

## MANAGEMENT - EMPLOYMENT OR EMPLOYABILITY

"Education and ability to do things are not interchangeable terms. You cannot educate brains into a man's head, but you can help him to make the most of the brains he has."

**(Henry Ford (1863 – 1947), Inventor and Founder of the Ford Motor Co, Ford on Management)**

It is now a widely held belief, rightly or wrongly, that lifetime employment is a thing of the past and that opportunities for longer-term careers in future have all but disappeared. Indeed, many directors and senior managers see longer-term employment as being both unattainable and unrealistic. But are they right? Others perceive the concept of a paternalistic organization accepting a degree of responsibility, associated with moral, ethical and social issues, for employees and their immediate community as totally unacceptable. In other words, whilst an organization might employ you for an indeterminate period of time, there is no sense of corporate social responsibility and not commitment on the part of business to a community, an area, a town or even a country. This implies that there is no such thing as society and I am reminded of politicians suggesting that is the case. But, again, are they correct?

During the past decade many middle management positions have disappeared as companies have delayered to produce flatter management structures. But has that made companies more productive, competitive, effective and efficient? Whilst global competition might have forced companies to rationalise their organization, programmes of downsizing and delayering have reduced the number of employees not simply as a means of creating leaner organizations but as a way of reducing overheads and improving the 'bottom-line'.

Re-structuring and business re-engineering programmes and resource re-alignment, that's a good one, have provided additional opportunities for directors and senior managers to get rid of employees; and, outsourcing has, conveniently, allowed companies to concentrate on their core activities and, again, reduce staffing levels by moving jobs abroad to countries with lower labour and overhead costs.

However, a survey by the American Management Association (AMA) found that whilst two-thirds of companies in the USA had made two or even three rounds of manpower cuts this decade less than half of the delayered and downsized companies had actually increased their operating profits. Even fewer had increased productivity. The problem appears to be that in the short-term drive for increased profitability senior managers have learned how to reduce overheads but not how to grow companies.

Because of the rapid rate of change, driven by the pace of technological invention and software programmes, companies no longer appear to produce a longer-term strategy, say 3 to 5 years ahead, as a means of estimating the number of employees they might require and the level of experience. This, too, is having an adverse impact on employment contracts. Does it not make sense to re-train re-skill and re-deploy staff to other areas rather than sack older employees, usually based on cost, and recruit younger people for shorter contract periods and lower rates thus increasing the turnover rate?

All these management fads have increased insecurity among employees. Insecurity not only undermines people working within a company or an organization but it also undermines consumer confidence and it also impinges on local, regional and national economic prosperity. Basically, if I do not earn I do not have therefore, I cannot purchase; if I do not purchase then demand is reduced; and, if demand is reduced then companies have little recourse but to reduce the workforce and raise prices if they are to maintain profit margins. A 'Catch 22' scenario that government's sometimes try to deal with through cuts in taxation to stimulate demand, but so often the tax cuts benefit the wealthier in society, those who do not need them, and that is when the gap in society continues to increase.

However, the demand for multi-skilled, creative and flexible workers is driving people to despair and sometimes to destruction. The situation is exacerbated when companies demand flexibility of hours worked, time in attendance on site or in office and training on the job but, the companies themselves, are increasingly less flexible and sometimes reluctant to provide update training or allow flexible working hours and schedules. Even governments, advised by big business and big businessmen, increasingly demand greater flexibility in the workplace, but for and to what end?

What many organizations appear to have forgotten, despite the rhetoric in annual reports, is that the bedrock of a successful company is a happy, motivated, satisfied and trained group of employees. If you treat your staff well they are more likely to do their job better and if they do their job better then customers are more likely to come back. One might even suggest that this factor is more important than say investment in new plant, new equipment and IT systems, perhaps even strategy.

A survey by the CBI, in 1999 or 2000, indicated that whilst businesses may be, at last, recognising the need for training to improve skill shortages many companies are increasing the number of temporary or short-term contract staff which, surely, defeats the objectives of stability, commitment and training. The message does not appear to be actually getting through.

However, the real crux of the problem appears to be that in Britain we have not really had any positive and sustained industrial policy for many, many decades. We have allowed areas such as ship-building, heavy and light electrical and mechanical engineering, textiles, clothing, motorcar and motorcycle and electrical household items to disappear from our industrial base.

Meanwhile France specifically concentrated on transport and were responsible not only for Concorde, in part, but also their high-speed rail network, the Trans Grande Vitesse (TGV), whilst maintaining investment in their wine industry; Italy has concentrated on high-class fabrics, materials and fashion accessories such as shoes and handbags; Japan invested very heavily in electrical and electronic areas associated with radio and telecommunications, also the motorcar and motorcycle industries and also built their high-speed Shinkansen railway network; and, America, concentrated on the chemical industries, professional business services, finance and on information technology (IT)

Whilst senior managers, politicians, academics and employers representatives wring their hands and pontificate what should, could or might be done they are missing the point that British industry and manufacturing is slowly disappearing down the pan to be replaced by what, burgher-flipping jobs? Yes, it might be good for more than 50% of young people to go the University and gain a degree in, for example, floor covering, media studies, the mating habits of the common toad or some such other nebulous subjects, but where will the students be employed? What employment opportunities will be available to them not only now but during the first decade of the 21<sup>st</sup> century and what will we base our economy on for the foreseeable future? What are politicians and senior business leaders thinking about for the UK economy for this decade let alone the next one?

What areas of business are to form the backbone of the British economy and what education and training will be necessary to meet the demands of those industries? And, whilst on the subject, there are few courses at colleges of further and higher education to enable out of work people to re-train or re-skill themselves for opportunities in other sectors of industry that are suffering from a skill shortage; the IT sector springs to mind. That is why vocational and professional courses must be provided at colleges of further and higher education and made available for re-training and re-skilling older people.

But, what is to replace employment opportunities, job security, commitment, loyalty and motivation in future? Human beings need to interact and, therefore, being employed and employable is accepted as being the normal condition. Indeed work is a fundamental factor for a social life because we live in a society where position defines status, connections and friends. Most, if not all, ordinary law-abiding citizens will choose to work rather than exist on state subsidies and social handouts; that is provided they can see that after deductions for income taxation, other contributions and the costs of work, for example travel expenses and the cost of clothes, what they are paid is worth their time and effort.

According to International Survey Research (ISR), employees in Britain are more dissatisfied than in any other European country and levels of remuneration, pay scales and terms and conditions of employment play a part because there are increasing divides between the north and the south and the rich and the poor. Placing workers under pressure, through continual and various staff reduction programmes not only lead to job losses but also leads to an increasing reduction in morale and to a loss of loyalty and trust. Problem is many companies, whilst recognizing that less formal employment terms might be part of the culture of industry and commerce, have yet to recognize that, basically, human beings have not.

People need stability in order to feel secure, especially about their livelihoods, families and careers in order to give off their best. Knowing that you have the ability, through academic and vocational skills, practical training, professional qualifications and experience, to earn a living and maintain independence from whatever social systems are available, is of paramount importance if people, their families, communities and society are to progress.

So, how will companies manage to retain staff, maintain productivity and profitability and remain competitive in future without commitment to their employees? How can companies allay the very genuine fear of employees that their job could disappear with little or no warning and sometimes at the drop of a percentage point? And, how does one motivate people in delayed, downsized, outsourced and re-engineered organizations?

One way of lessening insecurity among employees, is, perhaps, to provide programmes of academic and vocational training that will make people more employable. There is a need for job security so that people can develop their skills. After all, having a trained and employable workforce not only increases self-esteem and motivation but must, surely, improve the company's performance and the nation's competitiveness and help to maintain economic stability. If and when someone loses their job it is for a variety of reasons and more probably because there is a reduction in the area of work in which they are employed and a probably downturn in economic and trading conditions.

"If thousands are thrown out of employment, it suggests that they were not well employed. Why don't they take the hint? It is not enough to be industrious; so are the ants. What are you industrious about?"

**(Henry David Thoreau (1817–1862), U.S. philosopher, author, naturalist)**

One big stumbling block is the apparent refusal of companies to invest in training. Research, published by Lloyds Bank shows that, despite government encouragement through the Investors in People (IIP) programme, only 8 per cent of companies set aside funds for staff training. Instead, many provide dedicated training in response to developing situations. In other words reactive and not proactive. Thus, whilst 79 per cent of firms believe that training, of all kinds, is a priority the majority believe that training only encourages skilled workers to find employment elsewhere and so they will not invest money, time and effort. Other companies base this reluctance to maintaining and improving the skills of employees, to some degree, on the belief that if employees improve their marketability then they will leave or be poached.

But, surely, by investing in staff development companies are re-enforcing the commitment between employer and employee and such effort could lead to greater motivation and commitment on the part of employees?

Others are of the opinion that using experienced staff to bring new recruits up to speed, through in-house training programmes, means that qualified people are not doing the job they are paid to do. Training programmes are seen as a waste of time, money and effort. This situation is apparently, worst in manufacturing companies where only 3 per cent have a training budget compared to 7 per cent in retail firms and 13 per cent in services. How can we expect to raise the level of capability and competitiveness of the nation's workforce with such short-sightedness?

Further, before committing to training programmes senior management look for some measurement of return on investment either through greater sales or increased productivity. But, it is not possible to estimate such measurements. Investment in training should be justified on the fact that employees need to improve their skills and abilities to keep their organization abreast of technology and help to maintain competitive advantage. Surely line managers are able to assess the necessity of sending staff on a particular course without resorting to complex questionnaires on the suitability or the possible outcome of providing such training?

A previous government administration introduced Training and Enterprise Councils (TECs) to put training for work in the hands of businessmen based on the belief that they, businessmen, know what is best for their companies. In many instances this has been proved not to be the case. It has been suggested, perhaps because of the make up of the TEC boards and government policy that these training companies do not provide the training and support necessary for smaller businesses. Neither do they provide training and updating programmes for unemployed managers.

Indeed, representatives of Director's and senior managers in UK, at the Institute of Directors (IOD), the Engineering Employers Federation (EEF) and the Confederation of British Industry (CBI), are still complaining there is a skill shortage. In their view young people, including graduates, are not being prepared for work and many are neither literate nor numerate. This academic divide appears to be translating into regional divides where the loss of the industrial and manufacturing base in the north of England and the growth of the service sectors in the south of England is leading to a migration of younger people from north to south to fill the jobs being created in that region.

At a conference of the CBI in Harrogate it was suggested that industry was suffering because of the lack of training programmes. Complaints about the inability of our education system to form a sound basis for employment and working relationships were numerous. Apparently it is not only the provision of training at work that does not meet the desired standards in Britain it is the whole educational system which fails the majority. The EEF has suggested that university engineering programmes do not prepare students with the skills necessary for work. Further, some 65 per cent of graduates do not intend to use their specific qualifications in the longer-term.

There is also a belief that the level and standards of degree qualifications are gradually being eroded and perhaps that can be related to the fact that government is looking to encourage 50% of young people to go to University and study some kind of degree programme. The real question is what degree programmes are being taken and are they perceived of being of value to industry and commerce in the future? Perhaps there is an urgent need to re-introduce apprenticeship programmes and provide real opportunities for younger people to learn vocationally?

A survey conducted by the University of Westminster, and published by the Joseph Rowntree Foundation and the Policy Press of Bristol University, concluded that construction

workers in UK work much longer hours, they are paid less money and they are less well qualified and less productive than their German and Dutch counterparts. The UK also has the lowest number of trainee bricklayers and carpenters in all three countries and poor performance is blamed on the lack of appropriate vocational qualifications.

More recent Government surveys suggest that not only does Britain's skills base lag well behind that in other industrialised nations, more particularly in information technology and management, but that twenty per cent of working people in Britain have the lowest levels of literacy and numeracy in advanced nations. In my view when times are good, increased sales, turnover and profit margins, you train and re-skill; and, when times are lean, regional, national or global downturn, you train and re-skill.

Vocational training is imperative for improving and maintaining literacy, numeracy and skill levels. Unless the state education system and schemes for re-training, re-skilling and deploying people is put right in this country this nation will never develop an economy that is as competitive as the US and our European neighbours, more noticeably Germany and France. And, it is very unlikely that the same level of meritocracy and social mobility will improve in Britain to the same level as those in, for example, the Scandinavian countries, the Netherlands, Germany and France let alone the United States.

However, a word of caution, a completely ruthless meritocratic society, based on people climbing and clambering their way to the top, can be dangerous. The simple reason is that it actually encourages and re-enforces the 'dog-eat-dog' mentality prevalent in some businesses and that means that employees constantly have to watch their back. Whilst most people would welcome the notion of meritocracy and social mobility I suspect that the majority would not choose to live in one in which there were no safeguards for the more vulnerable in society.

Strangely government is continuing to demand yet more flexibility in the workplace, with greater emphasis placed on the requirements of companies and the demands of a free-market, and yet security of employment for the employees does not seem to enter the equation. And, with an increasingly ageing population throughout Europe, (it is estimated that by the end of the first decade of the 21<sup>st</sup> century that two-thirds of employees will be nearer 40 than 30 and a quarter of the population will be over age 55), the workplace must, by necessity, include those currently, and often unnecessarily, being removed from many levels of management and the shop floor. I suspect it is because the British government has raised the issue of ageism, which is allegedly illegal in some other countries, and the possibility of legislation may encourage companies to reduce the number of older employees.

Worse, age discrimination throughout UK plc is widespread and is having a negative impact on employment and employability. Time and again research has shown that older workers have accumulated experience and tend to be more productive and creative than younger employees. Ageism is not good for society, ageism is not good for the economy and in particular taxation and pensions, and ageism is definitely not good for the self-respect and self-esteem of individuals.

Why then are two-thirds of people over 55 economically inactive in the UK? It is both naive and ignorant that companies should choose to recruit only younger people and it is an enormous waste of knowledge and experience. Indeed many organizations, whilst admitting that their approach is short-term, persist, if advertisements and selection criteria are to be believed, with ageist policies.

But, whilst most companies want experience and commitment they will not employ or re-train older workers. Common sense dictates that there is no defined age at which a person becomes unemployable. If that were the case then many judges and other members of the

legal profession, politicians, senior managers and members of the House of Lords should retire. It is general fitness, knowledge, skills, availability and ability to do a job that must be the determining factors.

The primary objective of any organization must be to remain profitable by retaining a competitive edge. This can only be achieved by meeting the demands of customers. Measuring financial returns should not be the only focus for success. What about quality of products, quality management and customer satisfaction? And, what about a motivated and committed workforce trained to meet those demands? In order to become productive, successful and competitive any company must look after its people and that includes the provision of training programmes.

(3300 words including quotations)

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2000