

# BULLETIN

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## Professional development, business restructuring and the knowledge-based economy

The IER collaborates with the practitioner community as well as with the research and policy communities. The organisation of the European Round Tables on the Social Dialogue and the promotion of communities of practice in the careers field are just two examples. This *Bulletin* describes a third area which is concerned with professional development, business restructuring and the knowledge-based economy.<sup>1</sup>

Since 1997, IER has been engaged in joint work with Warwick Manufacturing Group (WMG), directed by Professor Kumar Bhattacharyya. The major part of this work has been conducted within the umbrella of the ESRC Business Processes Resource Centre (BPRC), based in WMG. This centre was launched in April 1995, with a five-year lifetime. Its aim was to develop research capacity and facilitate knowledge exchange through services to researchers and business in the field of business processes, broadly defined.

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<sup>1</sup> This *Bulletin* deals with research and development stemming especially from the IER's collaboration with Warwick Manufacturing Group as part of the activities of the ESRC Business Processes Resource Group of which Professor Robert Lindley was Associate Director from 1998 to 2000, and Terence Hogarth was programme manager for the 'professional development and business restructuring' theme. The *Bulletin* also refers to other IER activities that have informed the work under the BPRC collaboration and have, in turn, been influenced by it. Contacts: [T.Hogarth@warwick.ac.uk](mailto:T.Hogarth@warwick.ac.uk) (Tel. 024 765 24420) and [R.M.Lindley@warwick.ac.uk](mailto:R.M.Lindley@warwick.ac.uk) (Tel. 024 765 23503).

The BPRC has effectively enabled interaction between researchers from a wide range of academic disciplines and practitioners across a broad range of industry, commercial and public service sectors. For example, almost 2000 individuals were involved in the 43 events held in the period April 1997 – March 2000, with an academic to business ratio of 54:46. The BPRC can point to significant achievements, which include:

- advancing the generation and promulgation of knowledge within its thematic areas;
- enabling multidisciplinary collaborative research;
- developing active research-practitioner communities;
- breaking down barriers between social scientists and engineering and engineering management based researchers;
- acting as an immediate source of knowledge about all aspects of business processes for practitioners and policy makers.

For the second phase of its work following the mid-term review, considerable emphasis was placed upon collaboration between social scientists and those working in the engineering management tradition in the course of developing links with practitioners. Three principal themes were selected for this work:

Complexity in Social Systems; Knowledge Management; and Professional Development and Business Restructuring.

The themes were all concerned with the kind of adaptation that involves a rigorous re-appraisal of the functions performed by the organisation and the underlying business processes to which they relate. They dealt at root with two key aspects of business process change. First, the development of business processes within the organisational context, including the exploitation of resources and the evolution of the knowledge-base. Second, the adaptation of business processes to shifting contexts through a more coherent understanding of the relationship between business strategy and external conditions. The themes reflected the development and convergence of ongoing debates and activities conducted by the Centre. However, they were also integrated by the need to draw upon and contribute towards certain common areas of social science theorising, particularly those concerned with the multidisciplinary questions of mapping, learning, innovation and the management of human resources.

### **The Approach to the Theme of Professional Development and Business Restructuring**

This theme focuses on the organisation in its environment, seeking to understand key changes in external conditions, how they interact with the pressures for organisational re-design, and their implications for continuing professional development (CPD). Unlike the other two themes it does not seek to track the evolution, evaluate the progress, or help to 'shape the future' of research concerned with a particular approach such as that of complex systems or knowledge management. It is therefore not concerned with 'tools and techniques' issues, nor with re-dressing the balance between their place in the relevant field and that of more considered discourse.

It does share with the other themes (particularly that of knowledge management), a concern to correct for those early excesses of business process re-engineering, or even the more circumspect forms of business process analysis, which drove human factors well down the strategic agenda only to discover the problems of implementation to which this later gave rise. However, the professional development theme in the BPRC context has concentrated not simply on 'human factors in the work place' but more on the

interface between organisations and the socio-economic system at large. It has given special attention to the understanding of demographic, social, educational, and labour market conditions.

A number of other aspects of orientation or, at least emphasis, should be mentioned:

- As well as being of a different nature, this theme was not part of the first phase of BPRC's work so the momentum of its work is still building up. This was anticipated in the method of implementation which has been to use the BPRC as a framework for negotiating collaboration with WMG which would continue.
- It has pursued interaction with the policy community as much as with practitioners and researchers. This was partly to create the *resources* from which to extract knowledge about the socio-economic system and related scenarios for the future. Major projects have been awarded under competitive tender, for example, by the European Commission, DfEE, Joseph Rowntree Foundation, Council for Industry and Higher Education.
- It was also, however, a response to major initiatives by the policy system at European, national, regional and local levels which aimed to shed light on the nature of socio-economic change and its implications for the various actors in the economy and society. The projects awarded gave rise to considerable interaction with 'intermediaries', which in this context includes international and national public and private sector agencies.
- The resulting studies have been carried out in collaboration with several other British and foreign institutions.
- It has sought to explore the implications of evidence arising from key research fields through BPRC Focus Groups involving people drawn from the business community, intermediaries or brokers in the markets for learning and labour, and researchers;
- It has contributed to larger events through collaboration from the outset or by responding to requests for keynote presentations in conferences or symposia organised by other bodies (including the European Commission; various departments of the Austrian, British, French, German and Portuguese governments; British Council – Bonn; Adecco Foundation);

- An aim was to build up contact between IER and WMG so that collaboration between the social scientists and those from the engineering management tradition would continue in future and if possible to find an organisational form that would facilitate it. Support was given to the design phase of the proposal for the Mercia Institute of Enterprise which has now been accepted under the Government's Science Enterprise Challenge. This will provide an important vehicle for collaboration in the future.

### **The interactions between professional development, business re-structuring and changes in the socio-economic environment**

The professional development field has been an especially dynamic one during the 1990s. Many more providers of professional development opportunities have appeared. There has been considerable proliferation of courses and qualifications, together with a growing variety of modes of delivery and certification. In addition, the notion of 'lifelong learning' has begun to take on a more concrete form particularly amongst those in professional and managerial occupations. Alongside such developments has been the emergence of new vested interests within the policy and practitioner communities: many public and joint public-private agencies operate as intermediaries, brokers or even as policy developers within the learning and labour markets. Their activities include the development of curricula, qualification structures and certification systems, as well as the organisation of programme delivery for particular sectors, occupational groups and localities.

So, the landscape of professional development has changed significantly and is continuing to do so. These changes have taken place at the same time as there has been a tendency to narrow the obligations attached to the employment relationship particularly on the side of the employer, in order to pursue more flexible use of the labour force. Tensions between this strategy and the need to raise the firm's skill base through training and development have emerged. The potential for radical organisational re-design has also come up against demographic change in terms of population ageing, large-scale educational expansion, concern over skills deficiencies in the economy at large and in particular, dynamic sectors, and the policy impetus behind and work force preference for a better

reconciliation of personal life with professional life – the so-called 'work-life balance'. The implications of this for business restructuring are heightened by some key uncertainties, especially as to what forms of professional development and, more broadly, education and training, work most effectively for which groups of participants at different stages of the individual or organisational life cycle, and what market structure of provision should be adopted.

### **Events organised by BPRC**

A number of focus groups were held which examined various aspects of the role of CPD in business processes. At the outset the aim was to create a discourse between representatives from the business and research communities. The focus groups were able to attract speakers from a range of businesses including Marconi, Lloyds/TSB, Northern Foods, and Powergen, as well as professional bodies and special interest organizations such as the IPD, the Association of Graduate Recruiters, and the Council for Industry and Higher Education. The focus groups also attracted participants from the Netherlands, Germany, Ireland, and France.

Although the focus groups were concerned with particular topics, several 'sub-themes' or 'issues' recurred to some degree in most of them:

- Factors internal to a business that shaped human resource development
- Analysis of career structures and the nature of the employment relationship
- The role of the external product, labour and training markets in defining an organisation's human resource strategy
- Human resource development needs which resulted from business restructuring
- How organisations learnt from their history of human resource development
- Identification of human resource development and innovative organisational adaptation

The focus groups convened over the period were:

- Youth versus Experience – 14 July 1998
- Who Reaps the Reward? – 20 January 1999

- The Future of West Midlands Construction: Skills Issues (two focus groups) – 22 April and 27 May 1999
- Employers' Recruitment Strategies in the New Graduate Labour Market – 6 July 1999
- Skill Deficiencies and Continuous Professional Development in the Engineering Industry – 16 December 1999
- Education, Training, Professional Development, and Performance – 28 June 2000

### **Youth versus Experience (14 July 1998)**

This focus group addressed the 'analysis of career structures and the nature of the employment relationship' through an exploration of the employment relationship over employees' working lives. By concentrating initially on the entry of young people into organisations and the career structures laid out before them and comparing this to the situation of older people, especially where early exit schemes were in place, an investigation was made of the way in which career structures and the nature of the employment relationship are changing, especially in respect of demographic change and the mass participation of young people in higher education.

### **Who Reaps the Reward (20 January 1999)**

The main issue addressed here was 'the role of external product, labour and training markets in defining an organisation's human resource strategy'. The specific question addressed by the focus group was: who reaps the reward of continuing professional development and training – the individual employee and/or the company? This led the Group to consider who should pay for the development and training. Some firms represented by speakers had adopted an 'education for all' approach which recognized that the provision of CPD to all staff provided a range of positive externalities even if these could not be predicted in advance. In contrast, there was a more targeted approach, described by other speakers, which supplied CPD to employees in relation to a specific business need. Related to this was the role of the external labour and training markets and how this influenced organizations' approaches to CPD.

### **The Future of West Midlands Construction (22 April/27 May 1999)**

By concentrating on the construction sector, 'the role of external product, labour and training markets in defining an organisation's human resource strategy' was explored further in an industry where the emphasis is very much upon the external labour and training markets to supply firms with skilled labour, but where sector-wide policy is attempting to stimulate skills development within firms.

### **Employers' Recruitment Strategies in the New Graduate Labour Market (6 July 1999)**

This focus group touched upon both the 'factors internal to the business' and 'the role of external product, labour, and training markets' by addressing what firms were looking for in their annual in-take and subsequent deployment of graduates. It also addressed the issue of equal opportunities with respect to whether employers targeted certain 'older' universities for their recruits, which potentially limited the recruitment of 'non-traditional' students, or adopted a wider recruitment strategy or targeted 'new' universities, especially so where graduates were being recruited to jobs previously filled by non-graduates.

### **Skill Deficiencies and Continuing Professional Development in the Engineering Industry (16 December 1999)**

This focus group concentrated upon 'human resource development resulting from business restructuring'. A number of representatives from large multi-national engineering firms were brought together to address how the business restructuring in which they had been engaged affected their CPD strategies, and the role of the CPD strategy in the process of restructuring. It was apparent that some organisations had re-appraised the role of professional engineers in the business process. Acute shortages of professional engineers who possessed both technical and managerial competences were reported. Some organisations had sought to develop existing staff or recruit, through various means, new staff within the UK. Other organisations had taken a more global view by concentrating functional areas of the business in those countries with a good supply of the requisite staff. This also applied to supply-chain relationships.

## Education, Training, Professional Development, and Performance (28 June 2000)

The 'factors internal to a business that shape human resource development' issue was the principal one underlying this focus group. Following the 'Who Reaps the Reward?' focus group the discussion concentrated more specifically on what firms were trying to achieve through their CPD strategies and how organizations assessed the success of their CPD strategies.

Cutting across all of the focus group discussions were the issues of 'how organisations learn from their history of human resource development' and 'identification of human resource development and innovative organisational adaptation'. In essence, these issues were concerned with how organisations reviewed their attempts to solve particular CPD problems and the solutions at which they arrived.

Overall, the focus groups realised that skills supply in internal and external labour markets, demographic change, product market developments, organisational and technical change, all had a bearing upon the construction of corporate human resource strategies and the role given over to CPD within those strategies. In addition, government policy to stimulate 'lifelong learning' also had an impact. Building upon the economics of personnel, the conditions for access, and an analysis of organisational and market structure options, it was possible to gain key insights into how external and internal factors to the firm shape CPD strategies from the business perspective.

From a comparative international perspective the role of the external labour market in shaping firms' CPD strategies was analysed. Demographic change and the impact this would have on the supply of young people into the labour market placed significant pressures on some sectors and companies to different extents across Europe. This was addressed in the context of the differing national external training markets, especially the existence of mass higher education systems and the supply of graduates and their deployment within firms. At the other end of the age spectrum the CPD of older workers was pursued.

Looking more at activities within firms, analysis was undertaken of different companies' CPD strategies. With the decline of the lifelong employment relationship, could employers still reap the reward from the training they provided? This was viewed within a dynamic framework that recognised the long-term

returns to CPD and the fact that its effect on company performance would not only be obtained directly in higher skills feeding through to productivity gains, but also indirectly through higher levels of job satisfaction, and employee commitment, innovation and motivation. Identifying the benefits of CPD was extremely difficult, but increasingly the business case for providing CPD required some evaluation of its benefits.

In addition to the activities, which constituted the 'approach' taken to the professional development and business restructuring theme, certain other devices were adopted to further the generation of research capacity:

*Codification of the Existing Research Base:* The codification of the existing research base and the linkages between sub-themes provides the opportunity to build debate between researchers and practitioners upon an accessible review of relevant social science research. It has been developed as a database, structured via keywords/topics, and will be made accessible via the BPRC website and other sites.

*Preparation of Briefing Papers and Summaries of Proceedings:* Briefing papers were produced to provide all participants with a common information base for the focus groups/fora – this was particularly important given the aim of bringing together representatives from the research and business communities. A shared understanding of the language and concepts was necessary to enable researchers and business to engage in effective discussion and develop a research agenda. The short briefing papers reviewed provided the state of discourse in the topic from the perspectives of researchers, practitioners and policy makers. This involved analysis of publications and discussions with individual practitioners, and professional bodies (eg. the IPD). Common messages across the three perspectives were presented in the papers.

Summaries of the proceedings were also prepared in the same style.

*Study Visits to Firms:* Selected study visits to firms were undertaken to assist with the development of the research agenda. Where companies were involved in, what may be loosely termed, an experiment with respect to a particular aspect of professional development and training, it was followed up by BPRC. Twelve in-depth cases of companies were developed, which addressed how skills needs had been identified and fulfilled.

The study visits, like the focus group discussions, were designed to shed light on each of the research issues outlined above.

### **BPRC Website for CPD**

(<http://bprc.warwick.ac.uk>): The principal means of disseminating the results from the focus groups, bibliographical database and study visits has been through the BPRC Website. This aims to promote as wide as possible awareness of the discussion and findings to business, policy and research communities.

**The Future:** Since October 2000, BPRC has ceased to exist as a separate centre within WMG. Its work in the professional development field is continuing via the on-going collaboration between IER and WMG. From April 2001, it will partly fall within the umbrella of the new Mercia Institute of Enterprise.

**Invitation:** Members of the practitioner and policy-making communities are encouraged to contact either Terence Hogarth or Robert Lindley (see page 1) if they would like to contribute to future activity in this field.

### **Annex: Selected IER/WMG Projects Undertaken via BPRC**

The BPRC has given rise to sustained collaboration between various members of the Institute for Employment Research and Warwick Manufacturing Group. This has allowed a combination of social science and engineering knowledge to be brought to various skills projects.

Three additional funded projects were obtained through BPRC:

- ***Skills in the West Midlands Construction Sector*** (c.£38,000) for Coventry and Warwickshire Chamber of Commerce, Trade and Enterprise. This study was concerned with the statistical modelling of the supply and demand for skilled construction personnel at all occupational levels in the West Midlands. BPRC provided a forum where representatives from business, development agencies, and academia were able to discuss aspects of skills supply and demand in the construction sector, and how the supply of skills could be improved through CPD. A database of CPD suppliers for the construction sector has been placed on the BPRC website
- ***Extent, Causes and Implications of Skill Deficiencies*** (c.£270,000) for DfEE. This was concerned with a survey of 27,000 businesses (establishments) in England and a series of employer case studies. BPRC was involved in bringing together representatives from business, the research team and other interested parties to discuss how shortages of skilled personnel, especially at the professional/managerial level, affected business performance. The research team for the project was comprised of members of BPRC, WMG and IER.
- ***Building Relationships: SMEs and Modern Universities*** (c. £24,000) for Coalition of Modern Universities. This was able to build further on the Focus Group held on graduate recruitment and address the extent to which universities are connected with the SME community to deliver their CPD requirements. Assistance was obtained from WMG.

## ***Work-Life Balance 2000 Survey***

*The Work-Life Balance baseline study was conducted jointly by the Institute for Employment Research, University of Warwick and IFF Research. The study was commissioned by the DfEE in order to provide baseline information for the Government's work-life balance campaign. The study provides representative national information about the availability of work-life balance arrangements in workplaces with five or more employees. It comprises three surveys: a survey of employers covering 2,500 workplaces in Great Britain, a survey of 250 head offices and a survey of around 7,500 employees.*

*Copies of the 40-page summary report are available from DfEE Publications, tel. 0845 60 222 60, ref. WLBSUMBS1, and also on the DfEE website, at [www.dfee.gov.uk/work-lifebalance/research](http://www.dfee.gov.uk/work-lifebalance/research). The full report will be published in December 2000.*