



The respected manager... the organisational social capital developer

Anthony Brien^{a,*}, Clive Smallman^b

^a Business and Hotel Management, Faculty of Commerce, Lincoln University, Ellesmere Road, PO Box 84, Lincoln, New Zealand

^b Faculty of Commerce, Lincoln University, PO Box 84, Lincoln, New Zealand

ARTICLE INFO

Keywords:

Social capital
Hotels
Middle managers
Rationalistic humanistic management

ABSTRACT

While 'labour cost management' is the main reason for the significant use of contingent labour in hotels, it needs to be managed differently from full-time labour. This research sets out to identify who, in a hotel context, manages the organisation's contingent labour, their managerial style and associated challenges. Results indicate that it is middle managers who are responsible for this workforce (the majority of hotels' employees), with themselves usually being the least experienced managers in the hotel. The major challenge for managers is the continual labour turnover and the pressure to choose between a rationalistic or humanistic managerial approach, with an implied bias to that of rationalism. However, the most successful manager (defined in this research as the 'respected manager') uses a humanistic managerial approach with elements of rationalism, one which encourages the development of organisational social capital. Yet, humanism struggles to fit into rational, system-based organisations like hotels, and is often so stressful for managers taking this approach that it leads to the manager resigning.

© 2010 Elsevier Ltd. All rights reserved.

1. Introduction

Internationally, contingent labour is increasingly used as a means to achieve organisational efficiencies, productivity and profitability (Bohle et al., 2004; Buonocore, 2010; Cappelli and Neumark, 2004; Ilmakunnas et al., 2005; Lowe, 2002, p. 105; OECD, 2002; Owens, 2001), via overall organisational 'numeric and functional flexibility' (Bohle et al., 2004; Conley, 1998; Larson and Ong, 1995; Milner and Pinker, 2001; Nayar and Willinger, 2001; Riley, 1990, 1992). While such an approach enables control over labour costs, which in many businesses are the most significant cost, it can present challenges in terms of reduced commitment, loyalty and organisational productivity (Conley, 1998; de Gilder, 2003; Jacobsen, 2000; Kets de Vries and Balazs, 1997; Meldrum and McCarville, 2010; Muse et al., 2005; Sheehan, 2001), and is potentially not easy to manage.

The research that this article is based on initially sets out to establish (in the context of hotels) who manages contingent labour, what challenges this labour force presents, and how the workforce is managed. Results suggest that (1) it is middle managers who, in the main, manage contingent labour, (2) continual employee turnover is the biggest challenge, and (3) hotel structures and systems encourage middle managers to manage rationalistically. These immediate findings aside, there was an additional outcome

from the research questions that highlighted how some managers positively engage a humanistic and rationalistic management style, and as such identified a new type of manager – the 'respected manager'. This manager transcends the polarity of rationalism and humanism, achieving a blended managerial style, which is potentially what Collins and Porras (1994) termed 'the genius of the AND', rather than 'the tyranny of the OR'. It is this management style that this article reports on.

Hotels favour a rationalistic management style because it uses systems and structures (tasks, routines and set procedures) to manage their large contingent labour – rationalistic management and systems being symbiotic. These systems (1) enable (minimum) standards to be met, particularly when an organisation has a high staff turnover, (2) require less organisational planning intervention by the manager, and (3) are therefore straightforward and less stressful. This *modus operandi* sees 'people' supporting 'systems', whereas those who manage humanistically believe that 'people' should be the priority in the management of services, and that 'systems' should support 'people'. There is a significant difference between these two approaches.

The key finding of this research is that it may be possible to enhance outcomes for all stakeholders via a blended managerial approach by combining aspects of rationalism and humanism, with a weighting toward the latter. Furthermore, this approach enables the development of organisational social capital among the workforce – a key factor in becoming a 'respected manager'.

This research does not suggest that using contingent labour reduces organisational outcomes, but it does suggest that developing 'positive' social capital in a highly contingent workforce,

* Corresponding author. Tel.: +64 3 321 8294.

E-mail addresses: Anthony.Brien@lincoln.ac.nz (A. Brien), Clive.Smallman@lincoln.ac.nz (C. Smallman).

and arguably any workforce construction, enhances outcomes. It is important, however, to acknowledge that developing social capital is complex, time consuming, and potentially stressful for those embarking on such a path (Buick and Thomas, 2001). Research also acknowledges that, on occasions, 'negative' social capital may eventuate (from negative *modus operandi*), given an organisation's mixture of sub-social groupings who, for a number of reasons, feel or are disengaged from the group as a whole, and whose close ties accentuate poor practices (Takahashi and Megalong, 2008).

Finally, and holistically, this article sets out to engender discussion around the concept of organisational social capital in the workplace, particularly when working with contingent labour in the service industry.

The literature review that follows considers contingent labour and the paradigm of rationalism and humanism before exploring the area of organisational social capital. The research methodology is then explained followed by findings, discussion and implications for the hotel and service industries.

2. Literature review

2.1. Contingent labour – its role and use

It is arguable that to remain competitive, an organisation needs flexibility in all areas of its operations, with particular reference to labour. Organisational cost optimisation is crucial, and, in industries such as hotels where labour costs are a significant portion of business costs, flexibility in arranging how staff are engaged is paramount (Rogers, 2000; Smith, 1997).

Employment flexibility is well reported under titles such as a 'core' and a 'peripheral' workforce (Friedrich et al., 1998), restructuring (Conley, 1998), efficiency and effectiveness (Cameron, 1994; Tourish et al., 2004), flattening the managerial structure and empowering workers (Van Horn-Christopher, 1996), numeric and functional employee flexibility (Theodore and Peck, 2002), a flexible workforce meeting global and technological changes (Auer and Cazes, 2000), and new business needing only initial yet instant knowledge (Cardon, 2003). As cost minimisation is critical, the use of contingent labour has grown over the past 30 years (Mangan, 2000), and is now standard business employment practice.

There appears to be no foreseeable abatement in the use of contingent labour in all industries, with Owens (2001), Lowe (2002) and the OECD (2002) predicting that this employment group will be the dominant and fastest growing employment trend in the foreseeable future. As part of such employee engagement, hotels make significant use of contingent labour to manage operational, economic and seasonal trends (Anastassova and Purcell, 1995; Bagguley, 1990; Ball et al., 1986; Bhatngar et al., 2004; Biswas and Cassell, 1996; Cheng and Brown, 1998; Deery and Jago, 2002) as part of a movement toward the 'lean organisation' (Cardon, 2003; Kets de Vries and Balazs, 1997; Tourish et al., 2004). Changes in the way employees are engaged provides the opportunity to consider changes in employees are managed. This report explores the ways in which employees are managed by middle managers and initially presents the managerial style of rationalism given before considering that of humanism.

The managerial phenomenon of rationalistic management is not new. Elements can be found in the Frederick Taylor era and the 1990s Scientific Management movement (Wood et al., 2001). The basis of such an approach was the maximisation and efficiency of all resources, with the main benefit gained by the employer. In the arena of mass production, in particular, manufacturing where a significant amount of machinery and technology is used, rationalistic management *may* be appropriate. However, it is questionable as

to whether or not this is appropriate in a service-based, people-orientated organisation.

Saul (1992) is outspoken about rationalistic management, suggesting that times have changed and social trends now force consideration of more humanistic (perhaps 'common sense') approaches. Potentially, such a change is due to the increase in 'knowledge- and service-based industries', or, as Pine and Gilmore (2002) suggest, the 'experience economy' where organisations are providing a customer 'experience'. Hotels, the base for this research, most certainly fall within the experience economy.

Systems, in terms of design, management and thinking, has its place where there is the need to meet certain standards, and is important where contingent labour creates a high 'employee turnover' rate, as such processes and systems help maintain minimum standards while managing the flow. As Taylor (in Wood et al., 2001, p. 710) points out, a rationalistic management style, as an outcome of the use of systems, helps to get the job done in the most efficient and effective manner, and can avoid what might be considered the complications of potentially time consuming, complex employment (humanistic) relationships.

While Drucker (1995) acknowledges that a rationalistic management approach worked well (in terms of productivity gains) in the early twentieth century, he further suggests (p. 240) that the world of work is moving to an organisational social capital society, which includes high levels of trust and autonomy, something that does not necessarily sit comfortably in a rationalistic, system-based, organisation. In summary, Drucker concludes that rationalism depletes social capital, while Saul (1992) and Kets de Vries and Balazs (1997) present the case for the increase or restoration of humanism in work organisations.

Humanistic management focuses more on the welfare of people–employees (Domenec, 2003). It is here that Saul (1992) and Kets de Vries and Balazs (1997) question the use of rationalism in some areas of the business environment. They argue that such a managerial approach, and the use of contingent labour, is reflected in the 'psychological contract' between employer and employees, in particular, the variables of loyalty and trust. Specifically, there is a qualitative difference between a contingent worker's psychological contract and that of a full-time employee, because they have differing expectations of their employer's requirements, and of extrinsic and intrinsic rewards. Nevertheless, a psychological contract exists, and is potentially more tenuous between the employer and the contingent worker.

2.2. Dialectic or dilemma?

The literature on these two management styles often presents them as two halves of a dialectic, that is, as mutually exclusive.

For example, it is arguable that a rationalistic approach engenders economic benefits, but applied to contingent labour, this approach may well decrease organisational morale and trust while increasing stress on the remaining workforce. This can lead to managerial burnout (Kacmar et al., 2006; Lashley, 2002) and resignation, which results in the loss of organisational memory. Kets de Vries and Balazs (1997) and Volberda (1999) questioned the long-term organisational gains of the significant use of contingent labour in today's organisations, suggesting that too much change or flexibility leads to increased organisational costs and complexities.

Potentially, the growth of contingent labour and the movement toward 'flexible firms' and lean organisations has seen 'people' left out of the equation, particularly with the breaking of the psychological working contract via 'hire at will and fire at will' tactics (McDonald and Makin, 2000). While such actions may be for business survival, Kets de Vries and Balazs (1997) find that there is a high social cost in this approach, and suggest that the purported gains do not necessarily materialise, as a reduction can result in

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات