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THE APPLICABILITY OF THE HARVARD AND WARWICK MODELS IN THE DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT POLICIES OF LARGE CONSTRUCTION COMPANIES IN GHANA

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Organizations develop and implement Human Resource Management (HRM) policies which are a reflection of their philosophy on how they intend to manage people. The factors outlined in existing HRM models, especially the Harvard and Warwick models, as influencing HRM policy development and practice, fall within the political, economical, social, technological, environmental and legal domains as well as what the Harvard model describes as organizational situational domain. These models were however developed in the North American and European contexts. The question arises as to whether these models hold true in the context of developing countries. A cross-sectional survey was conducted in Ghana to identify the factors which influence the development of HRM policies of large construction organizations operating within the Ghanaian Construction Industry. The data was analyzed using narrative and thematic analysis techniques. The results indicated that, the factors identified by respondents can be regrouped under the domains identified in the existing HRM models, suggesting that the factors to consider in the development of HRM policies in the North American and European context do hold true for the Ghanaian construction industry. However, further research is recommended to validate the factors identified in this study.

Keywords: developing country, Ghana, human resource management, human resource management model, policy development.

INTRODUCTION

Though HRM sometimes seems to have popped out of the blues in the 1980's and 1990's as an entirely different approach (Armstrong, 2003), it is actually a part of the evolution of concept of managing people in organizations, with HRM being just the 'latest stage of this evolution' (Grant and Oswick, 1998). It can be described "… as old wine in a new wine skin" (Armstrong, 1987). In the words of Torrington (1989), "Personnel Management has grown through assimilating a number of additional emphases to produce an even richer combination of experience… HRM is no revolution but a further dimension to a multi-faceted role". The concept has evolved from the Industrial Relations era, through Personnel Management to HRM and more

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recently, strategic HRM which involves strategically integrating the HRM function, horizontally and vertically, into the organization.

Conceptual model developments began in the 1980s with the first christened as the Matching or Michigan Model (1984), followed by the Harvard Model that same year. These two models are regarded as the basis of future HRM models, which include the best practice (outcomes) and the contingency (strategic fit) model (Hope-Hailey et al., 1998). Contributions by English authors include Guest (1989a; 1989b; 1991; 1987); Legge (1989); Hendry and Pettigrew (1990); Purcell (1993); Sisson (1990); and Storey (1989).

This paper presents an assessment of the factors that influence the development of HRM policies within large construction companies in Ghana and seeks to determine if factors that affect HRM policy development in the North American and European context do hold true for the Ghanaian context. The Harvard and Warwick models will be examined. These have been selected due the provisions they make, to allow for a good comparison of the factors proposed by these models, and what was found from a survey of construction companies operating in Ghana.

BACKGROUND

The Harvard Model

Also described as the 'founding fathers' of the HRM concept were Beer et al (1984) who's model Boxall (1992) dubbed the 'Harvard Framework' (Figure 1). Beer et al (1984) believed that, many pressures are demanding a broader, more comprehensive and more strategic perspective with regard to the organization's human resources' which have created a need for 'longer-term' perspective in managing people and consideration of people as potential assets rather than merely a variable cost. According to Armstrong (2003), the framework is based on the belief that, the problems of historical personnel management can only be solved when general managers develop a viewpoint of how they wish to see employees involved in and developed by the enterprise, and of what HRM policies and practices may achieve these goals. Without either a central philosophy or a strategic vision – which can be provided only by general managers, he added that, HRM is likely to remain a set of independent activities, each guided by its own practice tradition.

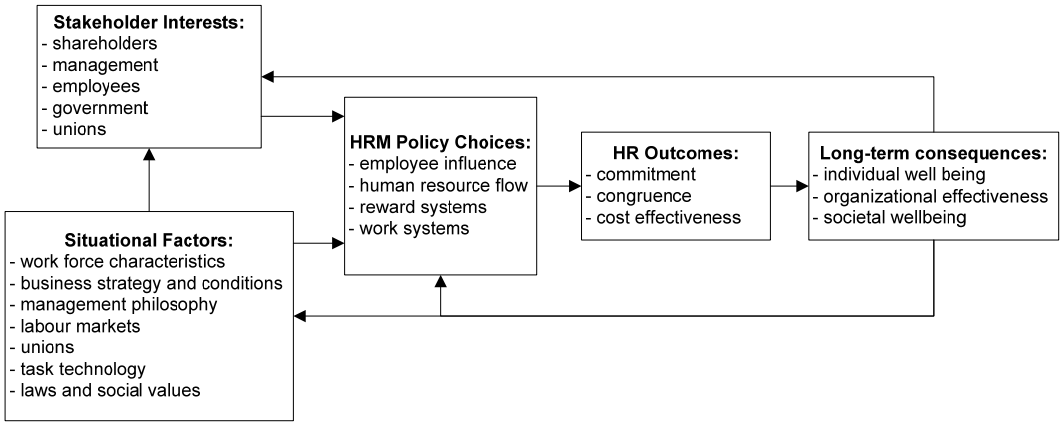


Figure 1 The Harvard Framework (Beer et al., 1984)

Beer et al (1984) stressed on the role of line managers who in their view, should accept more responsibility for ensuring the 'alignment of competitive strategy and personnel policies'; and secondly 'have the mission of setting policies that govern how personnel activities are developed and implemented in mutually enforcing ways'. Huczynski and Buchanan (2001) and Loosemore et al (2003) added that, the Harvard Model provided the needed link between "SHRM decisions, the business environment and an organization's performance". It provided a more open system model of how SHRM policy influences other organizational functions and is constrained by stakeholders and situational factors. According to Boxall (1992) and recorded in Armstrong (2003), advantages of the model include the under listed:

- It incorporates recognition of a range of stakeholder interests;
- It recognizes the importance of 'trade-offs', either explicitly or implicitly between the interests of owners and those of employees as well as between various interest groups;
- It widens the context of HRM to include 'employee influence', the organization of work and the associated question of supervisory style;
- It acknowledges a broad range of contextual influences on management's choice of strategy, suggesting a meshing of both product-market and socio-cultural logics;
- It emphasizes choice – it is not driven by situational or environmental determinism.

Walton (1985) expanded on this model by stressing on the importance of mutuality. In his words, "the new HRM model is composed of policies that promote mutuality – mutual goals, mutual influence, mutual respect, mutual rewards, and mutual responsibility". He added that, policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development.

The Harvard Framework has not been without shortfalls. Loosemore (2003) pointed out that, "although it acknowledges environmental and stakeholder influences, the nature of the causal chain suggested by the model is unclear". It explained this by stating that, the framework does not explain how the four policy areas are influenced by the identified environmental and stakeholder influences and how it does in the long term affect SHRM. This framework, to a large extent however, informed future developments of the concept.

The Warwick Model

One of the major setbacks in the conceptual developments of the HRM concept up to this time was that most of the earlier developments were within an American Context. Approaches outside of this context required a perspective of the particular cultural context that exists in different countries. The Warwick Model, which emanated from the Centre for Corporate Studies and Change at the University of Warwick by Hendry and Pettigrew (1990) differs from the Harvard models by reflecting European traditions and management styles. The model (Figure 2) basically comprise five interrelated elements which allows an analysis of how external factors impact upon the internal operations of the organization reflecting the open system theory of organizational thinking.

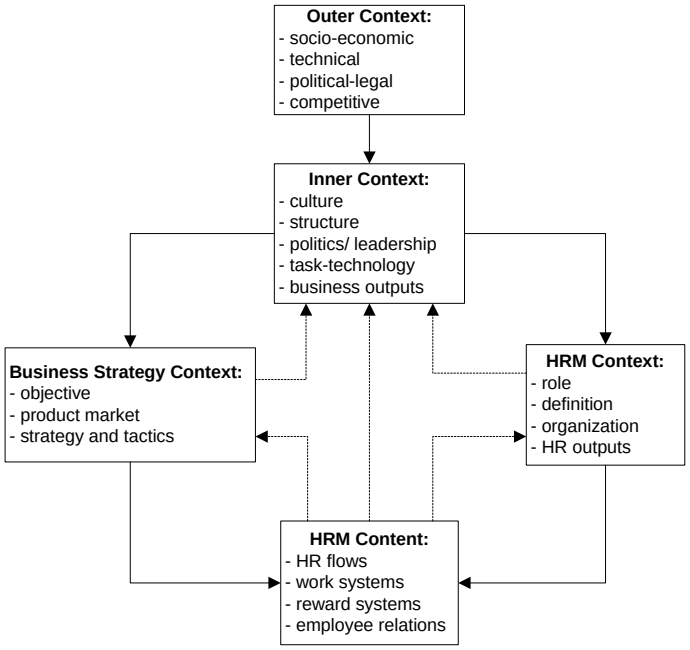


Figure 2 The Warwick Model (Hendry and Pettigrew, 1990)

Organizations in this case achieve an alignment between the external and internal context to experience higher performance. The model recognizes the wider context in which HRM operates and emphasizes the full range of tasks and skills that define HRM as a strategic function (Loosemore et al., 2003). Hendry and Pettigrew (1990) argue that, better descriptions of structures and strategy making in complex organizations, and of frameworks for understanding them, are essential underpinnings for HRM. In Armstrong (2003)'s view, Hendry and Pettigrew (1990) believe that as a movement, HRM expressed a mission, to achieve a turnaround in industry: HRM was in a real sense heavily normative from the outset: it provided a diagnosis and proposed solutions. Hendry and Pettigrew (1990) further added that, what HRM did at this point was to provide a label to wrap around some of the observable changes, while providing a focus for challenging deficiencies – in attitudes, scope, coherence, and direction – of existing personnel management.

It is based on this theoretical framework that this comparison will be based. It will basically consider the factors these two models identified as affecting HRM (Figures 1 and 2) and compare them with what responses were obtained from the survey.

METHOD

Data draws on the results of a survey comprising questionnaires and semi-structured interviews which forms part of a larger research being conducted at the Kwame Nkrumah University of Science and Technology, aimed at investigating the HRM practices and policies of large construction companies. The questionnaire investigates characteristics of these companies, the nature of their HR function, and the characteristics and provisions of their HRM policies. The semi-structured interview sought to investigate into greater detail the HRM policies and practices of these companies with emphasis on how their HRM activities are executed.

Company selection was based on the large construction companies (D1/K1) 2005 registry of the ABCECG. Forty-nine construction companies were registered hence adopted as the population for the survey. Stratified and random sampling methods

were adopted with the regional division of the country, ten in number, used as the strata criteria. Using ratios, the strata sample sizes was determined and companies selected randomly within the strata. Thirty-six companies responded to the self-administered questionnaires with twenty-eight taking part in the face-to-face interview. Data obtained from the questionnaires was analysed using descriptive analysis techniques while thematic and narrative analysis was used for the semi-structured interviews. These methods were selected due to the focus of the instruments which required that the content of the data be analysed qualitatively to identify key themes, trends, concepts, categories and methods.

Companies were thus divided into three groups based on their origin as commonalities were found along these lines. The classifications were local companies, foreign companies and a Joint Venture.

HEM POLICY DEVELOPMENT IN LARGE CONSTRUCTION COMPANIES

Respondents in the survey noted that, the factors listed in Table 1 below, influences the development of HRM policies.

Table 1:Factors influencing the development of HRM policies

Local Companies	Foreign Companies	Joint Venture
1. Educational level of employees 2. Nature of industry 3. Structure of firms 4. Technological development 5. Economic influences 6. Political influences	1. Educational level of employees 2. No guidelines to aid in incorporating local conditions in their policies 3. Nature of employment 3. Availability of resources	1. Educational level of employees 2. Environmental influences 3. Religious influences 4. Ethnic origin of employees 5. Economic influences 6. National policies

The educational background of employees is a major factor that influences policy development. The justification respondents gave included the fact that, due to the low educational level of employees, they are not concerned about some provisions which in the organizations view will be very beneficial to them like the payment of social security contributions and even in some cases, taxes.

> *"The majority of our workforce comprises artisans and labourers. I must say they form more that 80% of the total employee base. Now, if these people have so little education, which is usually the case, they do not appreciate you putting in measures to ensure they are managed properly, such as paying social security contributions and taxes, organizing training workshops for them, insisting they use safety garments and equipments etc. They tend not to appreciate everything you do for them. How can one help them in anyway not forgetting that we work with very limited resources? Their focus is on cash cash cash and so we give them the cash and rest our case!"* ***(C21-LC-I)***

Also was the fact that, even when explicit policies are provided, their educational level makes it difficult if not impossible for the employees to read hence the need for implicit policies or putting in place appropriate communication structures within the company to ensure policies are appropriately communicated to all employees effectively and appropriately.

One other issue that was raised by the local companies is the nature of the industry. This in their view will influence policy development due to the peculiar characteristics of the industry which requires that a transient workforce is employed with a lesser number of permanent employees. This they said will require that HRM policies are reviewed regularly to suit these transient employees.

> *"Our industry is very peculiar so some processes which work in other stable industries do not apply to us. On the issue of even employing an HRM practitioner, these people do not understand the needs of our industry and they can frustrate us by making uncomplicated issues very complicated. So I manage my own company, manage my own people and determine my own policies."* ***(C21-LC-I)***

Also was the concern of making either project based policies or company policies. This was perceived as a concern because of the ethnic divisions of the country which have various traditions, cultures and norms. Hence a policy of the company; example a policy that employees will work five days during each working week and rest on weekends, may not hold in communities that have say a Tuesday as their resting day. Also, some communities have expectations when infrastructure is being developed in their area such as employment of a certain number of their youth, performance of certain rights, and taboos that the company will have to comply with and might be against some existing policies.

> *"The project based nature of the industry will require that we develop policies for individual projects. Now each project has its own characteristics: location, size, complexity amongst others, and all these will affect HR issues such as labour market characteristics, expectations and the likes. Things really do get complicated hence takes a lot of planning and consumes time."* ***(C13-LC-I)***

Also was the issue of religion. Controversies included the fact that, Muslims go to the mosque on Fridays and have to pray during working hours, some Christians observe the Sabbath on Saturdays whereas other sects do so on Sundays. Also is the existence of the Ghanaian traditional religion. Satisfying these differences will require that, HRM policies take these characteristics into consideration.

The existing structure of companies and technological developments are also factors that respondents suggested will influence policy development. The structure of the company they said should be considered because that will determine and show how the company is managed as well as the roles and responsibilities of personnel. This they said will inform policy makers in designing say the reward structure of the company as well as determining the level of employee involvement in decision making, decentralization of companies amongst others. Technological developments they added will influence policy development in that, it will influence the organizational structure, hence which employees to be employed and how they should be managed.

> *"The organogram of the organization influences policy development in that, if there is a change in the organogram, caused by technological developments, the economy, a change in the capital base of the company or any other reason, we have to review our policies, determine new roles, adjust methods of communication amongst a whole lot of other issues,"* ***(C36-FC-I)***

Another very interesting factor mentioned is economic factors. This can be looked at in two phases: the economy of the country; and the economic condition of the company. The national economy will indicate how much premium the government allocates to infrastructural development as well as general economic comfort and structures which will enable private clients to invest in infrastructure. This they said will to a large extent contribute to the growth of the industry and provide them with the stability, the ability to maintain their employees resulting in job security for employees hence can make long term plans and policies.

> *"Though we have some private clients, majority of the contracts that are worth fighting for are government contracts. These are actually what ginger our development and growth as an industry. So what we need is a government economic focus on the need for more infrastructural development in the country."* ***(C15-LC-I)***

The economic condition of the company can be looked at as the availability of resources: capital, materials, labour, plant and equipment to be able to execute projects. The availability of resources they said will avoid breaks in project execution which will ensure they complete projects on time and do not have to deploy their staff which will disturb their sense of security. Availability of capital, respondents noted, will aid in providing some contingencies and financial rewards for employees. It will also help to meet the training and development expectations of employees which in the long run will see to the development of the organization.

The JV Company noted that the origin of employees is a factor. They noted that, employees from different parts of the country have peculiar traits which influence their attitude to work as well as to life in general. This they said requires that certain policies are developed to take care of the needs of this variant workforce.

> *"The ability to know and understand where employees originate from helps in satisfying some needs and expectations which contributes to creating a cordial and satisfactory working environment."* ***(C36-JV-I)***

Government policies and legislation, such as, the Labour Act, Workmen's Compensation Law and even the Constitution of the country, were seen as a factor which influences HRM policy development within companies. It was noted that, since these are legal issues, they do not have an option than to ensure they adhere to them and this influences, and even in some cases, determines what policy to develop. Further, they added that, the existence of these laws aids in the identification of the expectations of the various stakeholders which also contributes to maintain a cordial working environment.

> *"We operate in a country hence have to know and adhere to its laws concerning what we are involved in. With HRM policies, there are laws like the Labour Act and the Workmen Compensation which we cannot go against. So what ever policy we develop has to be in concordance to provisions in these legislations."* ***(C30-FC-I)***

> *"In all our dealing, including HRM, we cannot go against legislations such as the constitution, the labour act, workmen compensation and even the CA. So I would say we are bound by these and they determine our policies, procedures and practices especially on the issue of HRM."* ***(C32-FC-I)***

Respondents noted that, these factors including the non-existence of adequately trained HRM personnel to execute this function and even see to policy development

does influence how they manage their people hence what policies they have in place. Some of the foreign companies who have existing policies but wish to review them to suit the local conditions stated that, the lack of guidelines to aid in incorporating local conditions into their policies does affect them in these reviews.

Additional factors identified included: the culture, values, traditions and norms of the organization; government directives, regulations and the likes; the CBA and CoS of organizations; community traditions; circulars, directives and decisions of the BoD; legislation such as the Constitution and the Labour Act; as well as environmental related issues. Also were employee personal demographics - age, gender, ethnic origin, education, marital statues etc.; and some work related demographics - employment status and agreement as well as role in organization; and the view of all stakeholders and social partners concerned.

THE COMPARISON

HRM policies cannot be developed in a vacuum. They are developed based on certain influencing factors which will need to be considered during the development process. Factors to be considered include those that have an influence on the development process as well as on the policies which will be developed. The factors respondents in the sampled large construction companies identified included: the educational level of employees; nature of the industry; structure of companies; technological development; availability of resources; and the ethnic origin of employees; as well as the nature of employment within the industry. Additional factors were: economic influences; political influences; national policies; environmental influences; and religion.

Table 2: The comparison

Organizational Situational Factors	Data from survey
workforce characteristics	employee personal demographics; educational level of employees; religious influences; culture; ethnic origin of employees
the business strategy and conditions	nature of industry
management philosophy	values, traditions and norms of the organization
labour markets	availability of resources
unions	work related demographics
task technology	technological developments and challenges
laws	nature of employment; regulations: the CBA and COS of organizations
social values	community traditions
External Influencing Factors	**Data from survey**
political	political influences; government directives
economic	economic influences
social	educational level of employees; religious influences; culture; ethnic origin of employees
technological	technological development
environmental	structure of firms; no guidelines to aid in incorporating local conditions in their policies; environmental influences
legal	national policies; constitution; labour act

These factors can be classified under the stakeholder interests and the organizational situational factors identified in the Harvard HRM model and in the Warwick model's external influencing factors of organizations and their management processes.

The external influencing factors, which were the main contribution of the Warwick model, categorized into six broad terms: political; economic; social; technological; environmental; and legal issues. From the discussions in the previous section and in Table 1, it is evident that the factors that respondents identified as those affecting HRM policy development include all of these factors as identified in Table 2 at the end of this section.

The organizational situational factors of the Harvard model: workforce characteristics; the business strategy and conditions; management philosophy; labour markets; unions; task technology and laws and social values. These factors again were identified in the survey as affecting the development of HRM policies in the Ghanaian context.

CONCLUSIONS

It can thus be concluded that, the factors that affect the development of HRM policies in of themselves are no respecters of the part of the world one finds them. It can be clearly said from the empirical evidence presented that, the organizational situational factors identified by the Harvard model (Beer et al, 1984) as accounted for by Boxall (1992) to include workforce characteristics; the business strategy and conditions; management philosophy; labour markets; unions; task technology and laws and social values, affect the development of HRM policies in large construction companies operating in Ghana. Also that the external influencing factors identified by the Warwick Model (Hendry and Pettigrew, 1990) which can be classified into six broad themes: political; economic; social; technological; environmental; and legal issues, affect the development of HRM policies in large construction companies operating in Ghana. Further research is however recommended to validate the findings reported as well as expanding the scope to investigate the case across various industrial sectors.

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