their overarching organisational strategy. They also discussed issues including the current position of the organisation, its strategic goals, and how the organisation intends to achieve its goals. Table 6.1 summarises the strategies of exploratory study organisations (n=15) and Table 6.7 shows the strategies of case study organisations (n=6). These tables outline the organisations’ strategies and support Ramsay’s (1989) view that a strategy
exists for every organisation, irrespective of whether it is implicit or explicit.

The nature of each organisation’s strategy was analysed further to establish whether the strategies could be classified in line with a conventional strategic management model. This was considered appropriate as this is common practice within the strategic management discipline. Each organisation’s strategy was defined in relation to Porter’s model of generic strategy (1985). This model is a useful device for drawing this characterisation as it is one of the most well known and widely cited strategic management models for classifying strategy. Figure 7.1 and 7.2 use this model to characterise the precedence of strategic management observed in the exploratory phase and case study organisations.

<table>
<thead>
<tr>
<th></th>
<th>Cost leadership</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad focus</td>
<td>2 firms</td>
<td>5 firms</td>
</tr>
<tr>
<td>Narrow focus</td>
<td></td>
<td>Stuck in the middle 5 firms</td>
</tr>
</tbody>
</table>

**Figure 7.1: Phase one: exploratory study organisations strategies on Porter (1985) Generic strategies (N=15)**

<table>
<thead>
<tr>
<th></th>
<th>Cost leadership</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad focus</td>
<td></td>
<td>Organisation A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisation B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisation C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisation D</td>
</tr>
<tr>
<td>Narrow focus</td>
<td></td>
<td>Stuck in the middle</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisation E</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisation F</td>
</tr>
</tbody>
</table>

**Figure 7.2: Phase two: organisational case studies strategies on Porter (1985) Generic strategies (N=6)**
These findings support the view that strategic management does take place within all of the organisations, and that a wide variety of strategies could be seen (Betts and Ofori, 1992; King and Rayner, 2002). Differentiation strategy was highly prevalent and the nature of niches was wide. These ranged from: customer type; the product; the use of reputation through the development of long-term relationships; and using trust and reliability as competence rather than a particular technical expertise. This finding supports the work of Hillebrandt (1989) and Pinnock (1996) who stated that many construction organisations use differentiation strategies. The wide range of differentiation strategies found encompassed both broad and narrow differentiation, as characterised by:

"We go after customers where there is going to be a lot of repeat business like councils and schools".

"We go for the technically challenging – there’s less competition in those jobs and they are interesting jobs to do".

Organisations that were found to be ‘stuck in the middle’ did not employ specific, targeted strategies, but instead were simply pleased to stay in business and were doing so successfully. This is an interesting finding and supports the work of Bamberger (1983), Shuman and Seeger (1986) who stated that the organisation objectives of SMEs are often linked to their owners’ objectives and these do not always to seek profit maximisation. This suggests that these organisations can consider making less profit than their competitors to be acceptable.

Cost-leadership was only discovered in two firms where a typical answer was:

"We aim to be two or three percent below our competitors".
Cost-focus was not used by any firms. The industry is sufficiently cost-centred to preclude this strategy for organisations of any reasonable size, as margins are already very small.

While Porter's model (1985) is concerned with 'what' strategy is employed, the Mintzberg et al (1998) work uses the work of Porter and others to focus on 'how' strategy is made. Utilising Mintzberg et al's 'Strategy Safari' (1998) and combining it with Porter' (1985) it allows a more detailed classification of the organisation's strategy. Fourteen of the fifteen exploratory study organisations were classified and the results can be seen in Figure 7.3. One organisation was omitted from this analysis as the main strategy maker was not available to comment at the time of the interview.

<table>
<thead>
<tr>
<th>Cost leadership</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad focus</td>
<td>Cognitive School</td>
</tr>
<tr>
<td></td>
<td>Power (Environmental)</td>
</tr>
<tr>
<td></td>
<td>Positioning School</td>
</tr>
<tr>
<td></td>
<td>Design School</td>
</tr>
<tr>
<td></td>
<td>Configuration School</td>
</tr>
<tr>
<td>Narrow focus</td>
<td>Cognitive School</td>
</tr>
<tr>
<td></td>
<td>Entrepreneur (Culture)</td>
</tr>
<tr>
<td></td>
<td>Culture (Entrepreneur)</td>
</tr>
</tbody>
</table>

Note: Where a second school was seriously considered, it appears in brackets and smaller typeface, next to the preferred decision.

Figure 7.3: Results of data analysis: strategy schools (Mintzberg et al, 1998) with Porter (1985) generic strategies (N=14)

Within this pilot sample, many different schools of strategy-making were found within any one area of positioning. Of those firms who are 'stuck in the middle' in the combined Mintzberg and Porter model, a strong environmental focus is perceived by the strategy makers. This makes them rather passive and, as construction is a turbulent industry, defensive to
proactive strategies. A strong awareness of the workforce (as one might expect in smaller organisations) has perhaps led to several of the firms being categorised as belonging to the culture school. Retaining staff was seen as a success factor by all firms, and perhaps the workforces' strengths and weaknesses influenced some strategy selection.

Only one firm was identified as belonging to the power school. Given the drive for autonomy amongst owner-managers small businesses could be a haven for the individualistic strategy makers, but this only appeared in one organisation. It is possible that construction is too tough an industry for the idiosyncratic to survive. If small businesses are adaptive, it could be anticipated that they would cluster within the learning school, but this was not apparent.

In conclusion, a wide variety of schools were found to characterise the sample of construction SMEs. Some organisation strategies can be placed with far more certainty into one school whilst other organisation strategies align with a number of schools.

Some of the smaller organisations indicated a lack of knowledge regarding strategy terminology in general. This supports the work of Lee et al (1999), who noted that small firm managers who lack managerial education are often unaware of strategic techniques and terminology. It is common for the owner-manager of a small firm to say that strategy is unknown in his business and, by then proceeding to outline clearly what his business is about and in which direction it is heading, they can present very succinct strategy without realising it (Hillebrandt and Cannon, 1989, 1990).

### 7.1.2 Strategic analysis

As part of any strategic decision making process, strategic analysis is important to establish if the resources of the organisation can support the challenges it faces Thompson (1997). Organisations for phase one and phase two of the study were questioned specifically regarding the analysis they
undertook including: their awareness of their environment; their resources; competition; customers; and the life cycle of their market. All organisations could articulate their analysis although few used formal strategic management tools for this process. To summarise the strategic analysis issues for each organisation a SWOT analysis was undertaken with its strategy maker during the interviews. Table 6.2 and 6.8 summarises the key themes that emerged across the exploratory phase and the individual organisational case study organisations in phase two of the research.

As part of the strategic analysis process it is common for strategy makers in larger organisations to use bespoke strategic management tools and techniques. Strategy makers within the case study organisations fell into three clear groups. Two of the larger organisations confirmed that high level management tools and techniques were used regularly, whereas two of the remaining organisations used basic business management techniques to support strategic decision making. The two smallest organisations confirmed that they never used any bespoke or business management tools and that their strategic decision making process was highly informal in nature, and typically implemented through discussion among the organisation’s Director(s). This observation confirms the work of Stonehouse and Pemberton (2002) who noted that few SME organisations make comprehensive use of what are regarded as the traditional tools of strategic management. Instead, the strategic tools most commonly used by SMEs are financial analysis, SWOT analysis, core competence analysis, organisational culture, benchmarking and human resource analysis.

7.1.3 Policies, practices and implementation
When considering the strategic policies and practices currently utilised by construction SMEs within the exploratory study and individual case study organisations a number of themes were observed.

Policies
Strategic managers discussed the use of a number of strategic management policies, detailed in Table 6.3, Table 6.4 and Table 6.9. When considering
the use of mission statements a large proportion of the organisations had no written mission statement, whereas the balance of the exploratory and case study organisations had either an informal or written mission statement for their organisation. This observation confirms the work of Stonehouse and Pemberton (ibid.) where two thirds of the SME organisations in their study had vision or mission statements be it written or informal in nature.

When considering the use of formal business plans, similarities between the organisations in the exploratory study and the case studies were observed. The larger organisations in both phases of the research had formal business plans that were comprehensive in nature, in contrast the other organisations could clearly articulate their business plans although they had no formal document to refer to. This supports the comment made by Johnson and Scholes, (2002) who stated that some authors suggest that the use of formal written policies and plans is more common in larger organisations.

When considering the use of other strategic management policies all of the case study organisations except one used their organisational charts as a reference tool. Two of the smaller organisations also confirmed the use of additional documents including a company policy, and annual project, market and customer analysis documents.

**Strategic management practices**

Previous literature on small organisations suggests that owners' strategic decision-making is rather limited or even non-existent (Schrader et al., 1989). Although few of the observed strategy makers used the term 'strategic' to describe their decision-making practices, they were practising strategic management as probing interview questions were answered with confidence and clarity, suggesting that strategic planning was taking place, even though it might not be formally represented.

The type of strategic management practices undertaken fell into a number of combinations. At the extremes, one organisation had a highly formal structure and policies supported by informal methods whereas three other
organisations adopted highly informal practices. The remaining strategic managers confirmed a mixture of formal and informal methods were utilised varying from formal meetings to newsletters and verbal communication.

**Planning**

While planning takes place in all organisations, it is very structured for the two of the larger individual case study organisations whereas it is more informal in the other organisations. Two of the smaller organisations tend to be reactive to market needs and are therefore flexible and informal in their planning. Organisations were found to plan across a variety of time period. Those with a short term view considered a minimum of 3 to 6 months up to 12 to 18 months, while those with a longer term view considered the next three to five or six years. For organisations A, B, C, and D the planning period had a direct relationship with the business plan itself and its review process as well as the projects that the organisations are involved in. A clear theme for all the case study organisations is that planning ahead relates directly to the projects that the organisations are involved in. This supports the work of Stonehouse and Pemberton (ibid.) who stated that there are strong indications of business planning among the SME organisations and it is either highly structured or of a general nature. This is in contrast to the work of Weston (1996) who suggested that the occurrence of business planning within construction SMEs was very low.

When considering the review process that exist within the organisations, all the organisations that undertake structured planning also undertake a review process. The review process of business plan or the way the organisation undertakes its planning and strategic practices varied widely in terms of when the review took place. Scenarios were quoted suggesting that the review process took place on a daily basis, weekly basis, monthly basis, or annual basis. The way in which the review process was undertaken also varied according to how frequently the reviews were conducted. When the reviews occurred daily they were informal in nature, whereas reviews that occurred following a longer period of time tended to be formal in nature. Again the larger organisations tend to have more formal review processes in
place than the smaller organisations. Organisations also stated that reviews were undertaken as and when the strategy makers considered it necessary.

Within the case study organisations all strategy makers have informal processes that deal with strategic management. Where strategic policies and practices do not exist formally they clearly exist informally within the organisational context. The informal policies counterbalance the apparent lack of formal written policies. These findings are particularly interesting, as Ssegawa (2005) suggests that the nature and form of planning depends on the size and age of the organisation, the smaller and younger firms undertaking strategic planning in an informal and ad hoc manner.

**Implementation**

Strategic decision making and the leadership of the implementation process is undertaken within the organisations by the managing directors or joint directors who are also generally the owner-managers. The strategic managers cascade the information down through the organisation.

The implementation occurs through a number of processes. All organisations did use informal methods of communication with their employees. At the operative level this was generally restricted to verbal communication conducted either face to face or by telephone. Within a number of the smaller organisations the implementation process was only informal in nature and the organisations did not use any formal methods for implementing their business strategy.

The majority of the organisations complemented their informal methods of implementing and communicating their business strategy with formal devices. Informal methods include word of mouth and telephone as mentioned previously. Formal methods were wide ranging, a common theme was the use of structured meetings with senior management and from this information was communicated verbally to the operatives. These meetings could be held weekly, fortnightly, monthly, bi-monthly, quarterly and annually depending upon the organisation’s structure and requirements.
Quarterly meetings with middle management, training away-days and formal quarterly presentations regarding rolling forecasts were also utilised.

When asked to justify their chosen methods, strategy makers most often stated that the management style and process suits the structure of their organisation, offering a practical way of disseminating the information. These methods have generally operated alongside the organisation's culture and have proven to be effective. This supports the work of Gooderham (1998) who argues that there is no single way to develop and implement strategy, suggesting the key to success is to achieve a balance between the organisations' current culture, capabilities, business environment and the desired outcomes.

7.1.4 Summary
A number of key themes were investigated to meet research objective A:

To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.

Research question one (Q1) asked:

"Do construction SMEs undertake strategic analysis as part of their management systems?"

All organisations could articulate their analysis, although few used formal strategic management tools for this process. Within the organisations, strategic practices and policies exist to support the organisation's business strategies. Methods used to communicate strategy within organisations ranged from informal to a mixture of formal and informal methods with high levels of employee involvement particularly within larger organisations.
Research question two (Q2) asked:

"Can the types of strategy used within construction SMEs be defined?"

Strategies were found in all organisations interviewed, and all organisations were found to engage in strategic management. Strategy content was categorised in line with the Mintzberg et al. (1998) and Porter (1985) models of strategic management. Many similarities were found to exist between the exploratory study organisations and the case studies regarding their organisation's strategy, strategic decision making and strategy implementation processes.

Research question three (Q3) asked:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

The strategic management approaches observed in the organisations range in levels of formality. Strategic decision making in SMEs is often informal in nature. The often informal nature of strategic decision making and SHRM practices are compatible with the culture and structure of SME organisations.

The results provide instances and evidence to support Mintzberg et al. (1998), who argue that formulating strategy is messy and can be unpredictable. The messy nature of the process is also discussed by Hynes and McHugh (1999) who stated that strategy formulation in the small firm is
frequently informal and evolves through a process of experience and guesswork which may result in unstructured strategies that are not necessarily formally documented but are still effective.

It should be noted that strategy makers from larger organisations could more readily discuss strategic concepts (albeit often without using the correct management terminology). Whether this reflects a greater strategic awareness or another reason is not known. Further, the formality of the business strategy was also found to increase with organisation size. However, the formality of this activity was always restricted to regular reviews and possibly a written business plan within larger organisations.

Owner-managers possessed a thorough knowledge of the construction activity on which their business was founded. This knowledge generated considerable competitive advantage as it allowed organisations to provide a quality service to clients. Table 7.1 summarises the key points raised during the strategy discussion of the study.

Table 7.1: Key strategy discussion themes

<table>
<thead>
<tr>
<th>Research question</th>
<th>Key discussion themes</th>
</tr>
</thead>
</table>
|**Q1**| • Construction SMEs regularly undertake strategic analysis as part of their strategic management process.  
• The use of formal strategic management tools for this process was limited.  
• Clear strategic practices and policies exist to support the organisation’s business strategies; these are often informal in nature.  
• Methods used to communicate the strategy within the organisation ranged from informal to a mixture of formal and informal methods with high levels of employee involvement particularly within larger organisations. |
|**Q2**| • The types of strategies used within Construction SMEs are easily discernable.  
• All organisations articulated a clear strategy and engaged in strategic management.  
• Strategy content was categorised in line with the Mintzberg et al. (1998) and Porter (1985) models of strategic management.  
• Similarities of the organisation’s strategy, strategic decision making and strategy implementation processes were observed in each data set. |
|**Q3**| • The level of formality observed within the organisation’s strategic management approaches vary in range.  
• Strategic decision making in Construction SMEs is often informal in nature.  
• Strategy makers from larger organisations indicated higher levels of formality in comparison to the other Construction SMEs.  
• Regardless of the level of formality, owner-managers possessed a thorough knowledge of the construction activity on which their business was founded. |
7.2 The nature of current people management practices: SHRM

This Section discusses the nature of current people management practices including the core components of SHRM.

Research Objective B set out:

To establish whether construction SMEs undertake SHRM, the types of SHRM strategies employed, how they implement their strategies and whether size of firm influences their practices.

To begin the assessment of the nature of current people management practices within the industry, focus was placed on the research questions.

7.2.1 Core Components of SHRM

Research question four (Q4) asked:

"How do the core components of SHRM manifest themselves within construction SMEs?"

The core components examined in Chapter 6 outlined each organisation in terms of their organisational culture and structure, their HRM management, leadership and policies and their people management strategies. This section discusses the organisational culture and structure in detail; the other core components are discussed separately to answer other specific research questions.

7.2.1.1 Organisational culture and structure

The organisations originated from family businesses on the whole; only one organisation established was a new venture in 2000 with a non family Executive Board. All the other organisations are well established businesses and have been trading for between 15 and 130 years.
All strategic managers indicated that long periods of service from employees is common to their organisation, quoting employment periods ranging from a minimum of ten years, twenty years and with examples of thirty years.

The vast majority of the respondents described the organisational culture as friendly, open and family orientated with two-way communications at the heart of operations. The theme of a ‘strong’ culture was mentioned by a number of organisations at both middle and senior management level, including robust working relationships, a sense of pride and a caring working environment. Two of the larger organisations make reference to the changing culture of the business over a period of time.

Both levels of management suggested that the impression given by the organisation to outsiders was one of a positive image. Senior managers commented that the impression given was one of professionalism and high quality in terms of service to the client or quality of product. Middle managers commented that their organisations have friendly people and are welcoming and caring in nature.

To understand their culture, strategic managers within the case study organisations were asked to describe their own way of doing things (if any), and any traditions, historical stories or characters they may have. A number of the strategic managers confirmed that they do have their own way of doing things, ranging from the work undertaken to the philosophy of the company, to following family traditions with the addition of modern technology. All organisations provided stories relating to the history of the business and the characters within it. They noted that these stories are important for demonstrating organisational trust, pride, reputation, history and development.

As established in Section 6.2.1, the observed organisations varied in terms of their size, turnover, number of employees and organisational structures.
The organisations also varied in terms of their industry role, sectors and project types served, as well as the contract forms employed. Table 6.6 compared these contextual factors and the organisational structures.

Similarities exist between Organisations A and B in terms of structure, policies, management and a product portfolio. Organisations C and D are also similar in terms of their structure and policies. A mixture of written and verbal company policies exist at both a strategic level and regarding HR involvement for all four organisations. Organisations E and F also demonstrated some similarities and were relatively small in terms of financial turnover and number of employees. This type of strategy meant that the Joint Directors of Organisations E and F were involved in the day to day management for the organisation as well as at a strategic level. This was manifested in regular informal senior management meetings and human resource plans formed the core of the staffing activity. Company practice of both Organisation E and F are highly informal in nature.

The larger organisations have more formal levels of management and have executive management teams to support their structure. Departments are separated on a functional basis ranging from business development, sales and marketing to estimating and engineering. This reflects the conclusions of Child (1974), Keats and Hitt (1988), Lawler (1997) and Mintzberg (1979) who confirmed that larger organisations are characterised by numerous hierarchical levels and standardised procedures.

7.2.1.2 Decision making
In order to answer research question five (Q5):

"Does the SHRM's style and level of control in decision making depend upon the size of the organisation?"
The senior managers interviewed were strategy makers within their organisations and played important roles in the leadership of their organisations. The organisations confirmed that a variety of people within the business were involved in leadership and HR management. This supports the work of Duberley and Whalley (1995) who state that there is significant variance in the HR practices of SMEs.

The two larger organisations (A and B) have HR Managers with detailed responsibilities who report to the strategy makers. The other organisations (C, D, E, and F) have support within their organisations for the implementation of the strategies and policies, undertaken by either the Company Secretary or the Training Manager. All strategic decisions within these organisations were made by the strategy makers.

For the two larger organisations, human resource planning (HRP) was managed at an organisation-wide level but with certain aspects devolved to operational managers. This supports the work of Druker and White (1995), who determined that operational managers are often responsible for aspects of HRP. An overall strategic plan was established by the board of directors which set targets for staff development and retention in each division. In conjunction with the HR manager, the senior managers reconciled these targets against their resourcing requirements to ensure the availability of appropriately qualified and skilled staff and a constant supply of new staff. In the short-term this involved the formulation of a business plan and associated strategies to meet objectives. It also included running "what if" scenarios by notionally allocating staff to projects bid for by the division to identify the possible staffing gaps and how quickly they could be filled. HR specialists were consulted as to the notionally allocated staff development that had occurred which supported the divisions' succession planning.

In contrast, the other four organisations (C, D, E, and F) HRP was undertaken by the strategy makers although it was far more informal in nature, occurring verbally between directors and reviewed as and when necessary. This practice verifies the work of Matlay (1999) who stated that
organisational control in decision making in small organisations rests entirely with the owner-managers. Both the strategic plan and HRP were not written, although they were continually reviewed informally and "what if" scenarios were also undertaken. Some organisations confirmed that this informal nature of HRP was due to close working relationships between directors and the small size of the organisation. This supports the work of Marlow and Patton (1993) and Wager (1998) who suggest that HR practices tend to be fairly ad hoc in nature in smaller firms.

In conclusion to research question five (Q5):

"Does the SHRM's style and level of control in decision making depend upon the size of the organisation?"

There is clear support for this research question demonstrated by a significant variance in the SHRM style and level of control in decision making within the Construction SMEs observed. Whereas the two larger organisations (A and B) have formal structures and devolved management responsibilities and direct links to the strategy makers. In contrast, the other four organisations (C, D, E, and F) the SHRM style was consistently informal in nature and rested almost entirely with the owner-managers.

7.2.1.3 Training strategies

In order to answer research question six (Q6):

"Do Construction SMEs have a training culture linked to the provision of formal training?"
A number of issues were discussed including: the types of training undertaken; the plans and policies that exist; the training budgets and decision making process; the process of assessing training needs within the organisation and incentives.

For all the organisations, the type of training undertaken varies between management and non-management posts. Organisations A, B and C use a mixture of formal and informal training and development methods, the vast majority of training undertaken is of a technical basis to improve skills. The type of training ranges from external courses to internal lunch updates, in-house communication, formal inductions for new staff, training relating to professional development for institutions also exists. This supports the work of Kirby (1990) and Marshall et al (1993) who both note that most companies offer a wide variety of training opportunities.

Organisations D, E and F offer training that is generally more practical in nature, often vocational, training is undertaken to benefit the employer and employee. Management training would be paper-based in nature. On the job training exists for employees generally supplemented by formal health and safety and machinery training and regular updates. This confirms Loosemore et al’s (2003) observation that legislative training requirements are considered onerous and essential, thereby rendering other training of a lesser importance within a limited budget.

All organisations indicated that they had a training plan or policy. Organisations A and B and D had formal training plans although all companies could articulate verbally their training policy. Generally, the plan is generic and is an identification of the training needs for the following year and is job-related in nature tailored to each individual employee. In contrast, Organisation D ensured that every individual had an agreed training plan.

None of the six organisations had a fixed training budget. Training requirement decisions were made by the management team, generally the final decision rests with the strategy maker within the organisation, and
decisions are made either collectively or individually depending upon the organisational structure. All decision makers realised the importance of training and often provided training as and when necessary based on cost and necessity. This supports the work of Matlay (1999) who comments that training plans and budgets were only encountered in a fraction of smaller organisations and more common in the larger organisations. Cassell et al (2002) also reports that training is often responsive in nature.

Organisations A and B have clear staff development plans and policies. Staff development is structured in nature through the appraisal system. This process occurs from top to bottom within the organisation, the staff development plan is also linked to succession planning, looking at key job holders and the difficulty in replacing them in the future. Organisations C, D and E do undertake staff development, although no formal plans exist. The process is verbal and is ongoing in nature. Whereas Organisation F has no formal staff development plan or policy. An explanation of this is that it is unlikely that job roles or responsibilities will change soon.

The method of assessing training requirements varies across the organisations from proactive to reactive in nature. The larger organisations see the assessment of training needs as a two way process, whilst others see the role as one of senior management led thought to responsive to employees requests.

The four largest organisations undertake training and development assessments proactively which are formal in nature and involve two processes. Ranging from an annual training needs analysis completed at senior management level; and examining individual staff and types of training required, continuous regular verbal assessment, formal appraisals, and management meetings. In contrast the two smallest organisations (Organisations E and F) tend to assess needs as a response to individual opinion and legislation. Training and development appraisals do occur informally as a chat between the senior manager and the employee and no formal record of the appraisal takes places as such. This supports the work
of Shah and Murphy (1995) and Druker and White (1996) who confirm that appraisal within the industry are often ad hoc and informal in nature.

In summary in order to answer research question six (Q6):

"Do Construction SMEs have a training culture linked to the provision of formal training?"

This research question is partially supported. Organisations felt that training and development was promoted and strongly encouraged. They suggested this was demonstrated by their support of CPD activities as well as the promotion of staff through the appraisal system, external training courses, induction training courses, internal lunch updates, as well as support given to employees financially and through time allowed to undertake the training. The larger SMEs do offer a training culture linked to the provision of formal training, whereas the majority of the smaller SMEs examined whilst offering training and development the link is more tacit in nature with fewer formal training opportunities observed.

7.2.1.4 Recruitment and selection strategies
A number of issues were discussed regarding recruitment and selection within construction SMEs including: the reasons for the types of recruitment methods undertaken; the importance of recruitment and selection to Construction SMEs; and their career management activities in order to answer research question seven (Q7):

"Within construction SMES is there a link between firm size and the recruitment and selection processes applied?"
A wide range of recruitment methods were described by the organisations. Word of mouth recruitment and headhunting played a significant role in identifying new employees as it ensures that new entrants have the qualities required and will fit into the organisational culture; promotion from within the organisation was also mentioned as an important recruitment method used by all the organisations. This reflects Holliday’s (1995) and Matlay (1999) findings who suggested that most small firms use informal recruitment channels. The informality of the organisation’s recruitment and selection practice strengthens the evidence provided by Druker and White, (1996); Dainty, (1998) who emphasise the importance of personal introductions to recruitment at all organisational levels and selection methods are often restricted to interviews and assessment centres (Langford et al, 1995; Druker and White, 1996; Loosemore et al, 2003).

Clear themes across each of the organisations’ recruitment practices emerged, indicating that the recruitment process chosen by the organisation depends on the area of business within which the vacancy exists, as the skills required by the employee for different areas of the business would differ and dictate the appropriate recruitment process followed. Non management posts and site staff are often recruited through word of mouth, whereas management posts are recruited in a more targeted manner. This reflects Cassell’s (2002) findings which determined that recruitment and selection are contingent upon several factors of which the nature of the post concerned exerted greatest influence. Table 6.16 indicates that responsibility for recruitment rests with either the HR specialist or the Director responsible for SHRM issues. This procedure proved to be effective.

Strategic managers and HR specialists of all organisations highlighted the importance of getting the recruitment and selection decisions right if the culture, which had ensured the retention of many of the organisation’s longest standing staff, was to be maintained. All organisations confirmed that they seek to recruit employees who will contribute to immediate business needs and those likely to arise in the future, as identified in the current business strategy. The personalities of prospective employees and
their compatibility within the current and future of the organisation were also considered within the process. This supports Bayo-Moriones et al (2001) and Bartram et al (1995) discovery that SMEs pay attention to ensuring candidates’ personalities are suitable during the selection process in addition to considering their skills.

In summary to answer research question seven (Q7):

"Within construction SMES is there a link between firm size and the recruitment and selection processes applied?"

Based upon this research it is impossible to confirm a significant link between the firm size and the recruitment and selection processes applied. The recruitment process chosen by the construction SME organisations was dependant upon the location of the recruitment opportunity within the business rather than the organisation’s size.

7.2.1.5 Employment relations
A wide number of key themes from the literature were discussed with the organisations in order to answer research question eight (Q8):

"Does informality characterise construction SMEs’ employment relations?"

These key themes included: the types of policies; methods of communicating policies; and the involvement of employees in business decision making. The organisations also considered the methods used to: maintain employee relations; ensure discipline; communicate downward and upward within the organisation; consult and participate with employees;
communication, consultation, participation and representation were examined.

Downward communication methods vary between organisations. The information provided to employees may depend on the managerial status the employee has within the organisation. Three of the organisations stated that strategic issues would generally be addressed at senior management level rather than to the workforce in general. Two of the smaller organisations outlined that strategic issues are not communicated downward as far as general construction operatives. One organisation suggests that this decreasing communication is linked to the site operatives lacking interest in the direction of the organisation at higher levels. Two organisations share strategic information throughout the business by downwardly communicating to all levels.

The techniques used to disseminate information downwards through organisation structures were both highly formal and informal. Two organisations used highly structured approaches defined in explicit policies. These structured routes included the regular issue of company magazines, discussion workshops for all employees and consultation committees. Other organisations described more flexible approaches which include management meetings and toolbox talks.

Strategic managers and HR specialists were asked to comment on the effectiveness of downward communication methods. Two organisations stated that informal, verbal methods were the most effective. However, three organisations suggested that a balance between formal and informal communication methods was advantageous as they found both types effective within their businesses. Effective formal techniques outlined included team meetings, appraisals, the use of notice boards and memos. Overall, organisations found that downward communication must be immediate, clear, honest, regular and face to face to be effective. One organisation suggested that such effective communication is not difficult to achieve. This supports the work of Wilkinson (1999) who noted that SMEs
had adopted various Employee Involvement techniques within their organisations.

The organisations clearly articulated their objectives within the organisations to employees and utilised upward problem-solving through employee consultation which Marchington (1995) identifies as a powerful technique. All organisations valued the contribution of their employees to the development of the organisation and encouraged them to make suggestions regarding the organisation and its operations as a general policy. Organisations were observed to adapt their approach to dealing with suggestions according to their content and circumstance. Formal techniques were used within two of the larger organisations, including a consultative committee where a formal agenda exists and suggestions made are communicated through all management levels. Informal day-to-day suggestions occur all the time, and are very common for technical issues.

All companies could articulate the important themes, possess objectives and techniques for the management of employee relations within their organisations including employee involvement and empowerment. These findings are supported by Dainty et al (2002) and Nesan and Holt (2002) who discussed the importance of delegation and empowerment to construction organisations.

In order to summarise the key findings in relation to employment relations within Construction SMEs and answer research question eight (Q8):

"Does informality characterise construction SMEs’ employment relations?"

The often informal practices used by the Construction SME organisations observed support Millward et al (1992) and Taylor (2002) and Matlay (1999) who confirmed that the use of informal methods for employee relations is typical in SMEs.
Even though informality was commonplace, some of the larger organisations demonstrated transparent and sophisticated empowerment practices through employee consultation and participation, as well as extensive downward communication of and upward problem solving within the organisations; one organisation used a consultative committee. Clear differences exist generally between the approaches used by the larger and smaller organisations. The larger organisations adopt a flexible approach using a wide variety of techniques within the organisations. Additionally the HR specialists stated that the employee relations processes are communicated within the organisation and continuity exists within the organisation. An area for improvement observed within the organisations would be to align more closely the management of employee relations between the organisation's office and site location.

7.2.1.6 The nature of SHRM approaches

Construction SMEs discussed the nature of their SHRM approaches in order to determine whether the SHRM approaches are generally informal in nature and answer research question nine (Q9):

"Are the SHRM approaches of construction SMEs generally informal in nature?"

A number of key themes were discussed with the construction SMEs, when discussing the SHRM approaches it was observed clear differences exist between the organisations. Two of the smaller organisations state that the implementation of SHRM strategies is dealt with completely informally between the Directors based on organisation philosophy which is similar, although each Director has slightly different goals. The other organisations outline that the implementation of SHRM strategies is dealt with at a number or levels from line manager to senior manager to Director Level. Vinten (1999) confirmed that SMEs favour informal modes of
communication, although it is not uncommon to see a mixture of formal and informal methods being utilised.

When examining how SHRM practices were undertaken within the organisations there was a clear divide of the organisations into two types. The larger organisations follow a highly structured and proactive approach to SHRM practices within their organisation. They examine resource requirements in advance, hold regular management meetings, have weekly information sharing meetings, conduct quarterly staff meetings, and consider their staff appraisal process to be an aspect of SHRM. Each team leader or equivalent manager within the larger organisations has fairly lengthy appraisals every six to twelve months with their staff to discuss aspirations, improvements, new directions, and possible changes to job roles.

The smaller organisations discussed the fact that SHRM for them was far more reactive in nature. Planning and review did take place on a daily basis and was proactive wherever possible. These organisations emphasised the softer aspects of people management and used informal ways to manage staff that ensure that employees are treated as human beings and are spoken to properly. Managers raised a point that individual employees often need to be communicated with in a different manner to ensure the best results.

"Because I know them I deal with them differently, if you know what kind of person they are and what they respond to helps really".

Regardless of the level of informality observed within the SHRM approaches the importance of mutual trust, respect and communication clearly indicate that organisations operated a SHRM approach that incorporated empowerment (employee involvement), performance and career management. For all the organisations except the two larger ones, this approach reflected an informal culture insofar as no records of decisions and processes exist. Where the processes are intuitive this forms an example of isolated systems. The consequences of adopting such an informal and
reactive approach resulted in a potential loss of valuable knowledge across the organisation.

In order to answer research question nine (Q9):

"Are the SHRM approaches of construction SMEs generally informal in nature?"

The tendency of construction SMEs to use informal SHRM practices is confirmed, although the larger construction SMEs within the sample indicated far more sophisticated and formal processes in comparison to the smaller organisations examined.

7.2.1.7 Summary

Research Objective B set out:

To establish whether construction SMEs undertake SHRM, the types of SHRM strategies employed, how they implement their strategies and whether size of firm influences their practices.

This section discussed the case study organisations current SHRM in relation to the literature. The organisations were found to vary in their practices from a 'personnel management' style approach, to an integrated SHRM approach to people management. At the same time the organisations' strategic intention was found to be appropriate to its circumstances, and often translated into effective managerial practice. Accordingly, the key themes investigated to support research objective B are summarised:
Research question four (Q4) asked:

“How do the core components of SHRM manifest themselves within construction SMEs?”

In summary, analysis of case study organisations has established that SHRM is occurring within construction SMEs. The sophistication of the SHRM activities varies between organisations given rise of differences in beliefs and assumptions, strategic aspects and the level of line management responsibility and support for a strategic approach toward HRM. A reactive approach to managing conflict, a “paternalistic” managerial behaviour focused on following established traditions and company practice are inhibitors of a SHRM type approach.

Organisations emphasised the importance of culture and co-operation to effective SHRM. The friendly cultures and individualistic management styles gave many employees a feeling of confidence and that fair practice occurs within the organisation. Factors outlined by the organisations important to ensuring staff retention were significant investment in training combined with careful recruitment methods, together with an informal and friendly culture.

The research question five (Q5) was:

“Does the SHRM style and level of control in decision making depend upon the size of the organisation?”
The style in which the organisations managed their SHRM strategies varied. Day-to-day SHRM responsibilities were often shared between the strategy makers themselves and individuals in the organisations with some HR responsibilities, although purely strategic decisions were made by the strategy makers although some organisations involved their employees in a consultation process. This variety of approaches supports the research question and confirms that the style of SHRM and the level of control in decision making observed within the organisations is linked to the size of the organisation.

The research question six (Q6) was:

"Do construction SMEs have a training culture linked to the provision of formal training?"

This research question is partially supported. The larger SMEs do offer a training culture linked to the provision of formal training, whereas the majority of the smaller SMEs examined whilst offering training and development, the link is more tacit in nature with fewer formal training opportunities observed.

The research question seven (Q7) was:

"Within construction SMEs is there a link between firm size and the recruitment and selection processes applied?"

Based upon this research the recruitment process chosen by the construction SME organisations studied is contingent upon a number of factors; the most common one cited by the organisations studied was the relevant area of the
recruitment opportunity within the business rather than the organisations size. Hence, it is impossible to confirm a significant link between the firm size and the recruitment and selection processes applied within construction SMEs.

The research question eight (Q8) was:

```
"Does informality characterise construction SMEs' employment relations?"
```

Informality does characterise many of the construction SMEs observed employment relations. Even so, the management of employee relations within the larger organisations in particular involved performance management systems which incorporate appraisal and continuous feedback. Pay was linked to market rates, longevity of employee service and employee performance. The communication of employee relations issues focussed on the delivery of organisation wide information. Employee involvement and the recognition of individuals’ contribution to the organisation were also observed. This clearly suggests senior management commitment to good people management practices. Organisations recognise the importance of employee contribution to their organisational success and highlight their commitment to training and development, and employee communication in particular.

The research question nine (Q9) was:

```
"Are the SHRM approaches of construction SMEs generally informal in nature?"
```

The tendency of construction SMEs to use informal SHRM practices is confirmed. A short-term outlook was particularly apparent in the SHRM
activities of the case study organisations, although innovative approaches were found in the larger organisations. Human resource planning (HRP) was often informal in nature as was succession planning, both of which were often undertaken based on subjective criteria by the strategy makers. It is concluded that the observed construction SME organisations vary in their level of SHRM and some of the organisations adopt an approach similar to personnel management. This finding is partially supported by the literature discussed in Chapter 4, which revealed an overall absence of SHRM practices within the construction industry. In explanation for the level of formality, the strategic managers cited that this informality can be viewed as beneficial, as often the informal nature of strategic decision making and SHRM practices complements their organisation's culture and structure.

Table 7.2 summarises the key points raised during the SHRM discussion of the study.
Table 7.2: Key SHRM discussion themes

<table>
<thead>
<tr>
<th>Research question</th>
<th>Key discussion themes</th>
</tr>
</thead>
</table>
| **Q4** | - SHRM is occurring within construction SMEs.  
- The sophistication of the SHRM activities varies between organisations.  
- Organisations emphasised the importance of culture and co-operation to effective SHRM.  
- Key factors outlined by the organisations important to ensuring staff retention were: significant investment in training combined with careful recruitment methods, together with an informal and friendly culture. |
| **Q5** | - The style of SHRM and the level of control in decision making observed within the organisations are linked to the size of the organisation.  
- The style in which the organisations managed their SHRM strategies varied depending on the size of the organisation.  
- Day-to-day SHRM responsibilities were often shared between the strategy makers themselves and individuals in the organisations with some HR responsibilities, although purely strategic decisions were made by the strategy makers although some organisations involved their employees in a consultation process. |
| **Q6** | - Some construction SMEs have a training culture linked to the provision of formal training.  
- The larger SMEs do offer a training culture linked to the provision of formal training.  
- The majority of the smaller SMEs offer training and development although the link is more tacit in nature with fewer formal training opportunities observed. |
| **Q7** | - It is impossible to confirm a significant link between the firm size and the recruitment and selection processes applied within construction SMEs.  
- The recruitment process chosen by construction SMEs is contingent upon the relevant area of the recruitment opportunity within the business rather than the organisations size. |
| **Q8** | - Informality does characterise many of the construction SMEs observed employment relations. The management of employee relations within the larger organisations is very sophisticated.  
- This clearly suggests senior management commitment to good people management practices.  
- Organisations recognise the importance of employee contribution to their organisational success. |
| **Q9** | - The tendency of construction SMEs to use informal SHRM practices is confirmed.  
- A short-term outlook was particularly apparent in the SHRM activities of the case study organisations, although innovative approaches were found in the larger organisations.  
- In explanation for the level of formality, the strategic managers cited that this informality can be viewed as beneficial, as often the informal nature of strategic decision making and SHRM practices complements their organisation's culture and structure. |
7.3 The relationship between organisational goals and SHRM approaches

This section examines the SHRM approaches used in relation to strategic organisational goals. The overall alignment of the relationship between the SHRM approaches and the strategic organisational goals is discussed as well as the organisational performance evaluation processes.

7.3.1 Relationship evaluation

Research objective C set out to:

Examine the relationship between the different SHRM approaches, the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive.

Individual case study data were analysed in order to evaluate the organisations strategic performance to answer research question ten (Q10) and research question eleven (Q11).

7.3.1.1 HRM Integration

Research question ten (Q10) asked:

"Is HRM integrated in the business strategies of construction SMEs?"

In order to address research question ten a number of factors were considered including the strategic managers perceptions of their HRM integration in their business strategies as well as an in depth examination of the actual level of integration within each organisation.

The analysis of the findings indicates that organisations perceived that HRM is integrated in their business strategies. Many of the organisations have
strategic objectives that focus on the employees as an issue. Organisations were explicit within their discussions regarding the importance of employees within their overall strategy statements.

Organisations clearly articulated a relationship between their strategic analysis and the importance of people management. Within the organisational SWOT analyses undertaken, people issues were identified as causes of organisations’ strengths as well as weaknesses (Section 7.1.3). People issues were mentioned frequently by strategy makers within the organisations during the examination of strategic issues.

People were described as the organisations’ key asset, suggesting that without appropriate people the organisation cannot succeed. This is an interesting finding as it links and supports very clearly the organisations’ strategic analysis and particularly the SWOT analysis completed within each firm (see Section 6.1.2 and 6.3.2). It also validates Storey’s (1992) placement of people management activities at the centre of organisational strategy as demonstrated by the strategy makers of two organisations:

"If it wasn’t for the people side then there wouldn’t be a business, so it’s a matter of making sure that’s constantly dealt with and running smoothly, and adding value to the business”.

"Fundamental... It’s about experience, its about people, its about face to face, its all about all these things, its all about soft issues and therefore it’s all about the management of people and their issues”.

Organisations were asked to discuss how important they thought SHRM was to their organisation’s success. All organisations stated their SHRM approach is fundamental to their strategic development, including maintaining the workforce levels and the implementation of effective people management.
"Again it’s absolutely imperative that the labour’s looked after well and is reflected by the long standing workforce".

All organisations felt that managing the people is very important to their business, as the people within the organisation are fundamental to its success. Organisations suggested that people management is a core element to the business. Those that answered felt that people management was strategic in nature. This is supported by Maybe and Salaman (1995) who suggest that successful organisations appreciate the importance of their people to achieving corporate goals.

"I think it’s a major part yeah, it’s not the most important thing because... it’s on a level with a lot of important things, just like your financial control, your dealing with suppliers, your dealings with your customers, it’s way up there on a par with that".

All the organisations felt that they apply the same philosophy to business strategy and SHRM, even though the same processes and business rules may not apply. Table 6.43 suggested that the strategic approaches and the level of formality within each of the organisation complement each other. The table also indicates that the organisations type of approach for both the business strategy and SHRM are similar in nature.

The findings also confirmed areas of potential improvement to the alignment within organisations business strategies, SHRM, and between the organisations SHRM and their business strategy (Section 6.3.2). When examining how effectively organisation strategy, vision and mission are aligned through communication internally, two clear opinions emerged. The four larger organisations communicated these issues well, ranging from structured senior management meetings to regular and often daily informal chats particularly with site operatives. However, for the two smaller organisations, they were clear that their strategy was not transparently communicated to their employees and was a clear area for improvement.
The level of integration was questioned more specifically across the case study organisations and within each individual organisation. Areas of mismatch between the business strategy and SHRM were also observed and possible improvements would be advantageous within each individual organisation (Section 6.2.4). Key themes of mismatch within the strategic approaches of the organisations were the communication of the business strategy, communication of relationship between the business strategy and SHRM, and a variety of SHRM issues that vary from organisation to organisation. The findings also indicate lower levels of mismatch for each of the issues within the larger organisations.

All of the organisations could benefit from improvements in all of the key themes of mismatch within the strategic approaches. Organisations C, D, E and F, in particular would benefit from improved communication of their business strategy to their employees, the encouragement of employee participation and a developing linking people management and the business strategy.

Case specific improvements were also outlined for each organisation (Section 6.27). The two organisations that had sophisticated SHRM approaches had very similar areas of improvement including improving staff morale through salary levels, improved succession planning and improving the link between recruitment to the business strategy. All other organisations had wider scope for improvements to be made. Key themes across these organisations included: transparent communication of the strategy; introduction of staff development plans; and career structures.

This discussion supports research question ten (Q10) which asked:

"Is HRM integrated in the business strategies of construction SMEs?"
7.3.1.2 Business strategy support

In order to answer research question eleven (Q11):

"Do the organisational structures and SHRM processes of construction SMEs support their business strategy?"

The relationship between the business strategy and the core components of structure, culture, leadership, and people management strategies were reviewed. Organisations felt that their structure suits and supports both their business strategy and their SHRM function. All of the organisations felt that their cultures complement and support their business strategy and fully support the way that people are managed within the organisation. Each organisation believed that their individual management style clearly complemented the business strategy and the people management, confirming a direct relationship between the work undertaken, the organisational culture and the people within the organisation.

When considering the people management strategies in turn, organisations felt that their recruitment methods support their business strategies and that training is fundamental to the organisations performance. Employee relations were believed to support their business strategy also through two way communication and employee involvement.

These findings also offer support to research question eleven (Q11) which asked:

"Do the organisational structures and SHRM processes of construction SMEs support their business strategy?"
The role of SHRM was to support the organisations' business plans rather than to operate as a separate and equal strategy. Recognition that the business strategy leads the SHRM strategy clarified that the HR specialist role can be reactive and follow set out procedures rather than strategic in nature. This reflects in part the view taken by Huczynski and Buchanan (2001) who suggest that HRM is a management perspective requiring integration of people management issues.

7.3.1.3 Conclusions

Research objective C set out to:

*Examine the relationship between the different SHRM approaches, the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive.*

The results of the research indicate that within the organisations the organisational business strategy leads their SHRM practices which are diverse. The level of importance placed upon the components of the relationship varies between the organisations studied.

Research question ten (Q10) asked:

"Is HRM integrated in the business strategies of construction SMEs?"

Construction SME organisations observed within this research perceived that HRM is integrated in their business strategies. From the results some indication of this integration was observed within each organisation. The organisations fell into two clear groups. The two larger organisations indicated a high level of integration of HRM in their business strategy,
whereas the other four organisations indicated much lower levels of integration across a number of areas.

The level of integration was questioned more specifically across the case study organisations and within each organisation providing areas of possible integration improvement for all organisations concerned. Three generic themes were observed for improving integration of each organisation's business strategy and their SHRM approaches:

1. Improving the communication of business strategy to their employees;
2. Encouraging employee participation; and
3. Linking SHRM and the business strategy.

Research question eleven (Q11) asked:

“Do the organisational structures and SHRM processes of construction SMEs support their business strategy?”

The findings also indicate that SHRM within the construction SME organisations examined exists to support their business strategies rather than as a separate and equal strategy. Organisations recognised that the business strategy provides the focus for the people management strategy to be implemented.

“People management policies are created to support... it's the supporting things that make the business plan work, it is proactive and its to try to support the business...”

In conclusion, the conflict observed within the organisations between strategic management and SHRM presents a challenging context for developing SHRM approaches within construction SME organisations.
Table 7.3 summarises the key points raised regarding the relationship between organisational goals and SHRM approaches of the study.

### Table 7.3: Key relationship discussion themes

<table>
<thead>
<tr>
<th>Research question</th>
<th>Key discussion themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q10</td>
<td>Construction SME organisations perceived that HRM is integrated in their business strategies.</td>
</tr>
<tr>
<td></td>
<td>The two larger organisations indicated a high level of integration of HRM in their business strategy.</td>
</tr>
<tr>
<td></td>
<td>The other four organisations indicated much lower levels of integration.</td>
</tr>
<tr>
<td></td>
<td>Generic themes exist for improving integration of the business strategy and SHRM approaches:</td>
</tr>
<tr>
<td></td>
<td>Improving the communication of business strategy to their employees</td>
</tr>
<tr>
<td></td>
<td>Encouraging employee participation and</td>
</tr>
<tr>
<td></td>
<td>Linking SHRM and the business strategy</td>
</tr>
<tr>
<td>Q11</td>
<td>SHRM within the construction SMEs exists to support their business strategies rather than as a separate and equal strategy.</td>
</tr>
<tr>
<td></td>
<td>The conflict observed between strategic management and SHRM presents a challenging context for developing SHRM approaches within construction SME organisations.</td>
</tr>
</tbody>
</table>

### 7.4 Summary

This chapter has discussed the research findings and results in the context of the literature. The strategies, policies and management practices of the exploratory study and case study organisations have been correlated with recognised models of SHRM and strategic management. Discussion on the key aspects of SHRM was provided. The following chapter proposes the development and testing of a SME SHRM Framework to support SMEs in their SHRM and strategic management decision making processes.
CHAPTER 8

THE SME SHRM FRAMEWORK
CHAPTER 8

THE SME SHRM FRAMEWORK

The research findings and discussion chapter highlights the need for a number of improvements to be made including improved management and a radical process improvement and integration if benefits from SHRM and strategy alignment are to be achieved by construction SMEs. These improvements could be achieved through the development of a flexible decision-support mechanism (framework). This chapter outlines the needs and benefits of such a framework, and discusses the development of a framework. It proposes the detailed format and content of the framework for use by construction SMEs. It concludes by confirming the initial feedback provided from construction SMEs to the framework as well as summarising the importance and contribution made by the framework.

8.1 The needs and requirements of an SME SHRM framework

This section discusses the need for a framework as well as proposing its requirement and subsequent benefits to construction SMEs if its requirements are met.

Sophisticated levels of SHRM were observed within the case study organisations (Section 6.2.3.), strategic challenges and examples of areas of improvement were noted within each organisation (Section 6.2.4.2) and continual improvement was seen as key within the organisations (Table 6.25).

The individual organisational case studies (Section 6.2.4.1) contextualised the challenges and identified that current SHRM decisions focus on meeting the organisational requirements although they do not necessarily fully integrate with the business strategy and the employees' needs and preferences into the process is in part overlooked (Section 7.3). An in-depth
analysis of the SHRM practices of the case study organisations (Sections 6 2.4.1), identified gap areas in the integration of the business strategy and the SHRM function.

The discussion on SHRM and business strategy (Section 7.3), indicated that strategy process integration is a key determinant of organisational performance and success. Consequently, the need to align SHRM functions with business strategies needs to be addressed within construction SMEs.

As discussed in Chapters One (Section 1.1) and Four (Sections 4.2.1), the construction industry presents an exceptionally challenging environment for effective alignment of SHRM with business strategy. Thus, a flexible decision-support mechanism is likely to respond to the needs of these organisations better than a rigid or otherwise prescriptive one.

The development of a framework would provide an opportunity to encourage improved management and alignment; specific benefits of a framework include the following:

- A framework would benefit strategic managers by helping them to resolve conflicts between the strategic vision of their organisation and the people management challenges of the construction industry, and by identifying any areas of misalignment and conflict between the different processes identified as part of the framework.
- A SHRM framework represents an integrated approach to strategic decision-making which could strengthen the current often informal approaches utilised.
- Flexibility will be achieved by synthesising appropriate approaches identified in individual case studies and suggesting a wide variety of decision making options available to the organisation.
Thus, a flexible decision-support mechanism is likely to respond to the needs of these organisations better than a rigid or otherwise prescriptive one framework.

A multi-dimensional framework comprising a set of inter-related activities, which together take account of organisational business strategy and SHRM needs.

Accordingly the requirements of the framework are to facilitate improved management and integration of strategic activities. The primary qualities necessary for the framework to be of maximum benefit for construction SMEs and their strategic managers is flexibility and simplicity as this will allow for the framework to be easily interpreted and implemented by the organisations.

In summary a framework would provide construction SMEs with a clear decision management tool to facilitate strategic decision making. Given that from the literature no current framework exists through research objective D this shortfall will be redressed:

Research Objective D

To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs.

8.2 Framework development

The framework development process involved a number of stages. The first stage was the initial framework development. This included extracting appropriate approaches from the case study analysis for inclusion in the framework as a performance specification.

The second stage was the detailed framework development which identified the key elements and objectives that the framework must fulfil. From this a SME SHRM Framework Outline was produced and an industry dissemination pack formulated for use in industry.
The final stage of the framework development for this research was the validation of the SME SHRM Framework by construction SMEs, feedback gained from industry and subsequent refinement and improvement of the SME SHRM Framework into a simplified framework suitable for its use (see section 8.5).

8.2.1 Initial framework development

The case studies were analysed to extract appropriate approaches to strategic activities for incorporation, after any required adaptation, in the framework. Strategic and industry literature (Chapters 2, 3 and 4) were combined with this data to inform the development of the framework through the formulation of the policy structure and the procedural support and process guidelines.

It was evident from the analysis that no single organisation managed all of the components of their strategic functions effectively. Several areas of good practice were found; those aspects of the case studies useful for the development of the SME SHRM framework are outlined below, under headings adopted from the literature and incorporated into the framework outline Figure 8.1.

Appropriate approaches were determined by reviewing each case study individually to ascertain the elements of their approaches that were beneficial to the organisational context and considered to be indicators of good practice and recognised in the literature of Chapters 2, 3 and 4.

Together with the research results discussed in this thesis, the data for developing the framework was drawn. The performance specification was developed by: selecting the key elements of SHRM from the literature; selecting the collective indicators of good practice from the case studies; and setting clear objectives for such a framework. A summary of these issues is presented in Table 8.1.
Table 8.1: SME SHRM performance specification

<table>
<thead>
<tr>
<th>Key elements</th>
<th>Collective indicators of good practice</th>
<th>Objectives that the framework must fulfil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and structure</td>
<td>Appropriate level of formality</td>
<td>Assessment criteria</td>
</tr>
<tr>
<td>Strategic management policies</td>
<td>Strategic alignment</td>
<td>Procedural support</td>
</tr>
<tr>
<td>Strategic management activities</td>
<td>Process integration</td>
<td>Process guidelines</td>
</tr>
<tr>
<td>HRM policies, leadership and management</td>
<td>Flexibility</td>
<td>Minimal administration</td>
</tr>
<tr>
<td>People management issues</td>
<td>Strategic approach</td>
<td>Easy dissemination and clear communication</td>
</tr>
</tbody>
</table>

8.2.2 Detailed framework development

Detailed framework development sought to identify the key elements and the objectives that the framework must fulfil.

8.2.2.1 Key elements

Figure 8.1 shows the key elements of the SME SHRM framework content. The key elements of the framework subject boxes were identified from the literature (Chapters 2, 3 and 4) and the findings of the research (Chapter 6).

Key elements were selected to form the three central bolded subject boxes contained within the framework, as they are deemed by the writer to be of central importance to the strategic performance of construction SMEs.

1. Business strategy
2. SHRM strategy
3. Organisational culture and structure

Business strategy

The business strategy element introduces the user to the critical stages involved in effective strategic management, namely: strategy formulation, strategic analysis, the practices, policies and implementation (according to the requirements set out in Section 7.1).
The SHRM element introduces the user to the critical elements involved in the effective strategic management of human resources. These elements help managers to address HR leadership, management, planning, and people management issues as well as the need to integrate issues into the overall business plan (according to the requirements set out in Section 7.2).

The people management issues were summarised as recruitment and selection, training and development, and employee relations (Section 7.2.5). The recruitment and selection part highlights the importance of issues of attracting and employing new employees, the process of equal opportunities policies to ensure that all candidates are treated equally and fairly, and decision making issues including organisational objectives and job related criteria. This element aims to improve management of recruitment and selection, in turn helping organisations to develop and maintain their human resources.

The training and development element includes information on organisational training plans, external development opportunities and continuous professional or personal development (CPD), graduate development and professional qualifications and learning and development support. It also identifies the facilities the manager must provide to support the organisation's employees. This element guides the manager in the making of these provisions to support organisational development and emphasises the importance of continuous review and feedback while recommending an appraisal procedure for facilitating this process. The appraisal overview consists of reminders for preparing for the interview, notes on conducting the interview and related documentation.

Finally the employee relations element puts emphasis on incorporating the individual employees' needs and preferences into the managerial decision-making, and points to the information resource provided by the framework via the decision-making guidelines component.
Organisational culture and structure

The organisational culture and structure element introduces the user to the important issues of the effective management of organisational culture and structure and the alignment of the organisational culture and structure (Section 7.2.2).

The relationship between the key elements

The three central bolded boxes consist of three primary interrelated elements: Business strategy, SHRM strategy and the Organisational culture and structure. They were selected first and are positioned to indicate a central core to SHRM in construction SMEs as they are critical to the organisation's strategic success. These three elements are in separate boxes to indicate their individual importance but close together to indicate their close relationship.

The four peripheral boxes of strategic management policies, strategic management activities, HRM policies (including leadership and management) and people management issues are placed on the relevant outside edge of the central core. This indicates an integral relationship for these boxes with the central core. The business strategy has been separated into two components of strategic management policies and strategic management activities. Both components have a dependant relationship with the actual business strategy. The SHRM strategy has also been separated into two components of HRM policies, leadership and management and people management issues. Both components have a dependant relationship with the actual SHRM strategy.

The subject boxes have been given these names because they are typical of the headings observed in the literature and are believed to be easily understood by construction SMEs.
8.2.2.2 The objectives

The purpose of the framework is to offer the organisation support for their decision making regarding their policies, procedural support and process guidelines. By carefully integrating the three key elements, the SME SHRM framework takes into account the diverse and varying strategic needs of organisation.

The framework will recommend the form that integration should take and facilitate decision making that can lead to enhanced information flow through integrated procedures and management practices which was identified in the literature (Chapter 3) as crucial to SHRM. When aligning framework elements, organisations can consider strategically their policy structure, procedural support and process guidelines. The findings confirm that construction SMEs have policies be they formal or informal in nature, the policy structure provides an appropriate level of formality and assists in expressing organisational intent to the organisation’s employees. The procedural support and process guidelines provide practical direction and advice to organisations regarding appropriate ways of managing their strategic activities.

The SME SHRM framework helps organisations to structure decision making and manage the main elements of business strategy, SHRM, and the relationship between the business strategy and SHRM. The framework acts as a flexible decision support tool to facilitate effective strategic management and SHRM decision-making. It provides a holistic view of the SHRM paradigm for the strategic manager in which policy and procedural guidelines help focus decision making and lead to the integration of the organisational strategic HR and business objectives. This could be demonstrated through implementation of the framework within construction SMEs, reflection and refinement of the framework and subsequent wider industry implementation.
8.2.2.3 The framework outline

The key elements and the objectives that the framework has been outlined, and is represented in Figure 8.1.

![SME SHRM framework outline](image)

**Figure 8.1: SME SHRM framework outline**

8.3 Using the framework

As stated previously the framework could be used within construction SMEs. A detailed guide would be provided to the organisations with the framework documents to support them when using the framework.

8.3.1 Proposed industry dissemination format

A proposed suitable dissemination pack provided to construction SMEs would include the documents listed in Table 8.2. Appendix K outlines these documents in the format that they were presented to the construction SMEs for initial feedback.
Table 8.2: Proposed industry dissemination information pack

<table>
<thead>
<tr>
<th>Document</th>
<th>Detailed presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to the framework</td>
<td>Section 8.3.2</td>
</tr>
<tr>
<td>SME SHRM Framework</td>
<td>Figure 8.1</td>
</tr>
<tr>
<td>Guide to using the framework</td>
<td>Section 8.3.3</td>
</tr>
<tr>
<td>Organisational category</td>
<td>Section 8.3.4</td>
</tr>
<tr>
<td>Levels of formality</td>
<td>Section 8.3.5</td>
</tr>
<tr>
<td>Practical process tables</td>
<td>Table 8.6, table 8.8, table 8.9, table 8.11, table 8.13, table 8.15, table 8.17, table 8.19</td>
</tr>
<tr>
<td>Guidelines for appropriate management</td>
<td>Table 8.7, table 8.10, table 8.12, table 8.14, table 8.16, table 8.18, table 8.20</td>
</tr>
</tbody>
</table>

### 8.3.2 Introduction to the framework

Table 8.3 provides construction SMEs with an introduction to the framework outlining its benefits and uses.

Table 8.3: Introduction to the framework

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The framework is a tool that will benefit strategic managers by helping them</td>
<td>The framework is a tool that will benefit strategic managers by helping them to resolve conflicts between the strategic vision of their organisation and the people management challenges of the construction industry.</td>
</tr>
<tr>
<td>resolve conflicts between the strategic vision of their organisation</td>
<td>The framework will facilitate improved management and integration of strategic activities including people management issues.</td>
</tr>
<tr>
<td>and the people management challenges of the construction industry.</td>
<td>The framework can be used within the organisation as a reference and guide to aligning business strategy and all human resource management issues.</td>
</tr>
<tr>
<td></td>
<td>It offers an integrated approach to strategic decision-making which could strengthen the current approaches used.</td>
</tr>
<tr>
<td></td>
<td>It offers support to the strategic decision makers as well as offering flexibility without being too descriptive in its nature.</td>
</tr>
<tr>
<td></td>
<td>Flexibility will be achieved by suggesting a wide variety of decision making options available to the organisation.</td>
</tr>
<tr>
<td></td>
<td>The simplicity of the framework allows it to be easily interpreted and implemented by the organisation.</td>
</tr>
</tbody>
</table>
8.3.3 Guide to using the framework

This Section provides a step by step process for the construction SME to follow when using the framework. The flow diagram Figure 8.2 offers a step by step guide for strategy makers to utilise.

Figure 8.2: Step guide to using the framework
8.3.4 Organisational categories
Section 1.1.2 identified current definitions of SME organisations and, from these, established the definition of construction SME used by this research. In order for the SME to utilise the framework to suit their organisational context a number of categories have been designed so that strategic managers can decide which is route is appropriate to follow within the framework decision making guidelines.

Table 8.4: Organisational category selection criteria

<table>
<thead>
<tr>
<th>Organisation Category Type</th>
<th>Number of employees</th>
<th>Turnover</th>
<th>Management structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type A</td>
<td>49-250</td>
<td>Up to £11.4 million</td>
<td>Matrix</td>
</tr>
<tr>
<td>Type B</td>
<td>20-49</td>
<td>Between £2.8 million and £ 11.4 million</td>
<td>Functional</td>
</tr>
<tr>
<td>Type C</td>
<td>10-19</td>
<td>Up to £2.8 million</td>
<td>Functional / simple</td>
</tr>
</tbody>
</table>

8.3.5 Levels of formality
Both the theoretical literature and findings (Sections 7.2) established that strategic approaches exist in varying degrees of formality. This formality can be used to characterise different organisational contexts. Table 8.5 illustrates the division of formality into three levels, for use by organisations to understand and characterise their approach to effective SHRM within their organisations.

Table 8.5: Appropriate levels of formality

<table>
<thead>
<tr>
<th>Organisation Category Type</th>
<th>Business strategy</th>
<th>SHRM, HR management and leadership, Human resource planning</th>
<th>People management issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type A</td>
<td>High level of formality</td>
<td>High level of formality</td>
<td>High level of formality</td>
</tr>
<tr>
<td>Type B</td>
<td>Mixed level of formality</td>
<td>Mixed level of formality</td>
<td>Mixed level of formality</td>
</tr>
<tr>
<td>Type C</td>
<td>Low level of formality</td>
<td>Low level of formality</td>
<td>Low level of formality</td>
</tr>
</tbody>
</table>
People management activities for the purpose of the appropriate level of formality include: recruitment and selection; training and development; and employee relations which corresponds to the way that the findings were analysed in Section 6.2.3.

The findings presented in Chapter 6 indicated that once an organisation’s category type had been selected the level of formality for each of the three key elements of business strategy, SHRM and people management issues were very similar in nature. A simple interpretation of the levels of formality is shown in Table 8.6; these definitions were developed from the case study findings. The practical process tables and decision making guidelines are presented in the next section.

Table 8.6: Typical definitions of formality

<table>
<thead>
<tr>
<th>Level of Formality</th>
<th>Typical definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of formality</td>
<td>Sophisticated processes observed including paper based polices and, varied approaches used to communicate within the organisation and a continuous review process is in place.</td>
</tr>
<tr>
<td>Mixed level of formality</td>
<td>A mixture of approaches is observed. Some sophisticated processes exist with some paper based polices, varied approaches used to communicate within the organisation although more emphasis is placed on informal methods than organisations with a high level of formality, a continuous review process is in place this can be formal or informal in nature.</td>
</tr>
<tr>
<td>Low level of formality</td>
<td>Processes are observed although highly informal in nature, often through verbal communication with a strong relationship between the strategic manager and employees. Very limited written policies exist. A review process does take place again it is informal in nature.</td>
</tr>
</tbody>
</table>

8.3.6 The decision-making guidelines

The SME SHRM decision making framework provides decision-making guidelines for strategic managers to use, to manage their organisation’s interrelated strategic activities. It states the objectives of each activity and summarises the main benefits of managing the processes effectively. Clear definitions of the objectives are provided with summaries of influences that...
must be considered during the decision-making processes. Practical process tables are provided to help managers structure their decision-making in light of their current organisation category type. The framework also provides guidance and acts as a mechanism for helping the organisation to understand which 'organisation category type' is most appropriate to their organisation and aids them in making an informed choice about the appropriate decision path to take using the tool.

The following sections present the development of the decision-making guidelines. Each of the key elements of the framework outline (Figure 8.1) is discussed in turn; practical process tables and guidelines for decision making are proposed for each element.

The observations from the results and literature form the practical process tables; they have been developed and subsequently a set of recommendations are proposed to support the observations in the form of appropriate management guidelines.

**Business strategy**

The business strategy element of the framework highlights the benefits of the two subject boxes contained within the framework outline (Figure 8.1): strategic management policies and strategic management activities.

This element of the framework is aimed at improved strategic management as well as increasing employees' understanding of the organisations' strategy through improved communication and employee participation, enabling organisations to maintain, review and develop the individual organisations' business strategy and competitive advantage.

This information would be presented to the construction SME in a practical process, Table 8.7, which provides clear definitions together with summaries of factors that should be taken into account in the decision-making processes. These observations for business strategy have come from
the results and all construction SMEs could benefit from considering their relevance.

Table 8.7: Practical process for the appropriate management of business strategy

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future strategy.</td>
<td>Formal / informal communications: reports, newspapers, videos, presentations, team briefings.</td>
<td>Increased understanding of organisational plans and objectives by employees. Opportunity for employees to become involved in strategic direction of the organisation.</td>
</tr>
<tr>
<td>Undertake strategic management process.</td>
<td>Comprehensive process includes strategic analysis, formulation, practices and implementation.</td>
<td>Allows strategic managers to set strategies and develop policies and practices to compliment the organisational goals. Offers the opportunity for improved alignment of strategic approaches and organisational performance.</td>
</tr>
<tr>
<td>Ensure policies are transparent.</td>
<td>Wide range of policies to complement the strategic management process and the information dissemination to the employees.</td>
<td>Transparent policies help employees embrace company philosophy.</td>
</tr>
</tbody>
</table>

The process has been subdivided into categories applicable to a variety of organisational contexts. Table 8.8 outlines the guidelines for selecting the appropriate management of business strategy.
Table 8.8: Guidelines for selecting the appropriate management of business strategy

<table>
<thead>
<tr>
<th>Organisation Category Type A</th>
<th>Provide information to employees regarding the current and future strategy</th>
<th>Undertake strategic management process</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal and informal communications: reports, newspapers, videos, presentations, team briefings. Effective tools used for communicating strategy: word of mouth, management seminars, client briefing, strategic plan, mission statement. Greater involvement and improved communication within the strategic process and greater involvement of both internal staff and external organisations in comparison to Organisation Categories Types B and C.</td>
<td>See Table 7.12 for actual process guidelines. Need for client involvement in the process and more effective of customer and client analysis techniques. E.g. customer feedback, client briefing, analysis and implementation of changes and improvements. Increased strategic awareness through the use of the strategic tools and techniques.</td>
<td>The organisation's direction and policies have to be widely understood. The strategic management process must be formal, regular and well documented. It must document the organisation’s mission, objectives and plans, in order to improve formal communications. Regularity of the process must be maintained if a proactive approach is to be achieved. Suitable strategic tools and techniques are wide ranging: financial analysis, brainstorming, management of Objectives, benchmarking, SWOT analysis, and competitor analysis and resource audits.</td>
<td></td>
</tr>
</tbody>
</table>

| Organisation Category Type B | Formal and informal communications: reports, company magazine, presentations, team briefings. Effective tools used for communicating strategy: word of mouth, management seminars, client briefing, strategic plan. Team briefing and staff briefing are important. Employee involvement and communication within the strategic process is required although less formality than Organisation Category Type A. | See Table 7.12 for actual process guidelines. A mixture of formal and informal management is appropriate as long as a proactive approach is taken. Where formal processes are undertaken they should be well documented. | The use of some formalised policies is required. Where policies (such as a strategic plan or annual report) are used, they must be transparent. A formal mission statement is not necessarily required although its content should be communicated if it does exist. Strategic tools and techniques appropriate are wide ranging financial analysis, brainstorming, management of objectives and benchmarking, SWOT analysis, competitor analysis and resource audits. |

| Organisation Category Type C | Mainly informal communications, staff and team briefings. Effective tools used for communicating strategy: word of mouth, management seminars, client briefing, informal strategic plan. Less complexity / formality of communication within the strategic process, some employee involvement required. | See Table 7.12 for actual process guidelines. No requirement for formalisation although a clear strategic direction and plans for the near future are required. Use tools and techniques that do not require specialist skills. Emphasis should be placed upon information gathering, analysis and implementation of appropriate strategies. | The use of highly formalised policies is not essential, however transparent policies (such as a strategic plan) are required. A formal mission statement is not necessarily required. Strategic tools and techniques appropriate: financial analysis, brainstorming, management of objectives and benchmarking, SWOT analysis, competitor analysis and resource audits. Basic tools and techniques such as brainstorming and financial analysis are the most useful in this category. |

Gilmore (1971) described a practical strategic management method that can be employed in medium sized and small companies which involves six
progressive steps for the strategic management process. This method has been adapted and expanded to take into account the appropriate practices recommended for the three organisation category types previously identified. This model was considered appropriate due to its previous application within SME organisations.

**Table 8.9: Strategic management process guidelines**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record current strategy</td>
<td>Clarify top management’s organisational goals as to the kind of company it wants to operate. These criteria may be informal and embodied within a loosely defined strategy to suit the organisation’s culture and structure.</td>
</tr>
<tr>
<td>Identify problems (strategic analysis)</td>
<td>The current strategy must be appraised to determine whether problems exist. Management must examine the organisation’s operating environment to anticipate the consequences of continuing its current strategy by identifying any opportunities or threats.</td>
</tr>
<tr>
<td>Discover the core elements</td>
<td>If the appraisal determines that problems exist it is necessary to discover their root cause. For example, an organisation may determine that it lacks competitive advantage.</td>
</tr>
<tr>
<td>Formulate alternatives</td>
<td>Once the cause of the strategic problem has been discovered, management formulate alternative ways of addressing it.</td>
</tr>
<tr>
<td>Evaluate alternatives</td>
<td>Management looks at the bearing of the various vital factors on the choice of a strategy. The alternatives must be compared in terms of: relative effectiveness in solving the strategic problem; the degree to which each matches the company’s competence and resources; their relative competitive advantage; the extent to which they satisfy management’s preferences; and sense of social responsibility.</td>
</tr>
<tr>
<td>Choose the new strategy</td>
<td>Management identifies the most important factors on which the new strategy depends. The new strategy decision should involve judgement, experience, intuition, and discussions.</td>
</tr>
<tr>
<td>Implement the new strategy</td>
<td>Includes development of plan and timescales, actual communication and implementation of the strategy, monitoring the strategy and continuous strategic review on a regular basis. It is essential that the organisation’s culture and business processes are compatible with the desired strategy.</td>
</tr>
</tbody>
</table>

**SHRM**

The SHRM framework element defines the different components of the SHRM strategy and highlights the benefits of the two subject boxes contained within the framework outline (Figure 8.1): HRM policies, (including leadership and management) and people management issues. The framework is aimed at helping the management to understand SHRM and will help the management to increase employees’ understanding of the organisation’s SHRM. It will also offer the management the information
required to enable organisations to better align the core components of SHRM (Section 3.3).

HRM policies, (including leadership and management)
This HRM framework element aims to ensure that an organisation’s human resources, in terms of both the volume and competencies of staff, facilitate current and future business objectives and the integration of HR plans into the organisation strategy. Responsibility for this function lies with the organisation’s senior management and HR staff. This detailed information is displayed below in the practical process, Table 8.10, which provides clear objectives and definitions together with summaries of factors that should be taken into account in the decision-making processes.

Table 8.10: Practical process for the appropriate management of HR, leadership and policies

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future HR strategy.</td>
<td>Transparent communication methods for all HR information.</td>
<td>Increased employee understanding of organisation’s plans and objectives.</td>
</tr>
<tr>
<td>Genuine aim for good people management practice through transparent communications.</td>
<td>Approachable and easily accessible management.</td>
<td>Positive foundation for future development of SHRM practices. Employees trust managers. Close relationships between managers and their staff. Leadership and management compliments strategy and SHRM and facilitates control. Employees are flexibility to suit the industry.</td>
</tr>
<tr>
<td>Integrating human resource plans into the company business plans.</td>
<td>Ensure HR policies support the company philosophy. Some strategic goals must guide the direction. Estimating staffing needs by reference to the corporate plan. Setting human resource budgets and monitoring them against the plans.</td>
<td>Strategic visions effectively implemented. Analysis of balance between demand and supply so as to be able to predict deficits and surpluses. Eliminate wasteful practices where necessary. Financial control of HR.</td>
</tr>
</tbody>
</table>
The objectives contained within the practical process chart relate to the three organisational category types previously established. Table 8.11 presents the recommendations in the form of a set of guidelines for selecting the appropriate management and leadership of human resources and policies.

Table 8.11: Guidelines for selecting the appropriate management of HR, leadership and policies

<table>
<thead>
<tr>
<th>Organisational Category Type A</th>
<th>Provide information to employees regarding the current and future HR strategy</th>
<th>Implement an open door policy for all employees. Ensure management have personal knowledge of their staff and skills. Implement formal employee consultation process. Provide communication skills, leadership and trust staff development.</th>
<th>Small central team looking at the overall strategic direction of the organisation. A planned, systemised approach to HRM. HR manager actively involved in strategic management issues. A range of centralised policies. Implementation of SHRM policies and employee feedback.</th>
<th>Use of formal systems including the analysis of current staff resources and changes in human resources. Analysis of staff turnover. Analysis of effects of changes in the conditions of work. Analysis of external factors influencing the supply of staff. Assessment of Demand and potential business opportunities. Matching future requirements against existing resources.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational Category Type B</td>
<td>Communication to take place through a mixture of formal and informal methods including reports, newspapers, presentations, team briefings. Statement of HR philosophy. Transmit philosophy to employees. HR policies to support the company philosophy.</td>
<td>Implement an open door policy for all employees. Ensure management have personal knowledge of their staff and skills, good communication and leadership skills. Implement formal or informal employee consultation process. Ensure that availability and access to senior management is clear to employees.</td>
<td>HR manager (possibly part time) centralised approach to pay, contracts and general conditions of service. Implementation of SHRM policies and employee feedback.</td>
<td>Estimating supply of staff in the context of current and future supply. Forecasting requirements. Productivity and cost analysis — process reengineering to Action planning — preparation of plans to manage recruitment.</td>
</tr>
<tr>
<td>Organisational Category Type C</td>
<td>Informal communications, team briefings. Communication of philosophy to employees.</td>
<td>Employee consultation can be informal. Ensure an open door policy exists for all employees. Provide employees with frequent face to face interaction with senior management.</td>
<td>Managing employees with a hands-on, informal management style promoted by the owner. Implementation of SHRM policies and employee feedback.</td>
<td>Undertake a regular review of HR policy, this can occur informally. Examine the fit between the HR policy and the organisation's business strategy. Devise a plan of action and implement the plan.</td>
</tr>
</tbody>
</table>
People management issues
This element includes the following sub-elements: recruitment and selection, training and development, and employee relations.

Recruitment and selection
The recruitment and selection sub-element of the framework recommends a process of attracting and employing new employees. Recruitment activities seek to attract suitable candidates for the available vacancies. Related equal opportunities policies ensure that all candidates are treated equally and fairly, with decisions being based solely on organisational objectives and job related criteria.

This framework sub-element helps to improve management of recruitment and selection, in turn helping organisations to develop and maintain their human resources. This detailed information is presented to the construction SME in the form of a practical process, Table 8.12, which provides clear definitions of the objectives, process and benefits together with summaries of factors that should be taken into account in the decision-making processes.

Table 8.12: Practical process for the appropriate management of recruitment and selection

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain the organisation's human</td>
<td>Include recruitment and selection in the organisation's strategic plan.</td>
<td>Integrated strategic decision making. Improved management of recruitment</td>
</tr>
<tr>
<td>resources.</td>
<td></td>
<td>and selection.</td>
</tr>
<tr>
<td>Attract suitable candidates.</td>
<td>Use a wide range of recruitment methods; both formal and informal.</td>
<td>Helps to combat skills shortage.</td>
</tr>
<tr>
<td></td>
<td>Headhunting and recommendation should not be overlooked.</td>
<td></td>
</tr>
<tr>
<td>Select and employ the appropriate candidates.</td>
<td>Process to include analysis of business needs for now and for the future.</td>
<td>Reconciles business plan with short-term operational conditions and long term organisational goals.</td>
</tr>
<tr>
<td></td>
<td>Ensure candidate selected to match job description.</td>
<td></td>
</tr>
<tr>
<td>Treat all candidates equally and fairly.</td>
<td>Transparent equal opportunities policies.</td>
<td>Enables transparent human resource planning to take place. And smooth process for recruitment and selection.</td>
</tr>
</tbody>
</table>

276
The process has been subdivided into categories applicable to organisational contexts. Table 8.13 outlines the recommendations in the form of a set of guidelines for selecting the appropriate management of the recruitment and selection of employees.

Table 8.13: Guidelines for selecting the appropriate management of recruitment and selection

<table>
<thead>
<tr>
<th>Organisational Category Type</th>
<th>Development and maintain the organisation's human resources</th>
<th>Attract suitable candidates</th>
<th>Select and employ the appropriate candidates</th>
<th>Treat all candidates equally and fairly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational Category Type A</td>
<td>Introduce structured methods to define the type of recruitment programmes required to achieve the required staffing levels. Assessing the feasibility of the potential project opportunities, taking into account the economic and social environment. Include recruitment and selection in the organisation's business plan and review regularly.</td>
<td>Use a wide range of recruitment methods; both formal and informal, including formal advertisements. Headhunting and recommendation should not be overlooked. Monitor and improve marketing of any recruitment opportunities.</td>
<td>Formal process required to be undertaken by HR and senior management. Process to include strategic analysis of current and future business needs. Every candidate selected must meet the minimum standard required of the recruitment programme selected. Selection process includes informal interview and tour of the firm. Process to include strategic analysis of business needs for now and for the future by assessing workload, challenges. Ensure every candidate selected meets the minimum standard required of the recruitment programme selected.</td>
<td>Via formal documentation and processes communicated transparently to all employees. Management receive the correct training and legal updates to complete the role.</td>
</tr>
<tr>
<td>Organisational Category Type B</td>
<td>Use of structured and informal methods to define Human Resource needs. Include recruitment and selection in the organisation's business plan and review needs regularly.</td>
<td>Use a wide range of recruitment methods; both formal and informal, including formal advertisements. Headhunting and recommendation should not be overlooked. Monitor and improve marketing of any recruitment opportunities.</td>
<td>Selection process includes informal interview and tour of the firm. Process to include strategic analysis of business needs for now and for the future by assessing workload, challenges. Ensure every candidate selected meets the minimum standard required of the recruitment programme selected.</td>
<td>Via formal documentation and informal processes communicated transparently to all employees. Management receive the correct training and legal updates to complete the role.</td>
</tr>
<tr>
<td>Organisational Category Type C</td>
<td>Examine informally the relationship between recruitment and selection requirements and the business strategy.</td>
<td>Communicate recruitment needs regularly to all current employees. Promotion from within and word of mouth recommendations are a successful method to be used in the first instance.</td>
<td>Process can be informal to establish the current and future business needs. Ensure written job description for the candidate includes these business needs. Ensure candidate selected matches job description. Selection process includes informal interview. Ensure current employees meet with the prospective employee and provide comments to the strategy maker.</td>
<td>Via informal methods ensure that the process is communicated transparently to all employees. Ensure strategy maker is aware of any management training and legal updates required to complete the role.</td>
</tr>
</tbody>
</table>
Training and development

The training and development framework sub-element aims to provide information to guide management activity concerned with organisational training plans, development opportunities, continuous professional and personal development (CPD), graduate development and professional qualification, and learning and development support. This sub-element is important for managing development and performance. Continuous review and feedback together with the appraisal process, personal development plans (PDPs), career management and succession planning are also included. The training cycle (Section 3.3.3) supports the planning, delivery and evaluation of the learning and development outcomes. This helps in designing and delivering effective solutions, training and development recognising and valuing existing employees and resulting in improved staff morale and staff retention levels and help to combat the skill shortages faced within the construction industry. The information is presented in the form of a practical process, Table 8.14, which provides clear objectives together with summaries of factors that should be taken into account in the decision-making processes.
### Table 8.14: Practical process for the appropriate management of training and development

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs analysis.</td>
<td>Assessment of current and future business performance needs and current performance and capability levels and a comparison of the two.</td>
<td>Identification of the current and potential future capability gaps and suitable training and development interventions.</td>
</tr>
<tr>
<td>Training design and delivery.</td>
<td>Assessment of the most appropriate training methods for the organisation and its implementation.</td>
<td>Aids designing and delivering effective solutions.</td>
</tr>
<tr>
<td>Training and development appraisals.</td>
<td>Provide frequent and regular appraisals including updates.</td>
<td>Well trained staff. Employees with the required skills and qualifications. Employees realise organisational commitment and opportunities. Personalised and tailored solutions. Employee involvement and commitment. Support for career management. Employee trust in managers looking after their staff. Fairness of procedure.</td>
</tr>
<tr>
<td>Career management.</td>
<td>Provide training and development activities that align with current and forecasted challenges.</td>
<td>Balance responsibility for career planning. Providing longer-term approach for managing the career structures.</td>
</tr>
<tr>
<td>Succession planning.</td>
<td>Implement succession planning. Creating development paths across the organisation. Monitoring the engagement, loyalty and critical talent in the organisation.</td>
<td>Succession planning ensures the organisation can meet its current and future management needs. Promotes employee commitment to organisational goals. Employees are key strength to the business as added value.</td>
</tr>
</tbody>
</table>

The process has been subdivided into categories applicable to organisational contexts. Table 8.15 outlines the recommended guidelines for selecting the appropriate management of training and development.
### Table 8.15: Guidelines for selecting the appropriate management of training and development

<table>
<thead>
<tr>
<th>Organisation Category Type A</th>
<th>Training needs analysis</th>
<th>Training design and delivery</th>
<th>Training and development appraisals</th>
<th>Career management</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carried out at an organisational, job and individual levels within the organisation. Requires a broad range of internal and external data available for analysis. Can be highly formalised in nature.</td>
<td>Focus on what is to be learned and how people learn. Influencing the choice of appropriate training methods. Including all levels within the business.</td>
<td>Written formal appraisal system for all employees. Includes a review of an individual's performance and forward assessment of individual's future needs. Each section had to be agreed and signed by both parties, held in the employee's file.</td>
<td>Assess current and future needs. Establish training plans, budgets, and opportunities. Balance employee responsibility for career planning and providing longer-term proactive management approach. Ensure that the process is carefully documented.</td>
<td>Implement formal succession planning. Ensure development opportunities exist. Identify and monitor employees for their engagement, loyalty and critical talent in the organisation.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation Category Type B</th>
<th>Training needs analysis</th>
<th>Training design and delivery</th>
<th>Training and development appraisals</th>
<th>Career management</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carried out for every employee at an individual level. Requires a broad range of internal and external data available for analysis. Can be formalised in nature. Training needs and personal preferences discussed. Managers suggest and offer range of options.</td>
<td>Use a wide range of methods for training including classroom learning, informal, 'organic', on-the-job learning facilitated via mentoring.</td>
<td>Written formal appraisal system for all staff. Includes a review of an individual's performance and forward assessment of individual's future needs and potential. Each section had to be agreed and signed by both parties, held in the employee's file.</td>
<td>Assess current and future needs. Establish training plans, budgets, and widen range of opportunities. Ensure that senior management is proactive in the process and that the process is carefully documented.</td>
<td>Implement informal succession planning. Monitor development opportunities. Identify and monitor employees for their engagement, loyalty and critical talent in the organisation.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation Category Type C</th>
<th>Training needs analysis</th>
<th>Training design and delivery</th>
<th>Training and development appraisals</th>
<th>Career management</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carried out for each employee at an individual level. Process occurs between the strategy maker and the employee. Analysis can be informal in nature.</td>
<td>Use a variety of training methods; consider the long term benefits of training away from the workplace more. Monitor on quality of on the job training more.</td>
<td>Appraisal system to be established for all staff. Process can be informal in nature and should include review of an individual's performance and assessment of individual's future needs to be agreed by the employee and the strategy maker.</td>
<td>Establish training plans, budgets, and widen range of training opportunities. Undertake continuous review and feedback of the process.</td>
<td>Implement informal succession planning as opportunities are limited within the organisation. Monitor employees commitment to the organisation.</td>
<td></td>
</tr>
</tbody>
</table>
**Employee relations**

The employee relations framework sub-element defines and makes recommendations regarding the different types of Employee Involvement highlighting the benefits of participative management style, also highlighting issues including work-life balance and flexible working arrangements.

Employee involvement seeks to increase employees' understanding of their organisation so that they can influence business decisions, make better use of their skills and commit to the goals of the organisation. Marchington's (1995) five types of Employee Involvement (Table 3.1, Section 3.3.3.3) provide a basis for developing the effective management of employee relations and particularly the element of employee involvement. This is presented in the form of a practical process, Table 8.16, which provides clear definitions together with summaries of factors that should be taken into account in the decision-making processes.

**Table 8.16: Practical process for the appropriate management of employee relations**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees.</td>
<td>Ensure that clear communication methods are used.</td>
<td>Increased understanding of organisational plans and objectives by employees.</td>
</tr>
<tr>
<td>Encourage employees to expand the range of tasks they undertake.</td>
<td>Implement measures to allow employees to develop their skills individually and within the team.</td>
<td>Development of new talents and better use of existing talents within the organisation.</td>
</tr>
<tr>
<td>Support effective decision-making.</td>
<td>Use knowledge and opinions of employees.</td>
<td>Understanding the employee needs and encourages employee commitment. Increases ideas within the organisation, encourages co-operation and support for change.</td>
</tr>
<tr>
<td>Relate the employees' overall pay to the success of the organisation.</td>
<td>Provide financial rewards for all employees.</td>
<td>Employees will work harder if they receive a personal financial reward from the organisation's success.</td>
</tr>
</tbody>
</table>
The process has been subdivided into categories applicable to organisational contexts. Table 8.17 outlines the recommended guidelines for the appropriate management of employee relations.

### Table 8.17: Guidelines for selecting the appropriate management of employee relations

<table>
<thead>
<tr>
<th>Organisation category Type</th>
<th>Provide information to employees</th>
<th>Encourage employees to expand the range of tasks they undertake</th>
<th>Support effective decision-making</th>
<th>Relate the employees' overall pay to the success of the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation category Type A</td>
<td>Via a wide range of methods including formal and informal communication reports, newspapers, videos, presentations, team briefings. Ensure that a formal monitoring system is in place and that effective communication method are used.</td>
<td>Formally assess each employee role of the appropriate introduction of expanded work tasks. Introduce job rotation, job enrichment, team working, empowerment and semi-autonomous work groups. Ensure that feedback is obtained from employees for each method introduced.</td>
<td>Establish formal support methods and monitor their effectiveness. Ensure that joint consultation and discussions between managers and employees take place. Introduce and monitor employee suggestion schemes. Introduce cross team meetings to improve communication. Seek employee views on organisational plans.</td>
<td>Introduce formal financial rewards for each employee e.g. profit-sharing schemes, employee share ownership plans.</td>
</tr>
<tr>
<td>Organisation category Type B</td>
<td>Via a wide range of methods including formal and informal communication reports, newspapers, presentations and team briefings. Ensure that the level and quality of communication is monitored.</td>
<td>Undertake a structured assessment for each employee regarding their role and whether they can expand their work tasks. Focus should be placed on improved team working, job rotation and empowerment. Collect regular feedback and review comments.</td>
<td>Joint consultation, discussions between managers and employees takes place through formal or informal methods. Introduce and monitor employee suggestion schemes. Introduce cross team meetings to improve communication. Suggestion schemes implement the collection of employee opinion and develop and implement ideas.</td>
<td>Introduce formal financial rewards for each employee e.g. Profit-sharing schemes, and individual bonus scheme.</td>
</tr>
<tr>
<td>Organisation category Type C</td>
<td>Via informal communication generally e.g. staff meetings, memos and face to face conversations. Ensure that communication is regular and clear.</td>
<td>Undertake an informal assessment and feedback with each employee regarding their current and future role and whether they can expand their work tasks. Focus should be placed on improved team working, job rotation and empowerment.</td>
<td>Ensure direct regular consultation between managers and employees takes place. Implement employee suggestion schemes.</td>
<td>Introduce individual financial rewards for employees where possible e.g. Bonus and Profit-sharing schemes.</td>
</tr>
</tbody>
</table>
Organisational culture and structure

The organisational culture and structure element of the framework defines the different types of culture and structure and highlights the benefits of their alignment. It is aimed at increasing strategic managers’ understanding of their culture and structure and the relationship between them, so that the managers can make decisions that compliment the organisation’s strategy and SHRM approaches.

This detailed information is presented below to the construction SMEs in the form of a practical process, Table 8.18, which provides clear objectives and definitions together with summaries of factors to be taken into account in the decision-making processes.

Table 8.18: Practical process for the appropriate management of organisational culture

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture, relationships and caring working environment.</td>
<td>Implement effective communications and training. Encourage employee involvement and employee participation.</td>
<td>Complements a firm’s efforts in promoting SHRM practices. Long periods of service. Positive physical impression of the organisation, including professionalism and high quality.</td>
</tr>
<tr>
<td>Flexibility within the organisations culture to evolve and develop as a business.</td>
<td>Implement behavioural (cultural) changes when required. Cultural changes can take several years to achieve.</td>
<td>Enhances the organisation’s ability to retain well developed and motivated employees. Facilitates and strengthens organisational performance.</td>
</tr>
<tr>
<td>Supportive organisational culture is needed for human resource practices.</td>
<td>Implement supportive measures directly and indirectly to improve investment and resource allocation decisions.</td>
<td>SHRM practices will function to their fullest performance potential. Offers competitive advantage through synergy and the opportunity to develop capabilities.</td>
</tr>
</tbody>
</table>

The process has been subdivided into categories applicable to organisational contexts. Table 8.19 below outlines the recommended guidelines for selecting the appropriate management of organisational culture.
Table 8.19: Guidelines for selecting the appropriate management of organisational culture

<table>
<thead>
<tr>
<th>Organisation category</th>
<th>Strong culture, relationships and caring working environment</th>
<th>Flexibility within the organisations culture to evolve and develop as a business</th>
<th>Supportive organisational culture is needed for human resource practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type A</td>
<td>Introduce formal monitoring system to ensure that communication and training are effective. Encourage continued employee involvement and set up further employee participation programmes.</td>
<td>Create an environment where change can take place by continuing with skill development, new innovations, allocation of resources for creativity, positive and proactive attitudes.</td>
<td>Ensure that managerial values, organisational traditions and routines are publicised within the organisation through formal and informal routes.</td>
</tr>
<tr>
<td>Type B</td>
<td>Introduce formal monitoring system to ensure that communication and training are effective. Encourage employee involvement and set up employee participation programmes.</td>
<td>Use both formal and informal methods to promote skill development, and new innovations, allocating and monitoring resources regularly.</td>
<td>Ensure that managerial values, organisational traditions and routines are publicised within the organisation, through informal routes.</td>
</tr>
<tr>
<td>Type C</td>
<td>Introduce regular informal monitoring of communication and training. Encourage employee involvement within the organisation.</td>
<td>Continue with skill development and new innovations. Monitor resources available for these activities.</td>
<td>Continue with informal regular communication of managerial values, organisational traditions and monitor routines for areas of improvement.</td>
</tr>
</tbody>
</table>

When considering the issues surrounding the appropriate management of organisational structure, the detailed information would be presented to the construction SME in the form of a practical process, Table 8.20, which provides clear objectives together with summaries of factors that should be taken into account in the decision-making processes.
Table 8.20: Practical process for the appropriate management of organisational structure

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure compliments the business strategy, leadership and culture of the organisation.</td>
<td>Achieve a high level of integration within the organisation.</td>
<td>Employee commitment to the organisation's success.</td>
</tr>
<tr>
<td>Suitable organisational structure.</td>
<td>Ensure an appropriate level of formality exists within the organisation.</td>
<td>Important for the achievement of a strategic vision. A suitable structure will enable effective implementation to take place.</td>
</tr>
<tr>
<td>Structural change assessment.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches.</td>
<td>Improved strategic alignment.</td>
</tr>
</tbody>
</table>

The process has been subdivided into categories applicable to organisational contexts. Table 8.21 outlines the recommended guidelines for selecting the appropriate management of organisational structure.
<table>
<thead>
<tr>
<th>Organisation category Type A</th>
<th>Compliments strategy, leadership and culture</th>
<th>Suitable organisational structure</th>
<th>Structural change assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal organisational structure with practices and processes documented and monitored. This will compliment the business strategy and leadership style of the organisation. Also providing an opportunity for improved of integration of these functions within the organisation.</td>
<td>Matrix structure. This organisational type assigns each worker two bosses in two different hierarchies. One hierarchy is &quot;functional&quot; and assures that each type of expert in the organisation is well-trained, and measured by a boss who is super-expert in the same field. The other direction is &quot;executive&quot; and tries to get projects completed using the experts.</td>
<td>Review through a formal process via senior management if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches. Analyse resources needed to undertake structural changes and the viability of those changes. Implement action plan for changes or further review sessions.</td>
<td></td>
</tr>
<tr>
<td>Functional organisational structure with informal and formal practices and processes. This will compliment the business strategy and leadership style of the organisation. Also providing an opportunity for improved of integration of these functions within the organisation.</td>
<td>Functional structure where the organisation of a firm's business activities is split into separate divisions each is responsible for their business function e.g. production, finance, and marketing.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches. This review can be a combination of formal and informal methods. Analyse the viability of any changes financially. Produce a formal action plan for the future.</td>
<td></td>
</tr>
<tr>
<td>An informal organisational structure with supporting practices and processes monitored and implemented by the strategy maker. This will compliment the business strategy, leadership style and further integration within the organisation.</td>
<td>Functional or simple structure. Few levels of management with clear communication and high level of informality in general.</td>
<td>Strategy maker to regularly, informally, review if any physical changes to the organisation need to be undertaken to suit the future business strategy.</td>
<td></td>
</tr>
</tbody>
</table>

The next section outlines how the framework and the supporting documents were tested by construction SMEs and the conclusions and recommendations that can be made regarding the future of the framework.
8.4 Testing the Framework

In order to validate the SME SHRM Framework a number of key areas were discussed with the strategic managers of the four validation organisations and discussed in section 5.5.3. The organisations were asked to comment generally and specifically on the information provided to them as the SME SHRM Framework document (see Appendix K). The feedback from the organisations was very positive and generally complimentary. Organisations provided feedback on a number of issues including: the documents presentation standard, the documents content, the framework outline, the practical process tables and the management guidelines.

8.4.1 The SME framework document presentation

Table 8.22 outlines the organisations’ key thoughts regarding the standard of presentation of the framework document including its overall presentation, the framework guidelines, flowchart and language used. In summary the organisations felt that the information was well presented, with appropriate language, the guidelines were clear and the ‘step by step’ flow chart was very helpful in understanding the process.

<table>
<thead>
<tr>
<th>General Issues</th>
<th>Summary of thoughts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation of the information packs generally.</td>
<td>Well presented, fairly user friendly, not complex. It repeated information which was helpful, each chart / stage of the process was a reminder of what to do. It contextualised the issues well.</td>
</tr>
<tr>
<td>Standard of the guidelines provided.</td>
<td>The guidelines provided within the information pack were clearly communicated. They were very good; they expressed things in terms needed for the organisation, used simple market terms, used plain language and applied a recognisable framework, which was very plain and simple.</td>
</tr>
<tr>
<td>Using the flow chart.</td>
<td>The flow chart ‘step by step guide’ was very helpful in understanding the process.</td>
</tr>
<tr>
<td>Appropriate language.</td>
<td>Yes, it was good and clear. The issue was to identify the correct Organisational Category.</td>
</tr>
</tbody>
</table>
8.4.2 The SME framework document content

Organisations provided feedback on the content of the SME SHRM Framework document, focussing on a number of key areas of: the organisational benefits of the framework if any, the appropriate timeframe, the usability of the framework in the future, and possible improvement themes.

Organisational Benefits

Table 8.23 outlines the numerous organisational benefits discussed by the four organisations. Two clear themes emerged; it acts as support for future decision making, and it created an insight into the decision making process that goes on naturally, the framework helps to formalise it and give it more structure.

Table 8.23: Organisational benefits of the framework document

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Organisational Benefits</th>
</tr>
</thead>
</table>
| A | It acts as a support for future decision making.  
The physical act of formalising it is very useful, as the organisation does not undertake it too actively without the framework. |
| B | It acts as support for future decision making, especially if no process is currently in place.  
Always useful to have summarised guidelines even if only to be used as a checklist as without it a manager has to make the list.  
The framework can be used to adapt, select and prioritise.  
The benefit is that it is a refreshing process and a 'different approach'. |
| C | It is telling you what you should be doing it is a 'warning guide' a 'wake up call even' to you kind of know about it but realise that you should do more.  
It is a good guideline on things you need to set up yourself it is a 'you need to guide' it doesn't do it for you.  
Having read it, there are certain elements that a business should be focussing on in a more strategic manner. |
| D | It acts as a support for future decision making as it gives clearly defined step process to follow.  
It created an insight into the decision making process that goes on naturally, the framework helps to formalise it and give it more structure.  
The framework itself and the stepped process are beneficial as they help you think about what you are and why you have done things, aspirations are easy to work out, sometimes it is where you are now that is more difficult to establish. |
Usability

Each of the organisations articulated that the framework document was usable for their organisation in the future. Each organisation outlined how the document could be utilised within their organisation’s context. Table 8.24 summarises the process suggested by the organisations that would be adopted to incorporate the framework document into their management activities.

Table 8.24: Usability of the framework

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Organisational Usability</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>As a reference document for senior management discussion.</td>
</tr>
<tr>
<td>B</td>
<td>Partner to draw up a one page proposal from the document in bullet point format. Also set up a focus group of 4 people (cross section of the organisation). Invite them to go through the framework document. The partner and focus group to produce an action list that is appropriate for the organisation. Once you have been through the process a review is necessary. Conduct a brief review annually and a serious re evaluation every 3 years.</td>
</tr>
<tr>
<td>C</td>
<td>Review the document and take out all the information relevant to Organisational C category’s and form an organisational flow chart and action plan from this.</td>
</tr>
<tr>
<td>D</td>
<td>As a guidance tool for thought and a discussion document. Talk about it at the senior management level, it would then become more familiar, ask other people to be involved once responsibilities are devolved. It could be used to develop people at various levels in terms of management and decision making. The framework acts as a good vehicle for &quot;taking you forward&quot;; you can take individual parts and deal with each of them in turn.</td>
</tr>
</tbody>
</table>

Organisations made a number of suggestions regarding the type of organisations that could use the framework document effectively. Perspectives varied from the framework documented being suited to all organisational categories; to being more applicable to the larger structured organisations and in contrast particularly useful to the smaller organisations. Table 8.25 outlines the responses.
Table 8.25: Organisational categories applicable for using the framework document

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Appropriate Organisational Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Larger organisations with more structured organisations, a beaurocracy for instance.</td>
</tr>
<tr>
<td>B</td>
<td>Particularly useful to smaller organisations, places that don't have the HR department.</td>
</tr>
<tr>
<td>C</td>
<td>Feels that it is more important to Organisation 'C' types rather than A and B types. In my view Organisation types A and B should already be doing it and procedures are being followed i.e. to them it would be an excellent checklist.</td>
</tr>
<tr>
<td>D</td>
<td>Any type of organisation, not singularly peculiar to construction. Yes it is applicable to organisational categories. The biggest challenge is creating the time for this process to take place, the framework facilitates and guides thus process and creates commonality in the process which is quite worthwhile.</td>
</tr>
</tbody>
</table>

**Timeframe**

Organisations were also asked to discuss how frequently they would use the framework, a clear mixture of perspectives was apparent from the group. This ranged from very occasionally to every month, this indicated the flexibility of the document as it was possible to use it to suit individual organisational time spans. Table 8.26 summarises the organisations responses.

Table 8.26: Timeframe for framework document usage

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Likely frequency of using the Framework Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Very occasionally.</td>
</tr>
<tr>
<td>B</td>
<td>Infrequently, either annually or once every 3 years.</td>
</tr>
<tr>
<td>C</td>
<td>Frequently, once every 6 months, with a regular review period, it needs to be regular otherwise it is hopeless.</td>
</tr>
<tr>
<td>D</td>
<td>Very frequently, it would be possible to use it very frequently although it would depend on how you undertake your decision making e.g. if you have employee groups- it could be used on a regular basis for monthly board meetings.</td>
</tr>
</tbody>
</table>
Improvement Themes

When considering the possible improvements that could be introduced to enhance the SME framework a number of themes emerged. Table 8.27 provides a summary of the improvement themes suggested. Two clear improvement themes were apparent; these were the introduction of definitions for SME and SHRM and the improved presentation of the document separating each organisational category into its own section.

Table 8.27: Summary of suggested improvement themes

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Suggested Improvement Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>The document appeared daunting initially. Could it be more concise? Would it be possible to change the presentation, separating the tables for each organisational category into an individual booklet.</td>
</tr>
<tr>
<td>B</td>
<td>SHRM definition needed. Change the order of Table 1.4. Would be easier to go directly to the three separate organisational categories.</td>
</tr>
<tr>
<td>C</td>
<td>SME definition needed. SHRM definition needed. Flow of the document could be improved. If it could be reformatted to be more directed to each organisational category it would help.</td>
</tr>
<tr>
<td>D</td>
<td>SHRM definition needed.</td>
</tr>
</tbody>
</table>

8.4.3 The framework outline

Organisations were asked to discuss how easy they felt the framework outline was to understand, a clear mixture of perspectives was apparent from the group. Organisations A and B felt that the model was very easy to understand, whereas Organisation D felt that although it was easy to understand they added that:

"The challenge was to get the connection between the framework theory and the real business".

In contrast Organisation C did not feel strongly about the ease of understanding the outline generally.
Organisations were asked to discuss how useful they found the framework outline. Organisation A, B and D felt that the model was useful in its diagrammatic format which was simple and clear. Whereas Organisation C felt that it was not very useful due to its location in the document.

"As it is placed very early in the document and you are still getting to grips with the principles more so it is a lot to grasp at this stage".

All of the organisations confirmed that the framework outline was relevant to their organisations, suggesting that that from a management perspective it reflected the key issues relevant to their individual organisations. Organisation B stated that it was very relevant as;

"It is not rocket science- it stresses the link between strategy and the HR management".

8.4.4 The practical process tables

The organisations agreed that the practical process tables were easy to understand although one criticism raised by the Organisation A suggested that

"Overall the tables seemed very wordy".

In contrast the Organisation B thought that the tables were

"A good way of doing it with specific benefits and you could have more tables".

All of the organisations confirmed that the language used in the practical process tables and management guidelines was appropriate.

All of the organisations confirmed that they had learned something new from the practical process tables. One organisation confirmed that the benefits outlined in the tables were a new perspective for them. Another
organisation confirmed that the tables suggest the transparency needed within the organisation as well as ensuring that others understand the issues and useful in assisting the process of managing aspiration.

The organisations were asked to confirm if any of the management guideline tables were particularly useful to them. Two of the organisations stated that they felt that generally all of the practical process tables:

"Had some connection and something to offer". (Organisation D)

Recruitment and selection was suggested by two organisations as a table of specific importance. Reasons for this importance included:

"As our organisation does this informally and this would aid reviews". (Organisation C)

"As most businesses are not necessarily very good at it and take it for granted that they are very good at it. This sets out ideas which would be helpful". (Organisation B)

8.4.5 The management guidelines
The organisations agreed that the management guidelines were easy to understand, although one organisation felt that the guidelines:

"Seemed daunting at first". (Organisation A)

Another confirmed that:

"The challenge is to identify your organisation's category". (Organisation D)

All of the organisations also confirmed that the language used in the management guidelines was appropriate; it was 'very plain'.

293
All of the organisations felt that they had benefited from reading and discussing the management guidelines. One organisation outlined the main benefits as the realisation that as an organisation they should be engaging more in the issues raised whereas another organisation suggested that the management guidelines offered a formalised process for them at an appropriate level.

The organisations were asked to confirm if any of the management guideline tables were particularly useful to them. Two of the organisations stated that they felt that generally all of the management guidelines tables ‘had something to offer’ their organisations. Two specific areas were suggested by three of the organisations: HR Leadership and Policies and recruitment and selection.

Organisations explained that HR policies, leadership and management table was the most useful table to them for two main reasons. One organisation had previously:

"Paid lip service to it in the past". (Organisation A)

Whereas an alternative view was that:

"The integration of HR plans is fundamental and is often missed". (Organisation B)

The management guidelines relating to Recruitment and Selection were outlined as a key issue due to the current marketplace and skills shortages experienced across the industry.
8.4.6 Key findings

The organisations provided feedback on all the key elements of the Framework Package. Table 8.28 summarises the key findings for each element of the Framework Document.

Table 8.28: Key findings of the framework document

<table>
<thead>
<tr>
<th>Key elements of the Framework Package</th>
<th>Key Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework document presentation</td>
<td>Generally well presented, clear guidelines and easy to understand format.</td>
</tr>
<tr>
<td></td>
<td>Improvement themes for reducing the time taken to read the document and defining unfamiliar terminology.</td>
</tr>
<tr>
<td>Framework document content</td>
<td>Offered a range of organisational benefits.</td>
</tr>
<tr>
<td>Framework Outline</td>
<td>Easy to understand.</td>
</tr>
<tr>
<td></td>
<td>Generally useful.</td>
</tr>
<tr>
<td></td>
<td>It reflected key issues relevant to their organisations.</td>
</tr>
<tr>
<td>Practical process tables</td>
<td>Easy to understand.</td>
</tr>
<tr>
<td></td>
<td>Simple language.</td>
</tr>
<tr>
<td></td>
<td>Key element of Recruitment and Selection.</td>
</tr>
<tr>
<td>Management guidelines</td>
<td>Easy to understand.</td>
</tr>
<tr>
<td></td>
<td>Simple language.</td>
</tr>
<tr>
<td></td>
<td>Offered a range of organisational benefits.</td>
</tr>
<tr>
<td></td>
<td>Key elements were HR Management and Policies and Recruitment and Selection.</td>
</tr>
</tbody>
</table>

It is clear from the key findings that the SME SHRM Framework is an appropriate document to be used by construction SMEs. The process and language of the Framework document are easy to understand, and the practical process tables and management guidelines offer a range of organisational benefits. Each organisation had specific praise for the SME SHRM Framework, key comments were:

Organisation A stated that the framework document was:
"The physical act of formalising it is very useful, as the organisation does not undertake it too actively without the framework".

Organisation B stated that the framework document was:

"The framework can be used to adapt, select and prioritise. The benefit is that it is a refreshing process and a 'different approach'".

"I have confidence in the process and definitely see a value in it".

Organisation C stated that the framework document was:

"It is a 'wake up call' a 'start'".

Organisation D stated that the framework document was:

"Most interesting and want to read it again, has definitely invoked some thought process, and would like to see a final working document".

Suggested improvements to the documents were:

- Improving the overall presentation by reducing the length of the document;
- Reformatting the document to allocate each Organisational Category and relevant tables a separate section; and
- Reformatting the tables to merge the practical process table and the management guidelines table.
- More help with categories and their application.

These improvements would reduce the amount of time required to read the document and improve its usability. In response to the validation process and to comments, the SME SHRM Framework document was revised and simplified to incorporate the feedback received (seen in the next section).
8.5 Simplified SME SHRM Framework

SME SHRM FRAMEWORK DOCUMENT

From using this framework to support your decision making process it is possible to:

- Set the strategic objectives that you have chosen;
- Select the appropriate process for completion within your organisation;
- Prepare an action plan for implementation of your chosen process; and
- Review the success of the chosen process items once they have been implemented.
1.1 Introduction to the document

- This document provides you with a decision making tool that will support you during your strategic activities and will facilitate improved management within your organisation.
- The document is split into a number of sections. It begins by providing you with an introduction to the SME SHRM Framework and outlines its benefits and uses.
- It goes on to explain the framework outline as a diagram, indicating the key elements that you should be considering.
- It then provides a step by step guide to using the framework.
- The document then provides a detailed explanation of each step of the framework in turn for you to consider.
- Once you have completed all three steps of the framework you will have made a number of decisions regarding the future strategic development of your organisation.
- From using this framework to support your decision making process it is possible to:
  - Set the strategic objectives that you have chosen; and
  - Select the appropriate process (or individual items) for completion within your organisation.
- You will then be in a position to prepare an action plan for implementing your chosen process (or individual items), as well as reviewing the success of the process items once you have implemented them.
1.2 Introduction to the framework

Table 1.1: The benefits and uses of the SME SHRM framework

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The framework is a tool that will benefit strategic managers by helping them to resolve conflicts between the strategic vision of their organisation and the people management challenges of the construction industry.</td>
<td></td>
</tr>
<tr>
<td>The framework will facilitate improved management and integration of strategic activities including people management issues.</td>
<td></td>
</tr>
<tr>
<td>The framework can be used within the organisation as a reference and guide to aligning business strategy and all human resource management issues.</td>
<td></td>
</tr>
<tr>
<td>It offers an integrated approach to strategic decision-making which could strengthen the current approaches used.</td>
<td></td>
</tr>
<tr>
<td>It offers support to the strategic decision makers as well as offering flexibility without being too descriptive in its nature.</td>
<td></td>
</tr>
<tr>
<td>Flexibility will be achieved by suggesting a wide variety of decision making options available to the organisation.</td>
<td></td>
</tr>
<tr>
<td>The simplicity of the framework allows it to be easily interpreted and implemented by the organisation.</td>
<td></td>
</tr>
</tbody>
</table>

Important definitions:

**SME**: Small and Medium Enterprises- for this framework a small enterprise has 0 to 49 employees; for a medium-sized enterprise 50 to 249 employees; and a large enterprise has 250 or more employees.

**SHRM**: Strategic Human Resource Management- for this framework SHRM is concerned with the development and integration of people management strategies within corporate strategies.

1.3 The Framework Outline

- Figure 1.1 outlines the key elements of the SME SHRM Framework.
- Each box within the framework outline contains a key strategic area for your consideration.
- Each element will be explained in greater detail in Step 2 of ‘using the framework’ (see Section 1.4).
- The key elements of business strategy, SHRM strategy and organisational culture and structure are of central importance, are interrelated and are shown highlighted in Figure 1.1.
- The key element of business strategy has a direct link to the strategic management policies and the strategic management activities of your organisation.
- The key element of SHRM strategy has a direct link to the HRM policies, leadership and management as well as the people management issues within your organisation.

![Figure 1.1: SME SHRM Framework outline](image)
1.4 Guide to using the framework

- This section provides a step by step process for you to follow and refer to when using the framework.
- The flow diagram Figure 1.2 offers a step by step guide for you to use.
- Each step of the diagram is discussed in turn and is contained in a separate section of the document.
- You should complete each step in order.

![Step guide to using the framework](image)

**Figure 1.2: Step guide to using the framework**

The next section 1.5 explains step 1 of using the framework.
1.5 Step 1: Levels of formality

- Strategic approaches within construction SMEs vary in their degrees of formality.
- In order for you to use the framework you must first select an organisational formality category type which reflects your current organisation as closely as possible.
- The level of formality identified underpins the content of the management guidelines (see Step 3 in Section 1.7) and is an important theme throughout the framework document.
- Once selected you will then refer to your chosen organisational formality category type each time you use a set of management guidelines.
- Table 1.2 indicates the levels of formality found in each of the three organisational types.
- The table also highlights that for each of the three key elements of the framework outline; (business strategy; SHRM strategy and Organisational culture and structure); the levels of formality are very similar within each organisation category type.

Table 1.2: Appropriate levels of formality

<table>
<thead>
<tr>
<th></th>
<th>Business strategy</th>
<th>SHRM, HR management and leadership, Human resource planning</th>
<th>People management issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisation Formality Category Type A</strong></td>
<td>High level of formality</td>
<td>High level of formality</td>
<td>High level of formality</td>
</tr>
<tr>
<td><strong>Organisation Formality Category Type B</strong></td>
<td>Mixed level of formality</td>
<td>Mixed level of formality</td>
<td>Mixed level of formality</td>
</tr>
<tr>
<td><strong>Organisation Formality Category Type C</strong></td>
<td>Low level of formality</td>
<td>Low level of formality</td>
<td>Low level of formality</td>
</tr>
</tbody>
</table>
1.5 Step 1: Levels of Formality

Choosing your Organisational Formality Category:

- In order for you to select an organisational formality category type, which reflects your current organisation as closely as possible, you should refer to Table 1.3 which highlights a choice typical behaviour that your organisation will display.
- Your choice of appropriate organisational formality category is based upon your perception of the typical behavioural characteristics demonstrated within your organisation.
- You must select either organisational formality category type A, B or C, from Tables 1.2 and 1.3.
- You may find that your organisation is not a perfect match for one of the three organisational formality categories.
- If this is the case you must select from the table the organisational formality category that you feel best reflects your organisation.
### 1.5 Step 1: Levels of Formality

**Step 1**
Select appropriate Levels of Formality

---

Table 1.3: Organisational formality category typical behaviours

<table>
<thead>
<tr>
<th>Organisation formality Category Type</th>
<th>Level of formality</th>
<th>Typical behaviours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisation formality Category Type A</strong></td>
<td>High level of formality</td>
<td>Formal strategies, systems and policies for all areas of the business exist, supported by more informal methods. Clear communication of all strategies and policies. High level of information sharing and employee consultation. High level of support is offered to employees. Matrix management structure. Dedicated HR staff, with clear strategic input.</td>
</tr>
<tr>
<td><strong>Organisation Category Type B</strong></td>
<td>Mixed level of formality</td>
<td>Some formal strategies, systems and policies for the business exist, supported by more informal methods. Generally clear communication of the strategies and policies. Some evidence of clear information sharing and employee consultation. Mixed level of support offered to employees. Functional management structure. Part time HR staff, with some strategic input.</td>
</tr>
<tr>
<td><strong>Organisation Category Type C</strong></td>
<td>Low level of formality</td>
<td>Strategies, systems and policies exist although they are generally informal in nature. Clear communication is mainly verbal in nature. Limited information sharing and employee consultation occurs. Level of information sharing depends on the level of employees. Simple management structure. No dedicated HR staff, role is split between Directors.</td>
</tr>
</tbody>
</table>
1.6 Step 2: Decision making subjects

- This step is an explanation of the decision making subjects contained within the framework.
- This step offers guidance for you in selecting the decision making subjects that you feel are appropriate to your organisation.
- This step does not require any specific actions, instead you must decide which of the decision making subjects are appropriate for you to consider in more detail.
- Step 3 (see Section 1.7) will then offer you support for each decision making subject chosen.
- This step first summarises each key element of the framework in turn.
- Note that each key element of the framework is a separate decision making subject and has been labelled in the order you should consider them: (a); (b); (c); (d); and (e).

Figure 1.1 SME SHRM framework outline
(a) Business strategy

- The business strategy element of the framework contains two separate decision making subjects, of strategic management policies and strategic management activities.
- This part of the framework is intended to:
  - Improve strategic management;
  - Increase employee understanding of your organisations’ strategy through improved communication and employee participation; and
  - Facilitate the review and development of the organisations’ business strategy and competitive advantage.

(b) SHRM strategy

- The SHRM strategy element of the framework contains two separate decision making subjects, of HRM policies, (including leadership and management) and people management issues.
- The framework is intended to:
  - Help you to understand SHRM; and
  - Help you to increase employees’ understanding of the organisation’s SHRM.

(c) HRM policies, (including leadership and management)

- This framework element aims to ensure that an organisation’s human resources are appropriate in terms of:
  - The volume and competencies of staff;
  - Facilitate current and future business objectives; and
  - The integration of HR plans into the organisation strategy.
- Responsibility for this function lies with the organisation’s senior management and HR staff.
(d) People management issues
This element includes the following sub-elements: recruitment and selection, training and development, and employee relations.

(d) (i) Recruitment and selection
- This framework sub-element aims to improve management of recruitment and selection, in turn helping organisations to develop and maintain their human resources.
- This framework sub-element highlights a number of issues:
  - The process of attracting and employing new employees;
  - Equal opportunities policies ensure that all candidates are treated equally and fairly; and
  - Decision making issues including organisational objectives and job related criteria.

(d) (ii) Training and development
- This framework sub-element aims to provide information to guide management activity to improve staff morale and staff retention levels.
- This framework sub-element outlines a number of issues:
  - Organisational training plans, development opportunities, continuous professional and personal development (CPD), graduate development and professional qualification, and learning and development support; and
  - Continuous review and feedback together with the appraisal process, personal development plans (PDPs), career management and succession planning are also included.

(d) (iii) Employee relations
- This framework sub-element defines and makes recommendations regarding employee relations and the different types of Employee Involvement.
- It highlights the benefits of participative management style, work-life balance and flexible working arrangements.
- It seeks to increase employees' understanding of their organisation so that they can influence business decisions, make better use of their skills and commit to the goals of the organisation.

(c) Organisational culture and structure
- The organisational culture and structure element of the framework defines the different types of culture and structure appropriate to you and highlights the benefits of their alignment.
- It is aimed at increasing your understanding of your culture and structure and the relationship between them, so that you can make decisions that compliment your organisation's strategy and SHRM approaches.
1.7 Step 3 Practical process and management action tables

- This step provides a practical process table and management action guidelines for each element of the SME SHRM Framework:
  a) Business Strategy;
  b) SHRM Strategy;
  c) HRM Policies, leadership and management;
  d) People Management Issues; and
  e) Organisational culture and structure.
- These tables are provided to help you to structure your decision making in light of your current organisational position.
- Each table provides you with a number of key objectives for you to consider within your organisation.
- Clear definitions of these objectives are provided with summaries of the process that you should consider in relation to meeting the objective.
- The tables also outline the organisational benefits associated with each objective and process.
- Once you have selected the single objective or number of objectives you would like to pursue from the table you should read across the row of the table and refer to the appropriate management action guidelines relevant to your objectives (see Section 1.7).

Process:
- Having completed Steps 1 and 2, you are now ready to select your appropriate management guidelines.
- Please refer to your selected decision making subjects in turn.
• Then refer to the individual objective and 'process' or number of objectives that you have selected as important for you organisation to consider for each of your decision making subjects.

• Then cross reference each objective at the top of the management guidelines table against your choice of organisational formality category at the left hand side of the same table.

• Each individual objective and process item contained in the practical process tables have been subdivided into organisation formality categories A, B and C.

• You now have a set of objectives, process, proposed benefits and management action guidelines for your consideration.

• If you are happy that these management guidelines are suitable for your use, prepare an action plan for the implementation.

If you are not sure that the management guidelines suggested are appropriate to your organisation, review the alternative organisational category sections which contain tables as a whole and examine the alternative category type 'statements' to see if they are more appropriate to you for implementation.
<table>
<thead>
<tr>
<th>Formality level</th>
<th>Typical behaviours</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Formal strategies, systems and policies for all areas of the business exist, supported by more informal methods. Clear communication of all strategies and policies. High level of information sharing and employee consultation. High level of support is offered to employees. Matrix management structure. Dedicated HR staff, with clear strategic input.</td>
</tr>
</tbody>
</table>

Organisational formality category type A
**ORGANISATIONAL FORMALITY CATEGORY A**

(a) Business Strategy

**Table 1.4: Practical process and management guidelines table for business strategy**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undertake strategic management process.</td>
<td>Comprehensive process includes strategic analysis, formulation, practices and implementation.</td>
<td>Allows strategic managers to set strategies and develop policies and practices to compliment the organisational goals. Offers the opportunity for improved alignment of strategic approaches and organisational performance.</td>
<td>Need for client involvement in the process and more effective of customer and client analysis techniques. E.g. customer feedback, client briefing, analysis and implementation of changes and improvements. Increased strategic awareness through the use of the strategic tools and techniques. Actual Process Guidelines: Record current strategy: Clarify top management’s organisational goals as to the kind of company it wants to operate. These criteria may be informal and embodied within a loosely defined strategy to suit the organisation's culture and structure. Identify problems (strategic analysis): The current strategy must be appraised to determine whether problems exist. Management must examine the organisation's operating environment to anticipate the consequences of continuing its current strategy by identifying any opportunities or threats. Discover the core elements: If the appraisal determines that problems exist it is necessary to discover their root cause. For example, an organisation may determine that it lacks competitive advantage. Formulate alternatives: Once the cause of the strategic problem has been discovered, management formulate alternative ways of addressing it. Evaluate alternatives: Management looks at the bearing of the various vital factors on the choice of a strategy. The alternatives must be compared in terms of: relative effectiveness in solving the strategic problem; the degree to which each matches the company's competence and resources; their relative competitive advantage; the extent to which they satisfy management's preferences; and sense of social responsibility. Choose the new strategy: Management identifies the most important factors on which the new strategy depends. The new strategy decision should involve judgement, experience, intuition, and discussions. Implement the new strategy: Includes development of plan and timescales, actual communication and implementation of the strategy, monitoring the strategy and continuous strategic review on a regular basis. It is essential that the organisation's culture and business processes are compatible with the desired strategy.</td>
</tr>
<tr>
<td>Provide information to employees regarding the current and future strategy.</td>
<td>Formal / informal communications: reports, newspapers, videos, presentations, team briefings.</td>
<td>Increased understanding of organisational plans and objectives by employees. Opportunity for employees to become involved in strategic direction of the organisation.</td>
<td>Formal and informal communications: reports, newspapers, videos, presentations, team briefings. Effective tools used for communicating strategy: word of mouth, management seminars, client briefing, strategic plan, mission statement. Greater involvement and improved communication within the strategic process and greater involvement of both internal staff and external organisations in comparison to Organisation Formality Categories Types B and C.</td>
</tr>
<tr>
<td>Ensure policies are transparent.</td>
<td>Wide range of policies to complement the strategic management process and the information dissemination to the employees.</td>
<td>Transparent policies help employees embrace company philosophy.</td>
<td>The organisation's direction and policies have to be widely understood. The strategic management process must be formal, regular and well documented. It must document the organisation's mission, objectives and plans, in order to improve formal communications. Regularity of the process must be maintained if a proactive approach is to be achieved. Suitable strategic tools and techniques are wide ranging: financial analysis, brainstorming, management of objectives, benchmarking, SWOT analysis, competitor analysis and resource audits.</td>
</tr>
</tbody>
</table>
### ORGANISATIONAL FORMALITY CATEGORY A

(b) **SHRM strategy**

(c) **HRM Policies, leadership and management**

Table 1.5: Practical process and management guidelines table for the appropriate management of HR, leadership and policies

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future HR strategy.</td>
<td>Transparent communication methods for all HR information.</td>
<td>Increased employee understanding of organisation's plans and Objectives.</td>
<td>Use a wide range of communication methods and formal monitoring system to ensure transparent communication. Communication methods could include formal and informal communications: reports, newspapers, videos, presentations, team briefings. Implement written statement of philosophy and stance on the management of HR. Transmit philosophy to employees formally. Implement HR policies to support the company philosophy.</td>
</tr>
<tr>
<td>Genuine aim for good people management practice though transparent communications.</td>
<td>Approachable and easily accessible management.</td>
<td>Positive foundation for future development of SHRM practices. Employees trust managers. Close relationships between managers and their staff. Leadership and management compliments strategy and SHRM and facilitate control. Employees are flexibility to suit the industry.</td>
<td>Implement an open door policy for all employees. Ensure management have personal knowledge of their staff and skills. Implement formal employee consultation process. Provide communication skills, leadership and trust staff development.</td>
</tr>
<tr>
<td>Integrating human resource plans into the company business plans.</td>
<td>Ensure HR policies support the company philosophy. Some strategic goals must guide the direction. Estimating staffing needs by reference to the corporate plan. Setting human resource budgets and monitoring them against the plans.</td>
<td>Strategic visions effectively implemented. Analysis of balance between demand and supply so as to be able to predict deficits and surpluses. Eliminate wasteful practices where necessary. Financial control of HR.</td>
<td>Use of formal systems including the analysis of current staff resources and changes in human resources. Analysis of staff turnover. Analysis of effects of changes in the conditions of work. Analysis of external factors influencing the supply of staff. Assessment of demand and potential business opportunities. Matching future requirements against existing resources.</td>
</tr>
</tbody>
</table>
ORGANISATIONAL FORMALITY CATEGORY A

(d) People Management Issues

This Section includes: recruitment and selection, training and development, and employee relations.

Table 1.6: Practical process and management guidelines table for the appropriate management of recruitment and selection

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain the organisation's human resources.</td>
<td>Include recruitment and selection in the organisation's strategic plan.</td>
<td>Integrated strategic decision making. Improved management of recruitment and selection.</td>
<td>Introduce structured methods to define the type of recruitment programmes required to achieve the required staffing levels and assessing the feasibility of the potential project opportunities taking into account the economic and social environment. Include recruitment and selection in the organisation's business plan and review needs regularly.</td>
</tr>
<tr>
<td>Attract suitable candidates.</td>
<td>Use a wide range of recruitment methods; both formal and informal. Headhunting and recommendation should not be overlooked.</td>
<td>Helps to combat skills shortage.</td>
<td>Use a wide range of recruitment methods; both formal and informal, including formal advertisements. Headhunting and recommendation should not be overlooked. Monitor and improve marketing of any recruitment opportunities.</td>
</tr>
<tr>
<td>Select and employ the appropriate candidates.</td>
<td>Process to include analysis of business needs for now and for the future. Ensure candidate selected to match job description.</td>
<td>Reconciles business plan with short-term operational conditions and long-term organisational goals.</td>
<td>Formal process required to be undertaken by HR and senior management. Process to include strategic analysis of current and future business needs. Every candidate selected must meet the minimum standard required of the recruitment programme selected. Selection process includes formal panel interview, tour of the organisation, meet and greet the team.</td>
</tr>
<tr>
<td>Treat all candidates equally and fairly.</td>
<td>Transparent equal opportunities policies.</td>
<td>Enables transparent human resource planning to take place. Smooth process for recruitment and selection.</td>
<td>Via formal documentation and processes communicated transparently to all employees. Management receive the correct training and legal updates to complete the role.</td>
</tr>
<tr>
<td>Objective</td>
<td>Process</td>
<td>Benefits</td>
<td>Management Action Guidelines</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Training needs analysis.</td>
<td>Assessment of current and future business performance needs and current performance and capability levels and a comparison of the two.</td>
<td>Identification of the current and potential future capability gaps and suitable training and development interventions.</td>
<td>Carried out at an organisational, job and individual levels within the organisation. Requires a broad range of internal and external data available for analysis. Can be highly formalised in nature.</td>
</tr>
<tr>
<td>Training design and delivery.</td>
<td>Assessment of the most appropriate training methods for the organisation and its implementation.</td>
<td>Aids designing and delivering effective solutions.</td>
<td>Focus on what is to be learned and how people learn. Influencing the choice of appropriate training methods. Including all levels within the business.</td>
</tr>
<tr>
<td>Training and development appraisals.</td>
<td>Provide frequent and regular appraisals including updates.</td>
<td>Well trained staff. Employees with the required skills and qualifications. Employees realise organisational commitment and opportunities. Personalised and tailored solutions. Employee involvement and commitment. Support for career management. Employee trust in managers looking after their staff. Fairness of procedure.</td>
<td>Formal appraisal system for all employees. Written document includes a formal review of an individual's performance and forward assessment of individual's future needs. Each section had to be agreed and signed by both parties, held in the employee's file.</td>
</tr>
<tr>
<td>Career management.</td>
<td>Provide training and development activities that align with current and forecasted challenges.</td>
<td>Balance responsibility for career planning. Providing longer-term approach for managing the career structures.</td>
<td>Assess current and future needs. Establish training plans, budgets, and training opportunities. Balance employee responsibility for career planning and providing longer-term management approach. Ensure that senior management is proactive in the process and that the process is carefully documented.</td>
</tr>
<tr>
<td>Succession planning.</td>
<td>Implement succession planning. Creating development paths across the organisation. Monitoring the engagement, loyalty and critical talent in the organisation.</td>
<td>Succession planning ensures the organisation can meet its current and future management needs. Promotes employee commitment to organisational goals. Employees are key strength to the business as added value.</td>
<td>Implement formal succession planning. Ensure development opportunities exist. Identify and monitor employees for their engagement, loyalty and critical talent in the organisation.</td>
</tr>
</tbody>
</table>
# ORGANISATIONAL FORMALITY CATEGORY A

Table 1.8: Practical process and management guidelines table for the appropriate management of employee relations

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees.</td>
<td>Ensure that clear communication methods are used.</td>
<td>Increased understanding of organisational plans and objectives by employees.</td>
<td>Via a wide range of methods including formal and informal communication reports, newspapers, videos, presentations, team briefings. Ensure that a formal monitoring system in place and that effective communication method are used.</td>
</tr>
<tr>
<td>Encourage employees to expand the range of tasks they undertake.</td>
<td>Implement measures to allow employees to develop their skills individually and within the team.</td>
<td>Development of new talents and better use of existing talents within the organisation.</td>
<td>Formally assess each employee role of the appropriate introduction of expanded work tasks. Introduce job rotation, job enrichment, team working, empowerment and semi-autonomous work groups. Ensure that feedback is obtained from employees for each method introduced.</td>
</tr>
<tr>
<td>Support effective decision-making.</td>
<td>Use knowledge and opinions of employees.</td>
<td>Understanding the employee needs and encourages employee commitment. Increases ideas within the organisation, encourages co-operation and support for change.</td>
<td>Establish formal support methods and monitor their effectiveness. Ensure that joint consultation and discussions between managers and employees take place. Introduce and monitor employee suggestion schemes. Introduce cross team meetings to improve communication. Seek employee views on organisational plans.</td>
</tr>
<tr>
<td>Relate the employees' overall pay to the success of the organisation.</td>
<td>Provide financial rewards for all employees.</td>
<td>Employees will work harder if they receive a personal financial reward from the organisation's success.</td>
<td>Introduce formal financial rewards for each employee e.g. profit-sharing schemes, employee share ownership plans.</td>
</tr>
</tbody>
</table>
### (e) Organisational culture and structure

Table 1.9: Practical process and management guidelines table for the appropriate management of organisational culture and structure

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture, relationships and caring working environment.</td>
<td>Implement effective communications and training. Encourage employee involvement and employee participation.</td>
<td>Complements a firm’s efforts in promoting SHRM practices. Long periods of service. Positive physical impression of the organisation, including professionalism and high quality.</td>
<td>Introduce formal monitoring system to ensure that communication and training are effective. Encourage continued employee involvement and set up further employee participation programmes.</td>
</tr>
<tr>
<td>Flexibility within the organisations culture to evolve and develop as a business.</td>
<td>Implement behavioural (cultural) changes when required. Cultural changes can take several years to achieve.</td>
<td>Enhances the organisation’s ability to retain well-developed and motivated employees. Facilitates and strengthens organisational performance.</td>
<td>Create an environment where change can take place by continuing with skill development, new innovations, allocation of resources for creativity, positive and proactive attitudes.</td>
</tr>
<tr>
<td>Supportive organisational culture is needed for human resource practices.</td>
<td>Implement supportive measures directly and indirectly to improve investment and resource allocation decisions.</td>
<td>SHRM practices will function to their fullest performance potential. Offers competitive advantage through synergy and the opportunity to develop capabilities.</td>
<td>Ensure that managerial values, organisational traditions and routines are publicised within the organisation through formal and informal routes.</td>
</tr>
<tr>
<td>Structure complements the business strategy, leadership and culture of the organisation.</td>
<td>Achieve a high level of integration within the organisation.</td>
<td>Employee commitment to the organisation’s success.</td>
<td>Formal organisational structure with practices and processes documented and monitored. This will complement the business strategy and leadership style of the organisation. Also providing an opportunity for improved integration of these functions within the organisation.</td>
</tr>
<tr>
<td>Suitable organisational structure.</td>
<td>Ensure an appropriate level of formality exists within the organisation.</td>
<td>Important for the achievement of a strategic vision. A suitable structure will enable effective implementation to take place.</td>
<td>Matrix structure. This organisational type assigns each worker two bosses in two different hierarchies. One hierarchy is &quot;functional&quot; and assures that each type of expert in the organization is well-trained, and measured by a boss who is super-expert in the same field. The other direction is &quot;executive&quot; and tries to get projects completed using the experts.</td>
</tr>
<tr>
<td>Structural change assessment.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches.</td>
<td>Improved strategic alignment.</td>
<td>Review through a formal process via senior management if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches. Analyse resources needed to undertake structural changes and the viability of those changes. Implement action plan for changes or further review sessions.</td>
</tr>
</tbody>
</table>

**END OF ORGANISATIONAL FORMALITY CATEGORY A**
<table>
<thead>
<tr>
<th>Organisational formality category type B</th>
<th>Formality level</th>
<th>Typical behaviours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Some formal strategies, systems and policies for the business exist, supported by more informal methods. Generally clear communication of the strategies and policies. Some evidence of clear information sharing and employee consultation. Mixed level of support offered to employees. Functional management structure. Part time HR staff, with some strategic input.</td>
</tr>
<tr>
<td>Objective</td>
<td>Process</td>
<td>Benefits</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Undertake strategic management process.</td>
<td>Comprehensive process includes strategic analysis, formulation, practices and implementation.</td>
<td>Allows strategic managers to set strategies and develop policies and practices to complement the organisational goals. Offers the opportunity for improved alignment of strategic approaches and organisational performance.</td>
</tr>
<tr>
<td>Provide information to employees regarding the current and future strategy.</td>
<td>Formal / informal communications: reports, newspapers, videos, presentations, team briefings.</td>
<td>Increased understanding of organisational plans and objectives by employees. Opportunity for employees to become involved in strategic direction of the organisation.</td>
</tr>
<tr>
<td>Ensure policies are transparent.</td>
<td>Wide range of policies to complement the strategic management process and the information dissemination to the employees.</td>
<td>Transparent policies help employees embrace company philosophy.</td>
</tr>
</tbody>
</table>
(b) SHRM strategy

(c) HRM Policies, leadership and management

Table 1.11: Practical process and management guidelines table for the appropriate management of HR, leadership and policies

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future HR strategy.</td>
<td>Transparent communication methods for all HR information.</td>
<td>Increased employee understanding of organisation’s plans and objectives.</td>
<td>Communication to take place through a mixture of formal and informal methods including reports, newspapers, presentations, team briefings. Statement of HR philosophy. Transmit philosophy to employees. HR policies to support the company philosophy.</td>
</tr>
<tr>
<td>Genuine aim for good people management practice though transparent communications.</td>
<td>Approachable and easily accessible management.</td>
<td>Positive foundation for future development of SHRM practices. Employees trust managers. Close relationships between managers and their staff. Leadership and management compliments strategy and SHRM and facilitates control. Employees are flexibility to suit the industry.</td>
<td>Implement an open door policy for all employees. Ensure management have personal knowledge of their staff and skills. Implement formal or informal employee consultation process. Ensure that senior management have good communication and leadership skills. Ensure that availability and access to senior management is clearly communicated.</td>
</tr>
<tr>
<td>Integrating human resource plans into the company business plans.</td>
<td>Ensure HR policies support the company philosophy. Some strategic goals must guide the direction. Estimating staffing needs by reference to the corporate plan. Setting human resource budgets and monitoring them against the plans.</td>
<td>Strategic visions effectively implemented. Analysis of balance between demand and supply so as to be able to predict deficits and surpluses. Eliminate wasteful practices where necessary. Financial control of HR.</td>
<td>Estimating supply of staff in the context of current and future supply. Forecasting requirements, productivity and cost analysis – process reengineering to action planning – preparation of plans to manage recruitment/ set in motion a programme of reduction of human resources.</td>
</tr>
</tbody>
</table>
**ORGANISATIONAL FORMALITY CATEGORY B**

d) People Management Issues

This Section includes: recruitment and selection, training and development, and employee relations.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain the organisation’s human resources.</td>
<td>Include recruitment and selection in the organisation’s strategic plan.</td>
<td>Integrated strategic decision making. Improved management of recruitment and selection.</td>
<td>Use of structured and informal methods to define Human Resource needs. Include recruitment and selection in the organisation’s business plan and review needs regularly.</td>
</tr>
<tr>
<td>Attract suitable candidates.</td>
<td>Use a wide range of recruitment methods; both formal and informal. Headhunting and recommendation should not be overlooked.</td>
<td>Helps to combat skills shortage.</td>
<td>Use a wide range of recruitment methods; both formal and informal, including formal advertisements. Headhunting and recommendation should not be overlooked. Monitor and improve marketing of any recruitment opportunities.</td>
</tr>
<tr>
<td>Select and employ the appropriate candidates.</td>
<td>Process to include analysis of business needs for now and for the future. Ensure candidate selected to match job description.</td>
<td>Reconciles business plan with short-term operational conditions and long term organisational goals.</td>
<td>Selection process includes informal interview and tour of the organisation. Process to include strategic analysis of business needs for now and for the future by assessing workload challenges. Ensure every candidate selected meets the minimum standard required of the recruitment programme selected.</td>
</tr>
<tr>
<td>Treat all candidates equally and fairly.</td>
<td>Transparent equal opportunities policies.</td>
<td>Enables transparent human resource planning to take place. Smooth process for recruitment and selection.</td>
<td>Via formal documentation and informal processes communicated transparently to all employees. Management receive the correct training and legal updates to complete the role.</td>
</tr>
</tbody>
</table>

Table 1.12: Practical process and management guidelines table for the appropriate management of recruitment and selection
### Table 1.13: Practical process and management guidelines table for the appropriate management of training and development

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs analysis.</td>
<td>Assessment of current and future business performance needs and current performance and capability levels and a comparison of the two.</td>
<td>Identification of the current and potential future capability gaps and suitable training and development interventions.</td>
<td>Carried out for every employee at an individual level. Requires a broad range of internal and external data available for analysis. Can be formalised in nature. Training needs and personal preferences discussed. Managers suggest and offer range of options.</td>
</tr>
<tr>
<td>Training design and delivery.</td>
<td>Assessment of the most appropriate training methods for the organisation and its implementation.</td>
<td>Aids designing and delivering effective solutions.</td>
<td>Use a wide range of methods for training including classroom learning, informal, 'organic', on-the-job learning facilitated via mentoring.</td>
</tr>
<tr>
<td>Training and development appraisals.</td>
<td>Provide frequent and regular appraisals including updates.</td>
<td>Well trained staff. Employees with the required skills and qualifications. Employees realise organisational commitment and opportunities. Personalised and tailored solutions. Employee involvement and commitment. Support for career management. Employee trust in managers looking after their staff. Fairness of procedure.</td>
<td>Formal appraisal system for all staff. Written document includes a formal review of an individual’s performance and forward assessment of individual’s future needs and potential. Each section had to be agreed and signed by both parties, held in the employee’s file.</td>
</tr>
<tr>
<td>Career management.</td>
<td>Provide training and development activities that align with current and forecasted challenges.</td>
<td>Balance responsibility for career planning. Providing longer-term approach for managing the career structures.</td>
<td>Assess current and future needs. Establish training plans, budgets, and widen range of training opportunities. Ensure that senior management is proactive in the process and that the process is carefully documented.</td>
</tr>
<tr>
<td>Succession planning.</td>
<td>Implement succession planning. Creating development paths across the organisation. Monitoring the engagement, loyalty and critical talent in the organisation.</td>
<td>Succession planning ensures the organisation can meet its current and future management needs. Promotes employee commitment to organisational goals. Employees are key strength to the business as added value.</td>
<td>Implement informal succession planning. Monitor development opportunities. Identify and monitor employees for their engagement, loyalty and critical talent in the organisation.</td>
</tr>
</tbody>
</table>
Table 1.14: Practical process and management guidelines table for the appropriate management of employee relations

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees.</td>
<td>Ensure that clear communication methods are used.</td>
<td>Increased understanding of organisational plans and objectives by employees.</td>
<td>Via a wide range of methods including formal and informal communication reports, newspapers, presentations and team briefings. Ensure that the level and quality of communication is monitored.</td>
</tr>
<tr>
<td>Encourage employees to expand the range of tasks they undertake.</td>
<td>Implement measures to allow employees to develop their skills individually and within the team.</td>
<td>Development of new talents and better use of existing talents within the organisation.</td>
<td>Undertake a structured assessment for each employee regarding their role and whether they can expand their work tasks. Focus should be placed on improved team working, job rotation and empowerment. Collect regular feedback and review comments.</td>
</tr>
<tr>
<td>Support effective decision-making.</td>
<td>Use knowledge and opinions of employees.</td>
<td>Understanding the employee needs and encourages employee commitment. Increases ideas within the organisation, encourages co-operation and support for change.</td>
<td>Joint consultation, discussions between managers and employees takes place through formal or informal methods. Introduce and monitor employee suggestion schemes. Introduce cross team meetings to improve communication. Suggestion schemes. Implement the collection of employee opinion and develop and implement ideas.</td>
</tr>
<tr>
<td>Relate the employees’ overall pay to the success of the organisation.</td>
<td>Provide financial rewards for all employees.</td>
<td>Employees will work harder if they receive a personal financial reward from the organisation’s success.</td>
<td>Introduce formal financial rewards for each employee e.g. Profit-sharing schemes, and individual bonus scheme.</td>
</tr>
</tbody>
</table>
## Organisational culture and structure

Table 1.15: Practical process and management guidelines table for the appropriate management of organisational culture and structure

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture, relationships and caring working environment.</td>
<td>Implement effective communications and training. Encourage employee involvement and employee participation.</td>
<td>Complements a firm’s efforts in promoting SHRM practices. Long periods of service. Positive physical impression of the organisation, including professionalism and high quality.</td>
<td>Introduce formal monitoring system to ensure that communication and training are effective. Encourage employee involvement and set up employee participation programmes.</td>
</tr>
<tr>
<td>Flexibility within the organisations culture to evolve and develop as a business.</td>
<td>Implement behavioural (cultural) changes when required. Cultural changes can take several years to achieve.</td>
<td>Enhances the organisation’s ability to retain well developed and motivated employees. Facilitates and strengthens organisational performance.</td>
<td>Use both formal and informal methods to promote skill development, and new innovations, allocating and monitoring resources regularly.</td>
</tr>
<tr>
<td>Supportive organisational culture is needed for human resource practices.</td>
<td>Implement supportive measures directly and indirectly to improve investment and resource allocation decisions.</td>
<td>SHRM practices will function to their fullest performance potential. Offers competitive advantage through synergy and the opportunity to develop capabilities.</td>
<td>Ensure that managerial values, organisational traditions and routines are publicised within the organisation through informal routes.</td>
</tr>
<tr>
<td>Structure complements the business strategy, leadership and culture of the organisation.</td>
<td>Achieve a high level of integration within the organisation.</td>
<td>Employee commitment to the organisation’s success.</td>
<td>Functional organisational structure with informal and formal practices and processes. This will compliment the business strategy and leadership style of the organisation. Also providing an opportunity for improved integration of these functions within the organisation.</td>
</tr>
<tr>
<td>Suitable organisational structure.</td>
<td>Ensure an appropriate level of formality exists within the organisation.</td>
<td>Important for the achievement of a strategic vision. A suitable structure will enable effective implementation to take place.</td>
<td>Functional structure where the organisation of a firm’s business activities is split into separate divisions each is responsible for their business function e.g.-production, finance, and marketing.</td>
</tr>
<tr>
<td>Structural change assessment.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches.</td>
<td>Improved strategic alignment.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches. This review can be a combination of formal and informal methods. Analyse the viability of any changes financially. Produce a formal action plan for the future.</td>
</tr>
</tbody>
</table>

END OF ORGANISATIONAL FORMALITY CATEGORY B
<table>
<thead>
<tr>
<th>Organisational formality category type C</th>
<th>Formality level</th>
<th>Typical behaviours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Strategies, systems and policies exist although they are generally informal in nature. Clear communication is mainly verbal in nature. Limited information sharing and employee consultation occurs. Level of information sharing depends on the level of employees. Simple management structure. No dedicated HR staff, role is split between Directors.</td>
</tr>
</tbody>
</table>
## ORGANISATIONAL FORMALITY CATEGORY C

### Business Strategy

**Table 1.16: Practical process and management guidelines table for business strategy**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undertake strategic management process.</td>
<td>Comprehensive process includes strategic analysis, formulation, practices and implementation.</td>
<td>Allows strategic managers to set strategies and develop policies and practices to complement the organisational goals. Offers the opportunity for improved alignment of strategic approaches and organisational performance.</td>
<td>Need for client involvement in the process and more effective of customer and client analysis techniques. E.g. customer feedback, client briefing, analysis and implementation of changes and improvements. Increased strategic awareness through the use of the strategic tools and techniques. Actual Process Guidelines: Record current strategy: Clarify top management's organisational goals as to the kind of company it wants to operate. These criteria may be informal and embodied within a loosely defined strategy to suit the organisation's culture and structure. Identify problems (strategic analysis): The current strategy must be appraised to determine whether problems exist. Management must examine the organisation's operating environment to anticipate the consequences of continuing its current strategy by identifying any opportunities or threats. Discover the core elements: If the appraisal determines that problems exist it is necessary to discover their root cause. For example, an organisation may determine that it lacks competitive advantage. Formulate alternatives: Once the cause of the strategic problem has been discovered, management formulate alternative ways of addressing it. Evaluate alternatives: Management looks at the bearing of the various vital factors on the choice of a strategy. The alternatives must be compared in terms of: relative effectiveness in solving the strategic problem; the degree to which each matches the company's competence and resources; their relative competitive advantage; the extent to which they satisfy management's preferences; and sense of social responsibility. Choose the new strategy: Management identifies the most important factors on which the new strategy depends. The new strategy decision should involve judgement, experience, intuition, and discussions. Implement the new strategy: Includes development of plan and timescales, actual communication and implementation of the strategy, monitoring the strategy and continuous strategic review on a regular basis. It is essential that the organisation's culture and business processes are compatible with the desired strategy.</td>
</tr>
<tr>
<td>Provide information to employees regarding the current and future strategy.</td>
<td>Formal / informal communications: reports, newspapers, videos, presentations, team briefings.</td>
<td>Increased understanding of organisational plans and objectives by employees. Opportunity for employees to become involved in strategic direction of the organisation.</td>
<td>Mainly informal communications, staff and team briefings. Effective tools used for communicating strategy; word of mouth, management seminars, client briefing, informal strategic plan. Less complexity / formality of communication within the strategic process, some employee involvement required.</td>
</tr>
<tr>
<td>Ensure policies are transparent.</td>
<td>Wide range of policies to complement the strategic management process and the information dissemination to the employees.</td>
<td>Transparent policies help employees embrace company philosophy.</td>
<td>The use of highly formalised policies is not essential, however transparent policies (such as a strategic plan) are required. A formal mission statement is not necessarily required. Strategic tools and techniques appropriate: financial analysis, brainstorming, management of objectives and benchmarking. SWOT analysis, competitor analysis and resource audits. Basic tools and techniques such as brainstorming and financial analysis are the most useful in this category.</td>
</tr>
</tbody>
</table>
(b) SHRM strategy

(c) HRM Policies, leadership and management

Table 1.17: Practical process and management guidelines table for the appropriate management of HR, leadership and policies

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future HR strategy.</td>
<td>Transparent communication methods for all HR information.</td>
<td>Increased employee understanding of organisation's plans and objectives.</td>
<td>Informal communications, team briefings. Communication of philosophy to employees.</td>
</tr>
<tr>
<td>Genuine aim for good people management practice though transparent communications.</td>
<td>Approachable and easily accessible management.</td>
<td>Positive foundation for future development of SHRM practices. Employees trust managers. Close relationships between managers and their staff. Leadership and management compliments strategy and SHRM and facilitates control. Employees are flexibility to suit the industry.</td>
<td>Employee consultation can be informal. Ensure an open door policy exists for all employees. Provide employees with frequent face to face interaction with senior management.</td>
</tr>
<tr>
<td>Integrating human resource plans into the company business plans.</td>
<td>Ensure HR policies support the company philosophy. Some strategic goals must guide the direction. Estimating staffing needs by reference to the corporate plan. Setting human resource budgets and monitoring them against the plans.</td>
<td>Strategic visions effectively implemented. Analysis of balance between demand and supply so as to be able to predict deficits and surpluses. Eliminate wasteful practices where necessary. Financial control of HR.</td>
<td>Undertake a regular review of HR policy, this can occur informally. Examine the fit between the HR policy and the organisation's business strategy. Devise a plan of action and implement the plan.</td>
</tr>
</tbody>
</table>
### Table 1.18: Practical process and management guidelines table for the appropriate management of recruitment and selection

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain the organisation’s human resources.</td>
<td>Include recruitment and selection in the organisation’s strategic plan.</td>
<td>A wide range of recruitment methods, both formal and informal.</td>
<td>Ensure written job description for the candidate includes these business needs. Ensure current employees are informed of the process of short-term and long-term organisational goals.</td>
</tr>
<tr>
<td></td>
<td>Select and employ the appropriate candidates.</td>
<td></td>
<td>Ensure candidate selected to match job description.</td>
</tr>
<tr>
<td></td>
<td>Treat all candidates equally and fairly.</td>
<td></td>
<td>Ensure strategy maker is aware of any management training and legal</td>
</tr>
</tbody>
</table>

**Benefits:**
- Integrated strategic decision making.
- Improved management of recruitment and selection.
- Helps to combat skills shortage.
- Resources business plan with short-term and long-term organisational goals.
- Selection process includes informal interview.
- Selection process is transparent.
- Ensure candidate selected to match job description.
- Ensure strategy maker is aware of any management training and legal requirements to complete the role.
### Table 1.19: Practical process and management guidelines table for the appropriate management of training and development

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain the organisation's human resources.</td>
<td>Include recruitment and selection in the organisation's strategic plan.</td>
<td>Integrated strategic decision making. Improved management of recruitment and selection.</td>
<td>Examine informally the relationship between recruitment and selection requirements and the business strategy.</td>
</tr>
<tr>
<td>Attract suitable candidates.</td>
<td>Use a wide range of recruitment methods; both formal and informal. Headhunting and recommendation should not be overlooked.</td>
<td>Helps to combat skills shortage.</td>
<td>Communicate recruitment needs regularly to all current employees. Promotion from within and word and mouth recommendations are a successful method to be used in the first instance.</td>
</tr>
<tr>
<td>Select and employ the appropriate candidates.</td>
<td>Process to include analysis of business needs for now and for the future. Ensure candidate selected to match job description.</td>
<td>Reconciles business plan with short-term operational conditions and long-term organisational goals.</td>
<td>Process can be informal to establish the current and future business needs. Ensure written job description for the candidate includes these business needs. Ensure candidate is selected to match job description. Selection process includes informal interview. Ensure current employees meet with the prospective employee and provide comments to the strategy maker.</td>
</tr>
<tr>
<td>Treat all candidates equally and fairly.</td>
<td>Transparent equal opportunities policies.</td>
<td>Enables transparent human resource planning to take place. Smooth process for recruitment and selection.</td>
<td>Via informal methods ensure that the process is communicated transparently to all employees. Ensure strategy maker is aware of any management training and legal updates required to complete the role.</td>
</tr>
</tbody>
</table>

### Table 1.20: Practical process and management guidelines table for the appropriate management of employee relations

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees.</td>
<td>Ensure that clear communication methods are used.</td>
<td>Increased understanding of organisational plans and objectives by employees.</td>
<td>Via informal communication generally e.g. staff meetings, memos and face to face conversations. Ensure that communication is regular and clear.</td>
</tr>
<tr>
<td>Encourage employees to expand the range of tasks they undertake.</td>
<td>Implement measures to allow employees to develop their skills individually and within the team.</td>
<td>Development of new talents and better use of existing talents within the organisation.</td>
<td>Undertake an informal assessment and feedback with each employee regarding their current and future role and whether they can expand their work tasks. Focus should be placed on improved team working, job rotation and empowerment.</td>
</tr>
<tr>
<td>Support effective decision-making.</td>
<td>Use knowledge and opinions of employees.</td>
<td>Understanding the employee needs and encourages employee commitment. Increases ideas within the organisation, encourages co-operation and support for change.</td>
<td>Ensure direct regular consultation between managers and employees takes place. Implement employee suggestion schemes.</td>
</tr>
<tr>
<td>Relate the employees' overall pay to the success of the organisation.</td>
<td>Provide financial rewards for all employees.</td>
<td>Employees will work harder if they receive a personal financial reward from the organisation's success.</td>
<td>Introduce individual financial rewards for employees where possible e.g. Bonus and Profit-sharing schemes.</td>
</tr>
</tbody>
</table>
(e) Organisational culture and structure

Table 1.21: Practical process and management guidelines table for the appropriate management of organisational culture and structure

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
<th>Management Action Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture, relationships and caring working environment.</td>
<td>Implement effective communications and training. Encourage employee involvement and employee participation.</td>
<td>Complements a firm’s efforts in promoting SHRM practices. Long periods of service. Positive physical impression of the organisation, including professionalism and high quality.</td>
<td>Introduce regular informal monitoring of communication and training. Encourage employee involvement within the organisation.</td>
</tr>
<tr>
<td>Flexibility within the organisations culture to evolve and develop as a business.</td>
<td>Implement behavioural (cultural) changes when required. Cultural changes can take several years to achieve.</td>
<td>Enhances the organisation’s ability to retain well developed and motivated employees. Facilitates and strengthens organisational performance.</td>
<td>Continue with skill development and new innovations. Monitor resources available for these activities.</td>
</tr>
<tr>
<td>Supportive organisational culture is needed for human resource practices.</td>
<td>Implement supportive measures directly and indirectly to improve investment and resource allocation decisions.</td>
<td>SHRM practices will function to their fullest performance potential. Offers competitive advantage through synergy and the opportunity to develop capabilities.</td>
<td>Continue with informal regular communication of managerial values, organisational traditions and monitor routines for areas of improvement.</td>
</tr>
</tbody>
</table>
| Structure complements the business strategy, leadership and culture of the organisation. | Achieve a high level of integration within the organisation.                                                                                                                                         | Employee commitment to the organisation’s success.                                                                                                                                                   | An informal organisational structure with supporting practices and processes monitored and implemented by the strategy maker.  
This will compliment the business strategy, leadership style and further integration within the organisation.                                                                                           |
| Suitable organisational structure.                                       | Ensure an appropriate level of formality exists within the organisation.                                                                                                                                  | Important for the achievement of a strategic vision. A suitable structure will enable effective implementation to take place.                                                                       | Functional or simple structure.  
Few levels of management with clear communication and high level of informality in general.                                                                                                |
| Structural change assessment.                                            | Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches.                                                                                      | Improved strategic alignment.                                                                                                                                                                           | Strategy maker to regularly, informally, review if any physical changes to the organisation need to be undertaken to suit the future business strategy.                                                                                     |

END OF ORGANISATIONAL FORMALITY CATEGORY C

331
1.8 Conclusions

Once you have completed all three steps of the framework you will have made a number of decisions regarding the future strategic development of your organisation.

From using this framework to support your decision making process it is possible to:

- Set the strategic objectives that you have chosen
- Select the appropriate process for completion within your organisation
- Prepare an action plan for implementation of your chosen process
- Review the success of the chosen process items once they have been implemented.
8.6 The contribution of the framework

The framework to assist effectively managing the SHRM challenges faced by construction SMEs makes several key contributions. Overall, the framework helps managers to link people management issues to organisation strategy. As has been established by this study, workforce competency, engagement and enthusiasm are pivotal to organisation performance. The SME SHRM framework therefore provides strategic managers with a tool for establishing competitive advantage.

In relation to SHRM, the framework helps strategic managers to effectively provide consistent information within the organisation, establish coherent management practices, and promote transparency within the organisational culture, recruitment, selection, training and development opportunities available and management of organisational development. The framework also provides a communication channel within an organisation’s management structure which could help to diversify learning activities through the transfer of knowledge within the organisation.

In terms of employee relations, the framework facilitates structured and informed decision making. It ensures that good employee relations are maintained through transparent organisational processes, open communications and extensive employee involvement. The framework also supports employees’ career progression and management in that it helps managers to offer advice and demonstrating realistic opportunities in career and developmental discussions with their employees.

Flexibility is inherent in the framework. Flexibility is offered through comprehensive information that will enable strategic managers to make strategic decisions, integrated SHRM and strategic management to achieve synergy and generate and the level of competitive advantage required by the organisation.
The framework provides a tool to manage the relationship between the SHRM approach and business strategy, by offering guidance regarding the level of integration between the current strategic approaches, the organisations' policies and practices all appropriate to organisations' category type.

8.7 Summary
This chapter has forwarded categories for effective SHRM practices that will complement business strategy by means of an SME SHRM framework. It outlined the framework's development and the validation phase of the research. The following chapter examines the conclusions of this study and makes recommendations for further research including the refinement of the framework and its implementation.
CHAPTER 9

CONCLUSIONS AND RECOMMENDATIONS
CHAPTER 9

CONCLUSIONS AND RECOMMENDATIONS

9.1 Introduction

This thesis sought to develop a structured understanding of the SHRM practices and organisational strategy of construction SMEs. It also sought to develop a framework for use by the strategic managers of these organisations to inform and coordinate SHRM and business strategy decision making so that organisational effectiveness and competitive advantage can be improved. The study explored the current SHRM practices of a sample of construction SMEs using qualitative methods. Fifteen exploratory semi-structured interviews with strategic managers from construction SMEs informed six longitudinal case studies comprising further semi-structured interviews with strategic managers and HR specialists together with documentary analysis. A validation exercise with strategic managers from four other construction SMEs examined the utility of a framework derived from the research.

The results indicated that all the organisations have strategic intentions. The case study organisations' approach to strategic management and SHRM was clearly evident, although current practices varied in their level of formality. The highly competitive environment within which the SME organisations operate, combined with the management style of SMEs resulted in the use of informal processes and a level of flexibility which reflected a reactive or emergent strategic decision-making approach. The individual priorities of the strategy makers informed the overall organisational priorities and dominated the SHRM processes. Individual employee needs and preferences were considered important in strategic decision making.

A wide variety of types of strategies, policies and practices were found to be in place within the SME organisations. Appropriate approaches for
alignment of the business strategy and SHRM practices were grouped under three key themes including culture and structure, strategic management to SHRM these formed the basis of the SME SHRM framework structure.

The first five chapters of this thesis discussed the background and rationale for this research including the research aim and objectives and research questions as well as the theoretical and methodological foundation of the empirical work. Chapter Six presented the results of the exploratory investigation and subsequent case studies. All findings and results were discussed in the context of the literature in Chapter Seven. Chapter Eight detailed the development of the SME SHRM framework, its validation and the contribution it has made. This chapter concludes the thesis by assessing the extent to which the research aim and objectives were met.

9.2 Summary of the rationale for the research

Demands have been placed on the industry through the industry’s performance improvement agenda to reduce waste and improve performance. People management is at the forefront of this agenda. Accordingly, within this context, successful strategic decision making must link with people management to improve organisation performance. Alignment of business strategy and SHRM will offer benefits to the organisations themselves as well as to the industry as a whole to be less wasteful and more efficient with its resources.

Strategic human resource management (SHRM) advocates an integrated approach to people management. Little research has been done on SHRM or its core activities in the construction industry or, specifically, within construction SMEs. Despite this, several studies have suggested that construction organisations must establish SHRM practices, but few studies have considered how to achieve this change effectively. Subsequently, the aim of the research was to:
Explore the types of HRM strategies used by construction SMEs and to develop a framework to improve their organisational performance.

The following objectives were used to achieve the research aim above:

A. To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.

B. To establish whether construction SMEs undertake SHRM, the types of SHRM strategies employed, how they implement their strategies and whether size of the firm influences their practices.

C. Examine the relationship between the different SHRM approaches, the associated strategic organisational goals, in order to establish whether they are mutually supportive.

D. To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs.

Objectives A to B examined the current organisational goals and SHRM practices of construction SMEs in line with the research aim. Objectives C evaluated the relationship between the SHRM approaches and organisational goals. Objective D developed a more appropriate framework to improve organisational performance. Table 1.1 (Section 1.2) correlated the aim and objectives to the research questions. The research questions are explored in detail in the next section.

9.3 The fulfilment of the research questions
Chapter One (Section 1.2) established the twelve research questions. These guided the research process throughout the thesis and are linked to the research objectives (refer to Table 1.3). Strategic management (Chapter 2), SHRM (Chapter 3), the relationship between strategy and SHRM in the
Construction Industry (Chapter 4) were explored in relation to these research questions. Furthermore, the research design and methodology (Chapter 5) were developed in order to investigate the research questions. The results are discussed (Chapter 6 and Chapter 7) in order to determine the answers to the research questions. The following section summarises the fulfilment of the twelve research questions.

9.3.1 Research question one

The first research question (Q1) was that:

"Do construction SMEs undertake strategic analysis as part of their management systems?"

Chapter Two investigated the theoretical foundations of strategic management. Sections 2.2.3 proposed research question one (Q1). Section 6.1.2 presented the exploratory phase strategic management approaches; Section 6.2.2 presented the primary case study organisations’ strategic management approaches. Section 7.1 discussed their approach in relation to the literature (Chapter 2) establishing that all of the organisations undertake strategic analysis as part of their management systems, although few organisations used strategic tools and a lack of knowledge regarding strategy terminology existed within many of the organisations. Within the organisation’s strategic practices and policies exist to support the business strategies. Methods used to communicate strategy within organisations ranged from informal to a mixture of formal and informal methods with high levels of employee involvement, particularly within larger organisations. This is particularly interesting given the dearth of research in the field of strategic management of Construction SME, and plays an important role in establishing the current strategic management practices that exist successfully.
9.3.2 Research question two

The second research question (Q2) was:

"Can the types of strategy used within construction SMEs be defined?"

Chapter Two investigated the theoretical foundations of strategic management. Sections 2.4.2 proposed research question two (Q2). Section 6.1 presented the exploratory phase organisational strategies; Section 6.2.2.1 presented the primary case study organisations' strategies. Section 7.1.1 discussed their strategies in relation to the literature (Chapter 2). It was established that all of the organisations clearly articulated their strategies. The strategy makers described their overarching organisational strategy in terms of their strategic goals and how they intended to achieve them. The results indicate a wide diversity of strategic objectives across the organisations ranging from extensive growth; differentiation; niche markets; with quality and service commonly quoted.

The nature of each organisation's strategy was analysed further to establish whether the strategies could be classified in line with a conventional strategic management model. This was considered appropriate as this is common practice within the strategic management discipline. Each organisation's strategy was defined in relation to Porters' model of generic strategy (1985). Differentiation strategy was highly prevalent and the nature of niches was wide. These ranged from: customer type; the product; the use of reputation through the development of long-term relationships; and using trust and reliability as competence rather than a particular technical expertise. This is particularly interesting given the current lack of understanding the industry has concerning the types of strategies currently employed successfully by Construction SMEs. It also enables the reader to consider construction SMEs from a new perspective.
9.3.3 Research question three

The third research question (Q3) was:

"Are the strategic management approaches of construction SMEs generally informal and emergent?"

Chapter Two investigated the theoretical foundations of strategic management. Sections 2.5.2 proposed research question three (Q3). Section 6.1 presented the exploratory phase organisational strategic approaches; Section 6.2.2 presented the primary case study organisations' strategic approaches. Section 7.1.3 discussed their approaches in relation to the literature (Chapter 2). It was established that the strategic management approaches of construction SMEs within this group were varied in nature. Strategic decision making in SMEs is often informal in nature. The often informal nature of strategic decision making and SHRM practices are compatible with the culture and structure of SME organisations.

It should be noted that strategy makers from larger organisations could more readily discuss strategic concepts (albeit often without using the correct management terminology). Whether this reflects a greater strategic awareness or another reason is not known. Further, the formality of the business strategy was also found to increase with organisation size. However, the formality of this activity was always restricted to regular reviews and possibly a written business plan within larger organisations. These conclusions are interesting as they indicate a level of strategic sophistication within construction SMEs which has not been examined previously.
9.3.4 Research question four

The fourth research question (Q4) was:

"How do the core elements of SHRM manifest themselves within construction SMEs?"

Chapter Three investigated the theoretical foundations of SHRM. Sections 3.2.7 proposed research question four (Q4). Section 6.2.3.1 presented the primary case study organisations' core elements of SHRM. Section 7.2.1 discussed these elements in relation to the literature (Chapter 3). It was established that the core components of SHRM manifest themselves differently within construction SMEs. Similarities exist between the core components of SHRM within the larger and smaller organisations. The sophistication of the SHRM activities varies between organisations given rise of differences in beliefs and assumptions, strategic aspects and the level of line management responsibility and support for a strategic approach toward HRM. Strategic managers saw themselves as "paternalistic" whereas a reactive approach to managing conflict was often observed.

Organisations emphasised the importance of culture and co-operation to effective SHRM. The friendly cultures and individualistic management styles gave many employees a feeling of confidence and that fair practice occurs within the organisation. Factors outlined by the organisations important to ensuring staff retention were significant investment in training combined with careful recruitment methods, together with an informal and friendly culture.
9.3.5 Research question five

The research question (Q5) was:

"Does the SHRM style and level of control in decision making depend upon the size of the organisation?"

Chapter Three investigated the theoretical foundations of SHRM. Sections 3.4.2 proposed research question five (Q5). Section 6.2.3.2 presented the primary case study organisations’ decision making results. Section 7.2.1.2 discussed these results in relation to the literature (Chapter 3). It was established that there is clear support for this research question demonstrated by a significant variance in the SHRM style and level of control in decision making within the construction SMEs observed. Whereas the two larger organisations (A and B) have formal structures and devolved management responsibilities and direct links to the strategy makers. In contrast, the other four organisations' (C, D, E, and F) the SHRM style was consistently informal in nature and rested almost entirely with the owner-managers.

9.3.6 Research question six

The research question (Q6) was:

"Do construction SMEs have a training culture linked to the provision of formal training?"

Chapter Three investigated the theoretical foundations of SHRM. Sections 3.4.3.1 proposed research question six (Q6). Section 6.2.3.3 presented the primary case study organisations’ training strategies. Section 7.2.1.3 discussed these strategies in relation to the literature (Chapter 3). It was established that some construction SMEs have a training culture linked to the provision of formal training. The larger SMEs do offer a training culture linked to the provision of formal training, whereas the majority of the smaller SMEs examined whilst offering training and development the link is
more tacit in nature with fewer formal training opportunities observed. This conclusion contributes by providing an insight into both the training culture of construction SMEs and the realisation that larger firms approach training in a different manner to small firms.

9.3.7 Research question seven

The research question (Q7) was:

"Within construction SMEs is there a link between firm size and the recruitment and selection processes applied?"

Chapter Three investigated the theoretical foundations of SHRM. Sections 3.4.3.2 proposed research question seven (Q7). Section 6.2.3.2 presented the primary case study organisations’ recruitment and selection strategies. Section 7.2.1.4 discussed these strategies in relation to the literature (Chapter 3). It was established that it is impossible to confirm a significant link between the firm size and the recruitment and selection processes applied. Although the larger organisations used very similar and more formalised selection processes including formal interview panels, the recruitment process chosen by the construction SME organisations studied depends on the relevant area of the recruitment opportunity within the business rather than the organisations size. This conclusion is interesting as it provides a new perspective regarding recruitment and selection within construction SMEs.

9.3.8 Research question eight

The research question (Q8) was:

"Does informality characterise construction SMEs' employment relations?"
Chapter Three investigated the theoretical foundations of SHRM. Sections 3.4.3.3 proposed research question eight (Q8). Section 6.2.3.5 presented the primary case study organisations’ employment relations strategies. Section 7.2.1.5 discussed these elements in relation to the literature (Chapter 3). It was established that the level of informality characterised within construction SMEs’ employment relations varied across the organisations and within the organisations depending on the individual employee relations issues.

Even though informality was commonplace some of the larger organisations demonstrated transparent and sophisticated empowerment practices through employee consultation and participation, as well as extensive downward communication of and upward problem solving within the organisations; one organisation used a consultative committee. Clear differences exist generally between the approaches used by the larger and smaller organisations. The larger organisations adopt a flexible approach using a wide variety of techniques within the organisations. Additionally the HR specialists stated that the employee relations processes are communicated within the organisation and continuity exists within the organisation. An area for improvement observed within the organisations would be to align more closely the management of employee relations between the organisation’s office and site location.

9.3.9 Research question nine

The research question (Q9) was:

"Are the SHRM approaches of construction SMEs generally informal in nature?"

Chapter Three investigated the theoretical foundations of SHRM. Sections 3.4.4 proposed research question nine (Q9). Section 6.2.3.6 presented the nature of primary case study organisations’ SHRM approaches. Section 7.2.1.6 discussed these approaches in relation to the literature (Chapter 3). It
was established that the tendency of construction SMEs to use informal SHRM practices is confirmed, although the larger construction SMEs within the sample indicated far more sophisticated and formal processes in comparison to the smaller organisations examined. In explanation for the level of formality, the strategic managers cited that this informality can be viewed as beneficial, as often informal nature of strategic decision making and SHRM practices compliments their organisation’s culture and structure.

9.3.10 Research question ten

The research question (Q10) was:

"Is HRM integrated in the business strategies of construction SMEs?"

Chapter Four introduced the literature outlining the relationship between SHRM and strategic management. Sections 4.1.1 proposed research question ten (Q10). Section 6.2.4 presented the primary case study organisations’ SHRM approaches and their link to organisational goals. Section 7.3 discussed their approach in relation to the literature (Chapter 4). It was established that construction SME organisations observed within this research perceived that HRM is integrated in their business strategies. From the findings and results some indication of this integration was observed within each organisation. The organisations fell into two clear groups. The two larger organisations indicated a high level of integration of HRM in their business strategy, whereas the other four organisations indicated much lower levels of integration across a number of areas. Three generic themes were observed for improving integration of each organisation’s business strategy and their SHRM approaches:

- Improving the communication of business strategy to their employees;
- Encouraging employee participation; and
- Linking SHRM and the business strategy.
This conclusion is important as it begins to explore an area of importance to construction SMEs previously not research as well as indicating two subgroups of respondents, the larger and smaller construction SME organisation.

9.3.11 Research question eleven

The research question (Q11) was:

"Do the organisational structures and SHRM processes of construction SMEs support their business strategy?"

Chapter Four introduced the literature outlining the relationship between SHRM and strategic management. Sections 4.1.1 proposed research question eleven (Q11). Section 6.2.4.2 presented the primary case study organisations' SHRM approaches as a support for the business strategy. Section 7.3.1.2 discussed their approaches in relation to the literature (Chapter 4). It was established that organisations felt that their structure and SHRM processes suit and support both their business strategy and their SHRM function. The role of SHRM was to support the organisations' business plans rather than to operate as a separate and equal strategy. Recognition that the business strategy leads the SHRM strategy clarified that the HR specialist role can be reactive and follow set out procedures rather than strategic in nature. The interview data suggest that the strategic approaches and the level of formality within each of the organisation compliment each other within each organisation. This can explained as the type of approach for both the business strategy and SHRM are similar in nature within each organisation.
9.3.12 Research question twelve

The research question (Q12) was:

"Can SHRM formulation within SME construction firms be informed by a guiding framework?"

Chapter Three introduced the literature outlining the SHRM models and the "ad hoc" nature of SME SHRM. Sections 3.5 proposed research question twelve (Q12). Chapter 8 established a real need for an SME SHRM Framework (section 8.1). Section 8.2 and section 8.3 outlined the design and content of the SME SHRM Framework. Section 8.4.6 outlined the key findings from the validation process. Construction SMEs stated that the SME SHRM Framework is an appropriate document to be used by construction SMEs. The process and language of the framework document are easy to understand, and the practical process tables and management guidelines offer a range of organisational benefits. Each organisation had specific praise for the SME SHRM framework.

In conclusion Table 9.1, Table 9.2 and Table 9.3 provide a summary of the learning points gleaned from the responses to the research questions and their relationship with the research objectives.
### Table 9.1: Summary of learning points and their relationship with the research objective A

<table>
<thead>
<tr>
<th>Objective</th>
<th>Research Questions</th>
<th>Literature, results and discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.</td>
<td>Q1 Do construction SMEs undertake strategic analysis as part of their management systems. Few organisations used strategic tools. Strategic practices and policies exist to support the organisation's business strategies. Methods used to communicate strategy within organisations ranged from informal to a mixture of formal and informal methods with high levels of employee involvement particularly within larger organisations.</td>
</tr>
<tr>
<td></td>
<td>Q2 Can the types of strategy used within construction SMEs be defined?</td>
<td>All of the organisations clearly articulated their strategies. The results indicate a wide diversity of strategic objectives across the organisations ranging from extensive growth; differentiation; and niche markets. Each organisation's strategy was defined in relation to Porters' model of generic strategy (1985). Differentiation strategy was highly prevalent and the nature of niches was wide.</td>
</tr>
<tr>
<td></td>
<td>Q3 Are the strategic management approaches of construction SMEs generally informal and emergent?</td>
<td>The strategic management approaches of construction SMEs were varied in nature. Strategic decision making in SMEs is often informal in nature. This informal nature of strategic decision making and SHRM practices are compatible with the culture and structure of SME organisations. The formality of the business strategy was also found to increase with organisation size.</td>
</tr>
<tr>
<td>Objective</td>
<td>Research Questions</td>
<td>Literature, results and discussion</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>B To establish whether construction SMEs undertake SHRM, the types of strategies employed, how they implement their strategies and whether size of firm influences their practices.</td>
<td>Q4 How do the core components of SHRM manifest themselves within Construction SMEs? &lt;br&gt; Q5 Does the SHRM style and level of control in decision making depend upon the size of the organisation? &lt;br&gt; Q6 Do construction SMEs have a training culture linked to the provision of formal training? &lt;br&gt; Q7 Within construction SMEs is there a link between firm size and the recruitment and selection processes applied? &lt;br&gt; Q8 Does informality characterise construction SMEs’ employment relations? &lt;br&gt; Q9 Are the SHRM approaches of construction SMEs generally informal in nature?</td>
<td>The core components of SHRM manifest themselves differently within Construction SMEs.&lt;br&gt; Similarities exist between the core components of SHRM within the larger and smaller organisations. &lt;br&gt; The sophistication of the SHRM activities varies between organisations given rise of differences in beliefs and assumptions, strategic aspects and the level of line management responsibility and support for a strategic approach toward HRM. &lt;br&gt; Organisations emphasised the importance of culture and co-operation to effective SHRM. &lt;br&gt; A significant variance in the SHRM style and level of control in decision making was seen within the Construction SMEs. &lt;br&gt; The two larger organisations (A and B) have formal structures and devolved management responsibilities and direct links to the strategy makers. &lt;br&gt; The other four organisations (C, D, E, and F) the SHRM style was consistently informal in nature and rested almost entirely with the owner-managers. &lt;br&gt; Some Construction SMEs have a training culture linked to the provision of formal training. &lt;br&gt; The larger SMEs do offer a training culture linked to the provision of formal training. &lt;br&gt; The majority of the smaller SMEs whilst offering training and development the link is more tacit in nature with fewer formal training opportunities observed. &lt;br&gt; It is impossible to confirm a significant link between the firm size and the recruitment and selection processes applied. &lt;br&gt; The larger organisations used very similar and more formalised selection processes. &lt;br&gt; The recruitment process chosen by the construction SME organisations depends on the relevant area of the recruitment opportunity within the business rather than the organisations size. &lt;br&gt; The level of informality varied across the organisations and within the issues. &lt;br&gt; Some of the larger organisations demonstrated transparent and sophisticated empowerment practices, extensive downward communication, and upward problem solving. &lt;br&gt; Clear differences exist generally between the approaches used by the larger and smaller organisations. &lt;br&gt; The larger organisations adopt a flexible approach using a wide variety of techniques. &lt;br&gt; An area for improvement would be to align more closely the management of employee relations between the organisation’s office and site location. &lt;br&gt; A tendency for construction SMEs to use informal SHRM practices is confirmed. &lt;br&gt; The larger Construction SMEs indicated far more sophisticated and formal processes in comparison to the smaller organisations examined. &lt;br&gt; In explanation for the level of formality, the strategic managers cited that this informality can be viewed as beneficial, as often informal nature of strategic decision making and SHRM practices compliments their organisation’s culture and structure.</td>
</tr>
</tbody>
</table>
Table 9.3: Summary of learning points and their relationship with the research objectives C and D

<table>
<thead>
<tr>
<th>Objective</th>
<th>Research Questions</th>
<th>Literature, results and discussion</th>
</tr>
</thead>
</table>
| C  Examine the relationship between the different SHRM approaches, the    | Q10 Is HRM integrated in the business strategies of Construction SMEs?              | • Organisations perceived that HRM is integrated in their business strategies.  
  associated strategic organisational goals, in order to establish whether the  
  approaches and goals are mutually supportive.                                                                                                                                   |
|                                                                           | Q11 Do the organisational structures and SHRM processes of construction SMEs support their business strategy? | • Two clear groups emerged. The two larger organisations indicated a high level of integration of HRM in their business strategy, whereas the other four organisations indicated much lower levels of integration.  
  • Three generic themes were observed for improving integration of each organisation's business strategy and their SHRM approaches:  
    • improving the communication of business strategy to their employees;  
    • encouraging employee participation; and  
    • linking SHRM and the business strategy.                                                                                                                                       |
|                                                                           |                                                                                    | • Organisations felt that their structure and SHRM processes suit and support their business strategy and their SHRM function.  
                                                                           |                                                                                    | • The strategic approaches and the level of formality within each of the organisation compliment each other within each organisation.                                                                                                                                 |
| D  To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs.             | Q12 Can SHRM formulation within SME construction firms be informed by a guiding framework? | • Each of the organisations articulated that the framework document was usable for their organisation in the future.  
                                                                           |                                                                                    | • Organisational benefits included two clear themes; it acts as support for future decision making, and it created an insight into the decision making process that goes on naturally, the framework helps to formalise it and give it more structure.  
                                                                           |                                                                                    | • Organisations felt that the information was well presented, with appropriate language, the guidelines were clear and the 'step by step' flow chart was very helpful in understanding the process.  

351
9.4 The achievement of the research aim and objectives and research questions

Through the research fulfilment all four objectives were achieved.

Research Objective A

The research objective A (To establish whether construction SMEs undertake strategic management, the types of strategies employed and how they implement their strategies.) was satisfied in Chapter Six and Chapter Seven. These chapters discussed the exploratory and case study organisations' strategy, vision and values (Section 6.1 and Section 6.2), the role of the strategic manager and the relationship of organisational policy and practices to the main components of strategy: competition, internal resources and external environment (Section 7.1).

Section 6.1 and Section 6.2.2 presented the research results of two groups of construction SMEs' strategic approaches and their level of formality. The findings clearly established that the level of formality differs between organisations but generally increases with organisation size. The results also showed that the level of formality is reflected in the policies and practices that comprise the organisation strategy and SHRM approach.

Strategy makers were further studied to characterise the reasoning supporting their chosen methods. The most common justification offered was the appropriateness of management style and process to organisation structure, as the alignment of style with structure offers practical ways to disseminate information and gain feedback. Where the management style and processes were not planned and had developed alongside the organisation's culture, they were also found to complement each other. This supports Gooderham's (1998) proposition that there is no single way to develop and implement strategy, as the key to success is balancing the organisation's current culture, capabilities, business environment and the desired outcomes.
Research Objective B

Research Objective B (To establish whether construction SMEs undertake SHRM, the types of SHRM strategies employed, how they implement their strategies and whether size of firm influences their practices) was addressed in Chapter Six and Chapter Seven. Chapter Six discussed the findings of the primary case study organisations’ SHRM in turn. Chapter Seven developed this data into a discussion including supporting literature. The results and discussion of the case study organisations’ SHRM were summarised relating to their culture and structure, and the role of their HR specialists. In addition, the chapters summarised the observed organisational policy and practices in relation to the interrelated components of SHRM, namely: employee relations; training and development; and recruitment and selection.

Chapter Two investigated the theoretical foundations of strategic management and Chapter Three investigated the theoretical foundations of SHRM. Both chapters examined the often informal approaches to strategic decision making taken by SMEs and the importance of its compatibility with the organisations culture and structure. Strategic decision making and SHRM were found within SMEs although the nature of the practices and processes were often informal. This informal nature was suggested as beneficial as it offered organisation’s flexibility which is crucial given their operational context. These qualities were said to make the strategic approaches more effective for contemporary people management as they engender communication and trust within the organisation which are key to SME success.

Section 6.2 reviewed the primary case study organisations’ strategic management style and decision making practices as well as their people management strategies and policies. Section 7.1, and 7.2 discussed the approaches of these organisations in relation to the literature (Chapters Two and Three). It was established that they often operated informally, although larger organisations used more formalised systems and structures to support
their strategic decision making. Decision making regarding both business strategy and SHRM was found to be often informal in nature particularly within the smaller sized SMEs investigated. The view suggested that this level of informality offered the organisation flexibility and adaptability and complemented their organisation’s culture and structure.

**Research Objective C**
Research Objective C (*Examine the relationship between the different SHRM approaches, the associated strategic organisational goals, in order to establish whether the approaches and goals are mutually supportive*) was also satisfied within Chapter Six and Chapter Seven, which presented the findings, results and discussion of the case study interviews. Section 6.2.4 explored the nature of the relationships the SHRM approaches and their link to the organisation’s goals. Further, section 7.3 discussed the evaluation of the relationship in more detail including the integration of SHRM in the business strategy and SHRM as a support for the business strategy.

As alluded to in Section 4.3, a review of the industry’s approach to business strategy and SHRM establish that existing literature does not provide a holistic and integrated perspective to the management of people. To overcome this, conflicts and compatibilities between the strategic management and SHRM of construction SMEs were examined by an in-depth comparative analysis of the SHRM practices (presented in Section 6.2.3) and strategic management (presented in Section 6.2.2). This analysis identified several points of conflict and broad areas of compatibility (Section 6.2.4) presented these research findings and results in relation to the strategic approaches and the relationship between the organisational goals and the SHRM approaches undertaken. The findings clearly established that the organisational business strategy leads their SHRM practices. The level of importance varies between organisations. The results also showed that the often informal nature of strategic decision making and SHRM practices suits the culture and structure of SMEs.
Research Objective D

Chapter Eight discussed and developed the performance specification requirements for an appropriate framework to inform the relationship between SHRM and strategic decision making. Hence, Research Objective D (To develop a framework linking SHRM approaches to specific organisational goals for construction SMEs) was also satisfied. Section 8.1 outlined a real need for an SME SHRM Framework to be designed. The initial and detailed design stages of the framework were discussed in section 8.2. Detailed guidance for using the framework was also provided in section 8.3. To ensure that the framework is appropriate for future use by construction SMEs, the process of testing the framework in industry and the conclusions are reported in section 8.4. Finally, a refined SME SHRM framework was designed incorporating industry feedback to fulfil research objective D fully.

9.5 Limitations of the study and recommendations for future work

As with all research, the findings and results discussed in this thesis have limitations. The research set out to address the gap in the SHRM knowledge of construction SMEs identified in the introduction (Chapter One) and literature review (Chapters Two, Three and Four) to develop an appropriate framework for close alignment of the SHRM and business strategy for improved organisational performance than that currently utilised.

The research was exploratory in nature. Therefore, although, as with all studies of this type, it was not possible to interpret causality, it was possible to define relationships. Although the size of the sample is satisfactory compared to other qualitative SME studies, attempting to generalise the research findings to other construction SMEs should be undertaken with caution, due to the relatively small number of organisations studied. As such, the conclusions were argued to be illustrative and representative of the practices found within construction SMEs.
All variables were measured in a conceptual way, i.e. using the respondents' perceptions. Although this is a usual method for HRM research, further study could incorporate objective measures.

The adoption of Porter’s (1980) typology for measuring strategy could also be considered a limitation. This typology has been criticised in terms of its suitability for the modern business environment (Chadwick and Cappelli, 1999). It has also been argued that organisations can implement a combination of more than one of Porter’s strategic types at the same time. However, this typology was adopted because it has served as a basis for the development of other strategy typologies, and it has been used in similar empirical research.

Since this is an exploratory study, there would be many opportunities for further study using the same research model. This study has emphasised the importance of the relationship between the organisation’s business strategy and SHRM, further research could expand on this issue by studying more strategic types that would have more extended application of the research model.

In general, construction SME organisations relate their human resource practices to their business strategy. However, generalisations of the conclusions of this study are tentative given the limitations of the study, and the results, which are not totally comparable to existing studies due to the different samples and variables used. This highlights the need to continue an in-depth investigation of this subject in order to clarify the interrelations between business strategy and SHRM.

This research has been based on a mainly qualitative methodology. Employing quantitative methods to explore the issues using a larger sample would allow a comparison and verification of the conclusions drawn from the qualitative data. This would be a way of expanding the research and reinforce the present research findings and enable generalisation of the results.
The main focus of the research was solely on the strategic managers and HR specialists of the studied organisations. Wider views of the middle management as well as organisational operatives could add new perspectives and interesting insights to this research.

Further testing and final refinement of the SME SHRM framework would provide construction SMEs with a clear decision support tool to facilitate strategic decision making.

The SME SHRM framework could be improved by undertaking further testing within a wider construction SME sample. This would test its applicability and facilitate any necessary modifications. An interesting development would be to carry out action research to observe how the recommendations that have been established are implemented in practice. Although this would require a great deal of commitment from construction SMEs it would enhance the use of SHRM in the future. Following this process it would be possible to provide an SME SHRM Framework for implementation by construction SMEs.

Some sub-sectors of the construction industry have been omitted. It would be interesting to compare and contrast the findings and results with these other sectors (e.g. infrastructure) to add depth to the research. Potentially, this could also further clarify SME SHRM framework. The proposed framework and knowledge base could also be tested in other SME organisations outside the construction industry.

9.6 Original contribution to knowledge

This thesis has revealed that:
The sample in the study is based on small to medium sized enterprises. According to Welbourne and Andrews (1996), those firms are usually excluded from empirical research in HRM despite the valuable conclusions that can be drawn from their study. Despite its exploratory nature, this qualitative research therefore provided useful data for HRM practitioners in
general. The conclusions drawn will help strategic managers develop an effective SHRM approach that integrated with the organisation's development strategy to maximize performance.

By focussing on construction SMEs, the research differs from other work carried out in the field of SHRM and strategic management which to date has focussed on the larger organisations often outside the construction industry. The research also contributed to knowledge within the construction management field as it addressed areas that are currently under researched: SMEs, business strategy, SHRM and the relationship between business strategy and SHRM.

A key outcome of the study is the development of a new SHRM SME framework. This framework serves as a practical means to improve strategic alignment within SMEs. With the help of the framework and the approaches presented, those responsible for strategic decision making in organisations can examine the organisations' strategic issues proactively, comprehensively, and broaden the horizons of the organisation for the future.

Additionally four main points are stated linked the research objectives:

- Construction SMEs undertake strategic management, the nature of strategic decision making was often emergent, a wide diversity of types of strategies existed, differentiation strategy was prevalent and the nature of niche markets was wide.
- Construction SMEs do undertake SHRM, and there is a clear link between the size of the organisation and the approaches used. The larger organisations generally have more sophisticated approaches than smaller organisations.
- HRM is integrated in the business strategies of construction SMEs to varying degrees. The SHRM processes and organisational structures support the business strategy. Three generic themes for improving
integration of the organisation’s business strategy and their strategic approaches were found:

- Improving the communication of business strategy to their employees;
- Encouraging employee participation; and
- Linking SHRM and the business strategy

- There is scope for construction SMEs to improve linking their SHRM approaches to specific organisational goals, through the use of a support decision framework designed and refined within this research.
REFERENCES


140. EC (1996) SMEs: recommendation of the commission, Official Journal of the European Communities, L107/6, pp1-2, ENSR.


375


376


LIST OF APPENDICES

A: List of publications 395
B: Exploratory semi structured interview schedule for strategic Managers 397
C. Organisational profiles for exploratory semi structured interviews 403
D. Primary case study interview schedules:
   D1: Round 1 Interview schedule and organisational background 411
   D2: Round 2 Interview questions: SHRM 415
   D3: Round 3 Interview questions: relationship between strategy and SHRM 419
   D4: Round 3 Interview questions: SHRM implementation a middle management perspective 422
E. Overview of the primary case study Organisation A 425
   E1: Contextual factors 427
   E2: Strategy 428
   E3: SHRM 429
   E4: Statement of alignment within the business strategy 433
   E5: Statement of alignment within SHRM 433
F. Overview of the primary case study Organisation B 434
   F1: Contextual factors 436
   F2: Strategy 437
   F3: SHRM 438
   F4: Statement of alignment within the business strategy 442
   F5: Statement of alignment within SHRM 442
G. Overview of the primary case study Organisation C 443
   G1: Contextual factors 445
   G2: Strategy 445
   G3: SHRM 447
   G4: Statement of alignment within the business strategy 451
   G5: Statement of alignment within SHRM 451
H. Overview of the primary case study Organisation D 453
   H1: Contextual factors 455
   H2: Strategy 456
   H3: SHRM 461
   H4: Statement of alignment within the business strategy 461
   H5: Statement of alignment within SHRM 461
I. Overview of the primary case study Organisation E 462
   I1: Contextual factors 464
   I2: Strategy 464
   I3: SHRM 465
   I4: Statement of alignment within the business strategy 469
   I5: Statement of alignment within SHRM 469
J. Overview of the primary case study Organisation F 470
   J1: Contextual factors 472
   J2: Strategy 472
   J3: SHRM 473
   J4: Statement of alignment within the business strategy 478
   J5: Statement of alignment within SHRM 478
K. Industry Dissemination Pack- SME SHRM FRAMEWORK 479
L Framework Validation Process Questions 508
   L1 Interview Schedule 509
   L2 Organisational background 512
   M Theme analysis protocol 514
   M1 Node Listings 516
   M2 Coding stripes 517
   M3 Thematic tables 518
   M4 Main themes 520
   M4 Recoding 521
   M6 First draft 527
   M7 Final summaries 535
APPENDIX A: List of publications
Appendix A: List of publications

1 STRATEGIC APPROACHES TO MANAGING HUMAN RELATIONS WITHIN CONSTRUCTION SMES


10 THE STRATEGIC MANAGEMENT OF SMES

APPENDIX B: Exploratory semi structured interview schedule for strategic managers
APPENDIX B: Exploratory semi structured interview schedule for strategic managers

This appendix provides an insight into the questions discussed with strategic managers during their semi structured interviews. It contains two documents:

1. Interview Schedule
2. Organisational Background
APPENDIX B: Exploratory semi structured interview schedule for strategic managers

1 INTERVIEW SCHEDULE:

STRATEGY WITHIN SMALL TO MEDIUM SIZED CONSTRUCTION COMPANIES

ACTUAL STRATEGY

PAST
Whether initially firm specialised in one trade or service?
Whether the range of trades or services has changed over time?

FUTURE
What kind of business does the management want to operate in?
What kind of business does management feel, it ought to operate in?
What are the relevant future markets?

WHAT IS THE COMPANIES STRATEGIC MANAGEMENT PROCESS

PLANNING

BUSINESS PLAN
Do you have a business plan?
Is it formal, written, or is it in your head?
Do you review this plan, if so how often, answer in months?

MISSION STATEMENT
Does your company have a mission statement?
Is it possible to have a copy of your mission statement?

PLANNING
How far ahead does the company plan?
How do you see the size of the company in a couple of years as compared to the size today?
Do you have any additional plans for the future? E.g. restructure, vehicles, offices etc?
What do you see as the main obstacles in the way of these goals?
Does your proposed strategy influence the day to day decision making?
APPENDIX B: Exploratory semi structured interview schedule for strategic managers

1 INTERVIEW SCHEDULE (Continued):

STRATEGIC MANAGEMENT PROCESS

WHAT IS YOUR STRATEGIC MANAGEMENT PROCESS?
How do you manage the strategy? Is it formal or informal?
How is it communicated? (Documented)
Does your company review it? if so how often ?
Why do you manage the strategy in the way that you do?
Does your organisation use any tools or techniques to manage the strategy process?
Are there any factors that have an impact on the strategy?
Who leads your organisations management of strategy?

HOW DOES THE COMPANY DEAL WITH COMPETITION

What geographic area is the majority of your work within
A 10 mile radius, B staffs/ 50 mile radius, C over 50 miles
Approx. how many competitors are there for your principal product in the local market?
Do you receive any feedback from your customers about your work?
Do you ask for it or is it given freely?
How do you react to their comments?
Do you gather information on your rivals, yes/ no?
Generally speaking how is this done, e.g. suppliers, consultants?
How often is this done?
Do you source of information on the market within which you operate how do you do it?
Compared with your direct competitors what would you say are your main advantages or strengths as a company?
Compared to your direct competitors what would you say are your main disadvantages or weaknesses as a company?
What do you consider to be threats to your business, which do you, consider being the biggest threat?
What do you consider to be your best opportunities, (opportunities include for expansion, increased profitability, entering a new market niche etc.)
What is the main reason for running the business?
What is the main aim of the business?
How well do you consider your firm is doing?
Healthy and growing or rapidly growing, Stable, shrinking, Could not say
How would you define the following?
(use % where felt appropriate)?
APPENDIX B: Exploratory semi structured interview schedule for strategic managers

2 ORGANISATIONAL BACKGROUND

STRATEGY WITHIN SMALL TO MEDIUM SIZED CONSTRUCTION COMPANIES

Could you please answer the following BACKGROUND INFORMATION questions, by ticking the appropriate box, or writing in the appropriate space provided.

I would be grateful if you could complete these questions prior to our interview and return them via the return envelope provided or by fax 01782 747600

Company name.
Name of interviewee,
Designation of interviewee
What year was the business established?
Is the company:

- Sole trader □
- Partnership □
- Limited company □
- Other .................................................................

What is the current number of employees, approximately.
- a) Less than 10 □
- b) 10 to 19 □
- c) 20 to 29 □
- d) 30 to 39 □
- e) 40 to 49 □
- f) 50 or more □

What is the company's approximate turnover annually:
- a) Below £250K □
- b) £250k to less than £1 million □
- c) £1 to £3 million □
- d) £4 to £6 million □
- e) £7 to £9 million □
- f) £10 million or more □

Please indicate the main types of project undertaken by your company
- a) Commercial □
- b) Industrial □
- c) Speculative projects □
- d) Housing □
- e) Maintenance □
- f) Local authority/ government □
- g) Other, please specify .........................................................

Which type of work do you consider as your main area of work
What approximate % of your annual turnover does this make..........%?

Have the types of contract or projects you undertake changed in last few years
- Yes □ No □

Comments .............................................................

Which systems of procurement are you mainly involved with.
- a) Tendering on bills of quantities □
- b) Design and build □
- c) Plan and specification □
- d) Management contracting □
- e) Measured term □
- f) Other, please specify.....................................................
APPENDIX B: Exploratory semi structured interview schedule for strategic managers

2 ORGANISATIONAL BACKGROUND (continued)

What percentage of your work relates to this method of procurement ........%  
Average number of projects undertaken at any one time 
  a) One project  
  b) 2 to 6 projects  
  c) 7 to 10 projects  
  d) Other ........................................  
Approximate percentage of total work subcontracted out .........................  %  
Approximate percentage of work by own employees ..............................  %  
Is this balance between work completed by employees and subcontractors fairly static or does it fluctuate.  
  Yes ☐  No ☐  Comments........................................  
Who are your main clients (including type of Client, e.g. local authority, private client, housing association)  
  One...........................................  More than one........................................  
How much of your turnover does each provide you with.........................  %  
Do you rely on just a few clients  
  Yes ☐  No ☐  
Are you a member of a professional body  
  Yes ☐  No ☐  
    If Yes which one. .....................................................
APPENDIX C: Organisational profiles for exploratory semi structured interviews
APPENDIX C: Organisational profiles for exploratory semi structured interviews

This appendix outlines each organisation's profile in turn. Factors included are: annual turnover; number of employees; the organisation's business status; the geographic operating markets; operational sectors; and the most frequently used procurement route.

<table>
<thead>
<tr>
<th>Organisation 1</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>4 to 6 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>24</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1955 (as a family business), now non family management buy out with Ltd status (since 1990’s)</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, occasionally regional</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, housing, maintenance, local authority</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional, design and build, negotiation, measured term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 2</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 to 3 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>30 to 39</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1978, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, housing, maintenance, local authority, healthcare,</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; traditional, plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 3</th>
<th>Speculative builder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>4 to 6 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>40</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1990 (as a family business), Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; speculative projects, housing, maintenance, local authority</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; design and build, plan and specification</td>
</tr>
</tbody>
</table>
### APPENDIX C: Organisational profiles for exploratory semi structured interviews (continued)

<table>
<thead>
<tr>
<th>Organisation 4</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>12 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>120</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1969 (as a family business), Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, maintenance, local authority</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; traditional, plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 5</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>10</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1936 (as a family business), Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; industrial, maintenance, local authority and government</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; traditional (small amount), plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 6</th>
<th>Building contractor and civil engineering contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>4 to 6 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>65</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1877 (as a family business), Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Limited sectors; commercial, industrial</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional, design and build, plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 7</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1.2 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>10 to 19</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1972 (as a family partnership)</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, local authority and government</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; traditional (small amount), plan and specification</td>
</tr>
</tbody>
</table>
APPENDIX C: Organisational profiles for exploratory semi structured interviews (continued)

<table>
<thead>
<tr>
<th>Organisation 8</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>10 to 19</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1971, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, maintenance, local authority and government</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; traditional, plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 9</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>11</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1930, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, maintenance, local authority and government</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; traditional</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 10</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 to 3 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>20 to 29</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1991, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, housing, maintenance, local authority and government</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional (very limited), design and build, plan and specification</td>
</tr>
<tr>
<td>Organisation 11</td>
<td>Building contractor and developer</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Annual turnover (£)</td>
<td>1 to 3 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>30 to 39</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1973, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, speculative projects, housing</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional (very limited), design and build, plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 12</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 to 3 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>28</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1979, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, housing</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Limited; plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 13</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>10 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>50</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1990, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, housing, refurbishment</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional, design and build, plan and specification, measured term</td>
</tr>
</tbody>
</table>
## APPENDIX C: Organisational profiles for exploratory semi structured interviews (continued)

<table>
<thead>
<tr>
<th>Organisation 14</th>
<th>Building contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>7 to 10 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>20 to 29</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1987, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; commercial, industrial, local authority and government</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional, design and build, plan and specification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisation 15</th>
<th>Building contractor and developer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1.5 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>15</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1877 (as a partnership), Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; industrial, commercial, speculative projects, housing, maintenance, local authority</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; design and build, plan and specification, management contracting</td>
</tr>
</tbody>
</table>
APPENDIX D: Primary case study interview schedules:
APPENDIX D: Primary case study interview schedules:

This appendix provides an insight into the questions discussed with strategic managers from the case study organisations. It contains 4 separate documents:

| D1 | Round 1 Interview schedule and organisational background |
| D2 | Round 2 Interview questions: SHRM                     |
| D3 | Round 3 Interview questions: relationship between strategy and SHRM |
| D4 | Round 3 Interview questions: SHRM implementation a middle management perspective |
APPENDIX D: Primary case study interview schedules:

D1: Semi-structured interview schedules for strategic managers interviews:

ROUND 1: INTERVIEW SCHEDULE:

ACTUAL STRATEGY
PRESENT
What is the current strategy/what is the companies corporate strategy?

PAST
Whether initially firm specialised in one trades or service?
Whether the range of trades or services has changed over time?

FUTURE
What kind of business does the management want to operate?
What kind of business does management feel, it ought to operate?
What are the relevant future markets?

WHAT IS THE COMPANIES STRATEGIC MANAGEMENT PROCESS
PLANNING
BUSINESS PLAN
Do you have a business plan, yes / no?
Is it formal, written or is it in your head?
Do you review this plan, if so how often, answer in months?

MISSION STATEMENT
Does your company have a mission statement?
Is it possible to have a copy of your mission statement?

PLANNING
How far ahead does the company plan?
A few months, a year or more, don’t know?
How do you see the size of the company in a couple of years as compared
to the size today?
Do you have any additional plans for the future? E.g. restructure, vehicles,
offices etc?
What do you see as the main obstacles in the way of these goals?
Does your proposed strategy influence the day to day decision making?

STRATEGIC MANAGEMENT PROCESS
WHAT IS YOUR STRATEGIC MANAGEMENT PROCESS?
How do you manage the strategy? Is it formal or informal?
How is it communicated? (Documented)
Does your company review it? if so how often?
Why do you manage the strategy in the way that you do?
Does your organisation use any tools or techniques to manage the strategy
process?
Are there any factors that have an impact on the strategy?
Who leads your organisations management of strategy?
APPENDIX D: Primary case study interview schedules (continued):

D1: Semi-structured interview schedules for strategic managers interviews:

HOW DOES THE COMPANY DEAL WITH COMPETITION
What geographic area is the majority of your work within?
   A  10 mile radius
   B  staffs/ 50 mile radius
   C  over 50 miles
Number of competitors? Appro. how many competitors are there for your principal product in the local market?
   Do you receive any feedback from your customers about your work?
   Do you ask for it or is it given freely?
   How do you react to their comments?
   Do you gather information on your rivals, yes/ no?
   Generally speaking how is this done, egg suppliers, consultants?
   How often is this done?
   Do you source of information on the market within which you operate, how do you do it?
   Compared with your direct competitors what would you say are your main advantages or strengths as a company?
   Compared to your direct competitors what would you say are your main disadvantages or weaknesses as a company?
   What do you consider to be threats to your business, which do you consider to be the biggest threat?
   What do you consider to be your best opportunities, Opportunities include for expansion, increased profitability, entering a new market niche etc?

STRATEGY MOTIVATION
Does the owner of the business have an influence on the strategy?
What is the main reason for running the business?
What is the main aim of the business?
What other aims do you have for the business if any?
How well do you consider your firm is doing?
   a) Healthy and growing or rapidly growing
   b) Stable
   c) shrinking
   d) Could not say
How would you define the following?
   a) Business success
   b) Business failure
   c) Business growth
   d) Business profitability (use % where felt appropriate)

In your business what qualities do you regard as necessary for success?
APPENDIX D: Primary case study interview schedules (continued):

D1: Round 1: Organisational Background:

Could you please answer the following BACKGROUND INFORMATION questions, by ticking the appropriate box, or writing in the appropriate space provided.

I would be grateful if you could complete these questions prior to our interview and return them via email or by fax 01509 223782

1. Company name: ............................................................
2. Name of interviewee: ..........................................................
3. Designation of interviewee: ....................................................
4. Is the company part of a larger organisation? ..........................................................
5. If so please indicate the name of the organisation ..........................................................
6. What is the current number of employees within your organisation overall approximately. ..........................................................
7. What is the current number of employees within your subsidiary or operating unit? ..........................................................
8. Do you have an organisation chart? Yes ☐ No ☐
9. Is it possible to have a copy it? ..........................................................
10. Approximate percentage of total work subcontracted out .......... %
11. Approximate percentage of work by own employees ................. %
12. Is this balance between work completed by employees and subcontractors fairly static or does it fluctuate. Yes ☐ No ☐
   Comments ..........................................................................
13. What is the company's approximate turnover annual (£Million): ..........................................................
14. Please indicate the main areas of activity that your company undertakes:
   Client ☐
   Consultant ☐
   Contractor ☐
   Subcontractor ☐
   Other ..........................................................
15. Please indicate the sector within which your company operates
   Building ☐
   Civils ☐
   Engineering ☐
   Other ..........................................................

413
APPENDIX D: Primary case study interview schedules (continued):

D1: Round 1: Organisational Background:

16 Please indicate the typical size of the current projects undertaken by your company, including project value and duration:

what approximate % of your annual turnover does this make... %

18 Have the types of projects you undertake changed in last few years

Yes ☐ No ☐ Comments

19 Average number of projects undertaken at any one time

20 Which systems of procurement are you mainly involved with.

21 How many clients do you have for your current projects............

22 What percentage of your business with these clients is repeat business

23 How many suppliers do you have for your current projects............

24 What percentage of your business with these suppliers is repeat business........

25 Does your organisation enter into any alliances

Yes ☐ No ☐

If so with what types of organisations?

26 Does your organisation enter into any long term partnering arrangements

Yes ☐ No ☐

22 If so with what types of organisations?

Client ☐
Contractor ☐
Subcontractor ☐
Consultant ☐
Other, please specify..................................................
APPENDIX D: Primary case study interview schedules (continued):

D2: Round 2: Interview Questions: SHRM

THE BUSINESS
Structure
Describe your organisational structure, structural characteristics,
Organisational chart?
Describe your principle job roles, department, divisions?
Do you have a management team? Is there a number of management
levels within the firm?
How does the organisational structure of the business support the business
plan?
Can you describe your financial structure? Long and short-term financial
goals.
Is there anything you would change regarding the structure? Or how is your
structure evolving?

Politics/ Leadership-
Who leads the business?
Are the owner's personal views and human resource manager's ideas the
same? Do conflicts of opinion arise?

Culture
How would you describe the culture of the organisation?
Could you outline the company background (history) including senior
managers and employee positions?
Do you think the organisation has a strong culture, why?
What physical impression do you think the organisation gives you?
What sort of stories and legends do people tell here? What messages do
these stories convey?
What length of time are people typically employed for?
Does the organisation have its own way of doing things? Strong traditions?

THE WAY HRM IS UNDERTAKEN IN THE BUSINESS
Planning and management:
Could you describe the ways in which you deal with people management.
(How do you undertake people resource management?)
Do you have a specific personnel/ human resource management policy?
Can you outline the details? Is it written/ formal/ informal is it in your head?
Could I have a copy?
Do you review this plan, if so how often, answer in months.
How do you review the plan?
How far ahead does the company plan, A few months? Don't know?
Who is responsible for your HR management, or personnel and (policy)?
Separate manager? Separate department? level of importance within the
business? (board) Full time?
Is the person responsible for HRM involved with the business plan? At what
stage or level?
APPENDIX D: Primary case study interview schedules (continued):

D2: Round 2: Interview Questions: SHRM

Recruitment/selection/retention:
Which recruitment and selection processes do you prefer to use? Recommended? Advertised? Job centre? Agency? Job try outs? Job posting? Promotion from within? Does this vary between management and non management post? Are managers more likely to be recruited through formal channels—is emphasis on experience or qualifications? Or both? Do you identify prospective employees who will contribute to the business needs or is it from a limited pool, e.g. informal grapevine? Do you find people who will fit in with the current culture and outlook or can contribute to the present and future needs? Do you offer a career structure?

Training and development:

Incentives/compensation /performance management

Performance management
Do you assess employee performance? How are evaluations undertaken? How often is performance appraisal undertaken? Annual? Project specific? Objectives? How closely are pay / promotion related to performance review? On what basis do you set salary levels? Do you have/use Job descriptions? Do they include duties for each employee?
APPENDIX D: Primary case study interview schedules (continued):

D2: Round 2: Interview Questions: SHRM

HOW THE BUSINESS DEALS WITH EMPLOYEE RELATIONS:
Relationships:
Who handles the day to day management of employee relations? (The management team as a whole?)
How is this undertaken? Do you rely largely on informal approach to employee relations?
What types of relationships exist?
How do you deal with issues such as: safety, discipline, grievance?
Does the business negotiate with trade unions regarding pay and conditions?
Do you have any formal employee representatives? Do you have a works council?

Employee Communication:
How do you communicate effectively with your staff? formally, informally?
How do you share information regarding business with employees? Why?
Where significant changes to business policy plans occur how would they be communicated to the workforce? Are all members of the workforce included?
How do you encourage staff to participate? (Newsletter? Suggestions schemes? Workforce meetings? Group management meetings? Team project meetings?)
How are suggestions made by staff? How are they dealt with? How common are they? Could you provide any examples?
How do employees participate in business decisions?
Are goals and objectives made transparent to employees?
Do you offer any Flexible working arrangements? Multi tasking? Work teams? Job rotation?

THE IMPORTANCE OF SHRM TO THE BUSINESS
Definition:
What do you consider to be the major challenges to HRM in your business over the next few years?

Role
How important are people management to you and your business?
Do you have the right people employed?
How do people add value to your business?
Do employment management policies have the potential to offer competitive advantage?
Should firms adopt a strategic approach to managing people in the workforce?
**APPENDIX D: Primary case study interview schedules (continued):**

<table>
<thead>
<tr>
<th>D2: Round 2: Interview Questions: SHRM</th>
</tr>
</thead>
</table>

**Organisation**
Does your HRM link to your organisational goals and aims?
Is HRM a core business process? Is it central element to business planning activity?
How important the HRM policy to your business planning? (Development of the firm's strategic plan) How is it undertaken? Is it formal in practice?

How important is the way in which labour is managed to the future development of the firm?
Do you have the necessary skills to manage the HR function effectively?

**HR outputs**
Do employees demonstrate commitment? Can you provide any examples?
Do your employees have the right levels of competence? How can competence levels be improved?
What levels of labour turnover have you experienced?
Do employees demonstrate any allegiance to the company?
Does HRM contribute to?
  - Productivity?
  - Cost effectiveness for the business?
  - The quality of goods and services,
  - The business' financial performance?
APPENDIX D: Primary case study interview schedules (continued):

D3: Round 3: Interview Questions: Relationship between strategy and SHRM

**FIT- Relationship between structure and strategy**
Are labour management policies used to generate strategic HRM?
Are they integrating HRM with overall strategy?
Who devises the strategy and SHRM? (round 2)
Is the same person responsible for strategy and SHRM? (round 2)

Are the same philosophies applied to both strategy and SHRM areas?
Is the way you deal with the strategy and the people management within the business very similar? Can you explain?
Is it possible to apply the same ideas and philosophy to the strategy and the management of people?
How difficult is it to match aims for the business and people management within the business. Can you provide any examples?

**The business**
**Structure**
How does the way the organisation is structured support the goals/ vision of the business?
How does the way the organisation is structured support the way people are managed within the business?

**Leadership**
Does the leadership style of the organisation support the goals/ vision of the business/organisational strategy?
Does the leadership style of the organisation support the way people are managed within the business?

**Culture**
Are there any ways that the culture of the organisation does not support the strategy of the business?
Are there any ways that the culture of the organisation does not support the way people are managed within the business?

**The way HRM is undertaken in the business**
**Planning and management**
Does the way you plan and manage people within the business support the future plans for the business?
Is the planning and management of the people strategic in nature?
Are employment management strategies constructed on short term goals?

**Recruitment/selection/retention**
How does the recruitment/selection/retention of the organisation support the organisational strategy?
Are the recruitment needs written into the annual operating plan or objective setting process?
APPENDIX D: Primary case study interview schedules (continued):

<table>
<thead>
<tr>
<th>D3: Round 3: Interview Questions: Relationship between strategy and SHRM</th>
</tr>
</thead>
</table>

**Training and development**
Does the training and development of the organisation support the organisational strategy?
Are the training needs written into the annual operating plan or objective setting process?

**Incentives/compensation/performance management**
How do the incentives/compensation/performance management of the organisation support the organisational strategy?
Are the incentives/compensation/performance management of the organisation written into the annual operating plan or objective setting process?

**Employee relations**
**Relationships**
How does the way the organisation deals with employee relationships support the goals/ vision of the business?

**Communication**
How does the way the organisation communicates with its employees support the goals/ vision of the business?
The importance of SHRM to the business (see round 2)

**GOALS AND STAFF TREATMENT**
What resources does the business possess that give you an advantage over your competitors?
Is labour perceived as a resource to be effectively managed to gain competitive advantage?

**ORGANISATIONAL MEASURES AND CHANGES**
Is Human Resource Development a central element to business planning procedure?
What ways can you encourage employee commitment?
What ways can you encourage employee participation?
What ways can you encourage employee involvement?
How do you support your staff? Informally? Formally?
APPENDIX D: Primary case study interview schedules (continued):

D3: Round 3: Interview Questions: Relationship between strategy and SHRM

Implementation of SHRM
What issues would you consider need to be included in a policy that deals with people management issues?
How do you define HRM? (REPEAT)
How do you manage the SHRM strategy? Is it formal or informal?
How is it communicated? (Documented) formal or informal, variety of methods?
Does your company review it? if so how often?
Why do you manage the strategy in the way that you do?
How effective is vision mission etc communicated?
Is strategic HRM reactive/opportunistic/proactive?
Is SHRM integrated?
Is HRM part of the strategy formulation or is people management ‘policies’ created to support the previously stated strategy?
Is the target to maintain competitiveness? Strengthen competitiveness?
Create new competitive advantage?

ORGANISATIONAL PERFORMANCE
How do you monitor organisational performance?
How does your overall business performance compare to others in the same industry?
Is your staff turnover rate satisfactory?
Have you gained market share relative to your competitors?
How does your profit growth compare to that of your competitors?
How does staff morale compare to that of your competitors?
APPENDIX D: Primary case study interview schedules (continued):

| D4 | Round 3 Interview questions: SHRM implementation a middle management perspective  
Semi-structured interview schedule for HR specialist interviews |

**THE WAY HRM IS UNDERTAKEN IN THE BUSINESS**

**Planning and management:**
- Could you describe the ways in which you deal with people management? (How do you undertake people resource management?)
- Do you have a specific personnel/ human resource management policy?
- Can you outline the details? Is it written/ formal/ informal is it in your head?
- Could I have a copy?
- Do you review this plan, if so how often, answer in months.
- How do you review the plan?
- How far ahead does the company plan, A few months? Don't know?
- Who is responsible for your HR management, or personnel and (policy)? Separate manager? Separate department? Level of importance within the business? (board) Full time?
- Is the person responsible for HRM involved with the business plan? Perhaps something on their involvement with the planning process?

**Recruitment/selection/retention**
- Does this vary between management and non management post?
- Are managers more likely to be recruited through formal channels-is emphasis on experience or qualifications? Or both?
- Do you identify prospective employees who will contribute to the business needs or is it from a limited pool, e.g. informal grapevine?
- Do you find people who will fit in with the current culture and outlook or can contribute to the present and future needs?
- Do you offer a career structure? What does it look like?

**Training and development:**
- Do the types of training and development vary between management and non management employees?
- Who makes decisions regarding training and budgets?
- How do you assess training requirements? Are they reactive or proactive? Informal? Short term?
- Do you have a training budget? Can you indicate the level of expenditure?
- Do you have a training policy/plan? Job related? Formal?
- How do you develop staff? Do you have a staff development plan?
- Do you have Appraisal systems regarding training? Formal?
APPENDIX D: Primary case study interview schedules (continued):

D4 Round 3 Interview questions: SHRM implementation a middle management perspective
Semi-structured interview schedule for HR specialist interviews

Incentives/compensation /performance management
Do you offer any incentives to your employees?
Compensation: can be defined as recognition, money, quality of life, learning, psychological characteristics of work, job descriptions, Work life balance?

Performance management
Do you assess employee performance?
How are evaluations undertaken? Could explore formal and informal aspects?
How often is performance appraisal undertaken? Annual? Project specific?
Objectives?
How closely is pay / promotion related to performance review?
On what basis do you set salary levels?
Do you have/use Job descriptions? Do they include duties for each employee?

HOW THE BUSINESS DEALS WITH EMPLOYEE RELATIONS:
Relationships:
Who handles the day to day management of employee relations? (The management team as a whole?)
How is this undertaken? Do you rely largely on informal approach to employee relations?
What types of relationships exist?
How do you deal with issues such as: safety, discipline, grievance?
Does the business negotiate with trade unions regarding pay and conditions?
Do you have any formal employee representatives? Do you have a works council?

Employee Communication:
How do you communicate effectively with your staff?
Could you now separate into formal and informal in this stage?
How do you share information regarding business with employees? Why?
Where significant changes to business policy plans occur how would they be communicated to the workforce? Are all members of the workforce included?
How do you encourage staff to participate?
(Newsletter? Suggestions schemes? Workforce meetings? Group management meetings? Team project meetings?)
How are suggestions made by staff? How are they dealt with? How common are they? Could you provide any examples?
How do employees participate in business decisions?
APPENDIX D: Primary case study interview schedules (continued):

D4 Round 3 Interview questions: SHRM implementation a middle management perspective
Semi-structured interview schedule for HR specialist interviews

Employee Communication (continued)
Are goals and objectives made transparent to employees?
Do you offer any flexible working arrangements? Multi-tasking? Work teams? Job rotation?

THE IMPORTANCE OF SHRM TO THE BUSINESS
Definition
What do you consider to be the major challenges for HRM in your business over the next few years?
Role
How important are people management to you and your business?
Should firms adopt a strategic approach to managing people in the workforce?
Organisation
Does your HRM link to your organisational goals and aims?

HR outputs
Do employees demonstrate commitment? Can you provide any examples?
Do employees demonstrate any allegiance to the company?
Does HRM contribute to: Productivity?
  Cost effectiveness for the business?
  The quality of goods and services,
  The business’ financial performance?

THE BUSINESS
Structure:
Is there anything you would change regarding the structure? or how is your structure evolving?

Politics/Leadership:
Are the owner’s personal views and human resource manager’s ideas the same? Do conflicts of opinion arise? (ARE HRM MANAGERS LIKELY TO OVERRIDE THE OWNER/MANAGER)?

Culture:
How would you describe the culture of the organisation?
Do you think the organisation has a ‘strong’ culture, why?
What relationship does culture have with performance?
What physical impression do you think the organisation gives you?
What sort of stories and legends do people tell here? What messages do these stories convey?
What length of time are people typically employed for?
Does the organisation have its own way of doing things? Strong traditions?
APPENDIX E: Overview of the primary case study

Organisation A
APPENDIX E: Overview of the primary case study Organisation A

This appendix provides an overview of the primary case study Organisation A. It contains the following documents:

E1: Contextual Factors

E2: Strategy
(i) Summary S.W.O.T. analysis
(ii) Strategic policies and implementation
(iii) Strategic management summary

E3: SHRM
(i) Culture and structure profile
(ii) HRM management, leadership and policies
(iii) Management structure
(iv) People management strategies
(v) SHRM summary

E4: Statement of alignment within the business strategy organisation A

E5: Statement of alignment within SHRM organisation A
APPENDIX E: Overview of the primary case study Organisation A

E1: Contextual Factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Architectural design practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>3 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>70</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1870 (as a family business), now non family management (since 1950’s)</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional</td>
</tr>
<tr>
<td>Industry role</td>
<td>Design consultant</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; healthcare, urban design, education and community</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional, design and build, partnering</td>
</tr>
</tbody>
</table>

E2: Strategy

i) Summary SWOT analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
<td>Organisational structure. Organisational inflexibility. Employees and ensuring performance</td>
</tr>
<tr>
<td>Company size matches strategy. Client satisfaction. Reputation and strong client base</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>External environment</td>
<td>THREATS</td>
</tr>
<tr>
<td>OPPORTUNITIES</td>
<td>Economic change or downturn.</td>
</tr>
<tr>
<td>Continuous improvement in market sectors</td>
<td>Inappropriate workload. Over expansion leading to a drop in the quality of service and subsequently losing clients or financial problems</td>
</tr>
</tbody>
</table>
APPENDIX E: Overview of the primary case study Organisation A

E2: Strategy

ii) Strategic policies, practices and implementation

<table>
<thead>
<tr>
<th>Strategic Issue</th>
<th>Presence</th>
<th>Dissemination Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>Yes</td>
<td>Written</td>
</tr>
<tr>
<td>Business plan</td>
<td>Yes</td>
<td>Written</td>
</tr>
<tr>
<td>Other documents</td>
<td>Yes</td>
<td>Organisational charts</td>
</tr>
<tr>
<td>Strategic management tools</td>
<td>Yes</td>
<td>n/a</td>
</tr>
<tr>
<td>Organisation ownership</td>
<td>Board of directors</td>
<td>n/a</td>
</tr>
<tr>
<td>Strategic decision maker/ responsibility</td>
<td>MD</td>
<td>MD, cascades down through the business</td>
</tr>
<tr>
<td>Strategic management process</td>
<td>Formally supported by more informal methods</td>
<td>Information is disseminated through group management teams and feedback is given by employees</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Highly structured</td>
<td>5 year business plan with specific targets. Individual parts are reviewed monthly, with action plans</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>Mainly formal</td>
<td>Formal presentations, workshops, monthly meetings. Newsletter, expect feedback</td>
</tr>
</tbody>
</table>

iii) Strategic management summary

Organisational strategy
Clear strategic aim to meet aims of Executive Board’s aspirations to continue as an architectural design practice with a consistent and steady long term approach and without making excessive profits. The organisation aims to achieve this by maintaining its current size with no plans for growth, by maintaining high quality staff and a quality work environment, and by focusing on sectors within a fixed geographic focus.

Strategic analysis -SWOT
Organisational strengths include alignment of company size with the business strategy, reputation, client satisfaction and a strong client base. Opportunities exist for continuous improvement in market sectors. Future challenges include the organisations' structural inflexibility, employees and their performance, economic change or inappropriate workload. Maintaining quality of service to clients and existing client base.

Strategic policies practices and implementation
Formal policies and the use of strategic management tools exist. Clear strategic roles and decision making responsibility. Planning is highly structured and disseminated through formal and informal methods. Strategic management process is well managed and is a two way process. Strategy implementation occurs through formal and informal methods.
APPENDIX E: Overview of the primary case study Organisation A

E3: SHRM

i) Culture and structural profile

| Type of culture | Strong culture. Old practice established in the 1870’s with a strong client base and financial stability. A flexible company, based around providing quality to the client. Originality family run, it remains a stable company, strong employee characters. Organisation has a positive image to outsiders, and is proud to show people round its good facilities. The organisation remains paternalistic, as Board members care about the business and its staff. |
| Cultural drivers | The organisation is developing more over time. The organisation is evolving a strong culture exhibited through staff events, team building activities and constant staff consultation. Managing within fairly loose bubbles, a series of fairly chaotic aspiring individuals. |
| Structure | Matrix management structure. |
| Management structure | Clear roles and levels of management. Organisational structure consists of a Board of Directors structured from three key groups, each of which has Associate Directors and Associates. Within each group, teams are managed closely. An IT team, HR team and administrative function support the organisation’s core activities. |
| Financial structure | The organisation recognises the strategic importance of financial planning for the future. The financial structure is managed by the Company Secretary who sits on the Board of Directors and has overall financial responsibility. The Financial Director has strategic responsibility. |
| Future plans | Changes to the structure of the business are occurring to ensure that employees staff feel like they fit into the organisation more. Cross over meetings between management teams exist to improve internal communication. |
| Relationship | The organisations business plan includes a range of aspirations which relate to providing quality to clients. The business plan is expressed as a goal for each individual team. Teams are a unit, with an Associate Director. Associate Directors have cross team management meetings to ensure links and correct resource balance. |

ii) HRM management, leadership and policies

| HRM job role | Full time HR manager forms strategic link between the Board of Directors and line managers (professionals). Responsible to the Executive Board. |
| Management responsibility | All HR issues and implementation of SHRM policies. SHRM policies written by the Board of Directors and the HR manager collaboratively. Monitoring budgets, acting as training manager. |
| People management issues | Recruitment, training, incentives, employee relations, legislation, counselling. |
| Management | Methods of dealing with people management are very much Board driven with no one person being responsible. The Directors are responsible for people management, after which responsibility passes to the Company Secretary before the HR Manager. To create a balance between employee interests and business goals, the organisation considers its employees' opinions before finalising strategic decisions. |
| Review process | People management issues are constantly reviewed. Human Resources are examined in advance. Each team leader undertakes a detailed appraisal every 6 months with their staff, examining employee aspirations, improvements, new directions and job roles. Regular information sharing meetings are held with employees as part of the review process to facilitate feedback. |
| Policies | The organisation has a HR policy; this policy outlines the individual people management policies, employee handbook and equal opportunities statement. It is constantly reviewed and the content updated regularly. |
APPENDIX E: Overview of the primary case study Organisation A

E3: SHRM

iii) Management structure:

<table>
<thead>
<tr>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Human Resources &amp; Q.A.</td>
</tr>
<tr>
<td>Company Secretary</td>
</tr>
</tbody>
</table>

Management Centre 1
- Resource Centre
- Work Programming and Cost Control
- Design Culture
- Technical Capability
- Marketing
- Client Interface

Management Centre 2
- Resource Centre
- Work Programming and Cost Control
- Design Culture
- Technical Capability
- Marketing
- Client Interface

Management Centre 3
- Resource Centre
- Work Programming and Cost Control
- Design Culture
- Technical Capability
- Marketing
- Client Interface

Healthcare (Public Sector)
- Associate Director
- Associates
- Professional
- Technical

Healthcare (Private & PFI Sector)
- Associate Director
- Associates
- Professional
- Technical

Architecture 1
- Associate Director
- Associates
- Professional
- Technical

Architecture 2
- Associate Director
- Associates
- Professional
- Technical

Implementation Projects
- Associate Director
- Associates
- Professional
- Technical

Landscape Projects & Urban Design
- Associate Director
- Associates
- Professional
- Technical

Planning & Regeneration
- Landscape Project Manager
- Associates
- Professional
- Technical

Administrative Management Centre
- I.T.
- Secretarial and Administrative Support
- Human Resources and Investors in People
- Health and Safety
- Quality Control and Development
- Infrastructure Systems Control and Development
- Building Management

Finance
- Administration
- CDM
- Quality Assurance
- Human Resources
- Information Technology
- Marketing
- Cartography & Graphics
- 3D Visualisation
- Interior Design

Team Members
- Team Members
- Team Members
- Team Members
- Team Members
- Team Members
- Team Members
- Team Members

Quality Manager
- H.R. Manager
- I.T. Manager
- Manager
- Manager
- Manager

Deputy QA Manager
- Team Members
- Team Members
- Team Members
- Team Members
- Team Members
- Team Members
- Team Members

Auditors

430
### APPENDIX E: Overview of the primary case study Organisation A

#### E3: SHRM

### iv) People management strategies

<table>
<thead>
<tr>
<th>Communication methods</th>
<th>Policies</th>
<th>Process</th>
<th>Day-to-day Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee relations</strong></td>
<td>High level of information sharing and employee participation using formal and informal methods such as a staff consultation committee, meetings, workshops, and verbal feedback.</td>
<td>HR policies exist for all areas of employee relations including grievances and discipline. A formal system exists relating to employee suggestions and employee consultation.</td>
<td>Employees participate in business decisions by writing business plan. Grievance and discipline issues according to the nature of the issue. Informal methods are used first, before adopting a formal route via the Director in the first instance then HR manager.</td>
</tr>
<tr>
<td><strong>Incentives</strong></td>
<td>Communicated through job descriptions, and employee appraisals. Incentives include quarterly meetings for all staff, prizes, an art competition, personal recognition and a staff committee.</td>
<td>Incentives are based on achieving aspirations. Salary is not linked to appraisals. Salary levels are flexible, and overlap. Performance is related to pay, and employees can earn promotion.</td>
<td>Employee performance is assessed informally on a day-to-day basis. This assessment is supported by personal, design, and project appraisals. Salary levels are based individual performance.</td>
</tr>
<tr>
<td><strong>Training and development</strong></td>
<td>Appraisals are a two way process, allowing discussion of employee aspirations. Appraiser selection is agreed and a proforma is completed. Individuals have a career plan and aims can be set in the appraisal.</td>
<td>The organisation has formal training plan and policy, although no fixed training budget. Organisational qualifications include IIP, Q.A., working to ISO 14001.</td>
<td>Training needs are assessed. Assessments occur verbally with the HR Manager and are implemented using: employee appraisals conducted every 6 to 8 months; management meetings; Q.A. procedures; and the production of updated CVs.</td>
</tr>
<tr>
<td><strong>Recruitment</strong></td>
<td>Opportunities are communicated through all channels, including promotion from within and recommendation and the use of any external method appropriate e.g. journals, and degree shows and advertisements.</td>
<td>Clear policies. Recommended career structures include high level of training and development. 20% to 25% of the workforce is working towards a qualification supported through the appraisal system.</td>
<td>Structured standard process. Regardless of post, although the type of interview or assessment may change to suit the areas of the business. The process for management posts is more targeted than non management posts.</td>
</tr>
</tbody>
</table>
APPENDIX E: Overview of the primary case study Organisation A

E3: SHRM

v) SHRM summary

<table>
<thead>
<tr>
<th>Culture and structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture and working relationships exist with high levels of employee participation and consultation. Highly formalised structure, exhibiting clear job roles and levels of management. Evolving culture, flexible organisation with strong client base presenting a positive image and facilities to outsiders. Formalised financial structure recognised as strategically important for the organisation's future. Proactive regarding changes to suit the direction of the business using devices such as cross over meetings between management teams to improve communication.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HRM management, leadership and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear roles and responsibilities for HR. Dedicated HR manager. Comprehensive written policies. HR manager forms strategic link between the Board and line managers. Board-driven people management methods. Responsibility shared between the directors and the HR manager. The organisation considers its employees' thoughts and views to create a balance between interests. Continuous HRM review which is proactive and looks at resources in advance. Regular appraisals and information sharing meetings. Detailed HR policy, constantly reviewed and updated.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>High level of information sharing; employee participation, verbal and written communication methods. Incentives communicated through job descriptions and appraisals. Comprehensive appraisal system. No strict staff development plans exist. Individual career plans exist and aims are set in appraisals. Recruitment opportunities communicated.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive formal HR policies. Formal system for employee suggestions and employee consultation. Performance related pay, linked to promotion. Formal training plan and policy, no fixed budget. Clear recruitment and development policies. Career structures include high level of training and development.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees participate in business decisions. Grievances and discipline issues process depends on level of the issue: informally then formally via Director in the first instance then HR manager. Employee performance assessed on day to day basis, supported by personal, design and project appraisals. Assessments occur verbally to the HR manager. Structured recruitment process exists and is tailored to suit area of business.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>By line managers on day-to-day basis, unresolved issues passed to the director or HR. Largely informal process. Training methods vary to suit employee needs and vary between management and non management posts. Organisation provides financial and time support to staff. Recruitment links to culture. HR management is reviewed. High levels of employee participation and consultation exist, long and short term HR goals are present.</td>
</tr>
</tbody>
</table>
APPENDIX E: Overview of the primary case study Organisation A

E4: Statement of alignment within the business strategy Organisation A

Organisation A had a clear strategy of consolidation and a long-term approach to strategic management. This approach was mirrored in its strategic activities. This organisation's strategic analysis had identified its strengths and opportunities for advancing the strategy. It was aware of the future challenges it faces and had begun to address these issues. The organisation's structured and formal approach was evident in its policies, practices and implementation methods. Planning and implementation was highly structured, policies are written and implementation and communication routes are consistent throughout the organisation.

E5: Statement of alignment within SHRM Organisation A

Organisation A had a strong culture and working relationships. It exhibited a highly formalised structure with clear job roles and levels of management. A dedicated HR manager formed a strategic link between the Board of directors and managers. This organisation considered its operating context important to its strategic activities, including its culture and structure. As an organisation, it was proactive in responding to changes in its operating context required to support its strategy. People management responsibilities were shared between Directors and the HR Manager. Issues were dealt with consistently through formalised methods and policies within an overarching HR policy, a structured communication strategy and a continuous review process for all people management responsibilities and issues. Within the organisation, high level information sharing, employee participation and consultation process occurred which included employee participation in business decisions. The recruitment process also linked to the organisational culture. HR examined long and short-term objectives when interviewing to ensure that new employees complimented the existing and future culture.
APPENDIX F: Overview of the primary case study Organisation B
APPENDIX F: Overview of the primary case study Organisation B

This appendix provides an overview of the primary case study Organisation B. It contains the following documents:

F1: Contextual Factors

F2: Strategy
(i) Summary S.W.O.T. analysis
(ii) Strategic policies and implementation
(iii) Strategic management summary

F3: SHRM
(i) Culture and structure profile
(ii) HRM management, leadership and policies
(iii) Management structure
(iv) People management strategies
(v) SHRM summary

F4: Statement of alignment within the business strategy organisation A

F5: Statement of alignment within SHRM organisation A
APPENDIX F: Overview of the primary case study Organisation B

F1: Contextual Factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Project management consultancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>8 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>75</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1998, via a post management buy out</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Regional, national and international</td>
</tr>
<tr>
<td>Organisational role</td>
<td>Construction engineering, management consultant</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied; petrochemical, pharmaceutical, construction engineering</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; negotiation, partnering, management contracting</td>
</tr>
</tbody>
</table>

F2: Strategy

i) Summary SWOT analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
<td>Limited financial resources.</td>
</tr>
<tr>
<td>Longevity of employees. Employee competence and attitude. Company size matches strategy.</td>
<td></td>
</tr>
<tr>
<td>External environment</td>
<td>THREATS</td>
</tr>
<tr>
<td>OPPORTUNITIES</td>
<td>Market changes.</td>
</tr>
<tr>
<td>Market growth new and existing.</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX F: Overview of the primary case study Organisation B

F2: Strategy

ii) Strategic policies, practices and implementation

<table>
<thead>
<tr>
<th>Strategic Issue</th>
<th>Presence</th>
<th>Dissemination Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>Yes</td>
<td>Written</td>
</tr>
<tr>
<td>Business plan</td>
<td>Yes</td>
<td>Written</td>
</tr>
<tr>
<td>Other documents</td>
<td>Yes</td>
<td>Organisational chart</td>
</tr>
<tr>
<td>Use of strategic management tools</td>
<td>Yes</td>
<td>Wide range of tools used including PEST analysis, BCG, SWOT, and stakeholder analysis</td>
</tr>
<tr>
<td>Organisation ownership</td>
<td>Board of directors</td>
<td>n/a</td>
</tr>
<tr>
<td>Strategic decision maker/ responsibility</td>
<td>MD</td>
<td>MD, cascades down through the business</td>
</tr>
<tr>
<td>Strategic management process</td>
<td>Formal structure and policies supported by informal methods</td>
<td>Information is disseminated by business stream managers through monthly staff meetings</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Highly structured</td>
<td>3 year business plan and annual financial plan. Both reviewed quarterly with individual targets. Individual parts reviewed on a monthly basis with action lists</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>A mixture of formal and informal methods</td>
<td>Quarterly presentations, rolling forecasts, operational issues. Away days, monthly meetings, feedback</td>
</tr>
</tbody>
</table>

iii) Strategic management summary

Organisational strategy
Clear strategic aim to meet Executive Board aspirations, to continue as a medium sized company, geographically close to its customers. Aims to achieve this through operating nationally within a wide number of sectors, by developing facilities management, and to find differentiators for the organisation as a more specialised consultancy.

Strategic analysis - SWOT
Organisational strengths include the longevity of employees service, employee competence and attitude. The company size matches the business strategy and opportunities for existing and new market growth. Future challenges include limited financial resources and market changes.

Strategic policies practices and implementation
Formal policies and the use of strategic management tools. Clear strategic roles and decision making responsibility. Planning highly structured and disseminated through formal and informal methods. Strategic management process is well managed and a two way process. Strategy implementation occurs through formal and informal methods.
APPENDIX F: Overview of the primary case study Organisation B

F3: SHRM

i) Culture and structural profile

<table>
<thead>
<tr>
<th>Type of culture</th>
<th>Strong culture, driven by business objectives, an individual organisation identity, presented externally to customers as flexible and 'user friendly' for customers. Long standing service from employees.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural drivers</td>
<td>Extensive cultural change to the business recently following post management buy out of the organisation. Prior to this, the organisation was very authoritarian. The HR manager quoted 'barbaric' working conditions prior to the post management buy out. The organisation has now created an open, honest, and cooperative environment through transparent communication and employee involvement within the organisation.</td>
</tr>
<tr>
<td>Structure</td>
<td>Matrix management structure.</td>
</tr>
<tr>
<td>Management structure</td>
<td>Within the organisation four levels of management exist. A 6-strong executive management team exists reporting to the Executive Board, with four business streams all headed by autonomous managers (Resource Directors). Business streams include finance, sales and marketing, engineering, HR and operations.</td>
</tr>
<tr>
<td>Financial structure</td>
<td>A clear financial structure exists for the organisation. Both long and short-term financial goals are identified within a three year business plan. The organisation considered financial planning for the future as strategically important.</td>
</tr>
<tr>
<td>Future plans</td>
<td>Senior management are currently changing the organisational structure to expand regional offices, and plan to change the management structure to reflect the regional expansion once it has been completed.</td>
</tr>
<tr>
<td>Relationship</td>
<td>Organisation considers its structure capable of the supporting the business plan. Senior management confirmed that the organisational structure is evolving to support the strategy of regional expansion. The Organisation structure is a matrix type structure in terms of operations or activities.</td>
</tr>
</tbody>
</table>

ii) HRM management, leadership and policies

<table>
<thead>
<tr>
<th>HRM job role</th>
<th>Full time HR manager, forms strategic link between the Executive Board of Directors and line managers. HR manager is responsible to the HR Director from Executive Board. The HR Director is involved in the business plan.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management responsibility</td>
<td>All HR issues and implementing SHRM policies. SHRM policies written by the Executive Board of Directors and the HR Manager. Also responsible for graduate recruitment and development programme leadership.</td>
</tr>
<tr>
<td>People management issues</td>
<td>Recruitment, training, graduate recruitment and development programme, employee relations, legislation.</td>
</tr>
<tr>
<td>Management</td>
<td>People management is dealt with by planning 3 years in advance. Day-to-day HRM is dealt with by the HR manager, line managers, and the engineering and resource directors. The line managers are the first port of call followed by the HR manager and then the directors. A formal appraisal system exists.</td>
</tr>
<tr>
<td>Review process</td>
<td>The Executive Board reviews HRM objectives, sets new objectives, and training needs in conjunction with the HR manager. Training budget savings are common place, priority is given to technical training rather than training for 'softer skills'.</td>
</tr>
<tr>
<td>Policies</td>
<td>A personnel training policy exists and includes succession planning, although the policy is not reviewed on annual basis. The HR manager stated that if policies are reviewed, the review process would be performed by the HR Manager and HR Director, and proposed changes would be recommended to the Executive Board of Directors for implementation.</td>
</tr>
</tbody>
</table>
iii) Management structure

Executive Board of Directors
(Includes Finance, Sales and Marketing, Engineering, HR, Operations Directors)

Executive Management Team
(Comprises heads of operational activities)

Finance Department

Sales and Marketing Department

Engineering and HR Department

Operations Department

Business stream including manager (resource director of 'inter profit centre')

Business stream including manager (resource director of inter profit centre)

Business stream including manager (resource director of inter profit centre)

Business stream including manager (resource director of inter profit centre)
### People management strategy summary

<table>
<thead>
<tr>
<th>Communication methods</th>
<th>Policies</th>
<th>Process</th>
<th>Day-to-day management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee relations</strong></td>
<td>A variety of methods are used including: team briefings; monthly memos; quarterly face to face meetings, senior management contact with employees seeking out personnel problems. Trade unions are recognised and have limited membership.</td>
<td>HR policies exist for all areas of organisation. Including written grievances and discipline policies. Employee suggestions are important, and reviewed for implementation and incentives are given. Employees are encouraged to participate in decision making via team briefings.</td>
<td>Employees participate in business plan writing. Grievances and discipline are dealt with according to the nature of the issue. Most issues are dealt with informally first, before adopting a formal route. Formal discipline has only occurred twice in 18 years.</td>
</tr>
<tr>
<td><strong>Incentives</strong></td>
<td>Communicated through annual appraisals. This includes outlining achievements, requirements, expectations. Appraisal outcomes are implemented by line managers, all appraisal information stored centrally by HR department. Financial incentives exist as individual bonuses based upon project success.</td>
<td>Salary levels are regularly monitored and as a member of BASICA and industry rates. Salaries are pitched at the lower quartile of the total BASICA salary surveys as most companies affiliated are south based companies. In exit interviews it is rare that money is the actual reason for leaving.</td>
<td>Employees' performance is monitored formally during 6 month or annual appraisals. Employee pay is performance related. A successful appraisal will lead to a pay increase. Review can take place at any time during the year.</td>
</tr>
<tr>
<td><strong>Training and development</strong></td>
<td>Employee training requirements are formally appraised annually. Based upon achievement of the previous year and expectations. Training requirements are identified and implemented by line managers, once they have been approved through the HR Department.</td>
<td>A written training plan and policy identifies job-related training needs for the year. Management are involved in training budgeting and decision making. Line Managers make training requests at start of budget year and reviewed by the Executive Board.</td>
<td>Assessments occur regularly. Two way appraisal. Structured staff development through the appraisal system. Staff development plan linked to succession planning.</td>
</tr>
<tr>
<td><strong>Recruitment</strong></td>
<td>Opportunities are communicated through various methods, head hunting, advertising, newspapers, technical journals and agencies. Word of mouth is a preferred route due to skills and industry.</td>
<td>Clear policies. Career structure exists to ensure recruitment from within the organisation as well as through external methods. Appraisals look at career aspirations. Graduate management development programme and structured training programme exists.</td>
<td>Structured process exists. Method depends on type of post and the skills required. Managers are generally recruited from within.</td>
</tr>
</tbody>
</table>
APPENDIX F: Overview of the primary case study Organisation B

F3: SHRM

v) SHRM summary

**Culture and structure**
Strong business driven culture and working relationships. Highly formalised structure, clear job roles and four of business streams. Evolving culture, the organisation has recently been through a huge cultural change (due to management buy out of the organisation). Now open, honest, cooperative culture with a perceived individual identity, and flexibility by customers. Formalised financial structure including long and short term goals. Proactive regarding change. Organisation is currently expanding offices to meet its business strategy.

**HRM management leadership and policies**
Clear roles and responsibilities for HR, dedicated HR Manager. Written policies. HR Manager forms strategic link between the Board of Executive Directors and line managers. SHRM policies written by the Board of Executive Directors in conjunction with the HR manager. People management policies include a 3 year HR plan and formal annual appraisals. The organisation reviews its objectives to inform the setting of new objectives and identification of training needs. A personnel training policy exists and includes succession planning, although this policy is not reviewed on annual basis.

**People management strategies**

**Communication**
Variety of methods including team briefings, monthly communications, quarterly meetings. Trade unions are recognised, although no employee representatives. Structured annual appraisals, all information retained by HR Department. Financial incentives for project success. Recruitment opportunities are communicated.

**Policies**
HR policies exist for all areas including written grievances and discipline. Employee suggestions are proactively sought by management and incentives exist. Employees participate through team briefings. A written training policy exists. Management are involved in training budgets and decision making, reviewed by the Executive Board. Career structure exists and employee appraisals examine aspirations. A graduate management development programme and a structured training programme for engineers exist.

**Process**
Employees participate in business plan writing. Grievances and discipline are dealt with according to the nature of the issue. Informal methods are used first, before adopting a formal route via the Director then the HR Manager. Employee performance is monitored formally during appraisals and informally by management throughout the year. Close link between employee performance and performance related pay, reviewed during appraisal or throughout the year. Training appraisals can be reactive in nature. Structured staff development occurs through the appraisal system. Staff development plan linked to succession planning. Structured recruitment process exists, method depends on type of post and the skills required.

**Management**
Day to day basis by individual line managers, largely informal in nature. Staff supported with resources, workload/resources reviewed each week. Training methods to suit individual needs. Recruitment links to culture; the organisation examines the business needs for the future and the roles in advance.
APPENDIX F: Overview of the primary case study Organisation B

F4: Statement of alignment within the business strategy Organisation B

Organisation B had a clear strategy, as a consequence of recent organisational change, its aim was continued regional development and to expand into new specialised markets to provide a wider service and become a differentiator. This strategic approach was demonstrated in its strategic activities. Strategic analysis was detailed and the organisation had realised that, although it has strengths and opportunities, its challenges will be difficult to meet in terms of regional development and management resources needed to support this strategy. The organisation's structured and formal approach was also reflected in its policies, practices and implementation. Planning and implementation was highly structured, policies were clearly written, and implementation and communication routes were consistent throughout the organisation. All employees received the same information.

F5: Statement of alignment within SHRM Organisation B

Organisation B had a strong culture and working relationships. It exhibited a highly formalised structure with clear job roles and business streams and a dedicated HR Manager who forms a strategic link between the Executive Board and managers. This organisation considered its operating context important to its strategic activities, including its culture and structure. The strategic manager and the HR considered the culture and structure of the organisation to be constantly evolving. As a result the organisation was proactive regarding the implementation of changes. People management responsibilities were shared between directors and the HR manager and were dealt with consistently through formalised methods and policies within a 3 year HR plan and training policy, structured communication and a continuous review process. All people management information is retained by the HR department. Within the organisation high level information sharing occurred, financial incentives existed for employee suggestions and employee participation in business decisions was encouraged. The recruitment process also linked to the organisational culture, business needs for the future as well as the individual roles are examined before recruitment occurs.
APPENDIX G: Overview of the primary case study

Organisation C
APPENDIX G: Overview of the primary case study Organisation C

This appendix provides an overview of the primary case study Organisation C. It contains the following documents:

G1: Contextual Factors

G2: Strategy
(i) Summary S.W.O.T. analysis
(ii) Strategic policies and implementation
(iii) Strategic management summary

G3: SHRM
(i) Culture and structure profile
(ii) HRM management, leadership and policies
(iii) Management structure
(iv) People management strategies
(v) SHRM summary

G4: Statement of alignment within the business strategy organisation A

G5: Statement of alignment within SHRM organisation A
APPENDIX G: Overview of the primary case study Organisation C

G1: Contextual Factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Specialist mechanical and electrical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>10 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>40</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1950's, family business, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional, national, international</td>
</tr>
<tr>
<td>Industry role</td>
<td>Subcontractor, design consultants</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; education, community, infrastructure</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; traditional, design and build, partnering, negotiation</td>
</tr>
</tbody>
</table>

G2: Strategy

i) Summary SWOT analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
<td>Organisational inflexibility due to organisational size and structure. Perceived organisational persona.</td>
</tr>
<tr>
<td>Investment in employees / training.</td>
<td></td>
</tr>
<tr>
<td>Longevity of employees' service</td>
<td></td>
</tr>
<tr>
<td>Quality of work delivered.</td>
<td></td>
</tr>
<tr>
<td>Reputation and strong client base.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>WEAKNESSES</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External environment</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPORTUNITIES</td>
<td>Level of industry regulation paperwork.</td>
</tr>
<tr>
<td>Remain ahead of competition through technology.</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX G: Overview of the primary case study Organisation C

G2: Strategy

ii) Strategic policies, practices and implementation

<table>
<thead>
<tr>
<th>Strategic Issue</th>
<th>Presence</th>
<th>Dissemination Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>None</td>
<td>n/a</td>
</tr>
<tr>
<td>Business plan</td>
<td>Yes</td>
<td>Informal not written</td>
</tr>
<tr>
<td>Other documents</td>
<td>Yes</td>
<td>Organisational chart</td>
</tr>
<tr>
<td>Use of strategic management tools</td>
<td>None</td>
<td>Business management tools</td>
</tr>
<tr>
<td>Organisation ownership</td>
<td>Family run business</td>
<td>Husband, wife and son</td>
</tr>
<tr>
<td>Strategic decision maker/responsibility</td>
<td>MD</td>
<td>MD, cascades down through the business</td>
</tr>
<tr>
<td>Strategic management Process</td>
<td>Limited formal structure, developed in some areas otherwise informal in nature</td>
<td>Information is disseminated through senior and middle management meetings and verbal communication</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>A mixture of formal and informal measures</td>
<td>Planing periods for 12 to 18 months ahead. Reviewed weekly through management meetings where feedback is given by senior management</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>A mixture of formal and informal measures</td>
<td>Formal measures of weekly 'review progress and feedback', system. Informal measures of verbal communication</td>
</tr>
</tbody>
</table>

iii) Strategic management summary

Organisational strategy

Clear strategic aim to meet the personal aims of Directors to continue to grow and be profitable. The organisation aims to achieve this by developing markets, and continue with a wide portfolio of work. The organisation also planned to develop the quality of its employees through discipline and to offer clients added value by being an industry expert.

Strategic analysis- SWOT
Organisational strengths include investment in employees through training, longevity of employee service, quality of work, reputation and 'strong' client base, investment in products and innovative construction methods. Future challenges include organisations' inflexibility in structure and persona, as well as the level of industry regulation paperwork.

Strategic policies practices and implementation
Informal policies are supported by the use of strategic documents. Clear strategic roles and decision making responsibility. Planning is long term, proactive and continually reviewed. Strategy is disseminated through formal and informal methods. Strategic management process is clear, mixture of formal and informal methods. Strategy implementation occurs through formal and informal methods.
APPENDIX G: Overview of the primary case study Organisation C

G3: SHRM

i) Culture and structural profile

<table>
<thead>
<tr>
<th>Type of culture</th>
<th>Strong culture, stories and traditions. Contractual 'animal' when dealing with other parties in the construction process, strong emphasis is placed on providing service levels. Long standing service from employees.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural drivers</td>
<td>Strong leadership. High level of internal discipline and structure within the organisation. Belief in quality and knowledge transfer to young new staff.</td>
</tr>
<tr>
<td>Structure</td>
<td>Functional management structure.</td>
</tr>
<tr>
<td>Management structure</td>
<td>Clear structure within the organisation. All board members and senior roles are undertaken by close family members, (MD is the husband, wife is the Financial Director, the son is the Commercial Director). A clear structure exists regarding job roles and management levels. At Senior Management level the organisation has three Contracts Managers, an Estimating Manager, Business Development Manager, Office Administration Manager, and Workshop manager. Each of which has a team of employees. Site Managers and Site Supervisors are also employed within the Contract Managers teams. Direct employees or operatives report to the site Supervisors and Site Managers.</td>
</tr>
<tr>
<td>Financial structure</td>
<td>The organisation is a private Ltd company, owned and ran by the shareholders as a family business. The financial manager monitors finances closely, a clear financial plan for the future exists and the organisation operates without using an overdraft. The organisation recognises the strategic importance of financial planning for the future.</td>
</tr>
<tr>
<td>Future plans</td>
<td>No plan for any changes regarding the business and management structure. If the financial structure allows the organisation is keen to develop innovation including more involvement in off site-manufacture for example developing a new testing system for electrics.</td>
</tr>
<tr>
<td>Relationship</td>
<td>The organisational structure supports the business plan, within the organisation a holistically examination is undertaken looking at the current business, how things might be in the future: workload; resources; and experience.</td>
</tr>
</tbody>
</table>

ii) HRM management, leadership and policies

<table>
<thead>
<tr>
<th>HRM job role</th>
<th>Undertaken by Board of Directors and responsible to themselves as partners of the business.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management responsibility</td>
<td>Managing Director undertakes day-to-day overall management. Other directors manage the processes and the policy.</td>
</tr>
<tr>
<td>People management issues</td>
<td>Project employees dealt separately from office staff includes training, recruitment, legislation and disciplinary decisions.</td>
</tr>
<tr>
<td>Management</td>
<td>Training and recruitment are led by the Company Secretary and enhanced by Commercial Director and Managing Director.</td>
</tr>
<tr>
<td>Review process</td>
<td>The Board of Directors reviews HRM weekly through project and individual team meetings.</td>
</tr>
<tr>
<td>Policies</td>
<td>No specific written HRM policy exists although informally the policy is clearly articulated. This policy is to maintain a slow turnover rate of employees, to examine and review the longevity of employees, and to continue to employee trainees such as school leavers, and to develop them and bring them through the organisation. Specific standards exist and are monitored and updated by the Company Secretary regarding people management, for example employment law etc.</td>
</tr>
</tbody>
</table>
iii) Management structure

Financial Director  
(Company Secretary)  
Board of Directors  
Managing Director  
Commercial Director  

- Administration, Finance and HR Department  
- Business Development Department  
- Operations  
  - Contracts Managers  
    - Site Managers  
      - Site Supervisors  
      - Operatives  
- Estimating Department  
- Production Department
## APPENDIX G: Overview of the primary case study Organisation C

### G3: SHRM

### iv) People management strategy summary

<table>
<thead>
<tr>
<th>Communication methods</th>
<th>Policies</th>
<th>Process</th>
<th>Day-to-day management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee relations</strong></td>
<td>The organisation has no employee representatives and limited trade union involvement, through employee choice. The level of information sharing with employees depends on their management position. Effective communication occurs through chatting to employees.</td>
<td>HR policies exist for all areas of organisational function including grievances and discipline. Employee suggestions are encouraged and valued by the Directors. Suggestions are given by employees through informal discussions with Directors.</td>
<td>Management employees participate in business decisions verbally during team meetings. Staff are supported by personal encouragement. Grievance and discipline issues are dealt with quickly and fairly, by a private chat with the Director. Very clear discipline rules exist for example 'clean desk' policy.</td>
</tr>
<tr>
<td><strong>Incentives</strong></td>
<td>Communicated through appraisals. Incentives include individual above industry average remuneration packages, including company cars, private health care and social gatherings.</td>
<td>Policy reflects the importance of appropriate salary levels for employees. The salary levels set reflect employee ability and longevity of employee service and are agreed on an individual basis.</td>
<td>Employee performance monitored informally, verbally by management chatting to employees at regular intervals (every 12 to 15 months). A clear relationship exists between employee performance, pay and internal promotion.</td>
</tr>
<tr>
<td><strong>Training and development</strong></td>
<td>Employee training requirements are undertaken formally and informally through appraisals. Formally an annual appraisal takes place including the completion of a standard self appraisal in advance. Informally appraisals occur visually and verbally by management on day to day basis.</td>
<td>A formal training and development plan exists for site staff, although no fixed training budget. Training needs decisions are made by the Directors. Organisation qualifications include bespoke Q.A. system, management decision made not to follow IIP.</td>
<td>Assessments occur. Directors try to be proactive although no timescales exist. Staff development process involves directors talking to senior managers regarding their own aspirations, plans for their future and satisfaction levels and their employees.</td>
</tr>
<tr>
<td><strong>Recruitment</strong></td>
<td>Opportunities are communicated through all methods including word of mouth, advertising, apprenticeships, technical journals and agencies. Promotion also occurs from within the organisation.</td>
<td>Clear policies for recruitment and development. Career structure exists within the organisation to support internal promotion. Policy includes job shadowing, on the job training and formal qualification.</td>
<td>Structured process exists. Method depends on the type of post which relates to the area of business and varies between management and non management posts. Non management posts are generally filled by word and mouth.</td>
</tr>
</tbody>
</table>
APPENDIX G: Overview of the primary case study Organisation C

F3: SHRM

v) SHRM summary

<table>
<thead>
<tr>
<th>Culture and structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture and working relationships. Highly contractual in nature complimented by a highly formalised structure, clear job roles and levels of management. Strong culture is linked to strong leadership, belief in quality and knowledge transfer to young new staff. The financial structure is strong; the organisation operates without an overdraft and has a financial plan for the future demonstrating the strategic importance of financial planning. It is proactive regarding implementing any changes needed.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HRM management leadership and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear roles and responsibilities for HR within the organisation split between the Directors without written policies. Managing Director undertakes overall day-to-day management, other Directors manage processes and policy. Project employees dealt separately from office employees. HRM reviewed weekly through formal meetings. HR policy is to maintain slow employee turnover rate, examine and review the longevity of their employees service, continued employee training to develop them through the organisation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>No employee representatives. Limited trade union involvement. Level of information sharing with employees depends on management level of employee. Communication occurs through chatting to employees. Formal and informal appraisals exist. Opportunities are communicated.</td>
</tr>
<tr>
<td>Policies</td>
</tr>
<tr>
<td>HR policies exist for all areas of employee relations. A system for employee suggestions exists. Formal training and development plan for site staff, although no fixed training budget. Training needs decisions made by the Directors. Policies exist for recruitment and development. Career structure exists although implementation can be employee led.</td>
</tr>
<tr>
<td>Process</td>
</tr>
<tr>
<td>Management employees participate in business decisions. Staff are supported by personal encouragement. Grievance and discipline issue are dealt with quickly by a private chat with the Directors to resolve problems. Strict discipline rules exist internally. Employee performance is monitored by the Directors verbally every 12 to 15 months. Strong link between employee performance, pay and internal promotion exists. Staff Development occurs through verbal assessments. Structured recruitment process exists; method used depends on area of business and type of vacancy.</td>
</tr>
<tr>
<td>Management</td>
</tr>
<tr>
<td>On a day to day basis is divided between the three Directors and mainly informal in nature. Open door policy. Training methods vary between site employees and head office employees. Organisation is dedicated to training and increasing skills to meet technology. Recruitment links to culture, new employees need to contribute to business now and for the future.</td>
</tr>
</tbody>
</table>
APPENDIX G: Overview of the primary case study Organisation C

<table>
<thead>
<tr>
<th>G4: Statement of alignment within the business strategy Organisation C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation C had a clear strategy to maintain turnover and staffing at the current levels and to control expansion, with a desire to remain innovative and ahead of competition through developing markets and offering added value by being an industry expert. This approach was mirrored in most of its strategic activities. This organisations' strategic analysis had identified its organisations strengths and opportunities for advancing the strategy. It was aware of the future challenges it faced and was addressing these issues. The organisation's disciplined approach and detailed planning was coupled with informal policies, practices and implementation. Communication routes were consistent throughout the organisation. Each strategic issue was considered separately although management employees received more information than operatives.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G5: Statement of alignment within SHRM Organisation C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation C had a strong culture and working relationships. It exhibited a highly formalised structure with clear job roles and transparent levels of management structure. The organisation had a philosophy to be highly 'contractual' in nature, in the way that it treated its relationships with other organisations in the industry and construction process following a clear contractual protocol. It also expected other organisations to reciprocate this highly 'contractual' relationship. This organisation considered its operating context important to its strategic activities including its culture and structure and, suggested that this importance was reflected in its strong organisational leadership and its proactive attitude towards any cultural or structural changes that would be required. People management responsibilities were shared between the Directors without written policies, although information was carefully communicated to the employees and the responsibilities were continuously reviewed by the Directors. Employee relations were managed on a day-to-day basis jointly by the Directors and were generally informal in nature. Information sharing was restricted to</td>
</tr>
</tbody>
</table>

451
management level employees. Management level employees participated in business decisions and employee suggestions were encouraged from all. The recruitment process also linked to the organisational culture, employees had to 'fit in' with the organisational culture and the organisation looked for employees who would contribute to current and future business needs.
APPENDIX H: Overview of the primary case study

Organisation D
APPENDIX H: Overview of the primary case study Organisation D

This appendix provides an overview of the primary case study Organisation D. It contains the following documents:

H1: Contextual Factors

H2: Strategy
(i) Summary S.W.O.T. analysis
(ii) Strategic policies and implementation
(iii) Strategic management summary

H3: SHRM
(i) Culture and structure profile
(ii) HRM management, leadership and policies
(iii) Management structure
(iv) People management strategies
(v) SHRM summary

H4: Statement of alignment within the business strategy organisation A

H5: Statement of alignment within SHRM organisation A
APPENDIX H: Overview of the primary case study Organisation D

H1: Contextual Factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Civil and Building Engineering Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>5 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>25</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1960, family run business</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional</td>
</tr>
<tr>
<td>Industry role</td>
<td>Subcontractor</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; localised market, selected clients</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; design and build, partnering, limited 'traditional', selected clients only</td>
</tr>
</tbody>
</table>

H2: Strategy

i) Summary SWOT Analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
</tr>
<tr>
<td>Management style. Flexibility. Company size matches strategy</td>
</tr>
<tr>
<td>WEAKNESSES</td>
</tr>
<tr>
<td>Lacking skills</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPORTUNITIES</td>
</tr>
<tr>
<td>Continue to develop partnering</td>
</tr>
<tr>
<td>THREATS</td>
</tr>
<tr>
<td>Economic change or downturn</td>
</tr>
</tbody>
</table>
APPENDIX H: Overview of the primary case study Organisation D

H3: SHRM

ii) Strategic policies, practices and implementation

<table>
<thead>
<tr>
<th>Strategic Issue</th>
<th>Presence</th>
<th>Dissemination Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>Yes</td>
<td>Informal not written</td>
</tr>
<tr>
<td>Business plan</td>
<td>Yes</td>
<td>Informal not written</td>
</tr>
<tr>
<td>Other documents</td>
<td>Yes</td>
<td>Organisational chart, company policy statement</td>
</tr>
<tr>
<td>Use of strategic management tools</td>
<td>None</td>
<td>n/a</td>
</tr>
<tr>
<td>Organisation ownership</td>
<td>Family owned</td>
<td>Father, son and daughter</td>
</tr>
<tr>
<td>Strategic decision maker / management responsibility</td>
<td>Father and son</td>
<td>Father and son, cascades down through the business</td>
</tr>
<tr>
<td>Strategic management process</td>
<td>Limited formal structure, otherwise informal in nature</td>
<td>Information is disseminated through fortnightly minuted management meetings and quarterly site management meetings</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Highly informal in nature</td>
<td>Planning varies from 3 to 12 months. Reviewed informally through revisiting meeting minutes and achieving workload requirement plans on a daily basis</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>A mixture of formal and informal measures</td>
<td>Communicated informally daily, formally through training days, organisation's newsletter and developing long-term relationships with employees</td>
</tr>
</tbody>
</table>

iii) Strategic management summary

Organisational strategy
Clear strategic aim is to meet personal aims of the Directors and continue as a traditional civil engineering contractor. The organisation aims to achieve this through steady growth and development of the service they provide. By providing a superior product and price, keeping core activities, localised markets, strong relationships and a selected client base.

Organisational analysis - SWOT
Organisational strengths include management style, organisational flexibility, alignment of the company size with the business strategy. Opportunities exist for further development of partnering projects. Future challenges include the lacking skill shortages within the industry and a change or downturn to the economy.

Strategic policies practices and implementation
Informal policies are supported by the use of strategic documents. Clear strategic roles and decision making responsibility exists. Planning is long term and proactive and continually reviewed. The strategic management process and implementation is clear and is a mixture of formal and informal methods and is clearly communicated.
**APPENDIX H: Overview of the primary case study Organisation D**

### H3: SHRM

#### i) Culture and structural profile

| Type of culture | Small close family business that has expanded in recent years. Safety conscious, looking for good profit margins and avoiding work for major contractors. Employees are cared for, creating good working relations. Management adopt a 'hands on' approach. Long standing service from employees exists. |
| Cultural drivers | The strategic manager outlined the importance of pride, reputation, people management issues and clients to the organisation. Commitment to these issues is communicated from the Director throughout the organisation. The Directors believe that good relationships are key to the success of the organisation. |
| Structure | Functional management structure. |
| Management structure | Job roles within the organisational structure include the Managing Director, 2 other Directors forming the Executive Board. Contracts Managers, Commercial Managers, Site Agents, Engineers and Operatives. Finance, Administration and HR are within one department containing 4 office staff. The third department was Training and Environmental issues. |
| Financial structure | The Managing Director has overall control of the financial structure; the two Directors undertake the procurement management. |
| Future plans | No changes to the organisation's structure are planned, resourcing may alter slightly by one or two employees this would be dependant on workload. Planning tends to be a mixture of proactive and reactive actions based upon the environment and workload. |
| Relationship | The organisational structure supports the business plan, the structure was described as ideal for the size of the organisation. Directors were aware that further expansion would require the introduction of additional management levels. |
APPENDIX H: Overview of the primary case study Organisation D

H3: SHRM

ii) HRM management, leadership and policies

<table>
<thead>
<tr>
<th>HRM job role</th>
<th>No devoted HR manager. Role split between the Directors and Training Manager.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management responsibility</td>
<td>The Training Manager is responsible for training budgets and environmental issues. SHRM matters are undertaken by the Managing Director.</td>
</tr>
<tr>
<td>People management issues</td>
<td>Shared responsibility includes recruitment, legislation and disciplinary issues.</td>
</tr>
<tr>
<td>Management</td>
<td>Management is very informal in nature, undertaken verbally on a day-to-day basis. Includes workload, resources and planning. The aim is for discussion to be facilitated and provide support to employees.</td>
</tr>
<tr>
<td>Review process</td>
<td>It is planned and reviewed on daily basis, through chatting; it is partly responsive to employees and partly proactive in nature.</td>
</tr>
<tr>
<td>Policies</td>
<td>No specific written HR policy exists or department, HR issues are dealt with as they arise, recruitment is undertaken informally where possible, based on recommendation.</td>
</tr>
</tbody>
</table>

iii) Management structure
### APPENDIX H: Overview of the primary case study Organisation D

#### H3: SHRM

#### iv) People management strategy summary

<table>
<thead>
<tr>
<th>Communication method</th>
<th>Policies</th>
<th>Process</th>
<th>Day-to-day management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee relations</strong></td>
<td>Information sharing occurs through management meetings, and then the information is passed to operatives. A quarterly magazine, reviews training, achievements, health and safety issues and, environmental issues.</td>
<td>HR policies exist for all areas of employee relations including grievances and discipline. Employee suggestions are encouraged daily, informally. The way they are dealt with depends on suggestion, and its implications. Technical suggestions are very common.</td>
<td>Employee participation occurs through the company magazine, management meetings. Meeting information filters to all levels within the organisation. Grievances and discipline issues are dealt according to the type of the issue. Informally first, then formally. Discussion is encouraged within the organisation.</td>
</tr>
</tbody>
</table>

| **Incentives** | Communicated verbally and through appraisals. Annual appraisals occur by standard form and regular informal chat. Individual bonus appraisals as well as project appraisals exist. | Salary levels paid are higher than industry norms. Higher salary combined with guaranteed continuity of work and the benefits of working for a small company attract employees to the company. | Employee performance is monitored in a number of ways, mainly verbally on a day-to-day basis, through relationships between Site Managers, Clients, and Directors. | Undertaken verbally with Directors and Line Managers. Incentives paid depend upon factors including performance. Bonuses given are also dependant on company success. |

| **Training and development** | Appraisals occur at management level. They are annual, undertaken on a one to one basis, half an hour long, discussing any issues and areas for improvements. No employee appraisals are undertaken as payment is considered to be the operatives main objective. | Formal training policy exists although no fixed training budget. Individual training plans are completed although no formal staff development plans exist. Responsibility, guidance and experience is given to employees. Qualifications include IIP; Q.A. | Assessments are proactive and formal in nature. An annual training needs analysis is completed at senior management level and this examines individual staff and types of training required, it is operative based and completed in a matrix form. | Methods vary between management and non management posts. Different management levels need different training. Decision making is undertaken by the Executive Board. No set budget, the training strategy is 'to do as much and whatever needed'. |

| **Recruitment** | Opportunities are communicated through all channels, including promotion from within, recommendation and advertising. Promotion from within is a gradual process. | Clear policies for recruitment and development. A career structure is offered through training and development. | The method used chosen depends on area of business. Selection depends upon the blend of candidate experience, qualifications, responsibility and willingness to learn. | Recruitment links to organisation's culture, candidates are examined for their potential to contribute to the current organisational culture and in the future. |
**APPENDIX H: Overview of the primary case study Organisation D**

**H3: SHRM**

**v) SHRM summary**

<table>
<thead>
<tr>
<th>Culture and structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture and working relationships complimented by a simple structure, clear job roles, and 'hands on' management style. The organisation has expanded in recent years although remains a small close family business, based on good relationships, the importance of pride, reputation, people management issues and clients. Clear financial responsibilities exist with commitment from the Directors. No changes are planned, flexible approach to resourcing.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HRM management leadership and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear roles and responsibilities for HR exist within the organisation. Responsibility is split between the Directors and the Training Manager. No specific HR Manager or written HR policies exist. Training issues are well documented. SHRM matters are undertaken by the Managing Director. The Training Manager is responsible for training budgets and environmental issues. People management is informal in nature, verbal on a day-to-day basis, including workload, resources and planning.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>Information sharing occurs through management meetings, passed to operatives through verbal methods, memos, quarterly magazine and open discussion. No employee representatives. Structured annual appraisals, bonus appraisals and project appraisals exist. Recruitment opportunities are communicated through all channels.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR policies exist for all areas of employee relations. Employee suggestions are encouraged informally. Formal training policy exists, no fixed training budget. No formal staff development plans, responsibility, support, guidance and experience given to employees. Clear policies for recruitment and development exist. Career structure exists through training and development.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee participation is encouraged through the company magazine and management meetings. Grievances and discipline issues are dealt with depending on type of the issue. Informally in the first instance, then formally via the Director. Employees do not participate in business decisions. Employee performance is monitored verbally, daily. Comprehensive annual training needs analysis occurs at senior management level. Recruitment method depends on area of business. Selection depends upon experience, qualifications, responsibility and willingness to learn of the candidate.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal day-to-day management by the Directors and Line Management via chatting. Incentives and bonuses depend upon individual performance and company success. Training methods vary between management and non management posts. Different management levels need different training. Training decisions are made by the Directors. Recruitment links to organisational culture, particularly at management level.</td>
</tr>
</tbody>
</table>
APPENDIX H: Overview of the primary case study Organisation D

H4: Statement of alignment within the business strategy Organisation D

Organisation D had a clear strategy, following recent expansion over the last three years, it had plans for steady controlled growth through the development of the service it provides, through core activities, selected clients and contract types. This organisation's strategic analysis had identified its strengths and opportunities for advancing the strategy. The organisation's size and structured complimented its strategy and the organisation acknowledged its future challenges particularly skill shortages. The organisation's approach was mixed in nature, and included formal and informal policies, practices and implementation combined with long-term planning which was proactive and the process was continually reviewed by the management team. Communication of the strategic issues were consistent throughout the organisation, each strategic issue was considered separately and personalised for the relevant employees.

H5: Statement of alignment within SHRM Organisation D

Organisation D has a 'strong' culture and working relationships. It exhibited a simple structure with clear job roles and 'hands on' management style. This organisation considered its operating context important to its strategic activities, including its culture and structure and is reactive approach to changes. People management responsibilities are shared between the Directors and the Training Manager mainly without written policies and are carefully communicated to the employees and continuously reviewed. Within the organisation, employee relations were managed on a day-to-day basis by Directors, the process was informal in nature, with Directors operating an 'open door' policy. Information sharing occurs through formal methods at management level, passed to the operatives through verbal methods. Employees do not participate in business decisions although employee suggestions and participation are encouraged informally from all. The recruitment process also linked to the organisational culture, employees had to 'fit in' with the organisational culture and the organisation looked for employees who would contribute to current and future business needs.
APPENDIX I: Overview of the primary case study Organisation E
This appendix provides an overview of the primary case study Organisation E. It contains the following documents:

I1: Contextual Factors

I2: Strategy
(i) Summary S.W.O.T. analysis
(ii) Strategic policies and implementation
(iii) Strategic management summary

I3: SHRM
(i) Culture and structure profile
(ii) HRM management, leadership and policies
(iii) Management structure
(iv) People management strategies
(v) SHRM summary

I4: Statement of alignment within the business strategy organisation A

I5: Statement of alignment within SHRM organisation A
APPENDIX I: Overview of the primary case study Organisation E

I1: Contextual Factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Specialist glazing contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>1 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>10</td>
</tr>
<tr>
<td>Business status</td>
<td>Established 1987, family business, Ltd status</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional, niche market based on product</td>
</tr>
<tr>
<td>Industry role</td>
<td>Subcontractor</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>Varied sectors; education, public buildings, supermarkets; specialist product in a niche market</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Varied; design and build, partnering, limited &quot;traditional&quot;</td>
</tr>
</tbody>
</table>

I2: Strategy

i) Summary SWOT analysis

| Internal environment | WEAKNESSES | |
|----------------------|------------|
| **STRENGTHS**        | **WEAKNESSES** |

| External environment | THREATS | |
|----------------------|---------|
| **OPPORTUNITIES**    | **THREATS** |
| Land and refurbishment opportunities. Expand niche markets. Continue to develop partnering. Remain ahead of competition through technology | Strength of competition. Over expansion leading to a drop in the quality of service and subsequently losing clients or financial problems |
APPENDIX I: Overview of the primary case study Organisation E

I3: SHRM

ii) Strategic policies, practices and implementation

<table>
<thead>
<tr>
<th>Strategic Issue</th>
<th>Presence</th>
<th>Dissemination Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>Yes</td>
<td>Informal not written</td>
</tr>
<tr>
<td>Business plan</td>
<td>Yes</td>
<td>Informal not written</td>
</tr>
<tr>
<td>Other documents</td>
<td>Yes</td>
<td>Organisational chart, annual projects, markets and client analysis</td>
</tr>
<tr>
<td>Use of strategic management tools</td>
<td>None</td>
<td>n/a</td>
</tr>
<tr>
<td>Organisation ownership</td>
<td>Two brothers</td>
<td>Family run</td>
</tr>
<tr>
<td>Strategic decision maker / responsibility</td>
<td>Brothers</td>
<td>Brothers (Directors), cascades down through the business</td>
</tr>
<tr>
<td>Strategic management process</td>
<td>Highly informal in nature</td>
<td>Information is disseminated verbally by the Directors, directly to the employees</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Highly informal in nature, little documentation</td>
<td>Planning is long term, up to a year in advance, client led, and informally reviewed daily. Planning includes written financial research and reports including funding requirements</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>Highly informal in nature</td>
<td>Frequent verbal communication</td>
</tr>
</tbody>
</table>

iii) Strategic management summary

Organisational strategy

Clear strategic aim to meet the personal aims of the Directors and create personal fulfilment. The organisation aims to achieve this through financial stability and organisational growth through continued varied projects, methods of procurement and wide client base. The organisation also intends to operate within a niche product market, offering quality products and prices, with limited direct competition. As well as developing a new product and operating within a fixed geographic area.

Strategic analysis-SWOT

Organisational strengths include honesty, reciprocity, flexibility, innovation, employee competence, employee attitude and client satisfaction. Opportunities exist for expanding niche markets, partnering and product technology. Future challenges include the organisations' limited financial resources, organisational persona, lacking skills, strength of competition, maintaining the quality of service and client base.

Strategic policies, practices and implementation

Informal policies are supported by the use of strategic documents. Clear strategic roles and decision making responsibility exists. Planning is long-term, proactive and continually reviewed, disseminated occurs through informal methods. Strategic management process is well managed. Strategy implementation occurs through mainly Informal methods.
APPENDIX I: Overview of the primary case study Organisation E

### I3: SHRM

#### i) Culture and structural profile

| **Type of culture** | Strong culture, embedded family traditions and philosophy. Small company with clear traditions, history and philosophy. The organisation is well established in its market. Operatives are happy and proud to be part of the organisation; all are long standing in service. The organisation is led by the two Directors and client demand. |
| **Cultural drivers** | The organisation has developed organically over time, and embraces modern technology. Employees are important to the business. A clear articulation of the culture for the future was demonstrated by the Directors. |
| **Structure** | Functional management structure. |
| **Management structure** | Strategy makers are in direct contact with operatives on a daily basis. Compact structure, owned, financed and ran by the two Directors who are brothers. Operates under a simple family tree structure, Directors (2) Company Secretary, (includes wages and accounts). Supervisor on site, Workshop Manager and Operatives. Operatives job roles are similar in nature, some operatives have the same skill level and team composition is adjusted to suit the organisations workload. |
| **Financial Structure** | The financial structure originates from the 'family run' firm, personal family finance supports the company, no bank support is utilised, i.e. no overdraft. |
| **Future Plans** | Possible changes to the organisational structure include financial improvements, the desire for better cashflow to allow the Directors to employ a CAD worker to free resources. |
| **Relationship** | The organisational structure supports the business plan. As the structure compliments the workload and is adjusted as the workload changes. |

#### ii) Management structure

```
Joint Directors (2)

Finance and HR Department

Operations Department

Production Department
```

#### iii) HRM management, leadership and policies

| **HRM Job role** | No devoted HR manager. Role split between the Directors and the Company Secretary. |
| **Management responsibility** | Company Secretary responsible for administrative and minor SHRM issues. Directors have strategic decision making responsibility. |
| **People management** | Arranging and monitoring all training, the recruitment and selection process, legislation and disciplinaries. |
| **Management** | HR Management is based on company philosophy. It is dealt with it straight away, face to face, 'open door' policy, in an informal manner. |
| **Review process** | It is planned and reviewed on daily basis, through chatting; it is partly responsive to employees and partly proactive in nature. |
| **Policies** | HR Plan for is 3 to 5 years. No specific HR policies exist, although Directors could clearly articulate what would be included in such a policy if it was formally written. The organisation's HR philosophy was to treat staff with respect. Training requirements and disciplinary procedures would be key to the policy if they were to formalised it. |
### People management strategy summary

<table>
<thead>
<tr>
<th>Communication methods</th>
<th>Policies</th>
<th>Process</th>
<th>Day-to-day Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee relations</strong></td>
<td><strong>No employee representatives or trade union representation exists. Information sharing and communication is informal and ongoing in nature. Site supervisors receive more information than site operatives. Employee suggestions are rarely implemented.</strong></td>
<td><strong>HR policies exist for grievances and discipline. Issues are dealt with immediately by the Directors generally through an informal chat with the employee. Few problems occurred regarding to employee relations due to nature and the structure of business.</strong></td>
<td><strong>Employee relations are undertaken by the Directors and the Company Secretary on a day-to-day basis. This is a largely informal process, often verbal. Good relationships exist between the Directors and the employees due to reciprocal respect. Many employees do not want to advance career wise.</strong></td>
</tr>
<tr>
<td><strong>Incentives</strong></td>
<td><strong>Performance related pay was not considered appropriate due to the organisational structure. Informally the Director assesses performance over a period of time and at the end of this period may decide to remunerate accordingly.</strong></td>
<td><strong>Salary levels are calculated from industry norms, pay increases are equal to or above inflation. Employee skills and progress are reviewed regularly. No formal appraisal process exists. Employee performance is monitored by the Directors chatting to employees.</strong></td>
<td><strong>Undertaken informally by the Directors.</strong></td>
</tr>
<tr>
<td><strong>Training and development</strong></td>
<td><strong>No formal training or staff development policy exists. No changes are planned regarding job roles or responsibilities within the organisation. CIS certification and Guild of Master Craftsmen membership exists.</strong></td>
<td><strong>Training assessments tend to be responsive in nature to individual employee needs and legislation. Appraisals occur although they are informal in nature via chatting to employees.</strong></td>
<td><strong>Employee training is generally practical and vocational in nature. On the job training and formal health and safety training exists. The organisation has one apprentice. Management training tends to be paper based in nature.</strong></td>
</tr>
<tr>
<td><strong>Recruitment</strong></td>
<td><strong>Clear policies for recruitment and development exist. No formal career structure exists.</strong></td>
<td><strong>Wide range of methods, word of mouth preferred due to previous success. All employees are involved in new starter selection. No senior management posts have been needed to date.</strong></td>
<td><strong>A link to culture exists as when recruiting skills are examined when recruiting and also the person and their personality. Personalities are key to the business.</strong></td>
</tr>
</tbody>
</table>

[Incentives](#)
## APPENDIX I: Overview of the primary case study Organisation E

### I3: SHRM

#### v) SHRM summary

<table>
<thead>
<tr>
<th>Culture and structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture and working relationships are complemented by a compact and informal structure with clear job roles and few levels of management. A small company with clear traditions, history, philosophy and clear articulation of the culture for the future. Operatives happy and proud, all are long standing in service. Company organically develops over time, embracing modern technology. Staff are important to the business. Strategy makers are in direct contact with operatives on a daily basis. Cash flow and the financial structure is of major importance to the organisation. The organisation is proactive regarding implementing changes, changes to the organisational structure link clearly to financial improvements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HRM management leadership and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear roles and responsibilities shared between the two Directors and the Company Secretary. No devoted HR manager or written policies exist. Directors have strategic decision making responsibility, Company Secretary is responsible for administrative and minor SHRM issues. HR management is based on the company philosophy. People management issues are dealt with straight away 'face to face', 'open door' policy in an informal manner by the Directors. Planning is reviewed on daily basis, by chatting to employees and is responsive and proactive. HR Plan is 3 to 5 years. Organisation philosophy is to treat staff with respect.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>Information sharing with employees is informal and ongoing. Employee suggestions are rarely implemented. No employee representatives exist. Communication is face to face and immediate in nature. Training and development decisions are made by the Directors, no set training budget exists. Funding is responsive in nature. Recruitment opportunities are clearly communicated within the organisation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR policies exist for grievances and discipline issues. Directors deal with issues straight away, generally by chatting to the employee. No formal training or staff development policies exist. Clear policies for recruitment and development exist. No formal career structure exist, practical progression of skills and financial remuneration are offered to employees instead.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grievances and discipline issues are dealt with depending on the nature of the issue, generally informally. Employees do not participate in business decisions. Employee performance is monitored by chatting, no formal appraisal process exists. Training assessments are responsive to individual needs and legislation. Appraisals are informal in nature. A wide range of recruitment methods are used. All existing employees are involved in the recruitment process, their opinions are sought regarding how appropriate candidates are to the organisation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day to day issues are dealt with by the two Directors and Company Secretary, mainly informal in nature. Employee training is generally practical and vocational and assessments for incentives are verbal. A link to culture exists as when recruiting, skills the person and their personality are important. Personalities were perceived as key to the organisations success.</td>
</tr>
</tbody>
</table>
APPENDIX I: Overview of the primary case study Organisation E

### I4: Statement of alignment within the business strategy Organisation E

Organisation E had a clear strategy, placing emphasis on achieving financial stability, creating a niche product and markets for the organisation. Its strategic activities have identified the organisation's strengths and opportunities available for advancing the strategy. It was aware of the future challenges it faces particularly skill shortages and financial resources and has begun to address these issues. The organisation's highly informal policies, practices and implementation are combined with its proactive long term planning approach. Communication routes were consistent throughout the organisation, all information was kept at Director level and some elements were shared with senior management.

### I5: Statement of alignment within SHRM Organisation E

Organisation E had a 'strong' culture and working relationships, compact informal structure with clear job roles and levels of management. The organisation considered its operating context important to its strategic activities, including its culture and structure. As an organisation it was proactive in responding to changes in its operating context required to support its strategy. HR responsibilities are shared between the two Directors and the Company Secretary, with no written policies, although informal policies are planned and reviewed on daily basis and the HR Plan is for 3 to 5 years. Implementation was 'face to face' and Directors operated an 'open door' policy dealing with issues as a matter of urgency when they arose. Information sharing was informal in nature and an ongoing process within the organisation, although employee suggestions were rarely implemented and employees did not participate in business decisions. The recruitment process also linked to the organisational culture, employees were selected based upon their skills and their personality to ensure that they would 'fit in' with the organisational culture.
APPENDIX J: Overview of the primary case study Organisation F
APPENDIX J: Overview of the primary case study Organisation F

This appendix provides an overview of the primary case study Organisation F. It contains the following documents:

J1: Contextual Factors

J2: Strategy
(i) Summary S.W.O.T. analysis
(ii) Strategic policies and implementation
(iii) Strategic management summary

J3: SHRM
(i) Culture and structure profile
(ii) HRM management, leadership and policies
(iii) Management structure
(iv) People management strategies
(v) SHRM summary

J4: Statement of alignment within the business strategy organisation A

J5: Statement of alignment within SHRM organisation A
APPENDIX J: Overview of the primary case study Organisation F

J1: Contextual Factors

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Speculative house builder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover (£)</td>
<td>4 million</td>
</tr>
<tr>
<td>Number of employees</td>
<td>18</td>
</tr>
<tr>
<td>Business status</td>
<td>Family business, established 1972</td>
</tr>
<tr>
<td>Geographic operating markets</td>
<td>Local, regional, niche market</td>
</tr>
<tr>
<td>Industry role</td>
<td>Speculative developer</td>
</tr>
<tr>
<td>Operational sectors</td>
<td>High quality private housing, localised market, limited number of developments</td>
</tr>
<tr>
<td>Procurement and contracts</td>
<td>Simple contracts only</td>
</tr>
</tbody>
</table>

J2: Strategy

i) Summary SWOT analysis

<table>
<thead>
<tr>
<th>Internal environment</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS</td>
<td></td>
</tr>
<tr>
<td>Product and market alignment</td>
<td>Employees and ensuring performance. Maintaining product improvement. Maintaining market awareness</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External environment</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPORTUNITIES</td>
<td></td>
</tr>
<tr>
<td>Land and refurbishment opportunities. Providing good value</td>
<td>Market changes. Over expansion leading to a drop in the quality of service and subsequently losing clients or financial problems</td>
</tr>
</tbody>
</table>
APPENDIX J: Overview of the primary case study Organisation F

J3: SHRM

ii) Strategic policies, practices and implementation

<table>
<thead>
<tr>
<th>Strategic issue</th>
<th>Presence</th>
<th>Dissemination Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>None</td>
<td>n/a</td>
</tr>
<tr>
<td>Business plan</td>
<td>Yes</td>
<td>Informal not written</td>
</tr>
<tr>
<td>Other documents</td>
<td>None</td>
<td>n/a</td>
</tr>
<tr>
<td>Use of strategic management tools</td>
<td>None</td>
<td>n/a</td>
</tr>
<tr>
<td>Ownership or organisation</td>
<td>Father and two sons</td>
<td>Family run</td>
</tr>
<tr>
<td>Strategic decision maker / management responsibility</td>
<td>Father</td>
<td>Father and two sons, (Directors) cascades down through the business</td>
</tr>
<tr>
<td>Strategic management Process</td>
<td>Highly informal in nature</td>
<td>Information is disseminated through informal methods to selected employees</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Highly informal in nature</td>
<td>Planning period of 5 to 6 years exists for some areas of the business. Reviewed regularly when necessary, through verbal senior management meetings</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>Highly informal</td>
<td>Limited minuted meetings, generally verbal communication</td>
</tr>
</tbody>
</table>

iii) Strategic management summary

Organisational strategy

Clear strategic aim is to meet personal aims of the Directors to provide a standard of living and maintain the organisations' longevity, reputation, quality, and unique product. The organisation aims to achieve these through maintaining the current type of projects, continue with individualised high specification speculative housing, avoiding production of cheaper type of houses, and to operate within a limited geographic radius of their head office.

Strategic analysis- SWOT

Organisational strengths include product and market alignment, land and refurbishment opportunities and providing good value. Future challenges include retaining employees and ensuring employee performance, maintaining product improvement and market awareness. Dealing with market changes, maintaining the quality of service provided to clients are also challenges for the future.

Strategic policies practices and implementation

Informal strategic policies exist. Strategic management tools are not used. Clear strategic roles and decision making responsibility exists. Planning is reactive in nature and disseminated through informal methods. The strategic management process is well managed. Strategy implementation occurs through mainly informal methods.
APPENDIX J: Overview of the primary case study Organisation F

J3: SHRM

i) Culture and structural profile

| Type of culture | Small family run firm. The strategy maker had clear views on stories and traditions and saw them as very different things. He considered characters and history essential to a business. The organisation had long standing service from its employees. |
| Cultural drivers | The strategy maker suggested that flexibility was the key to organisational success. |
| Structure | Functional management structure. |
| Management structure | Organisational structure comprises of three Directors including father and two sons, Office/ Accounts Manager, Marketing Manager, Sales Person and two Site Managers. Operatives report to the Director responsible for the sites. Strategy makers are often in direct contact with operatives on a daily basis. |
| Financial structure | A strong financial structure exists including buying land banks, the organisation funds 70 to 80% of the capital investment. No changes to the organisational structure are planned. |
| Future Plans | No plans for any cultural or structural changes. Change can often be reactive and relates to secure workload. |
| Relationship | The strategy maker suggested that that the structure of the organisation supported their business plan as the structure is appropriate for level of work undertaken and resources are added if the workload increases. |

ii) HRM management and leadership

| HRM job role | No devoted HR manager. The role was split between the three Directors and the Company Secretary. |
| Management responsibility | One of the three Directors deals with SHRM issues. The Company Secretary deals with the company's HR issues in general. |
| People management issues | Recruitment and selection, monitoring and applications for training budgets, employee legislation, and disciplinary issues. |
| Management | The way the organisation deals with people management depends on the issue and is sometimes responsive in nature. Often informal in nature and tailored to the individual employee and situation. The main philosophy of the organisation is to treat all employees as human beings. |
| Review process | No review process exists regarding people management. |
| Policies | No formal policy documents, issues are dealt with informally, the organisation is driven by legislation and it is managed informally. Important issues are dealt with via memo rather than face to face meetings so that sites are not disrupted. |
iii) Management structure

Executive Board of Directors (3)

- Finance and Administration
- Operations
  - Contracts Managers
  - Site Agents
  - Operatives
- Sales and Marketing

APPENDIX J: Overview of the primary case study Organisation F
### People management strategy summary

<table>
<thead>
<tr>
<th>Employee relations</th>
<th>Communication</th>
<th>Policies</th>
<th>Process</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information sharing occurs at senior management level through workload meetings, in the office by word and mouth. At operative level interest is often lacking and information sharing is limited. No employee representatives exist, open meetings are held with all employees.</td>
<td>Verbal HR policies exist for grievances and discipline issues. Employee suggestions are valued, encouraged and implemented. Employee participation is not proactive in nature; nothing is done to encourage employees to take an interest in the organisation strategically.</td>
<td>Employees do not participate in business decisions. Grievances and discipline issues are dealt with depending on the nature of the issue, generally dealt with informally, through a private chat with the Director. Formal process only used if nature of the issue is considered very serious.</td>
<td>The Managing Director deals with the day-to-day management of employee relations. Initially informal in nature, depending on the nature of the issue.</td>
<td></td>
</tr>
</tbody>
</table>

| Incentives | Communicated verbally. Incentives include a high standard of salary, BUPA membership and saying personal recognition to the employees for their contribution to the organisation. | Performance related pay exists through bonus schemes as internal promotion is limited within the organisation. No formal appraisal process exists that review pay or promotion relating to individual performance. | Employee performance is assessed visually on site, and is ongoing in nature. Salary levels paid are slightly above market rates, and include inflation increases. Operative receive individual bonuses. | Undertaken locally through line management, supported through formal systems of appraisals. |

| Training and development | Assessments are an ongoing process and undertaken visually by the Directors through examining employee performance. | No formal training plan, policy or budgets exist; staff training is undertaken when it is required. The organisational has no specific training and development qualifications. Budgets and decision making is undertaken by the Directors. | Appraisals are informal on a day-to-day basis. No formal staff development plans exist, they are undertaken verbally, each person's personality is examined by the Directors and development is offered where it is considered appropriate. | Methods for operatives include health and safety training, and machinery qualifications. The location of training would depend on the number of employees involved. |

| Recruitment | Opportunities are communicated through all methods, particularly promotion from within and recommendation. Followed by agencies, adverts and subcontractors. | No written recruitment policies exist. No formal career structure offered due to limited new positions within the organisation. Many employees are long served so careers have developed naturally. | Variety of methods used, temporary office staff are recruited through external sources, permanent staff are recruited by word and mouth and promotion from within the organisation. | Recruitment links to the organisation's culture, people are expected to 'fit in' and exhibit key skills. Key skills include timekeeping, high standard of work, honesty, and for the employee to be a 'good asset' to the organisation. |
APPENDIX J: Overview of the primary case study Organisation F

### J3: SHRM

#### v) SHRM summary

<table>
<thead>
<tr>
<th>Culture and structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture and working relationships complimented by a compact and informal structure with clear job roles and limited levels of management. Small family-run firm, stories, traditions, characters and history are essential to a business. Long-standing service from employees. Flexible organisation. Strategy makers are in direct contact with operatives on a daily basis. A strong financial structure exists including land banks. No plans for any cultural or structural changes, change can often be reactive and relates to workload.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HRM management leadership and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear roles and responsibilities exist, no dedicated HR staff or written policies. HR role is split between the Directors and the Company Secretary. People management issues are dealt with depending on the nature of the issue, sometimes responsive. The main philosophy is to treat staff as human beings. Important issues are dealt with via memo rather than face to face meetings so that sites are not disrupted.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication</strong></td>
</tr>
<tr>
<td>Information sharing occurs at senior management level, majority of communication, assessments and appraisals are verbal. Recruitment opportunities are communicated throughout the organisation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear verbal policies exist for all areas of people management. Employee participation is not proactive. Employee suggestions are encouraged. Clear incentives exist including a bonus scheme. No formal appraisal system exists to review pay or promotion relating to individual performance. No formal training plan, policy or budgets, staff training is undertaken when it is required. No written recruitment policies exist. No formal career structure exists, careers have developed naturally.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees do not participate in business decisions. Grievances and discipline issues are dealt with generally informally. Employee performance is assessed informally, visually on site by Directors and is ongoing in nature. Training and development appraisals are informal on a day-to-day basis. No formal staff development plans exist. Variety of recruitment methods are used to suit the position advertised.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director deals with the day-to-day management, initially informal depending on the nature of the issue. Training methods vary between operatives and office staff. Recruitment links to culture people have to ‘fit in’. Key skills expected during recruitment include: timekeeping, standard of work, and honesty.</td>
</tr>
</tbody>
</table>
APPENDIX J: Overview of the primary case study Organisation F

J4: Statement of alignment within the business strategy Organisation F

Organisation F had a clear strategy to maintain their current position strategically and to continue to seek development opportunities and remain a market leader of their unique product within their niche market. Its strategic activities have identified the organisation's strengths and opportunities for advancing the strategy. This included product and market alignment, as well as land and refurbishment opportunities. The organisation was aware of the future challenges it faced and these could be met, although market challenges may lead to a change in strategy. The organisation's highly informal policies, practices and implementation were combined with reactive planning. Communication routes are consistent throughout the organisation, all information was kept at Director level and some elements were shared with senior management.

J5: Statement of alignment within SHRM Organisation F

Organisation F had a strong culture and working relationships, compact informal structure with clear job roles and a limited number of management levels. It was aware of the strategic importance of its context; its culture and structure were flexible which complimented the organisation's reactive approach to strategic changes. The HR role was split between the Directors and the Company Secretary, clear verbal policies exist although the organisation had no written policies. The Managing Director dealt with the day-to-day employee issues mainly in an informal nature. Information sharing occurred at senior management level. Employee participation was not proactive, although employee suggestions were encouraged. The recruitment process also linked to the organisational culture, employees were selected based upon their skills and their personality to ensure that they would 'fit in' with the organisational culture.
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
<th>App Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.10</td>
<td>Introduction to the document</td>
<td>3</td>
<td>482</td>
</tr>
<tr>
<td>1.11</td>
<td>Introduction to the framework</td>
<td>3</td>
<td>482</td>
</tr>
<tr>
<td>1.12</td>
<td>The Framework Model</td>
<td>4</td>
<td>483</td>
</tr>
<tr>
<td>1.13</td>
<td>Guide to using the framework</td>
<td>5</td>
<td>484</td>
</tr>
<tr>
<td>1.14</td>
<td>Step 1 Organisational categories</td>
<td>6</td>
<td>485</td>
</tr>
<tr>
<td>1.15</td>
<td>Step 2 Levels of formality</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>1.16</td>
<td>Step 3 Decision making subjects</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>1.17</td>
<td>Step 4 Practical process tables</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>1.18</td>
<td>Step 5 Appropriate Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guidelines</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>1.19</td>
<td>Conclusions</td>
<td>27</td>
<td>4</td>
</tr>
</tbody>
</table>
SME SHRM FRAMEWORK

1.10 Introduction to the document

- This document provides you with a decision making tool that will support you during your strategic activities and will facilitate improved management within your organisation.
- The document is split into a number of sections. It begins by providing you with an introduction to the SME SHRM Framework and outlines its benefits and uses.
- It goes on to explain the framework model as a diagram, indicating the key elements that you should be considering.
- It then provides a step by step guide to using the framework.
- The document then provides a detailed explanation of each step of the framework in turn for you to consider.
- Once you have completed all 5 Steps of the framework you will have made a number of decisions regarding the future strategic development of your organisation.
- From using this framework to support your decision making process it is possible to: set the strategic objectives that you have chosen; and select the appropriate process for completion within your organisation.
- You will then be in a position to prepare an action plan for implementing your chosen process, as well as reviewing the success of the process once you have implemented them.

1.11 Introduction to the framework

Table 1.1 provides you with an introduction to the SME SHRM framework, outlining its benefits and uses.

<table>
<thead>
<tr>
<th>The framework is a tool that will benefit strategic managers by helping them to resolve conflicts between the strategic vision of their organisation and the people management challenges of the construction industry.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The framework will facilitate improved management and integration of strategic activities including people management issues.</td>
</tr>
<tr>
<td>The framework can be used within the organisation as a reference and guide to aligning business strategy and all human resource management issues.</td>
</tr>
<tr>
<td>It offers an integrated approach to strategic decision-making which could strengthen the current approaches used.</td>
</tr>
<tr>
<td>It offers support to the strategic decision makers as well as offering flexibility without being too descriptive in its nature.</td>
</tr>
<tr>
<td>Flexibility will be achieved by suggesting a wide variety of decision making options available to the organisation.</td>
</tr>
<tr>
<td>The simplicity of the framework allows it to be easily interpreted and implemented by the organisation.</td>
</tr>
</tbody>
</table>

Table 1.1: The benefits and uses of the SME SHRM framework
SME SHRM FRAMEWORK

1.12 The Framework Model

- Figure 1.1 outlines the key elements of the SME SHRM Framework model.
- Each box within the framework model contains a key strategic area for your consideration.
- Each element will be explained in greater detail in Step 3 of 'using the framework', (see section 1.16).
- The key elements of Business strategy, SHRM strategy and Organisational culture and structure are of central importance, are interrelated and are shown highlighted in figure 1.1.
- The key element of Business strategy has a direct link to the strategic management policies and the strategic management activities of your organisation.
- The key element of SHRM strategy has a direct link to the HRM policies, leadership and management as well as the people management issues within your organisation.

Figure 1.1 SME SHRM framework model
SME SHRM FRAMEWORK

1.13 Guide to using the framework

- This section provides a step by step process for you to follow and refer to when using the framework.
- The flow diagram Figure 1.2 offers a step by step guide for you to use.
- Each step of the diagram is discussed in turn and is contained in a separate section of the document.
- You should complete each step in order.

---

**Figure 1.2: Step guide to using the framework**

The next section explains Step 1 of using the framework.
1.14 Step 1 Organisational category

In order for you to use the framework you must first select an organisational category type which reflects your current organisation as closely as possible.

Your choice of appropriate organisational category is based upon three criteria: the number of employees; the level of the organisations turnover; and the organisation’s management structure.

You must select either Organisational Category Type A, B or C, from Table 1.2.

You may find that your organisation is not a perfect match for one of the three Organisational Categories.

If this is the case you must select from the table the Organisational Category that you feel best reflects your organisation.

You will then refer to your chosen Organisational Category Type each time you use a set of management guidelines (see Step 5 in section 1.18).

<table>
<thead>
<tr>
<th>Organisation Category Type A</th>
<th>Number of employees</th>
<th>Turnover</th>
<th>Management structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational Category Type B</td>
<td>49-250</td>
<td>Up to £11.4 million</td>
<td>Matrix</td>
</tr>
<tr>
<td>Organisational Category Type C</td>
<td>20-49</td>
<td>Between £2.8 million and £11.4 million</td>
<td>Functional</td>
</tr>
<tr>
<td>Organisational Category Type C</td>
<td>10-19</td>
<td>Up to £2.8 million</td>
<td>Functional / simple</td>
</tr>
</tbody>
</table>

Table 1.2: Organisational category selection criteria
SME SHRM FRAMEWORK

1.15 Step 2  Levels of formality

- Strategic approaches within construction SMEs vary in their degrees of formality.
- You should therefore identify the suggested appropriate level of formality for your organisation by referring to the organisational category you have already selected to use in Step 1 (see section 1.14), as illustrated in Table 1.3.
- The table also highlights that for each of the three key elements of the framework model; (Business strategy; SHRM strategy and Organisational culture and structure); the levels of formality are very similar within each organisation category type.
- The level of formality identified underpins the content of the management guidelines (see Step 5 in section 1.18) and is an important theme throughout the framework document.

<table>
<thead>
<tr>
<th>Organisation Category Type</th>
<th>Business strategy</th>
<th>SHRM, HR management and leadership, Human resource planning</th>
<th>People management issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation Category Type A</td>
<td>High level of formality</td>
<td>High level of formality</td>
<td>High level of formality</td>
</tr>
<tr>
<td>Organisation Category Type B</td>
<td>Mixed level of formality</td>
<td>Mixed level of formality</td>
<td>Mixed level of formality</td>
</tr>
<tr>
<td>Organisation Category Type C</td>
<td>Low level of formality</td>
<td>Low level of formality</td>
<td>Low level of formality</td>
</tr>
</tbody>
</table>

Table 1.3: Appropriate Levels of formality
Step 3
Select decision making subject appropriate to your organisations from the framework

- This Step is an explanation of the decision making subjects contained within the framework.
- This section offers guidance for you in selecting the decision making subjects that you feel are appropriate to your organisation.
- This section does not require any specific actions, instead you must decide which of the decision making subjects are appropriate for you to consider in more detail.
- Step 4 and Step 5 (see section 1.17 and 1.18) will then offer you support for each decision making subject chosen.
- This section first summarises each key element of the framework in turn (a, b, c, d, e).
- Note that each key element of the framework is a separate decision making subject and has been labelled in the order you should consider them.

Figure 1.1 SME SHRM framework model
SME SHRM FRAMEWORK

1.16 Step 3 Decision making subjects

(a) Business strategy

- The Business strategy section of the framework contains two separate elements (decision making subjects) of strategic management policies and strategic management activities.
- This part of the framework is intended to:
  - Improve strategic management
  - Increase employee understanding of the organisations’ strategy through improved communication and employee participation
  - Facilitate the review and development of the organisations’ business strategy and competitive advantage.

(b) SHRM strategy

- The SHRM strategy section of the framework contains two separate elements (decision making subjects) of HRM policies, (including leadership and management) and people management issues.
- The framework is intended to:
  - Help you to understand SHRM
  - Help you to increase employees’ understanding of the organisation’s SHRM.

(c) HRM policies, (including leadership and management)

- This framework section aims to ensure that an organisation’s human resources are appropriate in terms of:
  - The volume and competencies of staff
  - Facilitate current and future business objectives and
  - The integration of HR plans into the organisation strategy
- Responsibility for this function lies with the organisation’s senior management and HR staff.
SME SHRM FRAMEWORK

1.16 Step 3  Decision making subjects

(d)  People management issues
This section includes the following elements: recruitment and selection, training and development, and employee relations.

(d) (i) Recruitment and selection
- This framework section aims to improve management of recruitment and selection, in turn helping organisations to develop and maintain their human resources.
- This framework section highlights a number of issues:
  ▪ The process of attracting and employing new employees
  ▪ Equal opportunities policies ensure that all candidates are treated equally and fairly
  ▪ Decision making issues including organisational objectives and job related criteria.

(d) (ii) Training and development
- This framework section aims to provide information to guide management activity to improve staff morale and staff retention levels.
- This framework section outlines a number of issues:
  ▪ Organisational training plans, development opportunities, continuous professional and personal development (CPD), graduate development and professional qualification, and learning and development support
  ▪ Continuous review and feedback together with the appraisal process, personal development plans (PDPs), career management and succession planning are also included.
SME SHRM FRAMEWORK

1.16 Step 3 Decision making subjects

(d) (iii) Employee relations

- This framework section defines and makes recommendations regarding the different types of Employee Involvement (EI).
- It highlights the benefits of participative management style, work-life balance and flexible working arrangements.
- It seeks to increase employees' understanding of their organisation so that they can influence business decisions, make better use of their skills and commit to the goals of the organisation.

(e) Organisational culture and structure

- The organisational culture and structure section of the framework defines the different types of culture and structure appropriate to you and highlights the benefits of their alignment.
- It is aimed at increasing your understanding of your culture and structure and the relationship between them, so that you can make decisions that compliment your organisation's strategy and SHRM approaches.
1.17 Step 4  Practical process tables

- This section provides a practical process table for each element of the SME SHRM Framework:
  a) Business Strategy
  b) SHRM Strategy
  c) HRM Policies, leadership and management
  d) People Management Issues
  e) Organisational culture and structure

- Practical process tables are provided to help you to structure your decision making in light of your current organisational position.

- Each practical process table provides you with a number of key objectives for you to consider within your organisation.

- Clear definitions of these objectives are provided with summaries of the process activities that you should consider in relation to meeting the objective.

- The practical process table also outlines the organisational benefits associated with each objective and process item.

- Once you have selected the objectives you would like to pursue from the practical process table you should go to Step 5 of the framework and refer to the appropriate management guidelines relevant to your objectives (see section 1.18).
SME SHRM FRAMEWORK

1.17 Step 4 Practical process tables

(a) Business Strategy

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future strategy.</td>
<td>Formal / informal communications: reports, newspapers, videos, presentations, team briefings.</td>
<td>Increased understanding of organisational plans and objectives by employees. Opportunity for employees to become involved in strategic direction of the organisation.</td>
</tr>
<tr>
<td>Undertake strategic management process.</td>
<td>Comprehensive process includes strategic analysis, formulation, practices and implementation.</td>
<td>Allows strategic managers to set strategies and develop policies and practices to compliment the organisational goals. Offers the opportunity for improved alignment of strategic approaches and organisational performance.</td>
</tr>
<tr>
<td>Ensure policies are transparent.</td>
<td>Wide range of policies to complement the strategic management process and the information dissemination to the employees.</td>
<td>Transparent policies help employees embrace company philosophy.</td>
</tr>
</tbody>
</table>

Table 1.4: Practical process for the appropriate management of business strategy

For guidelines for the appropriate management of business strategy please go to section 1.18.
SME SHRM FRAMEWORK

1.17 Step 4 Practical process tables

(b) SHRM strategy

(c) HRM Policies, leadership and management

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees regarding the current and future HR strategy.</td>
<td>Transparent communication methods for all HR information.</td>
<td>Increased employee understanding of organisation's plans and objectives.</td>
</tr>
<tr>
<td>Genuine aim for good people management practice through transparent communications.</td>
<td>Approachable and easily accessible management.</td>
<td>Positive foundation for future development of SHRM practices. Employees trust managers. Close relationships between managers and their staff. Leadership and management compliments strategy and SHRM and facilitates control. Employees are flexibility to suit the industry.</td>
</tr>
<tr>
<td>Integrating human resource plans into the company business plans.</td>
<td>Ensure HR policies support the company philosophy. Some strategic goals must guide the direction. Estimating staffing needs by reference to the corporate plan. Setting human resource budgets and monitoring them against the plans.</td>
<td>Strategic visions effectively implemented. Analysis of balance between demand and supply so as to be able to predict deficits and surpluses. Eliminate wasteful practices where necessary. Financial control of HR.</td>
</tr>
</tbody>
</table>

Table 1.5: Practical process for the appropriate management of HR, leadership and policies

For guidelines for the appropriate management of HR, leadership and policies please go to section 1.18.
SME SHRM FRAMEWORK

1.17 Step 4 Practical process tables

(d) People Management Issues

This section includes: recruitment and selection, training and development, and employee relations.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain the organisation’s human resources.</td>
<td>Include recruitment and selection in the organisation’s strategic plan.</td>
<td>Integrated strategic decision making. Improved management of recruitment and selection.</td>
</tr>
<tr>
<td>Attract suitable candidates.</td>
<td>Use a wide range of recruitment methods; both formal and informal. Headhunting and recommendation should not be overlooked.</td>
<td>Helps to combat skills shortage.</td>
</tr>
<tr>
<td>Select and employ the appropriate candidates.</td>
<td>Process to include analysis of business needs for now and for the future. Ensure candidate selected to match job description.</td>
<td>Reconciles business plan with short-term operational conditions and long term organisational goals.</td>
</tr>
<tr>
<td>Treat all candidates equally and fairly.</td>
<td>Transparent equal opportunities policies.</td>
<td>Enables transparent human resource planning to take place. And smooth process for recruitment and selection.</td>
</tr>
</tbody>
</table>

Table 1.6: Practical process for the appropriate management of recruitment and selection

For guidelines for the appropriate management of recruitment and selection please go to section 1.18.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs analysis.</td>
<td>Assessment of current and future business performance needs and current performance and capability levels and a comparison of the two.</td>
<td>Identification of the current and potential future capability gaps and suitable training and development interventions.</td>
</tr>
<tr>
<td>Training design and delivery.</td>
<td>Assessment of the most appropriate training methods for the organisation and its implementation.</td>
<td>Aids designing and delivering effective solutions.</td>
</tr>
<tr>
<td>Training and development appraisals.</td>
<td>Provide frequent and regular appraisals including updates.</td>
<td>Well trained staff. Employees with the required skills and qualifications. Employees realise organisational commitment and opportunities. Personalised and tailored solutions. Employee involvement and commitment. Support for career management. Employee trust in managers looking after their staff. Fairness of procedure.</td>
</tr>
<tr>
<td>Career management.</td>
<td>Provide training and development activities that align with current and forecasted challenges.</td>
<td>Balance responsibility for career planning. Providing longer-term approach for managing the career structures.</td>
</tr>
<tr>
<td>Succession planning.</td>
<td>Implement succession planning. Creating development paths across the organisation. Monitoring the engagement, loyalty and critical talent in the organisation.</td>
<td>Succession planning ensures the organisation can meet its current and future management needs. Promotes employee commitment to organisational goals. Employees are key strength to the business as added value.</td>
</tr>
</tbody>
</table>

Table 1.7: Practical process for the appropriate management of training and development
SME SHRM FRAMEWORK

1.17 Step 4 Practical process tables

For guidelines for the appropriate management of training and development please go to section 1.18.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information to employees.</td>
<td>Ensure that clear communication methods are used.</td>
<td>Increased understanding of organisational plans and objectives by employees.</td>
</tr>
<tr>
<td>Encourage employees to expand the range of tasks they undertake.</td>
<td>Implement measures to allow employees to develop their skills individually and within the team.</td>
<td>Development of new talents and better use of existing talents within the organisation.</td>
</tr>
<tr>
<td>Support effective decision-making.</td>
<td>Use knowledge and opinions of employees.</td>
<td>Understanding the employee needs and encourages employee commitment. Increases ideas within the organisation, encourages cooperation and support for change.</td>
</tr>
<tr>
<td>Relate the employees' overall pay to the success of the organisation.</td>
<td>Provide financial rewards for all employees.</td>
<td>Employees will work harder if they receive a personal financial reward from the organisation's success.</td>
</tr>
</tbody>
</table>

Table 1.8: Practical process for the appropriate management of employee relations

For guidelines for the appropriate management of employee relations please go to section 1.18.

(e) Organisational culture and structure

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong culture, relationships and caring working environment.</td>
<td>Implement effective communications and training. Encourage employee involvement and employee participation.</td>
<td>Complements a firm's efforts in promoting SHRM practices. Long periods of service. Positive physical impression of the organisation, including professionalism and high quality.</td>
</tr>
<tr>
<td>Flexibility within the organisations culture to evolve and develop as a business.</td>
<td>Implement behavioural (cultural) changes when required. Cultural changes can take several years to achieve.</td>
<td>Enhances the organisation's ability to retain well developed and motivated employees. Facilitates and strengthens organisational performance.</td>
</tr>
<tr>
<td>Supportive organisational culture is needed for human resource practices.</td>
<td>Implement supportive measures directly and indirectly to improve investment and resource allocation decisions.</td>
<td>SHRM practices will function to their fullest performance potential. Offers competitive advantage through synergy and the opportunity to develop capabilities.</td>
</tr>
</tbody>
</table>

Table 1.9: Practical process for the appropriate management of organisational culture
SME SHRM FRAMEWORK

1.17 Step 4 Practical process tables

For guidelines for the appropriate management of organisational culture please go to section 1.18.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Process</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure compliments the business strategy, leadership and culture of the organisation.</td>
<td>Achieve a high level of integration within the organisation.</td>
<td>Employee commitment to the organisation's success.</td>
</tr>
<tr>
<td>Suitable organisational structure.</td>
<td>Ensure an appropriate level of formality exists within the organisation.</td>
<td>Important for the achievement of a strategic vision. A suitable structure will enable effective implementation to take place.</td>
</tr>
<tr>
<td>Structural change assessment.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches.</td>
<td>Improved strategic alignment.</td>
</tr>
</tbody>
</table>

Table 1.10: Practical process for the appropriate management of organisational structure

For guidelines for the appropriate management of organisational structure please go to section 1.18.

The practical process tables support the appropriate management guidelines explained in the next section.
Introduction:

- Having completed Steps 1, 2, 3 and 4, you are now ready to select your appropriate management guidelines.
- Please refer to your selected decision making subjects in turn.
- Then refer to the individual objective and ‘process item’ or number of objectives that you have selected as important for your organisation to consider for each of your decision making subjects.
- Then cross reference each objective at the top of the management guidelines table against your choice of organisational category at the left hand side of the same table.
- Each individual objective and ‘process item’ contained in the practical process tables have been subdivided into organisation categories A, B and C.
- You now have a set of management guidelines for your consideration.
- If you are happy that these management guidelines are suitable for your use, prepare an action plan for the implementation.
- If you are not sure that the management guidelines suggested are appropriate to your organisation, review the table as a whole and examine the alternative category type ‘statements’ to see if they are more appropriate to you for implementation.
SME SHRM FRAMEWORK

1.18 Step 5 Appropriate management guidelines

(a) Business Strategy

Table 1.11 and table 1.12 outline the guidelines for the appropriate management of business strategy.

<table>
<thead>
<tr>
<th>Organisation category Type A</th>
<th>Provide information to employees regarding the current and future strategy</th>
<th>Undertake strategic management process</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>See table 1.12 for actual process guidelines. Need for client involvement in the process and more effective of customer and client analysis techniques. E.g. customer feedback, client briefing, analysis and implementation of changes and improvements. Increased strategic awareness through the use of the strategic tools and techniques.</td>
<td>The organisation's direction and policies have to be widely understood. The strategic management process must be formal, regular and well documented. It must document the organisation's mission, objectives and plans, in order to improve formal communications. Regularity of the process must be maintained if a proactive approach is to be achieved. Suitable strategic tools and techniques are wide ranging: financial analysis, brainstorming, management of objectives, benchmarking, SWOT analysis, competitor analysis and resource audits.</td>
<td></td>
</tr>
</tbody>
</table>

| Organisation category Type B | Formal and informal communications: reports, company magazine, presentations, team briefings. Effective tools used for communicating strategy: word of mouth, management seminars, client briefing, strategic plan. Team briefing and staff briefing are important. Employee involvement and communication within the strategic process is required although less formality than Organisation Categories Types B and C. | See table 1.12 for actual process guidelines. A mixture of formal and informal management are appropriate as long as a proactive approach is taken. Where formal processes are undertaken they should be well documented. | The use of some formalised policies is required. Where policies (such as a strategic plan or annual report) are used, they must be transparent. A formal mission statement is not necessarily required although its content should be communicated if it does exist. Strategic tools and techniques appropriate are wide ranging: financial analysis, brainstorming, management of objectives and benchmarking. SWOT analysis, competitor analysis and resource audits. |

| Organisation category Type C | Mainly informal communications, staff and team briefings. Effective tools used for communicating strategy; word of mouth, management seminars, client briefing, informal strategic plan. Less complexity / formality of communication within the strategic process, some employee involvement required. | See table 1.12 for actual process guidelines. No requirement for formalisation although a clear strategic direction and plans for the near future are required. Use tools and techniques that do not require specialist skills. Emphasis should be placed upon information gathering, analysis and implementation of appropriate strategies. | The use of highly formalised policies is not essential, however transparent policies (such as a strategic plan) are required. A formal mission statement is not necessarily required. Strategic tools and techniques appropriate: financial analysis, brainstorming, management of objectives and benchmarking. SWOT analysis, competitor analysis and resource audits. Basic tools and techniques such as brainstorming and financial analysis are the most useful in this category. |

Table 1.11: Guidelines for the appropriate management of business strategy
SME SHRM FRAMEWORK

1.18 Step 5 Appropriate management guidelines

<table>
<thead>
<tr>
<th>Stage</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record current strategy</td>
<td>Clarify top management's organisational goals as to the kind of company it wants to operate. These criteria may be informal and embodied within a loosely defined strategy to suit the organisation's culture and structure.</td>
</tr>
<tr>
<td>Identify problems (strategic analysis)</td>
<td>The current strategy must be appraised to determine whether problems exist. Management must examine the organisation's operating environment to anticipate the consequences of continuing its current strategy by identifying any opportunities or threats.</td>
</tr>
<tr>
<td>Discover the core elements</td>
<td>If the appraisal determines that problems exist it is necessary to discover their root cause. For example, an organisation may determine that it lacks competitive advantage.</td>
</tr>
<tr>
<td>Formulate alternatives</td>
<td>Once the cause of the strategic problem has been discovered, management formulate alternative ways of addressing it.</td>
</tr>
<tr>
<td>Evaluate alternatives</td>
<td>Management looks at the bearing of the various vital factors on the choice of a strategy. The alternatives must be compared in terms of: relative effectiveness in solving the strategic problem; the degree to which each matches the company's competence and resources; their relative competitive advantage; the extent to which they satisfy management's preferences; and sense of social responsibility.</td>
</tr>
<tr>
<td>Choose the new strategy</td>
<td>Management identifies the most important factors on which the new strategy depends. The new strategy decision should involve judgement, experience, intuition, and discussions.</td>
</tr>
<tr>
<td>Implement the new strategy</td>
<td>Includes development of plan and timescales, actual communication and implementation of the strategy, monitoring the strategy and continuous strategic review on a regular basis. It is essential that the organisation's culture and business processes are compatible with the desired strategy.</td>
</tr>
</tbody>
</table>

Table 1.12: Strategic management process guidelines
1.18 Step 5 Appropriate management guidelines

(b) SHRM
(c) HRM policies, leadership and management.

Table 1.13 presents a set of guidelines for the appropriate management and leadership of human resources and policies subdivided into the three organisational categories.
SME SHRM FRAMEWORK

1.18 Step 5 Appropriate management guidelines

<table>
<thead>
<tr>
<th>Organisation category</th>
<th>Guidelines for the appropriate management of IIR, leadership and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type A</strong></td>
<td>Provide information to employees regarding the current and future HR strategy</td>
</tr>
<tr>
<td></td>
<td>Provide Information</td>
</tr>
<tr>
<td></td>
<td>Integrating human resource plans into the company business plans</td>
</tr>
<tr>
<td><strong>Type B</strong></td>
<td>Use a wide range of communication methods and formal monitoring system to ensure transparent communication. Communication methods could include formal and informal communications: reports, newspapers, videos, presentations, team briefings. Provide a statement of HR philosophy. Transmit philosophy to employees. HR policies to support the company philosophy.</td>
</tr>
<tr>
<td></td>
<td>(HR manager (possibly part time) centralised approach to pay, contracts and general conditions of service. Implementation of SHRM policies and employee feedback.)</td>
</tr>
<tr>
<td><strong>Type C</strong></td>
<td>Informal communications, team briefings. Communication of philosophy to employees.</td>
</tr>
<tr>
<td></td>
<td>(Managing employees with a hands-on, informal management style promoted by the owner. Implementation of SHRM policies and employee feedback.)</td>
</tr>
</tbody>
</table>

Table 1.13: Guidelines for the appropriate management of IIR, leadership and policies
### SME SHRM FRAMEWORK

1.18 Step 5 Appropriate management guidelines

(d) People Management Issues: Recruitment and selection

Table 1.14 outlines the guidelines for the appropriate management of the recruitment and selection of employees subdivided into the three organisational categories.

<table>
<thead>
<tr>
<th>Organisation category Type</th>
<th>Development and maintain the organisation's human resources</th>
<th>Attract suitable candidates</th>
<th>Select and employ the appropriate candidates</th>
<th>Treat all candidates equally and fairly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type A</strong></td>
<td>Introduce structured methods to define the type of recruitment programmes required to achieve the required staffing levels and assessing the feasibility of the potential project opportunities taking into account the economic and social environment. Include recruitment and selection in the organisation's business plan and review needs regularly.</td>
<td>Use a wide range of recruitment methods; both formal and informal, including formal advertisements. Headhunting and recommendation should not be overlooked. Monitor and improve marketing of any recruitment opportunities.</td>
<td>Formal process required to be undertaken by HR and senior management. Process to include strategic analysis of current and future business needs. Every candidate selected must meet the minimum standard required of the recruitment programme selected. Selection process includes formal panel interview, tour of the organisation, meet and greet the team.</td>
<td>Via formal documentation and processes communicated transparently to all employees. Management receive the correct training and legal updates to complete the role.</td>
</tr>
<tr>
<td><strong>Type B</strong></td>
<td>Use of structured and informal methods to define Human Resource needs. Include recruitment and selection in the organisation's business plan and review needs regularly.</td>
<td>Use a wide range of recruitment methods; both formal and informal, including formal advertisements. Headhunting and recommendation should not be overlooked. Monitor and improve marketing of any recruitment opportunities.</td>
<td>Selection process includes informal interview and tour of the organisation. Process to include strategic analysis of business needs for now and for the future by assessing workload, challenges. Ensure every candidate selected meets the minimum standard required of the recruitment programme selected.</td>
<td>Via formal documentation and informal processes communicated transparently to all employees. Management receive the correct training and legal updates to complete the role.</td>
</tr>
<tr>
<td><strong>Type C</strong></td>
<td>Examine informally the relationship between recruitment and selection requirements and the business strategy.</td>
<td>Communicate recruitment needs regularly to all current employees. Promotion from within and word and mouth recommendations are a successful method to be used in the first instance.</td>
<td>Process can be informal to establish the current and future business needs. Ensure written job description for the candidate includes these business needs. Ensure candidate is selected to match job description. Selection process includes informal interview. Ensure current employees meet with the prospective employee and provide comments to the strategy maker.</td>
<td>Via informal methods ensure that the process is communicated transparently to all employees. Ensure strategy maker is aware of any management training and legal updates required to complete the role.</td>
</tr>
</tbody>
</table>

**Table 1.14:** Guidelines for the appropriate management of recruitment and selection
Training and development

Table 1.15 outlines the guidelines for the appropriate management of training and development subdivided into the three organisational categories.

<table>
<thead>
<tr>
<th>Organisation Category</th>
<th>Training needs analysis</th>
<th>Training design and delivery</th>
<th>Training and development appraisals</th>
<th>Career management</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type A</strong></td>
<td>Carried out at an organisational, job and individual levels within the organisation. Requires a broad range of internal and external data available for analysis. Can be highly formalised in nature.</td>
<td>Focus on what is to be learned and how people learn. Influencing the choice of appropriate training methods. Including all levels within the business.</td>
<td>Formal appraisal system for all employees. Written document includes a formal review of an individual's performance and forward assessment of individual's future needs. Each section had to be agreed and signed by both parties, held in the employee's file.</td>
<td>Assess current and future needs. Establish training plans, budgets, and training opportunities. Balance employee responsibility for career planning and providing longer-term management approach. Ensure that senior management is proactive in the process and that the process is carefully documented.</td>
<td>Implement formal succession planning. Ensure development opportunities exist. Identify and monitor employees for their engagement, loyalty and critical talent in the organisation.</td>
</tr>
<tr>
<td><strong>Type B</strong></td>
<td>Carried out for every employee at an individual level. Requires a broad range of internal and external data available for analysis. Can be formalised in nature. Training needs and personal preferences discussed. Managers suggest and offer range of options.</td>
<td>Use a wide range of methods for training including classroom learning, informal, 'organic', on-the-job learning facilitated via mentoring.</td>
<td>Formal appraisal system for all staff. Written document includes a formal review of an individual's performance and forward assessment of individual's future needs and potential. Each section had to be agreed and signed by both parties, held in the employee's file.</td>
<td>Assess current and future needs. Establish training plans, budgets, and widen range of training opportunities. Ensure that senior management is proactive in the process and that the process is carefully documented.</td>
<td>Implement informal succession planning. Monitor development opportunities. Identify and monitor employees for their engagement, loyalty and critical talent in the organisation.</td>
</tr>
<tr>
<td><strong>Type C</strong></td>
<td>Carried out for each employee at an individual level. Process occurs between the strategy maker and the employee. Analysis can be informal in nature.</td>
<td>Use a variety of training methods; consider the long term benefits of training away from the workplace more. Monitor quality of on the job training more.</td>
<td>Appraisal system to be established for all staff. Process can be informal in nature and should include review of an individual's performance and assessment of individual's future needs to be agreed by the employee and the strategy maker.</td>
<td>Establish training plans, budgets, and widen range of training opportunities. Undertake continuous review and feedback of the process.</td>
<td>Implement informal succession planning as opportunities are limited within the organisation. Monitor employees commitment to the organisation.</td>
</tr>
</tbody>
</table>

Table 1.15: Guidelines for the appropriate management of training and development
SME SHRM FRAMEWORK

1.18 Step 5 Appropriate management guidelines

(e) Employee relations

Table 1.16 outlines the guidelines for the appropriate management of employee relations subdivided into the three organisational categories.

<table>
<thead>
<tr>
<th>Organisation category Type</th>
<th>Provide information to employees</th>
<th>Encourage employees to expand the range of tasks they undertake</th>
<th>Support effective decision-making</th>
<th>Relate the employees' overall pay to the success of the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Via a wide range of methods including formal and informal communication reports, newspapers, videos, presentations, team briefings. Ensure that a formal monitoring system is in place and that effective communication method are used.</td>
<td>Formally assess each employee role of the appropriate introduction of expanded work tasks. Introduce job rotation, job enrichment, team working, empowerment and semi-autonomous work groups. Ensure that feedback is obtained from employees for each method introduced.</td>
<td>Establish formal support methods and monitor their effectiveness. Ensure that joint consultation and discussions between managers and employees take place. Introduce and monitor employee suggestion schemes. Introduce cross team meetings to improve communication. Seek employee views on organisational plans.</td>
<td>Introduce formal financial rewards for each employee e.g. profit-sharing schemes, employee share ownership plans.</td>
</tr>
<tr>
<td>B</td>
<td>Via a wide range of methods including formal and informal communication reports, newspapers, presentations and team briefings. Ensure that the level and quality of communication is monitored.</td>
<td>Undertake a structured assessment for each employee regarding their role and whether they can expand their work tasks. Focus should be placed on improved team working, job rotation and empowerment. Collect regular feedback and review comments.</td>
<td>Joint consultation, discussions between managers and employees takes place through formal or informal methods. Introduce and monitor employee suggestion schemes. Introduce cross team meetings to improve communication. Suggestion schemes implement the collection of employee opinion and develop and implement ideas.</td>
<td>Introduce formal financial rewards for each employee e.g. Profit-sharing schemes, and individual bonus scheme.</td>
</tr>
<tr>
<td>C</td>
<td>Via informal communication generally e.g. staff meetings, memos and face to face conversations. Ensure that communication is regular and clear.</td>
<td>Undertake an informal assessment and feedback with each employee regarding their current and future role and whether they can expand their work tasks. Focus should be placed on improved team working, job rotation and empowerment.</td>
<td>Ensure direct regular consultation between managers and employees takes place. Implement employee suggestion schemes.</td>
<td>Introduce individual financial rewards for employees where possible e.g. Bonus and Profit-sharing schemes.</td>
</tr>
</tbody>
</table>

Table 1.16: Guidelines for the appropriate management of employee relations
SME SHRM FRAMEWORK

1.18 Step 5 Appropriate management guidelines

Organisational Culture and Structure

Organisational culture
Table 1.17 outlines the guidelines for you to use for the appropriate management of organisational culture subdivided into the three organisational categories.

<table>
<thead>
<tr>
<th>Organisation category Type A</th>
<th>Strong culture, relationships and caring working environment</th>
<th>Flexibility within the organisations culture to evolve and develop as a business</th>
<th>Supportive organisational culture is needed for human resource practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduce formal monitoring system to ensure that communication and training are effective. Encourage continued employee involvement and set up further employee participation programmes.</td>
<td>Create an environment where change can take place by continuing with skill development, new innovations, allocation of resources for creativity, positive and proactive attitudes.</td>
<td>Ensure that managerial values, organisational traditions and routines are publicised within the organisation through formal and informal routes.</td>
<td></td>
</tr>
</tbody>
</table>

| Organisation category Type B | Introduce formal monitoring system to ensure that communication and training are effective. Encourage employee involvement and set up employee participation programmes. | Use both formal and informal methods to promote skill development, and new innovations, allocating resources regularly. | Ensure that managerial values, organisational traditions and routines are publicised within the organisation through informal routes. |

| Organisation category Type C | Introduce regular informal monitoring of communication and training. Encourage employee involvement within the organisation. | Continue with skill development and new innovations. Monitor resources available for these activities. | Continue with informal regular communication of managerial values, organisational traditions and monitor routines for areas of improvement. |

Table 1.17: Guidelines for the appropriate management of organisational culture
### SME SHRM FRAMEWORK

#### 1.18 Step 5 Appropriate management guidelines

**Organisational Culture and Structure**

#### Organisational structure

Table 1.18 outlines the recommended guidelines for you to use for the appropriate management of organisational structure subdivided into the three organisational categories.

<table>
<thead>
<tr>
<th>Organisation category Type</th>
<th>Compliments strategy, leadership and culture</th>
<th>Suitable organizational structure</th>
<th>Structural change assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation category Type A</td>
<td>Formal organisational structure with practices and processes documented and monitored. This will compliment the business strategy and leadership style of the organisation. Also providing an opportunity for improved integration of these functions within the organisation.</td>
<td>Matrix structure. This organisational type assigns each worker two bosses in two different hierarchies. One hierarchy is &quot;functional&quot; and assures that each type of expert in the organisation is well-trained, and measured by a boss who is super-expert in the same field. The other direction is &quot;executive&quot; and tries to get projects completed using the experts.</td>
<td>Review through a formal process via senior management if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches. Analyse resources needed to undertake structural changes and the viability of those changes. Implement action plan for changes or further review sessions.</td>
</tr>
<tr>
<td>Organisation category Type B</td>
<td>Functional organisational structure with informal and formal practices and processes. This will compliment the business strategy and leadership style of the organisation. Also providing an opportunity for improved integration of these functions within the organisation.</td>
<td>Functional structure where the organisation of a firm's business activities is split into separate divisions each is responsible for their business function e.g. - production, finance, and marketing.</td>
<td>Review if any physical changes to the organisation need to be undertaken to suit the proposed strategic approaches. This review can be a combination of formal and informal methods. Analyse the viability of any changes financially. Produce a formal action plan for the future.</td>
</tr>
<tr>
<td>Organisation category Type C</td>
<td>An informal organisational structure with supporting practices and processes monitored and implemented by the strategy maker. This will compliment the business strategy, leadership style and further integration within the organisation.</td>
<td>Functional or simple structure. Few levels of management with clear communication and high level of informality in general.</td>
<td>Strategy maker to regularly, informally, review if any physical changes to the organisation need to be undertaken to suit the future business strategy.</td>
</tr>
</tbody>
</table>

Table 1.18: Guidelines for the appropriate management of organisational structure
SME SHRM FRAMEWORK

1.19 Conclusions

Once you have completed all 5 steps of the framework you will have made a number of decisions regarding the future strategic development of your organisation.

From using this framework to support your decision making process it is possible to:

- Set the strategic objectives that you have chosen
- Select the appropriate process for completion within your organisation
- Prepare an action plan for implementation of your chosen process
- Review the success of the chosen process once they have been implemented.
APPENDIX L: FRAMEWORK VALIDATION PROCESS QUESTIONS

This appendix provides an insight into the questions discussed with strategic managers from the case study organisations. It contains 2 separate documents:

L1 Interview schedule
L2 Organisational background

L1: INTERVIEW SCHEDULE

THE SME FRAMEWORK DOCUMENT

1. How well presented was the information pack?
2. Were the guidelines provided within the pack clearly communicated?
3. Did you find the flow chart 'step by step guide' helpful in understanding the process?
4. Could the pack be improved at all?
5. What improvements would you suggest?

GENERAL ISSUES:

1. In your opinion as the language used in the document appropriate?
2. Have you learned anything new from the framework overall?
3. What areas of the framework did you find most useful?
4. Do you think that your organisation would benefit from using the framework in the future?
5. Does the framework offer you support for future decision making?
6. How would you use the framework?
7. How often do you think you would use this framework?


Very frequently frequently infrequently very occasionally never
8. What types of organisations do you think could use the framework?
APPENDIX L: FRAMEWORK VALIDATION PROCESS QUESTIONS

L1: INTERVIEW SCHEDULE

THE FRAMEWORK MODEL
1 How useful was the model?

[ ] [ ] [ ] [ ] [ ]
very useful useful neither useful or not not very useful no use at all

2 How relevant was the framework model to your organisation?

[ ] [ ] [ ] [ ] [ ]
Very relevant relevant neither relevant not relevant not relevant at all

3 Was the framework easy to understand?

[ ] [ ] [ ] [ ] [ ]
very easy easy neither easy or not not easy not easy at all

4 Did the framework reflect key issues for your organisation?

THE PRACTICAL PROCESS TABLES
1 How easy are the tables to understand?

2 In your opinion is the language used in the table appropriate?

3 Have you learned anything new from the tables?

4 Were any of the tables particularly useful to your organisation? If so why?
APPENDIX L: FRAMEWORK VALIDATION PROCESS QUESTIONS

L1: INTERVIEW SCHEDULE

5 Do you have any specific comments on the following tables:
   Strategy- table 1.4 pg 13
   Hr Leadership and Policies- table 1.5. pg 14
   Recruitment and Selection- table 1.6. pg 15
   Training and Development- table 1.7. pg 15
   Employee Relations- table 1.8. pg 16
   Culture- table 1.9. pg 16
   Structure- table 1.10. pg 17

THE MANAGEMENT GUIDELINES

1 How easy are the tables to understand?
2 In your opinion is the language used in the table appropriate?
3 Have you learned anything new from the tables?
4 Were any of the tables particularly useful to your organisation? If so why?
5 Do you have any specific comments on the following tables:
   Strategy- tables 1.1, 1.2 pg 19 and 20.
   Training and Development- table 1.15. pg 23
   Employee Relations- table 1.16. pg 24
   Culture- table 1.17. pg 25
   Structure- table 1.18. pg 28.

Any other comments:
APPENDIX L: FRAMEWORK VALIDATION PROCESS QUESTIONS

L2 ORGANISATIONAL BACKGROUND

Could you please answer the following BACKGROUND INFORMATION questions, by ticking the appropriate box, or writing in the appropriate space provided.

I would be grateful if you could complete these questions for collection at our interview

2 Company name: ..................................................................

3 Name of interviewee: ..................................................................

4 Designation of interviewee: ..............................................................

5 Is the company part of a larger organisation? ........................................................

6 If so please indicate the name of the organisation ...........................................................

7 What is the current number of employees within your organisation overall approximately. ........................................................

8 What is the current number of employees within your subsidiary or operating unit? ........................................................

9 Do you have an organisation chart? Yes □ No □

10 Is it possible to have a copy of it? ..........................................................

11 Approximate percentage of total work subcontracted out %

12 Approximate percentage of work by own employees %

13 Is this balance between work completed by employees and subcontractors fairly static or does it fluctuate. Yes □ No □

Comments..........................................................

14 What is the company’s approximate turnover annual (£Million): ..........................................................

15 Please indicate the main areas of activity that your company undertakes:

   - Client
   - Consultant
   - Contractor
   - Subcontractor
   - Other

..........................................................
APPENDIX L: FRAMEWORK VALIDATION PROCESS QUESTIONS

L2 ORGANISATIONAL BACKGROUND

16 Please indicate the sector within which your company operates
   Building □
   Civils □
   Engineering □
   Other............................................

17 Please indicate the typical size of the current projects undertaken by your company, including project value and duration:
   ........................................................................................................................................

18 What approximate % of your annual turnover does this make.....%?

19 Have the types of projects you undertake changed in last few years
   Yes □   No □   Comments ........................................

20 Average number of projects undertaken at any one time?
   ........................................................................................................................................

21 Which systems of procurement are you mainly involved with?
   ........................................................................................................................................

22 How many clients do you have for your current projects?..............

23 What percentage of your business with these clients is repeat business?
   ........................................................................................................................................

24 How many suppliers do you have for your current projects?.............

25 What percentage of your business with these suppliers is repeat business?
   ........................................................................................................................................

26 Does your organisation enter into any alliances Yes □   No □

27 If so with what types of organisations?...........................................

28 Does your organisation enter into any long term partnering arrangements
   Yes □   No □

29 If so with what types of organisations?
   Client □
   Contractor □
   Subcontractor □
   Consultant □
   Other, please specify........................................
APPENDIX M: THEME ANALYSIS PROTOCOL
APPENDIX M: THEME ANALYSIS PROTOCOL

This appendix provides an overview of the theme analysis undertaken. It contains seven documents:

M1: Node listings

M2: Coding stripes

M3: Thematic Tables

M4: Main themes

M5: Recoding

M6: First Draft

M7: Final Summaries
APPENDIX M: THEME ANALYSIS PROTOCOL

M1: Node listings- Example round 1 interviews

1- organisational structure
2- culture
3- HR management
4- Leadership
5- Recruitment methods
6- Training and development
7- Incentives
8- Employee relations
9- Relationship (between strategy and SHRM)
10- Competitive position
APPENDIX M: THEME ANALYSIS PROTOCOL

M2: Coding stripes - sample page Organisation A

The first few questions are relating to the structure of the organization. I see the organizational chart you've shown me little cut out all the main structures. So, if you have in sort of briefly describe the principle job roles and the departments how would you sort of summarize that?

OK, it's not a very complicated structure. We have a head of Directors and the Directors each have a responsibility for a certain function within the organization. Those are listed, actually within that chart. I won't go through it again. Below that we have key groups. (1) product, (2) architectural group and then design group. Within those key groups we have associate directors or associates who manage those groups. The group have a group management team meeting or a forum where they can discuss and manage their resources, their marketing, everything else within those teams. So they manage their teams locally to those teams and then within those teams you have groups of different sizes of either staff, technical support or all the inter-disciplines. But cannot be heard absolutely if you are like the bottom end of the team. So the structure is in Directors with overall perspective of the team, and those directors also sit on those teams themselves. And you'll notice the names across the team space. Those key teams which then have organizational management of their own particular sector, and then the people within those teams who undertake the work, in support of that we have series of administrative to support the functions and that could be obviously the obvious again and we've got a graphical team, we've got on IT team, there's a whole series of smaller teams that are involved in another one who then support the functions that relate to all of the 3 or so teams as much as possible.

So how does the organizational structure support the business plan?

The business plan is I'll give you a copy of the business plan as well. The business plan has a range of aspirations for what the business should be achieving, whether that be quality, environmental performance, perhaps a client and the business plan becomes the like the goal of each individual team. The team work as a single unit but the associate director and the sector and the associate to some degree as well have a cross team meeting where resources are exchanged, people are transferred if their skills are best used in one team or another. If there's a shortage, or if there's a glut of people, resources or work. Then we have people between the teams, so at this level, at the group level and also at the management level of the team there is a horizontal line across the team which then drives the resources and deals with the resources at the lower levels.

Of how would you describe the financial structure?

Now, the financial staffs the financial aspects are mapped by a company secretary who sits on the board. He's not a Director; though he sits on the board, and he has overall control of the finances. He will control the outgoings, the sale of invoices and all the rest of it. But he has a team to support him. The secretaries and the numbers will assist him in preparing invoices, sue, that go out to the client in order that the invoices are correct. In terms of the management of the overall they slightly the working end, the overall strategic end, we have a financial officer, Dave Cunliffe, who works with finance to look at our prospects for how the finances are operating on an overall basis and they deal with that at board level.

Yeah. And with regards to leading the business, who does actually lead the business then?

The board of Directors. Because the board has a foot in each of the main sectors, then it's led at directors level, okay. We have a Managing Director who he's at the same seniority as all other directors but of course he's skills are in the management of the board at that level. So each of the directors have a strength within their own team, their own area. So, for instance, David Gardiner, who does infrastructure, he's more design works than the other Directors are. So he is the Design Director. But King has more of an understanding of quality and quality assurance areas, and he will deal with quality. Colin Holt, Managing Director, he's very good as a manager but not necessarily the understanding of the design or the QA. So each Director has their own strength that they bring to the Board but it is managed at board level. There's no one person, who's overall the most important.

Or, so with regards to the board, are the Human Resource Manager's ideas on how they balance the board or is there any conflict between?

There is no conflict. But if we were aware of, in terms of me.

If we talk a bit about culture, how would you describe the culture of the organization?

I don't know what you mean by the culture.

So, do you see any issues of?

The way you do things around here. Sort of if you had to try and describe what you see, perhaps one of the questions within the culture section is whether the physical impression you think the organization gives.

Okay, I think it's not sure, be honest with you, how I can answer that. But let's just take a step back from it. Well if we can get an answer. Within our architectural practice, you have a lot of individuals who are quite creative and quite single-minded. That makes in some ways quite a bit different ways of being different things occur. You don't have an order which everyone follows blindly; and that is probably critical to how our work is perceived. So, while work would generally reflect that, we have to do individuals building the individual identities. Very hard to do individual identities. We do traditional contracts, partnering contracts, we have all sorts of different ways of doing things go. It's a very, very wide ranging range of what we do. So, if that is if you had to reflect that in our culture, that I say our culture is very much of almost a company within three fairly closely housed, a whole series of fairly distinct working individuals and the organization has to manage people with their own temperament, much more aspirations, aims, allow enough space to be able to achieve those aspirations in order that people feel like they've achieved their goals.
## APPENDIX M: THEME ANALYSIS PROTOCOL

### M3: Thematic tables: HR management example

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>Organisation C</th>
<th>Organisation E</th>
<th>Organisation A</th>
<th>Organisation D</th>
<th>Organisation F</th>
<th>Organisation B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Middle -r/a</td>
<td>Middle -martin deals with it, i.e. people management</td>
<td>Middle - HR management, directors are responsible and company secretary then HR manager. Very much board driven</td>
<td>Middle - day to day basis, deal with training and environmental issues</td>
<td>Middle - business planning, no personal involvement, tends to be 3 to 5 years. People management side</td>
<td>Middle - line manager is first port of call, formal appraisal system. Reviews objectives, sets new objectives, training needs. Savings on budgets often happens with training monies e.g. softer skills not technical. Planning for 2 to 3 years HR is deal with by engineering and resource director</td>
</tr>
</tbody>
</table>

| Senior – wife sets up standards, including employment law etc. detailed checks undertaken on applications for bona fide details. Hr led by wife, enhanced by son and me. Wife deals with recruitment. Regular management meetings, weekly, review projects, submit brief reports. Financial meetings work in progress etc. monthly basis. Individual team meetings. Example of | Senior – the way we deal with personnel issues is informal between the 2 directors, based on company philosophy which is similar for both partners, although have different goals. Dealing with issues at lower level is done face to face | Senior – board of directors, no one person with overall importance | Senior – dealt with between myself and Sean, workload, resources, planning where possible, sometimes reactive. People management, speak to people, not ranter and raver, discuss things, and provide support. Dealt with across the board, wages and all rates set by directors | Senior – |

| Senior – trying to plan 3 years in advance for HR issues. We try our best to communicate what’s happening, regular communications each month, face to face every quarter at least, a lot of walking around and seeking out peoples problems. Dealt with by line manager, Sue, and engineering director | |

518
<table>
<thead>
<tr>
<th>Operative changing job role</th>
<th>Middle -n/a</th>
<th>Middle -no, I deal with complaints then pass them onto partners if needed</th>
<th>Middle - yes, have human resource policy, gives general flavour for views of policies, employee handbook, equal opportunities. Constantly reviewing and updating content</th>
<th>Middle - no personnel department, we would all deal with personnel issues or anything that came up really</th>
<th>Middle - no formal or informal way of dealing, we are governed by legislation</th>
<th>Middle - we have a personnel policy on training, not reviewed on an annual basis, includes succession planning also. If reviewed would be done by HR manager and HR director, then take up drastic changes with board of executive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>Senior -slow turnover rate, look at longevity, school leavers used to bring through the firm</td>
<td>Senior - recently re-written terms and conditions, re-written contracts to include up to date employment and health and safety law. Incremental pay rise, inflation or above plus review of staff progress if we wrote policy would include this is our philosophy treat with respect etc, training requirements, disciplinary procedures</td>
<td>Senior - not sure, appraisal, consultative group looking at a staffing issues, must be part of hr policy, detail of policy unknown</td>
<td>Senior - no specific policy, just try and recruit locally, go on recommendation if possible, as there are a lot of people who apply for posts who just aren't capable</td>
<td>Senior -</td>
<td>Senior -yes to policy, don't review the plan or policy</td>
</tr>
<tr>
<td>Conflict</td>
<td>Middle -n/a</td>
<td>Middle -partners are very different people, brothers but very different</td>
<td>Middle -</td>
<td>Middle -</td>
<td>Middle -</td>
<td>Middle -views are probably not the same, suspect conflict but don't know</td>
</tr>
<tr>
<td>Leadership</td>
<td>Middle -n/a</td>
<td>Middle -</td>
<td>Middle -</td>
<td>Middle -</td>
<td>Middle -</td>
<td>Middle -</td>
</tr>
<tr>
<td></td>
<td>Senior - me, frank</td>
<td>Senior -</td>
<td>Senior - 3 directors</td>
<td>Senior -3 of us</td>
<td>Senior -me, MD</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX M: THEME ANALYSIS PROTOCOL

M4: Main themes

ANALYSIS THEMES ROUND 1

STRUCTURE
CULTURE
RECRUITMENT
INCENTIVES
TRAINING
EMPLOYEE RELATIONS
HRM AND LEADERSHIP
SHRM
RELATIONSHIP
COMPETITIVE POSITION
# APPENDIX M: THEME ANALYSIS PROTOCOL

## M5: Recoding

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>Organisation C</th>
<th>Organisation E</th>
<th>Organisation A</th>
<th>Organisation D</th>
<th>Organisation F</th>
<th>Organisation B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method- way you deal with people management</td>
<td>Middle —n/a</td>
<td>Middle —Martin deals with it, i.e. people management. Because I know them I deal with them differently, if you know what kind of person they are and what they respond to helps really</td>
<td>Middle —HR management, directors are responsible and company secretary then HR manager. Very much board driven. Reviewed as often as possible, continual, e.g. mobile phones while driving. No strict time. Personally think of individuals, their thoughts and views before we go ahead and do anything. Balance between interests and the business</td>
<td>Middle —day to day basis, deal with training and environmental issues</td>
<td>Middle —business planning, no personal involvement tends to be 3 to 5 years. People management side, middle manager deals with people management side of things</td>
<td>Middle —line manager is first port of call, formal appraisal system. Reviews objectives, sets new objectives, training needs. Savings on budgets often happens with training monies e.g. softer skills not technical. Planning for 2 to 3 years HR is deal with by engineering and resource director</td>
</tr>
</tbody>
</table>

521
<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior – wife sets up standards, including employment law etc.</td>
<td>Detailed checks undertaken on applications for bona fide details. Her led by wife, enhanced by son and me. Wife deals with recruitment. Regular management meetings, weekly, review projects, submit brief reports. Financial meetings in progress etc. monthly basis. Individual team meetings. Example of operative changing job role.</td>
</tr>
<tr>
<td>Senior – the way we deal with personnel issues is informal between the two directors, based on company philosophy, which is similar for both partners, although have different goals. Dealing with issues at lower level is done face to face. All 3 of us, Jean will deal with problems re. pay, personal resources, decisions made predominantly by Martin. Jeans role is predominately financial. Planned and reviewed on a daily basis, chatting, responsive to employees and proactive mixture. In the past its been more opportunistic and reactive. Plan is 3 to 5 years. If issue occurs we deal with it straight away face to face, open door policy.</td>
<td></td>
</tr>
<tr>
<td>Senior – board of directors, no one person with overall importance. Definitely proactive, look at resources in advance. Each team leader has fairly lengthy appraisal every 6 months with their staff, aspirations, improvements, new directions, possible to change job roles. Also regular information sharing meetings.</td>
<td></td>
</tr>
<tr>
<td>Senior – dealt with between myself and Sean, workload, resources, planning where possible, sometimes reactive. People management, speak to people, not rater and raver, discuss things, and provide support. Dealt with across the board, wages and all rates set by directors.</td>
<td></td>
</tr>
<tr>
<td>Senior – middle manager deals with office side of things. Directors deal with planning meetings etc. with consultants. I deal with overall picture. Really on memo rather than face to face meetings so doesn’t affect on site. No review to the way we deal with people management. The way we deal with people management depends sometimes responsive. Treat staff as human being. Done informally, treat it how you see it, have to talk to some people in a different manner, it’s a case of knowing how to deal with that person to get the bet out of them.</td>
<td></td>
</tr>
<tr>
<td>Senior – trying to plan 3 years in advance for HR issues. We try our best to communicate what’s happening, regular communications each month, face to face every quarter at least, a lot of walking around and seeking out peoples problems. Dealt with by line manager, Sue, and engineering director.</td>
<td></td>
</tr>
</tbody>
</table>

**Method**

Two of the smaller organisations state that people management is dealt with informally between the two directors. 'The way we deal with personnel issues is informal between the two directors, based on company philosophy, which is similar for both partners, although have different goals.'

The other organisations outline that people management is dealt with at a number or levels from line manager to senior manager/director level.

When examining how people management was actually undertaken within the organisations there was a clear divide of the organisations into two similar groups. The larger organisations followed a highly structured and proactive approach to people management within their organisation.

'Regular management meetings,' 'Also regular information sharing meetings weekly,' they included the appraisal process as part of the management of people. Each team leader has fairly lengthy appraisal every 6 months with their staff, aspirations, improvements, new directions, possible to change job roles.' Also regular information sharing meetings.
APPENDIX M: THEME ANALYSIS PROTOCOL

M5: Recoding

‘Definitely proactive, look at resources in advance’. ‘We try our best to communicate what’s happening, regular communications each month, face to face every quarter at least, a lot of walking around and seeking out peoples problems’.

The smaller organisations discussed the fact that people management for them was far more reactive in nature; planning and review did take place on a daily basis and was proactive wherever possible. These organisations talked about the softer issues of people management and their informal way of dealing with staff that employees should be treated as human beings and be spoken to properly. Managers raised a point that individual employees often need to be communicated with in a different manner to ensure the best results, People management for some organisations was best achieved by an open door policy, one organisation thought that memos to site was more suitable for their business needs as operatives did not like to leave site to attend what they saw as ‘useless meetings’.

‘People management… speak to people.. not ranter and raver…discuss things, and provide support.’

‘Treat staff as human being. Done informally, treat it how you see it,’

‘Have to talk to some people in a different manner; it’s a case of knowing how to deal with that person to get the bet out of them.’

‘Because I know them I deal with them differently, if you know what kind of person they are and what they respond to helps really.’

Organisations confirmed that they planned from 2 to 5 years in advance regarding business and HR management planning

Who deals with people management

Smaller
Dealt with between myself and Sean,
Middle manager deals with office side of things. Directors deals with planning meetings etc with consultants. I deal with overall picture.
Informal between the 2 directors, based on company philosophy which is similar for both partners, although have different goals.

Larger
Senior – wife sets up standards, including employment law etc. detailed checks undertaken on applications for bona fide details. Hr led by wife, enhanced by son and me. Wife deals with recruitment.
APPENDIX M: THEME ANALYSIS PROTOCOL

M5: Recoding

'Definitely proactive, look at resources in advance'. 'We try our best to communicate what's happening, regular communications each month, face to face every quarter at least, a lot of walking around and seeking out peoples problems'.

The smaller organisations discussed the fact that people management for them was far more reactive in nature; planning and review did take place on a daily basis and was proactive wherever possible. These organisations talked about the softer issues of people management and their informal way of dealing with staff that employees should be treated as human beings and be spoken to properly. Managers raised a point that individual employees often need to be communicated with in a different manner to ensure the best results, People management for some organisations was best achieved by an open door policy, one organisation thought that memos to site was more suitable for their business needs as operatives did not like to leave site to attend what they saw as 'useless meetings'.

'People management... speak to people.. not rant and raver... discuss things, and provide support.'

'Treat staff as human being. Done informally, treat it how you see it,'

'Have to talk to some people in a different manner, it's a case of knowing how to deal with that person to get the bet out of them.'

'Because I know them I deal with them differently, if you know what kind of person they are and what they respond to helps really.'

Organisations confirmed that they planned from 2 to 5 years in advance regarding business and HR management planning

Who deals with people management

Smaller
Dealt with between myself and Sean,
Middle manager deals with office side of things. Directors deals with planning meetings etc with consultants. I deal with overall picture.
Informal between the 2 directors, based on company philosophy which is similar for both partners, although have different goals.

Larger
Senior – wife sets up standards, including employment law etc. detailed checks undertaken on applications for bona fide details. Hr led by wife, enhanced by son and me. Wife deals with recruitment.
APPENDIX M: THEME ANALYSIS PROTOCOL

M5: Recoding

Line manager is first port of call, formal appraisal system. Reviews objectives, sets new objectives, training needs. Savings on budgets often happens with training monies e.g. softer skills not technical. We try our best to communicate what's happening, regular communications each month, face to face every quarter at least, a lot of walking around and seeking out peoples problems.

Hr / business plan
Small
Plan is 3 to 5 years.
Business planning, no personal involvement tends to be 3 to 5 years.

Larger
Trying to plan 3 years in advance for HR issues. Planning for 2 to 3 years.

Policy

The three larger organisations all have a specific human resources policy,... 'Yes, have human resource policy, gives general flavour for views of policies, employee handbook, equal opportunities.' Whereas the smaller three organisations do not have a formal policy and deal with Human Resource management in a more informal manner. One organisation outlined what would be included in the policy if they formalised it 'If we wrote policy would include this is our philosophy treat with respect etc, training requirements, and disciplinary procedures'.
With regards to reviewing the policy two of the organisations do not review the plan as such whereas one organisation does undertake a review of the policy on a regular basis. 'Constantly reviewing and updating content'.
## APPENDIX M: THEME ANALYSIS PROTOCOL

### M5: Recoding

<table>
<thead>
<tr>
<th>Policy</th>
<th>Middle -n/a</th>
<th>Middle -no, I deal with complaints then pass them onto partners if needed</th>
<th>Middle - yes, have human resource policy, gives general flavour for views of policies, employee handbook, equal opportunities. Constantly reviewing and updating content</th>
<th>Middle - no personnel department, we would all deal with personnel issues or anything that came up really</th>
<th>Middle - no formal or informal way of dealing, we are governed by legislation</th>
<th>Middle - we have a personnel policy on training, not reviewed on annual basis, includes succession planning also. If reviewed would be done by HR manager and HR director, then take up drastic changes with board of executive.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior - slow turnover rate, look at longevity, school leavers used to bring through the firm</td>
<td>Senior - recently re-written terms and conditions, re written contracts to include up to date employment and health and safety law. Incremental pay rise, inflation or above plus review of staff progress If we wrote policy would include this is our philosophy treat with respect etc, training requirements, disciplinary procedures</td>
<td>Senior - not sure, appraisal, consultative group looking at staffing issues, must be part of hr policy, detail of policy unknown</td>
<td>Senior - no specific policy, just try and recruit locally, go on recommendation if possible, as there are a lot of people who apply for posts who just aren’t capable</td>
<td>Senior -</td>
<td>Senior -</td>
<td>Senior -yes to policy, don’t review the plan or policy</td>
</tr>
</tbody>
</table>

### Conflict

<table>
<thead>
<tr>
<th>Conflict</th>
<th>Middle -n/a</th>
<th>Middle -partners are very different people, brothers but very different</th>
<th>Middle -</th>
<th>Middle -</th>
<th>Middle -</th>
<th>Middle -views are probably not the same, suspect conflict but don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior -</td>
<td>Senior -</td>
<td>Senior -no conflict that aware of</td>
<td>Senior -</td>
<td>Senior -</td>
<td>Senior -</td>
<td>Senior -views are closer to mine, yes the HR managers know what strategy was</td>
</tr>
</tbody>
</table>

Organisations confirmed that different people within the business were involved in its leadership and HR management. Even though often personalities were very different in nature neither middle nor senior managers could cite any examples of conflict between the leadership and HR management within the organisation.

### Leadership

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Middle -n/a</th>
<th>Middle -</th>
<th>Middle -</th>
<th>Middle -</th>
<th>Middle -</th>
<th>Middle -</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior - me, frank</td>
<td>Senior -</td>
<td>Senior -</td>
<td>Senior -3 directors</td>
<td>Senior -3 of us</td>
<td>Senior -me, MD</td>
<td></td>
</tr>
</tbody>
</table>

The senior managers interviewed were strategy makers within their organisations and played important roles in the leadership of the organisations.
APPENDIX M: THEME ANALYSIS PROTOCOL

M6: First Draft: Cross case analysis

HR management and leadership

Method- way you deal with people management

Two of the smaller organisations state that people management is dealt with informally between the two directors. 'The way we deal with personnel issues is informal between the 2 directors, based on company philosophy which is similar for both partners, although have different goals.'

The other organisations outline that people management is dealt with at a number or levels from line manager to senior manager/ director level.

When examining how people management was actually undertaken within the organisations there was a clear divide of the organisations into two similar groups. The larger organisations followed a highly structured and proactive approach to people management within their organisation.

'Regular management meetings,' 'Also regular information sharing meetings weekly,' they included the appraisal process as part of the management of people. Each team leader has fairly lengthy appraisal every 6 months with their staff, 'aspirations, improvements, new directions, possible to change job roles.' Also regular information sharing meetings.

'Definitely proactive, look at resources in advance.' 'We try our best to communicate what's happening, regular communications each month, face to face every quarter at least, a lot of walking around and seeking out peoples problems'. The smaller organisations discussed the fact that people management for them was far more reactive in nature; planning and review did take place on a daily basis and was proactive wherever possible. These organisations talked about the softer issues of people management and their informal way of dealing with staff that employees should be treated as human beings and be spoken to properly. Managers raised a point that individual employees often need to be communicated with in a different manner to ensure the best results, People management for some organisations was best achieved by an open door policy, one organisation thought that memos to site was more suitable for their business needs as operatives did not like to leave site to attend what they saw as 'useless meetings'.

'People management... speak to people.. not ranter and raver... discuss things, and provide support.'

'Treat staff as human being. Done informally, treat it how you see it,'

'Have to talk to some people in a different manner; it's a case of knowing how to deal with that person to get the bet out of them.'

'Because I know them I deal with them differently, if you know what kind of person they are and what they respond to helps really.'
Organisations confirmed that they planned from 2 to 5 years in advance regarding business and HR management planning.

Policy
The three larger organisations all have a specific human resources policy. 'Yes, have human resource policy, gives general flavour for views of policies, employee handbook, equal opportunities.' Whereas the smaller three organisations do not have a formal policy and deal with Human Resource management in a more informal manner. One organisation outlined what would be included in the policy if they formalised it 'If we wrote policy would include this is our philosophy treat with respect etc, training requirements, and disciplinary procedures'.
With regards to reviewing the policy two of the organisations do not review the plan as such whereas one organisation does undertake a review of the policy on a regular basis. 'Constantly reviewing and updating content'.

Conflict
Organisations confirmed that different people within the business were involved in its leadership and HR management. Even though often personalities were very different in nature neither middle nor senior managers could cite any examples of conflict between the leadership and HR management within the organisation.

Leadership
The senior managers interviewed were strategy makers within their organisations and played important roles in the leadership of the organisations.

Organisational structure
The structure and job roles
All organisations have clear job roles and a number of levels of management. The smaller organisations operate very similar structures; two in particular have all strategic decisions made by themselves, with only one or two site managers and a number of operatives. This structural arrangement means that strategy makers are often in direct contact with operatives on a daily basis. The HR function within these two businesses is undertaken as part of the company secretary's role being led by the strategy makers.
The larger organisations have more formal levels of management and have executive management teams to support their structure. Departments are separated on a functional basis ranging from business development, sales and marketing to estimating and engineering.

Financial structure
When organisations discussed their financial structure four of the organisations reflected on the fact that they were family run businesses, two of which had excellent financial positions with no need for bank overdraft support. Two of the larger organisations had executive boards and a number of directors as part of their financial structure. The three
APPENDIX M: THEME ANALYSIS PROTOCOL

M6: First Draft: Cross case analysis

larger organisations all made reference to the strategic importance of financial planning for the future.

Changes
When organisations were asked to discuss any changes to organisational structure that they felt would be appropriate a number of views were given. Three of the organisations stated that at this current time there was nothing they would change. Two companies outlined structural changes that were occurring within the business with regards to structural arrangements including office layout planning and the setting up of regional offices and the impact this has on the overall business. Three of the organisations mentioned financial issues as having an influence on their aspirations for change, one organisation commented regarding improving the financial structure of the business to help improve cash flow. Another organisation discussed the fact that change can often be reactive and relates to workload 'You can plan ahead to a certain extent, but you have to react sometimes to secured work'.

Supports business plan
Organisations discussed the way in which the structure of the organisation supported their business plan. Two of the smaller organisations stated that 'structure is fine for level of work, we add resources to each zone if the workload increases'.

Organisational culture

Culture of the organisation
When asked to describe the culture of their organisation a number of issues were mentioned. The theme of a strong culture was mentioned by a number of organisations at both middle and senior management level. 'Strong culture- operatives are proud of what they achieve. That the organisations care about their employees'—its really setting, nice family run business, staff are well looked after, everyone gets on well 'board care about business and staff'. Two of the larger organisations make reference to the changing culture of the business over a period of time. 'Its developing more over time, evolving, strong culture when it comes to staff events, team building etc'

History
The organisations originated from family businesses on the whole with only one organisation established as a new venture in 2000 with an executive non family board. All other business are well established and have been trading for between 15 and 130 years.
APPENDIX M: THEME ANALYSIS PROTOCOL

M6: First Draft: Cross case analysis

Long service
All senior managers indicate that long periods of service from employees is common to their organisation, quoting common examples of common periods in excess of ten years and many twenty years with examples of thirty years.

Physical impression
Both levels of management organisations suggest that the physical impression given by the organisation to outsiders was one of a positive image. Senior managers in particular commented that the impression would be one of professionalism and high quality as common themes. Middle managers made comments in relation to the people, 'friendly organisation, welcoming' 'care about our employees and contract staff'

Own way/ traditions
Organisations were asked whether the organisation had its own way of doing things or followed any traditions within the organisation. A number of the organisations confirmed that they do have their own way of doing things, ranging from the work undertaken to the philosophy of the company

'yeah, very much family firm traditions, same philosophy with modern technology'

'yes, mainly the type of work undertaken, Yes-hands on, directors involved, younger element to'

Organisations also discussed the need to evolve and develop as a business

'not overly tied down, we continually evolving, we're not too rigid about doing things in a certain way'

'Yes, organic developed a situation that flows along, changes overtime in its own respect, led by partners who respond to situations that have been thrown at them'

Stories
Stories relate to the history of the business.

'yeah, covey trust, the people that work within the business fully have my backing to say that whatever they decide to make that decision will be repaid'.

'yes, struggling company at the beginning. Conveys that the business has developed well'.

yes, lots of characters, importance of individuals and last job-reputation. Conveys we are a small close company, pride, reputation (expanded in last couple of years) stories also relate to characters.
APPENDIX M: THEME ANALYSIS PROTOCOL

M6: First Draft: Cross case analysis

'people talk about characters, everyone remembers it's so essential to a business'.
'difficult projects and characters, convey that we are coming out of the old corporate entity of a big organisation'.

Recruitment

Methods
A wide variety of methods of recruitment were discussed by all organisations from word and mouth, recommendations, head hunting, advertising, newspapers, technical journals, agencies. 'Word and mouth is a preferred route due to the specific skills we need and a tight knit industry'. Word and mouth or recommendation and promotion from within the company were continually mentioned as a preferred route of recruitment. All companies could cite examples of these methods.

'Word and mouth is a preferred route due to the specific skills we need and a tight knit industry'.

Influencing factors
Recruitment methods utilised will depend on area of business the post relates to. Organisations commented that differences do exist between the recruitment processes for securing management and non management posts.

Career structure
When senior and middle managers were asked to discuss whether the organisation offered its employees a 'career structure' perspectives of career structure varied widely, it is clear from this that the two groups of management have differences in their outlook on what constitutes a career structure and within their own organisation. two organisations confirmed that in reality they don't have a career structure as such 'not really, we don't intend to expand, so there's no movement for new positions,' this links to the lengthy service time for employees suggesting a practical progression of skills exists as does financial remuneration. The other organisations offer a career structure ranging from 'yes if someone wanted to do something to develop them selves, grounding on the job to formal qualifications' to 'we do a lot of training and development, 20 to 25% of workforce are working towards a professions qualification, appraisal system. Also counselling available' and 'we do, graduate management development programme, appraisals looks at aspirations'.

Link to organisational culture

Organisations confirmed one the whole that any recruitment undertaken would select employees that could contribute to the business needs of the present and the future. 'look for employees who will contribute to business needs now and the future of where the business is going'. Additionally two organisations referred to the importance of personalities in this process.

'Personalities are key issue to the business'.

531
Training and Development
A number of issues were discussed regarding the training and development undertaken by the organisations and the decision making process that relates to that training.

Methods and influences
Training methods support the type of business. A wide variety of methods exist from continual development to formal and informal routes. The type of training undertaken varies between management and non-management posts.

'Bwould say training is generally more practically led-vocational, training benefits employer and employee.'

'A mixture of formal and informal methods, external courses to internal lunch updates ... All new staff have formal inductions.'

Budgets and decision making:
None of the organisations had a fixed training budget. Training requirement decisions were made by the management team, generally the final decision rests with the strategy maker within the organisation, and decisions are made either collectively or individually depending upon the organisational structure. All decision makers realised the importance of training and often provided training as and when necessary. Middle management and senior management perspectives regarding the topic were the same.

Assessments
Wide range of methods for a small number of organisations was outlined. The method of assessing training requirements varies from proactive to reactive in nature. Needs can be responsive to individual requests, legislative requirements and the need of the business for the future. It is undertaken in a variety of ways from a visual assessment, to a formal training analysis and within the appraisal process. Some organisations see this process as clearly a two way process whilst others see the role as one of senior management led through to responsive to employees requests.

Appraisals
Appraisals like other issues relating to training and development vary widely between organisations. All organisations have an appraisal system in place. The smaller three of the organisations operate appraisals generally on an annual basis and are verbal in nature and can take place within the office or workplace setting. Even though informal it is a two way process and acts as an opportunity for discussion regarding any problems, improvements and issues relevant to either party. No formal record of the appraisal takes places as such. Normally completed on one to one basis for all six organisations. The three larger companies operate more formal systems of appraisal be them annual or six monthly. They involve
APPENDIX M: THEME ANALYSIS PROTOCOL

M6: First Draft: Cross case analysis

preparation in advance by both the employee and appraiser. Clearly a two
way process to discuss progress, aspirations and planning for the coming
period. Conclusions are formally recorded and acted upon.

Training Plan/policy
All organisations indicated that they had a training plan or policy, two of the
larger organisations had formal written plans although all companies could
articulate verbally their training policy. One of the smaller organisations
ensured that every individual had an agreed training plan.

Developing staff
Verbal, informal, employee or manager led. A more structured approach
was taken by two of the largest employer who linked aspirations and
development to appraisals. Relates to establishing if the employee is
satisfied with their role, person's personality and the future development in
line with the business. Two middle managers (smallest organisations)
indicated that they did not know how the company developed its staff. Most
organisations indicated that the development process occurred at all levels
of the business, one company indicated that the process only occurred at
senior management level

Qualifications
A wide range of qualifications are held by the various organisations ranging
from formal management (IIP, BS) to membership of trade associations. All
companies had considered the importance of qualifications to their
business. No clear link between the size of the organisation and the type of
qualifications and membership they hold.

Incentives
Definition
When questioned regarding incentives that the organisation provide, there
was a clear difference between the senior management and middle
management perspectives in all but one organisation. Generally middle
managers found difficulty in articulating what incentives the organisation
provided for employees. Senior managers clearly articulated their
perspectives regarding incentives.

Types of incentives discussed by senior managers included financial
incentives, this focussed highly in three of the organisations, and two
organisations considered incentives to be social events by the organisation,
the final organisation had a varied number of incentivisation methods
'quarterly meetings for all staff, prizes, art competition, personal
recognition, new staff consultative committee, for staff to look at
how and why they are rewarded'

Salary level
Salary levels in all but one organisation have a relationship to market rates.
all companies considered their salary levels to be highly competitive. Two
organisations outlined other important factors when discussing salary levels, the longevity of the employees and a very flexible system based upon the employee level and performance.

**Performance**
Is monitored by all the organisations concerned, all the organisations monitor performance through informal methods by day to day monitoring of employees against their targets. In addition to this two of the large organisations use their formal appraisal as a vehicle for monitoring performance. The third of the larger organisations talks to their staff on a one to one basis outside of the appraisal process regarding performance in addition to informal monitoring.

**Performance related pay**
Pay is clearly linked to performance within all the organisations. Two of the organisations outlined the difficulty in trying to relate pay to project performance and individual contribution. Another of the smaller organisations outlined the fact that promotion is very limited within the organisation hence salary is another way of showing reward.

**Job descriptions**
All the organisations interviewed use job descriptions; they vary in detail with regards to specifying actual duties for each employee rather than generic descriptions that relate directly to the job title rather than the individual. Two of the smaller organisations use the recruitment process and interview stage to ensure that employees are clear regarding their duties.
APPENDIX M: THEME ANALYSIS PROTOCOL

M7: Final Summaries

INDIVIDUAL CASE STUDY REPORT- ORGANISATION A

CULTURE
STRUCTURE
HR MANAGEMENT
EMPLOYEE RELATIONS
INCENTIVES
TRAINING AND DEVELOPMENT
RECRUITMENT
COMPETITIVE POSITION
SHRM
RELATIONSHIP TO SHRM

CULTURE

Quite different views displayed by the middle and senior staff.

Senior — old practice 1870’s, strong client base, financially stable, flexible company, based around quality. Originally family run, fairly solid company. Senior — one of almost managing within these fairly loose bubbles, a whole series of fairly chaotic aspiring individuals. No set task, much greyer area than that.

Whereas the middle manager: Middle — strong characters, constant staff consultation, Middle - positive image, proud to show people round, good facilities. Middle — quite paternalistic, board care about business and staff.

Its developing more over time, evolving, strong culture when it comes to staff events, team building etc.

Both confirmed long service of between 10 to 30 years duration.

STRUCTURE
Organisational structure
Senior — board of directors, 3 key groups, each group has associate directors and associates manage those groups. Manage teams locally. Directors also sit on those teams. IT team, HR team and administration support the core.

Financial structure
Senior — managed by company secretary who sits on the board. Overall financial control. Also financial director that looks at strategic side.

Job Roles
Discussions regarding job roles did not take place.
APPENDIX M: THEME ANALYSIS PROTOCOL

INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

The business plan
Senior — business plan has range of aspirations e.g. quality, clients and the business plan becomes a goal for each individual team. Teams are a unit, with an associate director, directors have cross team management meetings to ensure links and correct resource balance.

Changes
Both senior and middle management confirmed that changes to the structure of the business are occurring.

’t here are things changing, structural arrangements so staff feel like they fit in more’.
‘recently set up cross over meetings between management teams to improve communication’.

HR MANAGEMENT

Method — way you deal with people management
Middle — HR management, directors are responsible and company secretary then HR manager. Very much board driven.

Reviewed as often as possible, continual, e.g. mobile phones while driving.
No strict time.

Personally think of individuals, their thoughts and views before we go ahead and do anything. Balance between interests and the business
Senior — board of directors, no one person with overall importance.

Definitely proactive, look at resources in advance.

Each team leader has fairly lengthy appraisal every 6 months with their staff, aspirations, improvements, new directions, possible to change job roles. Also regular information sharing meetings.

Policy
Middle — yes, have human resource policy, gives general flavour for views of policies, employee handbook, equal opportunities.
Constantly reviewing and updating content.
Senior — not sure, appraisal, consultative group looking at staffing issues, must be part of hr policy, detail of policy unknown.

conflict
Senior — no conflict that aware of.
INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

EMPLOYEE RELATIONS

Trade unions
Senior – no, in the process of forming our own consultative council.
Middle – not TU recognised.

Employee representatives
Senior – normal management structure, consultative group.
Middle – employee representatives if a disciplinary interview, committee group.

Suggestions
Senior – depends on the suggestion, if it's a good idea then directors take it to the board meeting for approval.
Middle – formal system, staff have come up with the agenda.

Participation
Senior – encourages and expected to attend workshops.
Middle – consultation group, other groups, e.g. environmental accreditation, induction pack includes information and contacts for groups within the business.

Information sharing
Senior – business plan, 2 workshops this year to involve staff. Consultation committee. Staff makes comments, board takes them very seriously.

Effective communication
Senior – just be clear, honest, regular communication face to face
Middle – quarterly meetings, team meetings, management meetings, notice boards, appraisals

Business plan
Senior – employees participate in business decisions by writing of the business plan in workshops. Employees don't participate in day to day business decisions as that's the board's responsibility. Boards does listen to views to formulate their views.
Middle – if serious, then email to be sure all received it. then notice boards, then quarterly meeting.

Employee relations – grievance issues
Senior – depends on level of grievance, first call is team leader, then director then HR. Grievances can be dealt with at all levels.
Middle – only one official grievance, dealt with via discussion, it's about talking to people and listening.
APPENDIX M: THEME ANALYSIS PROTOCOL

M7: Final Summaries

INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

Employee relations - disciplinary
Middle - HR conduct disciplinarians, staff can bring a witness with them. HR deal with whole process at different stages. Trying to take as much away from staff to deal with themselves as possible anything from administration to conducting meetings. can just attend as observer.
Senior - informal discipline dealt with at fairly local level. Formal discipline is conducted via HR.

Employee relations - health and safety issues
Senior - way it's dealt with depends on the level of issues. H and S have a Q.A person responsible so he can support people, dedicated full time.

Employee relations - day to day management
Middle - dealt with by HR, managers have been given guidance on how to do informal counselling, HR can sit in on sessions also. Committee set up worked in it with ACAS. Group of staff wrote the constitution with ACAS, nominations across the company and voted. 7 members all areas of the business are represented. Agenda formulated, discuss how they want to be rewarded.

Senior - line managers on day to day basis, if there becomes an issue then you would usually raise it with the director or HR. largely an informal process unless it's something serious. Staff are supported by giving them the opportunities and the support needed to carry out the issue. From technical to emotional support. Try to resolve the mistake not dwell on it. Encourage and support them when they have done something well to. Its about good communication.

INCENTIVES

Salary levels
Senior - flexible, overlap between salaries. Based on level and performance, no scales.

Incentives
Senior - no incentivisation as such, personal incentive is based on achieving aspirations. Salary isn't an aspiration. No profit sharing, no health benefits, no overtime.
Middle - quarterly meetings for all staff, prizes, art competition, personal recognition, new staff consultative committee, for staff to look at how and why they are rewarded.
APPENDIX M: THEME ANALYSIS PROTOCOL

M7: Final Summaries

INDIVIDUAL CASE STUDY REPORT- ORGANISATION A

Performance
Senior – not assessed directly, done informally based on how day to day work is going, managers need to find out reasons, job motivation not punishment.
Middle – day to day basis really, appraisal too. HR gets involved if needed to and can’t be resolved by line manager or need guidance. Project and design reviews too.

Performance related pay
Senior – its related, people who are promoted, there is a range of positions available for people who are motivated who want to take the responsibility and motivation forward.
Middle – don’t link appraisals with salaries. Look at salaries with HR and board, market values, equal pay. No banding of salaries.

Appraisals
Senior – yes, every role has a job description, they do include duties and responsibilities but no salary scale.

Job description
Middle – yes, at the moment they are related to the job, checking during appraisal that staff are happy with their individual job description.

RECRUITMENT

Link to culture
Senior – people have to fit in, but sometimes if they have experience and skills then you can’t be too fussy about whether they’re culturally appropriate to the business. Some individuals are very abrasive but what the do is very good, so its tolerated.
Middle – both work with team and fit in within the team. Look at long and short term when interviewing.

Career structure
Middle – depends on the definition, we do a lot of training and development, 20 to 25% of workforce are working towards a professions qualification, appraisal system. Also counselling available.
Senior – don’t think so.

Influencing factors
Middle – methods depends on area of business.
Process is the same regardless of post, type of interview or assessment may change.
APPENDIX M: THEME ANALYSIS PROTOCOL

M7: Final Summaries

INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

Senior—varies between management and non-management posts, management is more targeted. Problems of recruitment is the same good people are hard to find.

For managers experience is far more important than qualifications.

Methods
Middle—generally place adverts. Junior positions through 'connexions' specialist positions through agencies. Recommendation also. CV's managers short list, interview panel. Definitely promote from within, e.g. associate directors.

Senior—all routes, contacts, journals, degree shows.

TRAINING AND DEVELOPMENT

Methods and influences
Middle—very varied types include in house, external or education, all subjects.
Senior—very varied, continual professional development, provide financial and time support to staff. Method varies between management and non-management posts. Technical staff will have different needs to senior managers.

Budgets and decision making
Middle—no fixed budget, assess training needs and relevant approval is sought
Senior—budget not known, everyone who has asked for training gets it.

Assessments
Middle—in lots of ways, verbal to hr manager, appraisal, management meetings, Q.A, updated CV's, 2 ways process. Formal appraisal every 6 to 8 months. Senior—needs are identified through appraisals.

Appraisals
Middle—yes., check appraiser is the correct person, individual happy with process, both fill in forma before hand.
Senior—both parties, what your aspirations are, 2 way process.

Training Plan/policy
Senior—yes, detail not know.

Develop staff
Middle—can be set aims in appraisal. No strict development plan as already have career plan.
Senior—yes, appraisals are geared around staff development, not sure if formal plan is in place.

Qualifications
Middle—IIP, Q.A, working to ISO 14001 (environmental).
INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

COMPETITIVE POSITION

In order to establish the competitive position of the organisation a number of issues surrounding the topic were discussed including staff morale, organisational performance, competitive position in relation to competition and market share of the organisation.

Staff
How would you say your staff morale compares to that of your competitors

Senior - erm, we have a different age profile to many of our competitors and I'd say that our age profile is more mature than some of our competitors, in that respect I think people are less or probably less excited and driven, I don't necessarily mean that in a bad way. Equally they are more stable and probably more solid and dependable. You know it's a god solid, based on experience, kind of practice.

Staff turnover
Senior – I’d say it’s far better than satisfactory.

How does the business monitor Organisational performance
Senior - the only way that we measure our performance, I guess is to do with what the turnover is and what the profit is in terms of measuring. Erm we do have oh actually no saying that when I start thinking we do manage and measure environmental and quality assurance as well so but I don't know what against what I'd be able to benchmark that against other customers- against other architects? No idea... financially we've got very clear reporting mechanisms. Environmentally every project is audited environmentally. E have design reviews which deal with the quality of products. We have quality assurance mechanisms which are reviewed and there's design reviews within the quality assurance. So there's a range of reviews that get done, which make sure the product which at the end of the day is one of the aspirations for the business is maintained.

Comparison with competition

How does your profit growth compare to that of your competitors?
Senior - I don't really know....i wouldn't say we're particularly profit driven, I'd say we're much more about, if we have a good turnover year then its much more about trying to invest more in the business, so we might actually invest in IT equipment, we might actually pay off if there is overdraft facilities on the loans, rather than taking high profits. The profit is usually maintained fairly low, usually around 5 %.
APPENDIX M: THEME ANALYSIS PROTOCOL

M7: Final Summaries

INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

Have you any idea how your business performance compares with the other people in the industry?
Senior – erm, when the times are very very good it’s very easy to be successful, when the time’s very bad it’s very easy to have a horrendous time of it, when there’s a lot of recession. During the last recession, a lot of practices went under, a lot of practices sacked a lot of people, during that recession here I don’t think I sacked a single person, they just tightened everything in. I’d say the proof is when the times get hard and when the times get hard, this is a very good place to be. It works both ways.

SHRM

Are the Aims and goals made transparent to the employees?
Middle – yes through the business plan and business framework, each issue of communication needs to be considered separately as you’ve go to sort of personalise it each time haven’t you.
Senior – yes through the business plan, that’s not to say that erm you could necessarily recite key aspects of the business plan.

Is people management cost effective?
Middle – definitely, definitely yeah.
Senior – no idea.

Do you think that HRM contributes to the quality of service or product you provide
Middle – yes, I think so, because they’re given an opinion on how to make it, to improve quality as well meetings are held to review how teams can be more effective.
Senior – yes it does contribute to that, cost effectiveness is not managed by hr, its managed by other mechanisms, whether they be job costing, time sheets etc its not really a human resources thing overall, its much more kind of interpersonal resource rather than the overall business resource.

Do employees demonstrate allegiance
Middle – I think so because we’ve got a good retention of staff, we have a very low turnover, I think it’s because we give so many opportunities for them to have an input in the business that they start to feel that stronger link, then we can obviously deal with them as individuals as well, you’ve got to keep people happy then they add value more to the business.

Senior yes they do obviously, the number of things people do outside the business, whether its social activities or business work, they have different levels of allegiance and they have different views about businesses and their allegiance to it is different, but fundamentally I say people do.
## Individual Case Study Report - Organisation A

### Do you think that HRM contributes to productivity?

Middle - hmm, that’s just what I’ve said isn’t it?

Senior - well if people if there wasn’t any human resource management and people were left to their own devices and they has no interest in terms of the management of their aspirations, management of their training, management of their future, no management of the relationship between other people then they couldn’t do their job at all. It is critical to how the business works, the business works on people relationships, people working in teams, therefore the management of those people and the relationships of those people is in the business.

### Does people management contribute to the business’s Financial performance

Middle - yeah, and I’m loving. I can’t wait till I find a day to where I can actually put a bottom line on what I do, because I’m classed as the biggest overhead that works here because I don’t charge for my time. E.g. I’ve reduced the staff sickness is huge.

Senior - I wouldn’t say it’s the overall human resources management strategy that does do that, but without the resources you are nobody, so by implication, it does but I’d say we deal with that kind of resource level at a lower level than global human resource management.

### How important do you think that managing people is to the business?

Middle - I personally think it’s extremely important, I think because I’m so involved in the staff and involved in the business and therefore, can start to deal with problems before they become a major issue. If it wasn’t for the people side then there wouldn’t be a business, so it’s a matter of making sure that’s constantly dealt with and running smoothly, and adding value to the business.

Senior - fundamental, you rely entirely and this is the whole crux of what we were discussing before, you know, is it about qualifications or is it about experience? It’s about experience; it’s about people, it’s about face to face, its all about all these things its all about soft issues and therefore it’s all about the management of people and their issues.

### Do you think your employees have the right level of competence, is there any way competence levels can be improved?

Senior - not always, but where they don’t we aim to find areas of concern and resolve that. I wouldn’t say anyone is incompetent but I’d say that there are people who could achieve more if they were encouraged or had more motivation.

Improved through encouragement, training, responsibility, you’ll find that someone’s competence will increase as they get more experience with certain jobs or experience working with different people. Encouraged by making them feel like they’re worthy, by making them feel like that what
they do have a purpose and they're all part of their schemes you know. They're there to really contribute and that they're valued.

How effective is strategy communicated to staff
Senior—oh very, I think that's one of things we're good at, actually we make sure that staff know what's going on and in fact, from the directors, from above, I'd say that is that's a good point we've got.

How do employees show commitment
Middle—I think so, erm for instance we managed to get people to volunteer to go on the consultative committee, I think we've done lots of other, sort of staff related things, erm fundraising things, once we start to drum up the interest and tell people there's always people that will turn up.
Senior yes, absolutely, in different ways and different employees do different things, but you'll find the majority of employees work longer hours, they do things beyond their job descriptions.

Do employees participate in business decisions
Middle—yeah, well we've just set the new framework for the next 5 years for the business plan, erm all staff were consulted on that, the rough communication, asking peoples opinions on what they think is appropriate from the business plan and peoples opinions are taken on board and fed through either from just generally people going straight up to the managing director, saying I think this should be in the business plan, to people going to their line management and then coming through the management meetings and then getting fed back so everybody's got a voice and an opinion here.

Do you think that people add value to the businesses
Senior—people well yeah the business is nobody without the people in the sense that everybody adds a value. Everybody's worth an awful lot more than they are worth on paper financially, in terms of what they bring but also in terms of what they provide to the business overall.

What do you think are the major challenges for people management over the next few years
Middle—the major challenge was actually introducing human resources in the business, the biggest challenge has been convincing people that I can add value and I can make a difference. If the business is doing really well then like my major challenge would be how I'm going to go about recruiting more people and making sure I know how to best retain the existing staff and we have to keep them.
Senior—er challenges? Keeping everyone happy, keeping a kind of a fairly buoyant, positive inspirational ship that wants to keep going forward.
APPENDIX M: THEME ANALYSIS PROTOCOL

INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

Do you think that the HRM links to the organisational goals and aims?
Do you see a link?
Middle - yeah, yeah, like I say through all the for all the business plans for
the different areas of the business, to me being involved in the
management meetings to be involved you know, I have a close link to the
board meetings, I'm constantly involved in the business.
Senior - yeah I think there is a link but I'm not sure I could quantify what it
was. The people in the practice define what the practice is doing, either at a
business level or at a functional level. By implication the resource ad the
management of that resource is absolutely critically linked to the success,
failure, expansion, aspiration of the business.

Do you think that within the business you have the necessary skills to
manage people effectively
Senior - yeah I'd say we were actually fairly well geared up for managing
that, I wouldn't say that we have no gaps in our skills but I'd say that human
resources and the management of people isn't one of our gaps.

Do you see people management as core to the business?
Senior - I wouldn't say central, its one of the constituent parts. I wouldn't
say that each one is particularly central, no its part of. Yes to some extent.
The way you manage your staff, is it informal?

If you had to define human resource management
Senior - two parts to HRM, one is the skills that the individuals possess
and making sure that the balance of skills is right for the individuals and the
business. The second part is the management of the physical aspects of
that resource i.e. how much time they've got, how much time they can
spend. I'd say it's the skills on the one hand and then the technical
management of those skills in terms of time, that is the other part of that.

Do you offer any Flexible working arrangements
Middle - we do have some flexible working arrangements, we appreciate
the sort of diverse workforce that we have here. We take everybody's
request on board here.
Senior - we're starting to yes, some people now have more flexible working
arrangement, working to improve it so that's its true flexible working.

RELATIONSHIP TO SHRM

Is the way you deal with people management and future strategy the
same or two separate things
Senior - how important is human resource management policy to the
business planning. Relationship exists Rebecca deals with hr. we but
forward ideas as to how we might be able to obtain those people in
practice. Try to share skills we have don't necessarily recruit form outside
try to develop people.
APPENDIX M: THEME ANALYSIS PROTOCOL

M7: Final Summaries

INDIVIDUAL CASE STUDY REPORT - ORGANISATION A

Senior — is it possible to apply same sort of ideas and philosophy to the strategy of the business as well as the management of the people. The management of the people is different to management of the business. 5 years business plan. Human resources dealt with at lower levels. Don't apply the same principles to hr as we do to things like finance, its different issues, so not possible to apply the same ideas.

Incentives support strategy
Senior — wide remit for incentives for architects. Depends on who you are and your aspirations. The rewards relate to the satisfaction you get from the schemes. Small scale rewards to praise staff for things they have done, generally as a team.

Relationship
Senior — the way people are managed to the future development of the firm. The firm is its people so it's fundamental.

Does people management support the business strategy?
Senior – people management policies are created to support... that might include everything from recruitment to all of the things we have discussed previously.. HRM is Very important in supporting the business plan, it's the supporting things that make the business plan work, it is proactive and its to try to support the business, in that specific sector. Human resources fits into it by supporting the product which effectively becomes our business plan, so I say it isn't directly, it's a support role.

Leadership style support people management
Senior – yes, we've got quite different leadership styles, 5 directors all quite different in the way they approach things, some of them are very proactive all very different.

Does the leadership style of the organisation support the business strategy
Senior – yes, not sure really, you work with different people and you work for different reasons and having different leadership styles doesn't necessarily affect how well or how badly you work with people. It comes down to the work the culture and the people around you. Its important that the leadership is non confrontational.

Is the effective management of labour a competitive advantage
Senior — idea of the business plan overall is very much to have vary clear stable solid base, no huge changes or huge increase in turnover. It's about solidarity. We want staff who are therefore the long term and a lot of staff build up over many many years.
INDIVIDUAL CASE STUDY REPORT- ORGANISATION A

What resources does the business possess that give you an advantage over competitors
Senior – key thing is a very very stable and vary quality technical side. Very multi-disciplinary so we have a wide range of skills, there’s a very wide range of work, so we can kind of feed off the skills that we have and share what we do.

Organisational structure supports business strategy
Senior – gives a very very clear direction, important so people know where we want to be going. The business plan and the plan of action at team level together provide a clear direction of where you want to be and people know what the goals are and they can work within that parameter

Recruitment is in the strategic plan
Senior – not specifically part of the business plan, the human resources are not directly linked, the human resources supports the elements that make the business plan work.

Recruitment supports the strategy
Senior – recruitment doesn’t in the sense that the recruitment supports the work within the business or the skills that are needed within the business. Its those skills and that work that represent the vision, so its not directly connected.