UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION

ACADEMIC YEAR 2015/2016

TITLE OF PAPER: Human Resource Management II

DEGREE AND YEAR: Bachelor of Commerce III

COURSE NUMBER: BA 307

TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SEVEN (7) QUESTIONS

2. EACH QUESTION IS COMPULSORY

NOTE: You are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK (Inhlanhla Lenhle) !!!

Human Resource Management II (BA 307)
Main Examination (Total: 100 marks)
All Questions are Compulsory (Total: 7 Questions)

1. **A vacancy has occurred in head office for a high-flyer. The marketing, research, accounts and production departments, each have people well qualified for the job and, it appears, these candidates are of nearly equal merit. As a step in the selection process, managers of these different departments have been asked to carry out appraisals on the candidates. Head office will use these appraisals to draw up its short list. Explain any doubts you have about the validity and fairness of this approach. In addition, please explain a better way in this selection process that could be devised by the head office.** (20 marks)

2. **Read the article (Resource 7) *Companies evaluate employees from all perspectives.* What do you consider the three greatest strengths and, conversely, the three greatest weaknesses of 360-degree profiling as a method for assessing performance? Jot down your reasons for each choice. Write about 10-20 words in each one.** (5 marks)

3. **Read the article (Resource 15) on *Share strength.* This describes the efforts made by some firms to capture tacit knowledge and make it available throughout the organization. Write 40-50 words in response to each of these questions:**
    a. What is the difference between explicit knowledge and tacit knowledge? (2 marks)
    b. To what extent are firms really capturing "tacit knowledge?" (4 marks)
    c. Is it possible to present such knowledge to other workers in an effective way? (4 marks)

4. **Valerie, aged 22, friendly but slightly nervous, has set her sights on becoming an international manager specialising in production and logistics in East Asia. At the end of her full-time education (including her degree course), she has been offered a well-paid job at Wivliscombe Dairies, a small company of 25 employees, owned by her parents. The job is a general management position at**

its main production plant in Swaziland where she will oversee production of cheese for the mainly local market.

a. Would you advise her to accept the job? Give reasons for your advice. (5 marks)
b. Assume that you advised against taking the job in her parents' company. Outline the kind of job and specify in detail the training opportunities she should look for. (20 marks)

5. **Read the article (Resource 8) *In the classroom, pride and passion mean more than performance pay*. Write an evaluation of the likely success of the government's policy of introducing performance-related pay in order to improve the quality of teaching. How many points raised in our discussion are reflected in this article? Try to establish the main points in favour of PRP and the main points against PRP. Write about 80-100 words.** (5 marks)

6. **Jack has turned to Eve Winters the shop steward to help him in his difficulty. He had been promised overtime, whereby, on that basis, had bought furniture on hire purchase. There is a written note from Jack's supervisor (amounting to a contract) confirming that Jack would be given the overtime. Now, owing to an unexpected downturn in orders, his employers have cut all overtime.**

Eve knows that, although there is a formal company rule to eliminate overtime, it would be possible to find Jack the money in two or three other ways if she could chat with his manager.

However, the rules state that Eve cannot deal with a matter about earnings – it has to go to the local branch secretary. The supervisor and manager would also know that they could not talk about the "contract" since all legal matters have to go through the company secretary.

Argue the case for and against regulating people's conduct by such formal rules. State what you think might happen in practice in this case. (15 marks)

7. **A large Swazi company operating on hard HRM principles wishes to set up an internal arbitration service. As a first step, you have been asked to recommend, in outline, how the arbitration service should be organised. Write a brief paper for the HRM Director outlining your thoughts for the service. In your paper, you should cover:**
    a. The aims of the service and benefits to the company. (4 marks)
    b. Who should staff it? (3 marks)
    c. Who will pay for it? (3 marks)
    d. What are the expected types of complaint? (4 marks)
    e. At what stage, if at all, would individual employees be allowed to access the service? (3 marks)
    f. How would access be provided? (3 marks)

Resource 7

Companies evaluate employees from all perspectives

The days of traditional supervisor-subordinate performance evaluations are numbered. Companies are turning to 360-degree appraisals – which pool feedback from both internal and external customers – to receive a broader, more accurate perspective on employees. By **John F Milliman, Robert A Zawacki, Brian Schulz, Sally Wiggins** and **Carol A Norman.**

Many supervisors get a little antsy right around performance review time. In the formal performance appraisal system, there's no way for them to know whether an employee is an effective performer in all interactions – or whether the worker is simply an effective performer when the boss is around. What to do if a favored employee receives applause by supervisors but creates an unpleasant buzz among co-workers? How does a supervisor evaluate an employee he or she sees only a few hours each week? Traditional performance appraisals at their worst can be subjective, simplistic and political. Yet the need for accurate, fair performance measurement has increased exponentially as most organizations face increasingly flatter structures, greater internal changes, and more external competitive pressures.

The solution may be provided by 360-degree performance appraisals. Relatively new, they offer an alternative method by which organizations can gain more useful performance information about employees – and make them more accountable to their various customers.

The 360-degree appraisal significantly differs from the traditional supervisor-subordinate performance evaluation

Rather than having a single person play judge, a 360-degree appraisal acts more like a jury: The people who actually deal with the employee each day create a pool of information and perspectives on which the supervisor may act. This group of individuals is made up of both internal and external customers. Internal customers may include supervisors, top management, subordinates, co-workers, and representatives from other departments who interact with the ratee. External customers may include clients, suppliers, consultants and community officials. Anyone who has useful information on how the employee does the job may be a source in the appraisal.

Using 360-degree appraisals provides a broader view of the employee's performance. The most obvious benefit of the 360-degree appraisal is its ability to corral a range of customer feedback. Because each customer offers a new, unique view, it produces a much more complete picture of an employee's performance. Karrie Jerman, HR representative at Colorado Springs, Colorado-based Hamilton Standard Commercial Aircraft, says that 360-degree appraisals are becoming imperative in the lean and mean '90s, where managers have less credibility with their employees due to their larger spans of controls. "The thing we gain the most is input from so many people that know work. Now their peers and customers give feedback," says Jerman. "They feel it's more fair." Carol A. Norman, customer service specialist at Maynard, Massachusetts-based Digital Equipment Corp., agrees that 360-degree appraisals are more fair: "Unlike with supervisors, employees can't hide as easily in 360 appraisals because peers know their behaviours best and insist on giving more valid ratings."

For instance, a manager at Denver-based Johnson & Johnson Advanced Behavioural Technology (JJABT) used a 360-degree appraisal to obtain information about an employee with supervisory responsibilities from that employee's direct reports. The feedback revealed that the direct reports believed the employee was not listening to them and was also being overly critical towards them. This allowed the manager to take corrective action. Prior to the appraisal, she could rely only on grapevine murmurs and her own limited observations of the employee.

In addition to providing broader perspectives, the 360-degree appraisal facilitates greater employee self-development. It enables an employee to compare his or her own perceptions with the perception of others on the employee's skills, styles, and performance. And there's a lot of power in peer feedback. "You can change behaviour more with feedback coming from your peers," says Karen Ripley, materials manager at Digital. "There is often more power there than in managers' feedback." Finally, the 360-degree appraisal provides formalized communication links between employees and their customers. It makes the employee much more accountable to his or her various internal and external customers, because these people now have feedback into the employee's performance rating. Employees who previously might have concentrated a great deal on impressing managers now have a powerful motivation to focus on working well with all individuals inside and outside their department with whom they interact.

At Hamilton Standard, the feedback from a number of employees also helped to clarify job roles and expectations – frequent sources of disagreement between employees from different functional areas. Companies can also use feedback from the various raters to create more customer-oriented goals in the next year.

Companies must resolve a number of issues to use 360-degree appraisals effectively

The first issue employers must solve in implementing 360-degree appraisals is how many raters should be involved, and, more importantly, who should do the rating.

As a rule of thumb, companies generally select between five and 10 raters. Why? Less than five raters unnecessarily limits the perspective on an employee; exceeding 10 raters typically makes the appraisal system too complex and time consuming.

The most important consideration, however, is to choose the right individuals to be raters. One of the first things companies should do is develop a workable definition of what exactly constitutes a peer, an internal customer, etc. Potential raters should be identified as all of those internal and external customers who have significant interactions with the ratee. At JJABT, which has many teams but still retains traditional hierarchical reporting relationships, the ratee develops a list of key internal and external customers that he or she interacts with and then recommends five to 10 individuals to serve as raters. The supervisor still has the ultimate responsibility for the appraisal and ensures that the appropriate raters are selected, thereby preventing the ratee from stacking the deck with supportive customers who will give high ratings.

Unlike JJABT, the Digital Equipment Corporation's and Hamilton Standard's Colorado Springs divisions are organized into self-directed work teams with extremely flat organizational hierarchies. At Digital, the ratee has the primary responsibility for selecting the raters. The Digital ratee works with his or her team leader to select a panel consisting of the coach and three other employees to be objective advocates for the ratee's 360-degree appraisal. Raters are then selected at random from the ratee's team by a computer-generated system and notified by E-mail to participate in the appraisal. The random system ensures that a fair distribution of raters is created.

The most effective 360-degree appraisal elicits feedback from external clients. However, Digital's Ripley warns that companies shouldn't survey external customers excessively. The client may feel uncomfortable with the idea, particularly if it's a new situation. For instance, one Digital client was even concerned about any potential legal issues involved if they gave a bad rating. "Remember that is not the customer's core business," says Ripley. "Providing feedback for our employees should not take away from the profitability. You need to make sure this is a mutually beneficial process." Be strategic in deciding how much information to solicit from clients. When possible, companies may use existing customer satisfaction data or other quantifiable measures of performance in place of a formal appraisal by the client.

Once a company decides who will do the rating, it must create the criteria by which the employee will be judged. The criteria or questions used in 360-degree appraisals should be based on areas with which the rater is familiar. But organizations should fashion the appraisal to fit their unique needs. For instance, in Digital's self-directed teams, each ratee distributes his or her personal-development and work goals to the entire team at the beginning of the appraisal year. Thus, all members of the team have the ability to evaluate each ratee's goals at year end.

With the more traditional hierarchy at JJABT, the supervisor is most aware of the ratee's individual work tasks and goals. Therefore, the various raters ideally evaluate the ratee only on the behaviours or work incidents that they have directly observed.

The JJABT 360-degree appraisal form includes items such as does the employee:

- follow up on problems, decisions, and requests in a timely fashion
- clearly communicate his or her needs/expectations
- share information or help others
- listen to others
- establish plans to meet future needs
- adhere to schedules?

The raters score these items on a scale from 1 (needs improvement) to 5 (outstanding). Space is also provided for the raters to make written comments. The ratee's final performance appraisal consists of a combination of the comments and ratings from the various raters and the supervisor's own feedback on the ratee's performance.

An important consideration involves how many items to include in the appraisal form. A carefully thought out tradeoff must be made between a large number of questions, which provides greater validity, and fewer questions, which require less time. Because each employee is rated by five to 10 other individuals, the appraisal can entail a major time commitment. For this reason, a practical guideline is to keep the appraisal simple by using a one- to two-page form with five to 15 questions taking 10 to 30 minutes to complete.

Effective 360-degree appraisals aren't knee-jerk judgements – they require consideration

Once the data is collected from the various raters, it must be analyzed and summarized for the ratee's final performance appraisal. At JJABT the employee's supervisor is responsible for summarizing the data and determining the final performance rating, which generally includes a mean score and distribution range for each item. Their experience reveals that feedback can't always be taken at face value. For instance, care must be exercised when only one rater has given highly negative or positive feedback. The JJABT managers stress that the key is to look for trends or patterns in the data. If there are questions or ambiguity in the raters' feedback, the supervisor will often solicit additional feedback from the same or new raters. After summarizing the data, the supervisor conducts the formal appraisal interview with the ratee.

At Digital, where self-directed work teams are used, the ratee is responsible for summarizing the feedback from the various raters. The ratee automatically throws out the lowest and highest overall ratings to ensure more objective overall ratings. The ratee then submits a summary analysis of the remaining ratings to his or her panel of advocates. The ratee and the panel of advocates then meet jointly to determine the ratee's final performance rating and development plan.

Another issue all organizations must face is whether the feedback from the various raters should be kept anonymous or be identified openly to the employee being reviewed. Confidentiality can reduce the possibility that the employee will later confront the raters, and thus encourages raters to be more open and honest with their feedback. Jay Kirksey, a member of the leadership team at Hamilton Standard, agrees that it is difficult to ensure completely honest, open feedback when raters are identified: "Organizational maturity is needed to give and receive constructive feedback. Some people had hidden agendas. We found employees were giving lukewarm and fuzzy feedback because of the fear about the feedback coming back to them. The motto was 'Do unto others as they would do unto you.' "

However, confidentiality has its own baggage: Ratees often try to "hunt the ghost down" or figure out which rater provided the negative feedback. It's also sometimes difficult for the supervisor to give clear and specific feedback without giving away the identity of the original source of the feedback.

In an attempt to deal with these issues, JJABT provides raters with the option of being open or anonymous in their feedback. If the rater requests anonymity, then the supervisor must not compromise his or her identity. However, if the rater is willing to be open, then the supervisor may refer the ratee with questions about his or her feedback to the rater.

In keeping with the self-directed team concept, all ratees at Digital have knowledge of the various raters' comments and ratings. To help make this system work; Digital has instituted a rule that no rater can give negative feedback in the appraisal unless the rater has previously given the feedback directly to the ratee. If a ratee challenges the appraisal feedback, then he or she must face the entire team about the issue. Both Hamilton Standard and Digital stress that it takes time to develop open and effective 360-degree appraisals and suggest that most organizations should start with confidentiality until sufficient understanding, maturity and trust is achieved.

Employers must build a bridge over 360-degree appraisals' potential pitfalls

Although 360-degree appraisals can be extremely effective, fair and useful at their best, like any form of performance review, they have their own potential weaknesses and disadvantages. For one thing, receiving a performance feedback from a multitude of sources, including one's peers, can be intimidating. Hamilton Standard's Jerman agrees that 360-degree appraisals don't eliminate the sting of criticism: "Feedback is still hard to take. It's not always fun."

While employees may have trouble receiving feedback, providing feedback is often troublesome for some. Says Sandy Bermester, staffing and training manager for financial services at Palo Alto-based Hewlett Packard: "It's hard for people to give constructive feedback when they have to. People have to have the right mindset and skills to do it well. It takes time to internalize." For these reasons, it's important that the company create a non-threatening atmosphere by emphasizing that the major purpose of 360-degree appraisals is to facilitate the employee's development and performance improvement.

Also, companies that use 360-degree appraisals may find that their biggest disadvantage is the time involved to select raters, fill out forms, and analyze the various information. It's imperative that organizations strike a balance: appraisals must be intricate enough to be meaningful, but simple enough to be completed easily. The time commitment involved is also one reason why many companies conduct formal appraisals only once a year, although semi-annual appraisals may be given to low-performing employees. Hamilton Standard does do informal 360-degree appraisals at mid-year to allow employees to hear feedback and make any necessary adjustments in their work or alter their goals.

There's also the problem of different expectations by the raters. Lynda Powell, regional director of sales at JJABT, says, "Raters tend to have different expectations. Some rate very low while others are lenient and rate very high. For example, one rater wrote in the appraisal that the employee was a very good planner, but then gave that employee only a 3 on a 5-point scale on planning."

Finally, 360-degree appraisals, although potentially more accurate, are still only a means to an end. There will never be a cut-and-dried, objective, final judgment. Another senior-level manager at JJABT has several concerns about feedback: "One, does the employee know enough about the person to rate them? The people doing the ratings do not always understand the situation the employee is in. Two, the inputs of all raters are often treated equally regardless of that raters' position or level of knowledge about the person. The feedback is often summarized overall and is not broken down into different areas to facilitate follow up."

Because of these disadvantages and potential employee concerns, it's essential that organizations develop an effective plan and change process to implement 360-degree appraisals.

First, top management needs to buy in to and clearly communicate the goals of the 360-degree appraisal and how it relates to the company's business strategy and competitiveness. Top management should also appoint a committee of representative managers and employees to develop the appraisal forms and process.

Second, perhaps the single most important key is to provide training to employees on:

- the specific details of the new appraisal process and instrument
- how to give constructive feedback in a productive, noncritical manner. For example, employees at Ford received raining on how to evaluate specific critical incidents and to give feedback before they took part in 360-degree performance appraisals.

Learning to receive feedback is just as important as giving feedback. "What we particularly don't do enough training on is receiving constructive feedback and having to deal with it," says Hamilton Standard's Jerman. "If we don't take it well, people stop giving it. It's a talent that you develop."

The appraisal should first be pilot tested with a select group of employees before it is instituted elsewhere in the organization. Once instituted, it's essential that top management reinforce the goals and responsibilities of employees related to this new appraisal process on an ongoing basis. Tying the appraisal results to the company's reward and recognition systems can also provide added motivation for employees.

An organization must develop an effective change process and orient the appraisal to its particular needs and culture. It takes time and much effort, but when implemented properly, a 360-degree performance appraisal system can enable companies to obtain better performance information and increase employee development and accountability.

Personnel Journal, November 1994
Article by John F Milliman, Robert A Zawacki, Brian Schulz, Sally Wiggins and Carol A Norman.

Resource 15

Share strength

Much of the debate in knowledge management so far has centred around technology, yet organisations are finding that the real issue is how to encourage employees to participate. **Geraint John** looks at what some companies are doing to develop a culture of knowledge sharing.

Given the hype surrounding it, there can surely be few managers who have not encountered the term knowledge management – even if, like many, they aren't quite sure what it means. In the past year, the number of books, reports, conferences and web sites devoted to the subject has spiralled, leaving little doubt that this is the biggest thing to hit the world of management since business process re-engineering.

As with previous "big ideas", the IT industry and large management consultancies have not been slow to spot the possibilities for earning a buck or two. Despite the relative infancy of knowledge-sharing initiatives, they already offer all manner of "solutions" to companies that feel they should hop on the bangwagon before their competitors steal a lead. While IT firms push groupware, databases, intranets and "intelligent" search agents, the consultants promise to help turn elusive intellectual assets into tangible business results.

The consultancies cannot lose. As knowledge-based businesses, they were among the first to use new technology to manage information. Now, having made progress internally, they are in a position to sell their expertise to grateful clients. For example, Coopers & Lybrand's UK management consulting arm, which began developing its in-house information and knowledge exchange (Ike) three years ago, launched its knowledge management practice in June, just prior to its merger with Price Waterhouse. Its promotional literature boasts that Ike is saving the firm an estimated £3 million a year simply by reducing the amount of time consultants spend looking for information.

Perhaps not surprisingly, given the legacy of disappointment associated with many re-engineering projects, consultancies are quick to discount the view that knowledge management is merely the latest fad. A recent survey by KPMG Management Consulting led with the finding that only two of the 100 large UK companies polled agreed with this view – in contrast with research last year by Cranfield School of Management in which almost a third did.

Even so, there are signs that disillusionment is creeping in, as stories circulate of expensive technology lying idle and some of the early enthusiasts for knowledge management admit that many of their attempts to capture and share expertise have failed. This feeling that all is not rosy is reflected in the current issue of *Information Strategy* magazine. Under the cover line "the knowledge backlash", it carried a clutch of articles that are highly critical of consultants, IT people and academics for making knowledge management sound more complicated than it really is and for failing to focus sufficiently on practical business issues. "A backlash could be the best thing to happen to the knowledge movement so far," it concludes.

But away from the hard sell and, at times, esoteric arguments about what knowledge actually consists of, many companies are quietly trying to benefit from improved organisational learning. While it may be too soon to point to clear examples of best practice, some early lessons are beginning to filter through. It should come as no surprise to HR professionals that chief among these is the realisation that too much faith has been invested in technology at the expense of people issues.

As Elizabeth Lank, who heads up ICL's knowledge management programme, says: "The organisations that are best at knowledge sharing are not necessarily those with the best technology infrastructure. But they do have a culture of teamwork and trust. If you have that culture, and put in tools to help knowledge flow quickly around the organisation, you have a hugely powerful combination. But if you put all of your investment into the technology and ignore the culture, you've wasted your money."

Data basic

Despite all the talk about capturing "tacit" knowledge (expertise stored in people's heads), much activity thus far has focused on improving access to basic information, such as internal telephone numbers, product and customer details, and "explicit" knowledge – presentations, proposals, memos and so on. Technologies such as Lotus Notes and intranets have undoubtedly made collecting, presenting and sharing this kind of material much easier. But, as many companies have found to their cost, simply implementing the IT does not guarantee that staff will use the information stored, let alone take time out to contribute to it themselves.

In any case, good information management, though essential in improving efficiency and reducing day-to-day frustration, is unlikely in the long run to give companies any significant competitive advantage. What really matters is getting employees to share their insights and experience so that projects can be completed faster and more cost-effectively – in other words, avoiding having constantly to reinvent the wheel.

This is not only a more challenging proposition, but one in which technology seems to have less to offer. But some companies appear to have been seduced by the idea, peddled by certain software vendors, that what they need to do is go round extracting useful knowledge from employees and then store it all in a vast database. Even assuming this were possible, it is unlikely to be very productive.

"If you go and ask people what they know, they will never give you a complete picture," says Dave Snowden, director of the knowledge and differentiation programme at IBM Global Services. "You only know what you know when you need to know it." In any case, he adds, employees would have little incentive to cooperate. "If you bring in a bunch of consultants to try to find out what people know, in the post-re-engineering generation they will think they're about to be downsized."

For organisations, much of the logic behind knowledge management undoubtedly lies in trying to ensure that when valuable employees walk out the door they leave some of that value behind. But increasingly there is a realisation that this somewhat one-sided perspective does little to answer employees' main question: what's in it for me?

Companies with a more sophisticated view of knowledge management are therefore putting a lot of effort into persuading staff that effective knowledge sharing can make their jobs easier and more satisfying, and can enhance their reputation. Rather than trying to capture what they think people might want to know, the emphasis is on finding ways to connect people within "communities of practice" and promoting collaboration between them.

One way of doing this is to build up a "yellow pages" of skills and experience as part of an information management system. Another, often complementary, option is to employ specialist staff to act as knowledge facilitators or brokers – an approach now being pursued at ICL. Either way, the idea is to make it quicker and easier for employees to find someone who might be able to provide help on a particular issue.

If such exchanges are to have more widespread and longer-term value, they still need to be recorded. Yet organisations seem to have enough trouble persuading busy employees to keep their CVs up to date, let alone get them to make a note of lessons learnt. So how can they encourage this kind of behaviour?

Firms such as McKinsey and Andersen Consulting, renowned for their distinctive cultures, seem to have taken a big stick approach, making knowledge sharing part of their work processes and requiring staff to conform. Another trend in the consultancy sector is the development of specific knowledge-sharing competencies for use during recruitment and appraisal processes. Ernst & Young and Pricewaterhouse Coopers are among those that have recently gone down this route, again with the implication that if you don't participate, you are unlikely to get on.

But not all organisations are taking such a prescriptive line. BP's skills database, BP Connect, which has been up and running since late last year, is voluntary. Around 4,000 employees have signed up so far. And the company won't undertake any knowledge-sharing initiative unless there is a clearly defined business or technical issue that needs to be solved. It estimates that the 15 initiatives currently in progress will save around $60 million.

Speaking at the recent Ikon conference in London, Kent Greenes, BP's head of knowledge management, quoted the example of a manager in Colombia charged with making 50 per cent of his workforce redundant. He wanted to know how fellow managers in other countries had approached the issue. As a result, part of BP's intranet, Tap Web, now contains a section on what the company knows about downsizing, including a video interview describing the Colombian experience.

Yet, as Greenes told delegates: "I had been to this guy a year before and said: 'You're doing some great work in drilling, can we help you to capture that so we can share it with everyone else?' His response was: 'Get out of here, we don't have time for that.' But the history of what they did in Colombia [in drilling] is now captured, and they spent time and effort to do that. We're finding that reciprocity is a big driver for us."

Another key motivator, according to Greenes, is the status that goes with being seen as an expert. The biggest benefit of capturing on video an oil rig worker talking about the handover process from one shift to another, for example, has been that "operators, people working in the trenches, all of a sudden realise that BP cares about what they know. The recognition factor is unbelievable." Yet trust between management and employees is clearly essential for this to work.

As yet, few companies seem to be offering explicit financial rewards to employees who make a point of sharing information and knowledge with colleagues. But small inducements, such as bottles of champagne, are being used widely in a bid to raise awareness and encourage staff to put work into the system. Earlier this year Ernst & Young took this a stage further by offering prizes of £1,000 to 10 staff whose submissions were picked at random over a three-month period. According to Tina Mason, a senior knowledge manager at the firm, the number of submissions rose from about 50 a month prior to the "bribe" being offered to around 500 by the end of it, and has now settled down at between 200 and 300 a month.

Bumper start

Mason accepts that this approach emphasises quantity over quality, but insists it is an effective way of getting busy employees used to sharing their work. "Until you've made it part of their everyday life, you need these kinds of incentives to get activity going," she says.

More longer term, the dominant view at present seems to be that special rewards for knowledge sharing should be obsolete in a teamworking environment. Not only that but they are undesirable because they imply that knowledge sharing is an additional task rather than an integral part of people's jobs – and hence more likely to be seen as a fad.

The debate about reward structures is set to intensify as more companies begin to assess the results of their initial forays into knowledge management. This, like other "softer" issues, should be natural ground for personnel and development professionals. But what evidence there is suggests that few as yet are playing a significant role. Harris's research for KPMG found that only 7 per cent of knowledge initiatives were led by HR – half the number driven by the IT department. Separate research among 200 European companies by Cranfield University found that, of all functions, HR was the least likely to say that knowledge management was something it relied on.

Hardly surprising then that eligible respondents for the KPMG survey included chief executives, finance directors and marketing directors – but not HR directors. "Knowledge management just doesn't seem to be on their agendas," says Elizabeth Lank. A notable exception is BT Global (see panel) where a small, strategic HR function is leading a series of initiatives company-wide.

The most common explanation for the profession's lack of involvement is its lack of comfort with technology. But although IT has an important role to play in improving access to information and moving it around organisations quickly, the vast bulk of energy and resources still needs to be devoted to people and process issues. And the investment in IT could help HR in other ways. There is an obvious overlap, for instance, between skills databases that point people in the direction of help and advice and those packaged as part of HR information systems as a way of identifying skills shortages, planning career development, and so on.

Judging by the experience of the pioneers, there seems little doubt that if knowledge management is not to suffer the fate of previous initiatives, HR professionals will need to ensure that the cultural issues are tackled head on.

People Management, 13 August 1998

Resource 8

In the classroom, pride and passion mean more than performance pay

Is it often the case that educated people enter a profession assuming they will be incompetent? Not really. Professionals usually imagine they will be good at their job – including the ones who turn out to be terrible. Do many medical students think to themselves, I intend to be a truly lamentable doctor? Probably not.

So it is odd that a major part of the government's strategy for attracting better teachers is to keep repeating that it doesn't want bad ones. Tony Blair wants only first class teachers, which is an impeccable attitude, and he also knows that the profession is facing problems recruiting them. His determination to help matters is beyond doubt and above reproach. It's just that his solutions appear at times confused, suggesting a surprising idea of why teaching is in trouble.

This week, he told a gathering of teachers that the days of 'muddling along' were over, and that we have 'got to make it easier to get rid of teachers who simply can't teach.'

As half of all the teachers in England and Wales will have retired in 10-15 years time, his main task is to attract high quality recruits and keep them from quitting for a nice job in sales. Merely announcing that second rate ones are no longer welcome will be unlikely to do the trick. Rather, the profession has to be made more attractive – which the government obviously knows, because it has now found almost £1 billion in extra pay for teachers over two years . Large pay rises are also proposed in Scotland.

This will be a more effective method of raising standards than the ritual scoldings of lazy teachers. But the question is how to distribute that money, and the proposal Blair was promoting in his ministerial roadshow is performance related pay. At present, two thirds of teachers never earn more than £22,023 a year, a fact not unrelated to the recruitment crisis. Under new proposals, teachers could be paid up to £35,000, without having to take on managerial duties; head teachers, together with external assessors, would evaluate their performance, and award bonuses accordingly.

It is a superficially enchanting solution, for why shouldn't good teachers be paid more than bad ones? The difficulty comes when you try to put it into practice. Teachers' unions complain about the divisiveness of competition, but the flaws are more fundamental. The question is not, is performance related pay fair, but would it actually work?

By definition, if bonuses are to be made big enough to act as a radical incentive, only a small number can be awarded. If more than a small minority deserve one, then this is palpably unfair, in which case a lot of people will feel resentful. Alternatively, if it is right that only a small number of teachers deserve a bonus, you have to wonder why we are employing thousands and thousands who aren't even worth more than £20 odd grand. There is the danger that just because, in theory, a teacher 'could' earn £35,000, it will become the 'fault' of 99 per cent of teachers to in fact be earning half of that. But if the majority of teachers are given bonuses, the sums will be too small to function as an incentive, which was supposed to be the whole point. The government is charmed by performance related pay because it promises another opportunity to get business practices into the classroom. The irony is, after a lengthy infatuation, the business world itself is now rather less enthusiastic about the practice, with many companies preferring to build teams, trust and security instead. Research into performance related pay has found that in an average company, the vast majority of employees think they perform better than everyone else.

They cannot be right, but that isn't the point; the fact that they believe it means performance linked bonuses, far from motivating staff, leave most of them feeling insulted and demotivated. The few who get big bonuses are too pleased with themselves to pay attention to any suggestions for improvement. The many who get nothing, but think they deserved something, are too aggrieved to pay attention either. It does work in some businesses. Stockbroker, say, can see exactly how well they are doing - and as money is the only motive for becoming a stockbroker, they will want a purely financial reward. But teachers are not stockbrokers, and their skills can be as subtle and various as their motivations. I asked a group of trainees in Brighton why they had chosen teaching. Their answers might sound idealistic, even sweetly naive, and may be very different after five years in the job, but they are worth reflecting on. All talked about the idea of changing pupils' lives, and the rewards of doing a job they believed in; they talked very little of salaries, but much of school resources. Most had turned down more lucrative alternative careers, and one talked about 'the difference between being a faceless paper pusher and having a role in society. You carry yourself differently. I wanted to be able to say to myself, I like you. I couldn't do that in my old job, and that counts for something. It doesn't mean that money doesn't count, but this pride counts for something.' They also talked about the relentless pressure, criticism and upheaval. 'You get no support,' complained one, 'everyone blames you for everything. And maybe, when there's no paper for the photocopier again, eventually you'll say, sod it.'

If performance related bonuses have to be introduced, they should go to as many teachers as possible, based on a highly elastic set of criteria, evaluated by the widest range of assessors. The elusive subtlety of good teaching should be accommodated at every stage, and if the system attracts quality, it will be a valuable improvement. But the best teachers will be people who who care little for the fantasy of a lottery salary prize, and want to be paid properly and left alone to teach. For the profession to flower, it will need fewer insults, less interference, less pressure, more respect and, above all, greater freedom.

There is a long history of governments hoping teachers will love their job so much they won't mind earning nothing. There is nothing noble about exploiting a vocation. But if this government won't pay them all properly, we should at least ask that it has the sense to cherish their vocation.

Decca Aitkenhead, *The Guardian*, 22 January 1999