Chapter: 2

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Increasing number of corporations around the world are recognizing the fact that, in order to gain competitive advantage, in addition to the obvious skills, they also need to make sure that their people know how to handle themselves at work and relate with their peers and customers. Self-awareness, self management skills, and ability to influence others are some of vital competencies employees of a progressive organisation need to possess. All these together can be referred to as ‘soft skills.’ Soft-skill set is often the underlying edge that trademarks a company for professionalism and the use of these skills elevates organisation with a better competitiveness in the industry. Most compliments and appreciations that executives and managers receive have been linked more with the use of soft skills than with your actual knowledge. Companies have now started linking soft skills in employee performance appraisals and compensation packages. They are considered as important criteria during recruitment. Soft skills such as interpersonal communication, business ethics, effective presentations, e-mail etiquette, self-awareness, persistence, confidence, self-motivation, trustworthiness, adaptability and a talent for collaboration now weigh higher importance and can no longer be ignored. The workplace reform has brought many changes to the way things are done in various industries and accompanying these changes has been the growing recognition of the need for 'soft skills.'

Many studies have been undertaken around the world on the relationship between various employee skills and performance. The studies were reported in different industries, such as construction, health, retailing, IT, education, and hospitality. It has been observed that most of these studies were focused on a few skill components and did not attempt to frame a comprehensive list of performance enhancement skills. Some of the studies closely related to this topic of research are reviewed hereafter.

There are studies in construction industry on the role of various skills as a tool for improving the performance. Studies have pointed out a series of ongoing difficulties in the crucial areas of the industry due to the lack of soft
and interpersonal skills. Hager, Garrick and Crowley (2000)\(^1\) in their study ‘The Generic Competencies and Workplace Reform in the Australian Construction Industry’, identified teamwork, communication and planning and organising as prominent amongst the critical skills for performance. Building and construction workers who are incorporating soft skills into their work practices are be compared legitimately to the workers in knowledge industries. This research was conducted with strategic partnership with industry research and training, the University of Technology, Sydney and the New South Wales department of public works and services. The three-year project provided the research team an opportunity to investigate the industry in several phases. This research project identified significant progress in the development of various skills as a workplace reform in the building and construction industry. The findings were derived mainly from interviews with employees of large companies that are undertaking major projects.

This study identified the competencies that are significant to the construction industry and verified the critical role of competencies like communication, teamwork, planning and organising and to a lesser extent collecting, analysing and organising information. In final phase, middle and senior management were interviewed about two aspects of workplace reform such as occupational health and safety and environmental practices. This data was then analysed in relation to the role of the competencies and the management aspects of construction work. This research identified that senior and middle management spend significant time utilizing the competencies such as communicating, problem solving, planning, organising, collecting and analysing information. The Meyer Key Competencies form the basis of the concept of generic competencies used here. This study takes an integrated approach to competence. This means competence is meant in general terms of knowledge, abilities, skills and attitudes.

This research challenged the common view that these skills are inborn and cannot be developed, i.e. ‘you either have soft skills or you don’t’. Many instances were identified where workers had been able to improve and refine their soft skills with experience and practice. Management too is able to employ a range of strategies that support the development of these skills development. This study identified a wide range of strategies that both
organisations and individual workers can employ successfully to further improve their own and others’ soft skills. Two other main themes that emerged from the research were the holistic interweaving of soft skills and the need for them to be learned and adapted to the unique and changing circumstances of each building and construction site. Teamwork, communication, planning and organising were identified as the important components of good OHS&R (occupational health, safety and rehabilitation) practices that we encountered. The successful spread of better OHS&R practices throughout the building and construction industry in the 1990s is one way in which soft skills have been incorporated into the performance of the industry. The presence and strengthening of the soft skills helped to create learning cultures. The growing emphasis on environmental aspects of building and construction was seen as an emerging area requiring further development of soft skills.

The findings about the holistic interweaving of soft skills and the need for them to be learned and adapted to the unique and changing circumstances of each building and construction site are supported by earlier research findings about generic competencies. (Hager et al. 1996)². When any significant component of work is considered, there tends to be a clustering or interweaving of key competencies together with more specific competencies as well as features that are particular to the context. The key competencies are major features of quality at workplaces that focus on high performance or high quality products (Field & Mawer, 1996)³.

According to Ford (1990)⁴, the internationalisation of demand has meant organisations to transform themselves to provide greater quality; improvement and innovation; adaptability and reliability; and better services. The required transformations by organisations focus on a more multifunctional and multi-skilled workforce. This is facilitated by the creation of a responsive workplace culture. As Ford points out, there are diverse strategies for achieving this, but they generally integrate new kinds of work organisation, innovations in technology, innovative skill formation practices, and innovations in employee commitment, participation and remuneration. It is identified that many of these, especially new kinds of work organisation and innovations in employee commitment, participation and remuneration, are
just the kinds of strategies that have driven successful workplace reform in the Australian building and construction industry over the last decade. However skill formation practices are one area where further innovation is needed. To see the reason for this, the full scope of skill formation practices needed to be considered. Ford argues that 'skill formation' should be viewed as 'an emerging holistic concept that embraces and integrates formal education, induction, continuous on-the-job learning, recurrent off-the-job learning and personal development'. By pointing to the importance of continuous on-the-job learning in skill formation, Ford is endorsing a wider notion of learning in the workplace that applied in the previous industrial era.

Haskel J et al (2003) attempted to answer three questions: First, do more productive establishments employ a more skilled workforce? Secondly, if so, which skills matter for productivity? And the last, how much of the variation in productivity is associated with variation in skills? The researchers find that there is enormous interest in these questions at a number of levels. The data were collected with four main considerations. Firstly, data on skills and productivity at the plant level; secondly, since productivity is likely to be determined by a host of unobserved factors, a panel tried to control at least to some degree for these; thirdly, to frame a number of measures of skills. In particular, whilst qualifications have often been used as a formal skill measure, it has been argued that more informal skills (attitude, time keeping etc.) are just as important to company productivity. Usual measures such as work experience, years of education or test-scores, fail to capture the so-called ‘soft skills’. Fourth, average productivity inside an establishment is also likely to depend not just on its average skill level but also the organisation of its human capital, so distribution of the workforce skills are concluded as important.

Haskel J et al (2003) tried to fill the evidence gap using two data sets, the Employer Skills Survey (ESS) and the New Earnings Survey (NES). The NES has information on wages, occupation and age of workers. Using the ESS data five different potential measures of skills were calculated. The main skill measure used on the ESS is derived from two questions. First, firms are asked to specify the most common qualification held by their employees by nine occupational groups. Second, firms are asked to set out the fraction of
workers who are in each occupational group. The occupations were managers, professionals, associates, administrators, skilled, manual, machine operation personal, sales and elementary occupations. The second measure is based on average occupation-based skills. Some data sets have only occupation data, which is sometimes converted into skills. It is done for comparability with other works. To construct skills from occupations, they assigned a skill rank to each occupation. The second derives from the wage information and the panel structure of the data. In a competitive economy with perfect information, workers would be paid their marginal productivity at all times, and wages would therefore be a good measure of the market value of the workers’ human capital. Data is therefore collected at the reporting unit level, where a reporting unit is a plant or a group of plants. Each reporting unit has its unique reporting unit identification number and an enterprise has enterprise group identification number.

The main fact from the study was that more productive firms employ and hire workers of higher skill. The more skills - more productivity correlation holds well with many of these measures. Measures of formal qualifications found to be insufficient to capture the complete picture of firm’s workforce skills. Human capital is again significant and it is the ‘person effect’ that is found to be the most significant. There was again some suggestion of more significant contributions from the highest skilled workers. However, there is a significant correlation between skill and productivity (controlling for capital, materials, and industry effects).

The researchers document that more productive firms do indeed hire more skilled workers. First, in their sample of manufacturing firms, plants in the top segment of the productivity rank distribution hired workers with, higher skills relative to plants in the bottom sides of the productivity ranking. Second, they found that skill measures based on qualifications (hard skills) and person affects from double-fixed effect wage regressions (hard and soft skills) both affect productivity. Third, they estimate that the skills gap between the top and bottom firms in the productivity distribution explains about a significant gap.

Abowd et al (2002a) had constructed skill measures by estimating a panel wage equation controlling for person and firm effects and use the
estimated person effects and the implied experience effect to measure skills at the business. This measure captures skills in a way that qualifications cannot. He observed strong correlation between employee skills and organisational productivity.

The study conducted by Hellerstein, Neumark and Troske (1999)\(^7\), match a business level US data set with worker information for one cross-section and estimate production functions using worker qualification, age and gender information. From this they calculated relative marginal productivities and compared them to those from estimates of wage equations.

Jones (2001)\(^8\) undertook a similar study using matched employee / employer data in Ghana and finds that education is positively correlated with productivity. This study is closest in spirit to Abowd et al (2002)\(^9\) where strong positive correlation between skills and productivity was observed. They also find that the most skilled workers have a disproportionate impact on productivity and that the least skilled workers have a disproportionate negative effect on productivity.

Gamble Jos (2004)\(^10\), in his study explores training and skills development in UK- and Japanese-invested retailer operations in China. The research carried out at twelve retail stores in six Chinese cities between 1999 and 2003. An ethnographically orientated case study approach was adopted to elicit contextualised accounts of interactive service workers’ own perceptions of their training and skills development. Over 170 semi-structured interviews were conducted with a cross-section of local employees and expatriate staff, with a concentration on sales staff. Additionally, over 1100 employees completed questionnaire to further ascertain their self-assessment of skill levels. It was found that these firms made a substantial contribution to skills development, fostered and enhanced both directly by company training and also through experiential workplace-based learning.

This study of multinational retailers in China has provided research data that illuminates the nature of skills in the retail sector. This study relied primarily on employees’ own accounts of their skills development. It points to focus on multinational retail firms’ impact on workers’ skills in developing nations. In addressing the nature of skills in service sector firms, this study
also explores multinational enterprises’ contribution to human resource development in a developing economy.

It has been found that it required good interpersonal skills to strike the right balance between persuasions, creating a basis of trust. The service offered by sales staff both in terms of helpfulness and their ability to advise customers on products was seen as crucial to the firm’s success. It was found that the main reason customers go to a retail store is because of the customer service, the sales staff are very enthusiastic and patient about explaining the product. The researcher has quoted one of the respondents of the study, a showroom sales advisor, he says, ‘if you explain well, customers will feel you’re an expert and will wish to do business with you.’ This form of differentiation, which takes time and effort to develop and is difficult to replicate, required that staff had good product knowledge and were polite and enthusiastic in their engagement with customers. For sales staff, technology was not crucial as role of sales staff centred largely upon face-to-face interaction with customers. Product knowledge was vital for sales staff to fulfil their roles.

Social skills were found helpful to get on well with customers, co-workers and staff in other departments. A variety of observational and psychological skills were found useful, and there was ample chance to develop these. Distinct skills were required for dealing with angry customers. Respondents described politeness to customers as the key feature that would attract and retain customers. Despite the large volume of customers, employees were expected to bow and welcome each one.

Recruits appointed before store openings underwent three months training, with attention to company history and policies, product knowledge, team-building, job content, dress and appearance, use of the polite phrases, appropriate gestures and behaviour, and bowing. Training stressed the necessity for employees to abide by strict dress and behavioural codes and to show faultless, high levels of enthusiasm, warmth and politeness to customers. Customer service training was often taught using role-play exercises in which employees took the part of customers. The firm had a relatively light touch in terms of scripting customer service interactions.
Employees’ desire to help customers encouraged them to upgrade their knowledge and skills. The company also adopted various direct and indirect material incentives to increase motivation and learning. It was crucial not only to attract and train suitable employees, but also to ensure employees remained in the firm thus minimising lost training investment. Promotion prospects, training, motivation and retention were mutually reinforced. Retention was important because the skills involved took considerable time and effort to develop; they were also harder to buy-in, although many employees had developed tradable skills and could easily find other jobs. The arrival of foreign competitors had begun to increase competition not only for market share but also for skilled workforce.

It has been found that skills and knowledge grew not only from company provided training, but also incrementally from workplace experience such as sharing knowledge and experience with co-workers. There was also the potential to learn from customers as customer asks difficult questions and exhibit different behaviour.

Sales staff required flexibility, knowledge and skill to respond to customers. In a highly competitive market, the company’s success depended upon staff being ‘experts’ and skilful in the ‘drama of persuasion’. In the UK, training provides incremental increases in these dimensions; in China there was often a qualitative increase in skill levels. The skill levels requirements of sales staff in Japan were higher than those needed by their counterparts in the UK. In part this related to the social skills required in an environment where selling was ‘more used to negotiating’. The Japanese firms placed a greater emphasis on predictability in employee-customer interactions. However, within this predictability there was space for skills development.

Employment in retailing is generally perceived to fall within the category of increasingly deskilled jobs. It might be necessary to re-think assumptions about the nature of skills in the service sector and the expectation that up-skilling is primarily to be found in technologically demanding jobs. Technology had a limited impact on the work of sales staff. Despite this there has been a substantial learning experience for many of the employees interviewed. Skilful workers were needed in order to train and advise the amateur customers.
Researchers are likely to take the presence of rules and routine as prima facie evidence for the absence of skills. However, the data from this research has indicated that even the most tailored roles can still allow a space for the development of product knowledge, organisational and social skills. Typically, Chinese workers sought employment in these foreign multinationals in anticipation of not only better pay and conditions, but also improved training and promotion prospects than locally owned firms. Even when employee-provided training was relatively limited, employees regularly cited significant learning from interaction with customers, fellow employees and managers. Additionally, employees overwhelmingly perceived skills developed at these multinationals as transferable to other workplaces.

The extent of learning and skill development outlined in this study contradicts the expectation of Frobel et al. (1980)\textsuperscript{11} that foreign-invested firms do little to benefit the human resources development in host countries. The proportion of ‘value-added’ to employees in China in terms of training might be significantly greater than in the investors’ parent countries. The evidence presented in this study does not preclude such a development, although even the recognition of a transitional skills effect is of intrinsic interest and worthy of further investigation. Local configurations of skills and skills requirements will continue to differ from those found in western countries.

Noorbakhsh and Paloni (2001)\textsuperscript{12} found that human capital is a statistically significant determinant of FDI inflows. Policy makers focus attention on the importance of workplace-centred training and skills development schemes such as those implemented in Singapore and Malaysia, as valuable adjuncts to inputs in formal education.

In businesses studied by Jones et al. (1997)\textsuperscript{13} and Rosenthal et al. (1997)\textsuperscript{14}, managers pursued polices intended to increase employee commitment, motivation and flexibility. In hotel chain management; high quality, authentic and more intense social interactions between employees and guests were the key in gaining competitive advantage (Jones et al. 1997).

Thompson et al. (2001)\textsuperscript{15} acknowledge that social skills are crucial in interactive service work. Front-line staff would transfer effective styles of interacting in their personal life into dealings with customers. Such an
approach can be construed as widening the potential for employees to utilize, at the very least, their social skills.

Many of the skills required and fostered were human interaction skills. In the context of US department stores, Benson (1986) highlights the centrality of social interaction and skills of persuasion. He argues that ‘you persuade customers to buy by introducing the products well, to persuade them to buy you must explain very well, when they hear that what you say is reasonable they will buy’. Researcher adds, at times, customers were portrayed as blank sheets or empty vessels, ready and willing to be led by sales staff provided that they possessed the requisite skill.

Frenkel et al. (1995), confirms that Social and people skills, which ‘include the capacity to organise and communicate with, to learn from, work with and impart knowledge to others’ are especially important. Although there was a tendency in the companies for social skills to be taken-for-granted, it was recognised that they are selected for during recruitment, and also that they could be honed and developed. Frenkel et al. mention about a good recognition system practiced in some of the stores, the gold certificate, and the requirements of this certificate involved all the elements of ‘theoretical knowledge, creativity, and use of analytical and social skills.’

Kerr et al. (1973) optimistically anticipated that technological development would lead to more complex types of work task and therefore rising levels of skills and responsibility. The study focused on the Skill sets in the service sector. Since much of the initial debate on skill development and utilization focused upon the impact of technology and on the manufacturing sector. In this study the researchers re-looks at the technique of scripting customer service interactions as a means to improve quality of customer interaction.

George Ritzer (1998), building on the work of Max Weber and F.W. Taylor, has explicitly focused upon what he perceives to be the dominant trends in the service sector. In the same way as technology removes workers’ manual skills, so scripts usurp their verbal and interactive skills. In the growing literature on HRM in the service sector, there are divergent perspectives on the nature of work in this sector. Proponents from the new
service management school focus attention on human resources as the key means for firms to differentiate themselves from competitors (Bowen and Lawler 1995)\(^{20}\).

Implicit in this approach is that workers’ empowerment will help to create a customer satisfaction-workforce satisfaction mirror. For some firms, however, more personalized service is considered as a source of value-added differentiation. Overly scripted interactions lack sensitivity to individual situations and may be resented by customers who see them as insincere (Leidner 1993)\(^{21}\).

Nickson et al. (2001)\(^{22}\) in his study ‘managing empowered workers and the service encounter in an international hotel chain’ use the term ‘aesthetic labour’ to describe the employee with good interpersonal and social skills. He emphasised the importance of such workers in the productivity of an organisation.

Prasad Kaipa et al. (2002)\(^{23}\) conducted a study on the role of soft skills development in the entrepreneurial success. They categorized important soft skills as leadership, decision-making, conflict resolution, negotiation, communication, creativity and presentation skills, and observed that soft skills are essential for entrepreneurial success and maximizing human capital in any enterprise. The important observations of the study can be summarised as: ignoring or failing to pay adequate attention to soft skills development will impede entrepreneurial success; the soft skills are key factors that make or break a company; soft skills are critical to all facets of the venture; they can provide great energy and cohesion for the members of and enterprise and thus, provide a way to get the highest return on the investment in terms of human capital; while professional skills may open the door of opportunity, soft skills keep an entrepreneur in the driver’s seat; conversational skills and dealing with conflict are found to be the critical skills for building good entrepreneurial teams. The study also found that very few executives are good in dealing with conflict in teams.

Findings of the study emphasized the importance of hiring the right people with the right skills-set. They observed a concept called ‘human capital triangle’ i.e the right people, the right skills and right management
system, which constitute the three corners of this triangle. Maximizing human capital requires the right balance between the executive team and development of appropriate skill-sets with proper talent management systems and organisational culture. When the talent management system, including executive teams and skill sets (technical, professional and soft skills), are not balanced and optimised, then financial capital and human capital do not pay the returns. When the focus is too much on ‘hard technical skills,’ the dynamics in the workplace become difficult to manage and many companies never see their first anniversary because they lack soft skills. Without soft skills; poor decisions are made, negotiations go poorly, communication lacks passion, and leadership withers away fairly quickly.

Prasad kaipa et al. described the soft skills as the keystones to success and good leadership presupposes refined ‘soft skills.’ Some of the skills are related to attitudes, while others are processes, and still others relate to awareness, self-control, and team focus, influencing others and building relationships. The researchers observed that nearly one-quarter of executives in high-tech positions are in trouble due to poor soft skills. About 70% of managers feel that soft skills are more important than they were five years ago. It is stated that ‘Technical skills get you at the door, but soft skills keep you at the job’. Companies sink or swim based on soft skills regardless whether technologies keep them afloat temporarily. According to Fortune's Most Admired Companies, 1998, leadership is one of the key soft skills along with communication, creativity, learning and teamwork.

The study conducted by Rosemary Batt (2000) analyses how organisational restructuring is affecting managerial labour markets. This study, drawing on field research from several bell operating companies and also from a detailed survey of managers in one company, considers how organisational restructuring affects the employment levels, the nature of work, and the career tracks of lower and middle level line managers. The central argument of the research is that a new vision of organisation has taken hold – one that replaces ‘bureaucracy’ with ‘enterprise.’ This vision, however, entails sharp contradictions because it relies on two competing approaches to organisational reforms, one that relies on decentralizing management to lower levels to enhance customer responsiveness; the other that relies on re-
engineering and downsizing to realize scale economies. While the first approach views lower and middle managers as central to competitiveness, the second views them as indirect costs to be minimized. The central question is whether or how the two approaches can be reconciled. The evidence from this case study shows that restructuring has had the unintended consequence of creating new organisational cleavages: between lower and middle level managers on the one hand, and top managers on the other.

The major findings of this study (Rosemary Batt, 2000) were that ninety-three percent of all managers responded that the skill needed for their jobs were changing, but the kinds of new skills varied significantly by managerial levels. Over 60 percent of lower level managers in customer services cited technical (computer) skills as the most important new ones, whereas 75 percent of middle managers cited ‘soft’ skills in leadership, general management, quality, and labour relations. The pattern was similar, but less pronounced in network, where 53 percent of lower managers ranked new technical skills in first place and 60 percent of middle managers ranked soft skills as the critical new ones. Management training emphasized a softer approach, listening rather than dictating skills. Managers had to learn to discuss and negotiate with employees and union leaders over problems as they arose, rather than only in the context of grievances. Changes appear to be more in the thrust of training in new areas such as knowledge of business, marketing, and the industry; and management and leadership skills.

There were enough studies on the importance of soft skills for information science (IS) and Information Technology (IT) professionals. Further, there has been number of specific studies analysing the role of education curriculum in equipping the IT students the relevant skills necessary to perform the job to the expectation of the industry. Finding of the majority of the studies in this regard reveal that there exist a visible gap between the industry demands and academic input. It has been found that only hard skills are being given importance in the curriculum and the soft skills are neglected which limits the quality of performance.

In the study by Turner, R. (2001), to find out the skill set required by an Information Science (IS) professional to perform their tasks effectively and efficiently, focus is being given to a range of soft skills that may be
attitudinal and influenced by life and work experiences. The researcher describes an IS/IT professional as a person who is endowed with technical skills formally learned during the formal education, has some other non-technical academic knowledge studied during the course. The Information Science professional also has personal qualities and attributes that are sometimes intrinsic to the individual and sometimes developed and enhanced during the education process and is likely to have some concerns and expectations surrounding the work environment. These qualities and qualifications are not isolated from each other but, the researcher suggests, interact and affect the individual.

This study suggests that these skills, attributes and work environment do not sit in isolation from each other, but interact in an unmeasured way. There is a noticeable difference in the performance at work with the varying range of soft skills in getting on well with people and communication skills being the strongest skills. The value of this research is that a clear picture is revealed that shows the interactions between these important elements in a quantitative way.

The purpose of this study was to present the results of a study utilising structural equation modelling methods to develop a model that shows the possible relationships between these areas and the perceived emphasis that students place on these skill sets. Soft skills are very important in this model and this has been known for some time that employers are seeking a variety of these skills in their new employees. This model supports the importance that these qualities constitute a better Information Science employee. It also indicates that these skills appear to strongly influence the work performance.

An instrument is developed and modified by the authors to include some additional items. Questions covered technical topics in undergraduate Information Science degree programmes, core non-Information Science subjects, personal skills/attributes and a number of work features and incentives that are appealing to graduates seeking employment in the field.

On the perceptions of what skills and competencies an Information Science professional should have from the position of individual stakeholders such as academics, employers, students and others. There have been several
studies concerning the comparing the different views of the various stakeholders. Other studies have investigated the importance of soft skills in the development of the Information Science professional from different perspectives. The outcome is a model, which fits the data and which successfully relates educational skills (both technical and non-technical), soft skills and personal attributes and work attributes.

A work has been done investigating skill requirements of Information Science graduates including soft skills. Determining those skills that the employers of new Information Science graduates seek is important for educators in designing curriculum and advising students (Van Slyke, Kittner, & Cheney, 1997)\textsuperscript{26}.

Gupta & Wachter (1998)\textsuperscript{27} suggest the need for Information Science students to develop skills and abilities in various areas including teamwork, creativity and communication and propose a capstone course to achieve these aims.

Kakabadse & Korac-Kakabadse (2000)\textsuperscript{28} highlight the changing role of the Information Science/IT professional and identify the skills and competencies required for development in the early twenty-first century.

Turner & Lowry (1999a)\textsuperscript{29}, in a study across various Information Science job classifications found that systems development skills and interpersonal skills were common across classifications but programming skills were more important for entry-level Information Science positions. Results were obtained in a study of 102 students and 54 employers of Information Science graduates.

Ross & Ruhleder (1993)\textsuperscript{30} suggest the Information Science curriculum should concentrate on developing technical & business skills, working in a collaborative setting, instilling sensitivity to social and organisational impacts and to inculcate the ability to self-learn in a rapidly changing technological environment. It has been asserted that technical skills are not the total answer in preparing Information Science professional. It is observed that many system shortcomings arise from the fact that they do not address business objectives and neither are they sensitive to user needs or concerns. Further, they suggest, programs aimed at developing Information Science
professionals of the future must cover a wide range of skills and assist to integrate these skills in complex environments.

Ashley & Padgett, (1997)\textsuperscript{31}; Turner & Lowry, (2001a)\textsuperscript{32} have shown that despite the call from Information Science employers for more business orientated skills in exiting Information Science students, core business subjects do not rate highly.

It has been suggested that it is not sufficient for graduates to just have technical capabilities but should be aware of the employer need for professionals to have responsibility for their work and the importance of appropriate ethical behaviours (Little et al., 1999)\textsuperscript{33}. They further suggest a need to include these aspects in the curriculum of current programmes. They (Little et al., 1999) discuss the ‘industry-academic gap’ that leads to dissatisfaction amongst employer groups. They suggest that the lack of components of professional skills and workplace issues in the curriculum is a reason for this gap.

Wrycza et al. (1999)\textsuperscript{34} state that the IT profession is being pulled in opposite directions, one being the human orientation and the other towards the technical skill. It has been suggested that the IS/IT profession is handicapped by the differing needs of business and geography.

The range of activities IT professionals are called upon to perform leads to a lack of formal career structure that matches skills with roles causing confusion among stakeholders (Hemingway & Gough, 2000, p179)\textsuperscript{35}.

Gillard (2000)\textsuperscript{36} maintains that there should be two aspects of a university course that require consideration, they are employer expectations of graduates candidates and student preparedness to a course to make sure that students are equipped with employability skills like soft skills.

Calitz, Watson, & deKock (1997)\textsuperscript{37} endeavoured to find predictors to success in matriculating high school students. They identified several new performance and psychometric criteria useful in selecting IT students. In addition they identified non-technical skills that are important for success in a business environment including business knowledge, social skills and communication skills as important criteria. They particularly noted the importance of English language, and especially technical English. In addition,
they also observed that while the investigative personality type of individuals succeeds in the IT industry, the social personality type is also becoming increasingly important.

An early study by Young (1996) looking at the importance of a range of technical and interpersonal skills to industry when employing new IS personnel was replicated in a study of students from differing backgrounds.

Dramatic changes in the economy and the consequent corporate restructuring are bringing about significant changes in the structure of jobs, skill requirements, and the labour–management social contract. A central dilemma in the observed changes is that the need for a more skilled workforce has arisen and at the same time firms are restructuring in ways that reduce their capacity and/or willingness to provide workforce skill development. The economy of the 1990s is generally characterized as one of intense global competition, rapid technological advance, and significant transformation in work practices and firm structure. New job and organisational structures are seen to require greater levels of workforce skill. More generally, it is thought that the best way for both firms and workers to develop a competitive advantage in the global economy is to improve the level of workforce skills (Murnane and Levy, 1997).

Howell and Wolff (1991) find a compositional shift toward higher-skill occupations in the economy in the 1980s. But, more recently, Howell (1997) observed that recent changes have been relatively small. The changes that appear to have been most significant recently are increased demands for soft skills. Thus, provide clear evidence of a significant skill shift in the 1990s because of changes in job content, with the probable exception of requirements for the lower level jobs. In Ford’s system, work skills are not those of craft but of attitude and behaviour, which become the focus of education for students who will enter the production and front-line workforce.

A mutually interacting system requires limited task skills and educational systems provide only basic skills and industrial acculturation rather than occupational skills (Lynch, 1994). The focus of the study by Salzman, H. et al. (1998) is on how structural changes in firms and jobs affect the skills needed and the involvement of firms in skill development.
efforts. The researchers focussed on the broader issue of how firm structure and behaviour shape a range of skill development opportunities, and they focussed specifically on firms’ engagement with post-secondary institutions for training and broader skill development. This research identifies multiple factors that shape and influence firms’ involvement in skill development, such as multidimensional analysis, they believe, is necessary to answer the dilemmas in the current era of corporate restructuring.

They (Salzman, H et al. 1998) chose insurance as a representative of service industry as it employs workers at a broad range of skill levels and traditionally have a highly developed internal labour market in which on-the-job learning supplemented in some functional areas with externally obtained education offered the potential for significant mobility. In the life insurance market the product itself is undergoing changes, as it becomes a financial planning product and is thus in competition with other financial product companies. The case-studies focus on the life insurance and financial services lines, although all the firms studied are multi-line companies. These cases were supplemented by case studies of firms that have actively engaged in significant skill development efforts as a way to better understand the factors that do motivate firms to engage in skill development. Salzman, Harold et al were concerned about is the skills for managers and some technical areas. The most important value of HR is to improve its selection of managerial talent. This was a view echoed explicitly or implicitly, by nearly all the HR people they interviewed. Hiring criteria are no longer based on an assessment of a person’s ability to perform a particular function or set of task-skills but rather on an assessment of his or her ability to master a host of skills and responsibilities. Job structure and skills requirements are changing, as companies move their focus from operational efficiency alone to innovation and growth strategies. The commonly discussed increase in skills due to broadening job structure and increased levels of performance has occurred. The study found that much of the change is organisationally driven (e.g., by use of teams, cross-selling, multiple service responsibilities) with technology as a supporting but not a driving factor. The major skill needs as the selection criteria identified in the interviews are for ‘soft’ skills for lower-level employees and leadership / managerial skills for professional/managerial-
level employees. Sometimes there was a skills shift to higher basic skills. Cross-selling in insurance, for example, requires agents to have a securities license and thus involves passing a test that includes basic mathematical knowledge and aptitude. The skills reported as lacking were ‘soft’ skills of teamwork, communication, willingness to learn, related skills and characteristics (Salzman, H et al).

In assessing content for technical education courses, the college surveyed companies in the college’s geographic area. Eight of ten companies said communications skills, oral and written, as the most important. They cited social skills as one that would promote teamwork. Critical thinking and problem solving skills were also noted. They had an advisory committee to develop requirements for these skills in the program but remarked that it was difficult to balance these soft skills with education for more specific skills. Service value additions are contributed by workers with a deeper and broader skill base. (Salzman, Harold et al).

As firms change organisational forms they are also changing job structure to support new competitive strategies. The changes in job structure are fundamentally organisational changes designed to deliver services or produce goods differently; although they often require new technology in a supportive role, technology does not tend to be the driver of job structure change nor the most important factor defining the changes. Thus, often there is not a dramatic change in the ‘hard’ technical skills needed but there is a change in the capacity for learning (e.g., the ability to acquire multiple job skills through training and/or on-the-job learning) and soft skills and development of social ‘character’ attributes (Salzman, Harold et al).

Analysis of the organisational context of the skill shifts suggests that factors influence the impact that the observed increase in skill requirements actually has on firm’s skill development strategies. The compositional shift in the workforce establishes hiring criteria at a level where skill development is at least adequate and often more than adequate for the tasks. Abandoning the idea of finding qualifications as criteria because of the wide variability of both hard and soft skills at that level and the difficulty of selection leads to targeting an applicant pool that has higher technical skills than required and that has a higher probability of having the soft skills needed.
Luria (1997)\textsuperscript{44}, and Streeck (1991)\textsuperscript{45}, argue that, in skill development that involves the educational mission of the college as opposed to a more specific task training such as the type of skill development that is durable and more likely to contribute to sustained employment and productivity. All of them agree to the point that soft /interpersonal skills contribute to the organisational productivity and often act as the differentiating tool in the competitive business environment.

There have been studies in UK proving the correlation between skills and productivity. Soft skills have been found as a crucial element in the overall skills set. There have been studies specifically focussed in finding the skill gap in various sectors. Most forms of qualifications and training leading to the enhancement of skills produce benefits to individuals and to the firm. Studies suggest that a more highly skilled workforce is associated with higher productivity and other positive organisational outcomes. There were different studies conducted in the UK on the role of skill sets in the productivity of manufacturing and service organisations.

Tamkin \textit{et al.}, 2004 \textsuperscript{46} have attempted to identify whether higher skill levels among the workforce have contributed to the success of high performing firms. Overall, the association between a highly skilled workforce and organisational performance has been confirmed as a positive one. The first section of this study examines the productivity gap between the UK and other countries. In section two, Evidence of the relationship between skills, productivity and business performance is analysed. Section three outlines the nature and extent of the skill deficiencies facing by organisations in the UK. The supply of available workforce skills is examined in section four. Section five examines the importance of using the skills more effectively in the workplace by ‘working smarter’. The study concludes with a look at the shape of employment in the future. The employers’ demand for skills and the importance of a sector approach to skills across the UK is evident throughout this research report.

Most forms of qualifications and training leading to the enhancement of skills produce benefits to individuals and to the firm. Studies suggest that a more highly skilled workforce is associated with higher productivity and other positive organisational outcomes. The skills demanded also vary by
occupation. Many key results emerged in this study. Lack of communication skills amongst applicants was observed as very critical in important administrative and secretarial occupations and also sales and customer service vacancies. It was also significant for managers, personal service and elementary occupations. Customer handling skills were found particularly difficult to obtain from applicants for the same set of occupations. Team working skill was less of a problem amongst professional and associate professionals, but sought more in connection with managers, operatives in personal service, sales, customer service and elementary occupations. Problem solving was mentioned mainly in relation to managers, senior officials, administrative and secretarial occupations. Management skills were mentioned mainly in relation to managers and senior officials (Tamkin et al., 2004).

A skill gaps occurs when an employer regards a member of their staff as not being fully proficient in their job. The demands placed on employees are a function of organisation’s objectives and therefore skill gaps often occur when organisations attempt to better their performance. Green et al. (2003) found that higher levels of product specification are associated with higher workforce skills level and higher levels of skills requirement. One third of establishments with skill gaps were being prevented from moving up market by their current workforce skills. Sales and customer service occupations and elementary occupations experience skill gaps over and above their share of employment. It is useful to consider the occupational spread of skill gaps. The study found that communication and customer handling skills were particularly lacking in sales, customer service and personal service occupations, though were widespread across all occupational groups. Team working was a common skill lacking in all occupations, but was most frequently cited with respect to personal service occupations. Management skills tended to be mentioned with respect to management occupations, although professionals and associate professionals were also frequently cited as lacking these skills (Tamkin et al., 2004).

A well-educated and well-trained labour force is important for the social and economic well being of nations and individuals. Education and training provides individuals with the knowledge, skills and competencies to
participate effectively in social and economic development. This widens our focus from the relationship between skills possession and productivity. It’s concern is with the efficient and effective use of the workforce; quality work, not more work; working smarter not harder, to produce services and products that have a higher value and contribute to a increase in productivity per man hour (Tamkin et al., 2004).

This is explained by the higher level of skills within these high performing manufacturing companies which leads to innovation and more sophisticated production processes, in turn leading to higher quality and higher value products (Haskel and Hawkes, 2003). High performing companies therefore hire workers with higher skills, both ‘soft’ generic skills as well as ‘hard’ technical skills.

Similar effects are reported in the service sector. Mason and Wilson (2003) found that an additional year of skill based education among the workforce of firms in the manufacturing and service industries in the UK increased each firm’s productivity. A clear connection between higher skills and higher productivity was identified, particularly at the intermediate level of skills.

A long-term study of sector trends in productivity and skills (O’Mahoney et al 2002) revealed that productivity growth was greatest in those industries where the proportion of workers with higher-level skills was highest as well as a positive correlation between intermediate skill levels and productivity growth in particular. Those industries where the proportion of skilled workers was rising were those that experienced the fastest productivity growth.

A study (Mason and Wagner, 2002) comparing the automotive sector in different countries reported that while the UK had made gains in reducing inventory cost and reject rates compared to other countries since this sector focus on people with higher skill sets. From their matched firm studies they suggest that most of the productivity gap between the UK and its competitors can be attributed to differences in investment in physical capital and skills. It is estimated that as much as one fifth of the productivity gap with Germany is the result of the UK’s relatively poorly qualified workforce.
Griffith (1999)\textsuperscript{52} has shown that foreign owned car plants in the UK have a substantial productivity advantage over UK owned plants because of both superior capital and skills inputs. Griffith and Simpson (2000)\textsuperscript{53} show that this applies more generally across a range of manufacturing and service sectors.

Higher skill levels are not just associated with higher productivity. Greater skill levels can also bring improvements in other areas of a firm’s operation. For instance Reid (2000)\textsuperscript{54} noted that a relatively highly skilled workforce was connected with a more commercial orientation, strategic awareness and a propensity to innovate to retain competitive advantage among new and small businesses, all factors that can enhance a firm’s chances of survival. Similarly, higher education levels are more likely to foster innovation (Albaladejo and Romijn, 2001)\textsuperscript{55}.

Cosh et al (2003)\textsuperscript{56} found that half of business organisations feel that the training they provide increased their profit margins. Recent data from the *Skills for Business Survey of employers* (IFF, 2004)\textsuperscript{57} shows that greater benefit to employers who had higher skill levels among the workforce. This response was given by three fifths of employers. The second most common benefit of training, given by a quarter of respondents, was observes that it improved labour productivity and employees’ ability to ‘work smarter’.

Spilsbury (2002)\textsuperscript{58} found that two-thirds of employers (65\%) in England that provided training for their employees over the previous 12 months, attributed an increase in productivity to that training. 47 percent of employers in the private sector considered that training led to an increase in profit. Productivity remains the area of performance that benefits most from all four types of training activity according to employers. He suggested that generic soft skills off-the-job training produced greater returns to productivity than firm specific training.

Green *et al.* (2003)\textsuperscript{59} find that higher value products are associated with higher skill levels and skill needs. Up-skilling the workforce can positively affect productivity, increase workforce performance through high quality leadership and management, develop people’s skills and improve work organisation and business processes. It can increase the range of options
available to employers in developing their business strategies and creating more high performing organisations.

The ranges of activities that are concerned with working smarter are often collectively referred to as *high performance working practices* (HPWPs). There is no definitive list of practices that constitute high performance working and in some cases there is disagreement about what constitutes HPWPs. This apparent ambiguity is one of the attractions and strengths of high performance working. This is its flexibility to incorporate different practices to meet the varying needs of individual organisations (EEF/CIPD, 2003).60

The high performance workplace encourages the development of workers’ skills and taps into their emotional capital and tacit knowledge in order to enhance organisational performance. In addition to developing technical skills and multi-skilling, the need for ongoing problem solving, communication and team working requires the continuous exercise of discretion and day-to-day learning by employees. This environment of self-confidence, flexibility and continuous learning is at the heart of the performance impact of the high performance working approach (EEF/CIPD, 2003).

Becker et al.’s (2001)61 inferred that, high performing firms made more use of knowledge management and business performance systems. Employees were viewed as being value adders or value creators in organisational processes.

Purcell et al.’s (2003)62 have conducted research on people-performance link in organisations. It starts with the premise that human capital advantage is created by employing better people in organisations with better processes. It is the intangible assets such as culture, skill and competence, motivation and social interaction between people, teams and business units that are increasingly viewed as the source of strength in firms that are able to combine people and processes together. Purcell et al. (2003) propose that:

“Performance is a function of Ability/skill + Motivation + Opportunity”
For people to perform at high levels they must not only have the ability to do so but possess the necessary skills, experience and knowledge. They must also be motivated, finically and intrinsically, to work and work well. Moreover, in order to perform, employees must be given the opportunity to do so. High performance companies therefore enhance customer experiences, understand their preferences and align the organisation’s capabilities with customer needs. To make this happen employees must be equipped with skills in general and soft skills in particular (Bloom et al., 2004)\(^63\).

The *Working Futures report* (Wilson et al., 2004)\(^64\) commissioned by the SSDA provide this insight for the years 2002-2012. It is attempted to understand what the workforce and labour market of tomorrow may look like. Insight into tomorrow’s employment patterns enables consideration of the nature and volume of skills that will be needed. Skills for business are about people and organisations doing things better, by understanding and acting on sector specific skill and business performance needs throughout the economy. It has shown that skills can make a difference to the performance of individuals and firms and in turn increase the returns to these groups. However, there are a number of shortages in the supply of available skills and important gaps in the current stock of workforce skills. It has therefore become important to look at how we up-skill the economy and use the skills that we have more efficiently to work smarter and more productively. So as to enhance productivity, organisations should ensure that the right skills are available in the right place at the right time.

The SSDA has developed four strategic priorities for 2005-2008 (SSDA, 2004a)\(^65\) to increase ‘smarter working’ by business and the public services; to improve workforce competence and the supply of skills needed by employers; to develop the skills for business to support the introduction of sector skills agreements by all Sector Skill Councils.

This research (Robert J. Bowles)\(^66\) investigates the effect of student motivation of integrating technical and soft skills on a workforce development program. Informal observations of students in courses that explicitly feature skill integration seem to indicate increased student motivation. The study is among the technology students of Middlesex Community College, Massachusetts. The purpose of the study aimed to prepare students to succeed
in the workplace. The researcher found that, in response to industry’s demand, students entering the workplace must have a mastery of technical and soft skills.

According to Hoffman (2003)\textsuperscript{67} survey among Information Technology (IT) professionals, including management, technical staff, and consultants, these skills desired by the industry include ‘communication skills, people skills, business skills, real-world hands-on experience, troubleshooting, project management, analytical skills, and integration.’ A mastery of technical and soft skills is the trademark of a successful computer-electronics technician. According to this study, among the respondents of IT professionals, 75 percent are of the opinion that colleges and universities are not adequately preparing students for the IT jobs of the coming years. However, employers were not complaining about the level of technical skills possessed by entry-level job applicants.

This means integrating the practice of technical skills in authentic workplace tasks with the practice of other non-technical workplace skills, such as oral communication, following instructions, decision making, and writing. According to industry surveys compiled by Cotton, the CET industry Advisory Board echoes unanimously that employers value employability skills or soft skills more highly than occupational (i.e., technical) skills (Cotton 2001)\textsuperscript{68}.

It is generally recognized by industry that the repertoire of skills that successful employees bring to the workplace has two components: technical skills and employability, or soft skills. In the past, employers trained their employees in the practice of these essential ‘soft skills.’ Now, employers believe that employees are responsible for acquiring them. This is one factor that has influenced industry to depend on public education institutions, among others, to train employees and prospective employees in the practice of soft skills. (Hissey, 2002)\textsuperscript{69}.

Soft skills are those that are crucial to a worker’s ability to work smarter. Study revealed that business and industry representatives have expressed considerable dissatisfaction with the general level of preparedness of prospective entry-level employees. It was found that more than half of
young people leave school without the knowledge or foundation required to find and hold a good job. (Alpern, 1997)\textsuperscript{70}.

A survey among employers has revealed a list of specific soft skills that they believe as essential for employees. The skills most frequently mentioned are ‘knowing how to learn; competence in reading, writing, and computation; effective listening and oral communication skills; adaptability through creative thinking and problem solving; personal management with strong self-esteem and initiative; interpersonal skills; the ability to work in teams or groups; leadership effectiveness; and technology skills”(Clagett 1997)\textsuperscript{71}.

According to Wentling (1987)\textsuperscript{72}, employers have no quarrel with the skills performance of today’s graduates, but they do have serious reservations when it comes to their non-technical abilities. Mastery of non-technical skills by new employees is a serious concern because this deficiency detracts from their performance at work and their ability to hold a job.

Beach (1982)\textsuperscript{73} indicates that 87% of persons losing their jobs or failing to be promoted were found to have ‘improper work habits and attitudes’ rather than insufficient job skills or knowledge. It also revealed industry’s need to hire and keep employees who are competent in technical skills and soft skills and passes the responsibility of soft-skill training to the colleges. The special focus needs to be given to reinforcing the value of being able to refine their soft skills.

There have been studies about the criticality of skill sets among the project managers. Richard N Bolles (2002)\textsuperscript{74} puts skills into three categories: skills with data, people, and things. Within these three categories, he arranges the skills into a hierarchy, focus on the top-most skills when using the hierarchy; if someone can claim skills at a certain level, he or she has all the skills below it as well (Bolles 2002).
Table: 2.1 Employability attributes valued by employers.

<table>
<thead>
<tr>
<th>Basic Skills</th>
<th>Higher-order Thinking Skills</th>
<th>Affective skills and Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Oral Communication (Speaking &amp; listening)</td>
<td>• Problem solving</td>
<td>• Dependability/responsibility</td>
</tr>
<tr>
<td>• Reading</td>
<td>• Learning skills and strategies</td>
<td>• Positive attitude towards work</td>
</tr>
<tr>
<td>• Understanding &amp; following instructions</td>
<td>• Creative &amp; innovative thinking</td>
<td>• Conscientiousness, punctuality &amp; efficiency</td>
</tr>
<tr>
<td>• Basic arithmetic</td>
<td>• Decision making</td>
<td>• Interpersonal skills, cooperation &amp; working as a team member</td>
</tr>
<tr>
<td>• Writing</td>
<td></td>
<td>• Self confidence &amp; positive self-image</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Adaptability &amp; flexibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Enthusiasm &amp; motivation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Self discipline &amp; self management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Appropriate dress &amp; grooming</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Honesty &amp; integrity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ability to work without supervision</td>
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</tbody>
</table>


The only thing more important than data to the project manager is people. People skills should be at the highest level for any project manager. The job description typically focuses on the supervising level of skills; most of us count the number of people we manage when describing our jobs. ‘Supervising’ is not the highest-level skill and instructing, negotiating, and mentoring are more difficult skills to master. The ideal project manager enjoys the negotiation problems that most people hate. Many successful project managers relish the opportunity to try to get better contract terms from a vendor and being a negotiator is an essential job requirement. It may be possible for a project manager to avoid mentoring. Some matrix organisations have department managers responsible for career development and advice, leaving the project manager in charge of only project issues. To build a solid project team, though, the project manager should be able to act as mentor to the team members. Effective team building also requires the project manager to diffuse difficult personnel conflicts and to identify skills development
needs within the team. These activities require ‘negotiating’ and ‘mentoring’ skills.

Table: 2.2 Skills with people and their level of importance

<table>
<thead>
<tr>
<th>Skills with people</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mentoring</td>
<td>Serving &amp; Helping</td>
</tr>
<tr>
<td></td>
<td>Negotiating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Instructing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supervising</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Persuading</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Speaking</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Mulcahy, 2000)

According to (Mulcahy, 2000), the most critical skill of all for a project manager is communication; project managers spend 90% of their time communicating, and it appears as a low-level people skill as ‘speaking’. All the high-level skills depend upon the ones below them. We need to note the fact that persuading, supervising, negotiating, and mentoring all depend upon strong communication skills. A strong project manager will have experience in communicating in a variety of ways, including speaking, writing, one-on-one, in large groups, formally and informally. Listening skills are also implicit in the higher-level people skills. Success requires not just expressing ideas, but listening and reading ideas, then reflecting them back to many audiences. ‘Communication’ does not appear directly in the hierarchy, but it is implicit in all the people skills.

A study by Alex S. Brown (2002) among the project managers revealed the criticality of people skills that would apply to project management and would help to excel in their success. Hospitality has been a fertile ground for research with numerous different applications of SERVQUAL (service quality). There have been similar studies in the hospitality industry about the role of skill sets responsible for the high performance of the industry. Policy-makers and academicians have always maintained a keen interest in reviewing and debating the link between skills, knowledge and organisational performance at national, sector and firm level.
The identification of the main services characteristics, the study of service encounters and service experience suggest that service quality is more complex to evaluate than in the case of goods. Services are more difficult to measure and standardise and consequently establishing an instrument attempting to measure quality has become a central challenge for the delivery of good service quality and success of service companies. The challenge of evaluating service quality has been motivated by recent research and debate, which increasingly demonstrates the significance of service quality as a central factor of business success. Service quality has consequently become a focus of marketing strategy of any management and high quality of service is seen as a means for organisations to achieve a competitive advantage and position themselves more effectively in the market place. Competitive trends have increased customer expectations and customers are becoming more aware and critical of the alternatives on offer thus rising standards of services.

The key aim of Nickson, D. et al (2003)\textsuperscript{77} is to determine the influence of companies’ product market strategies on skill levels, work organisation, job design and people management systems. More specifically the study had a number of secondary objectives such as:

- To develop active definitions of service quality and its specification and also to review operators’ conceptions of different dimensions to quality.
- To review the different elements of the product and service that makes a given offering ‘high specification’ or ‘low specification’ in relation to issues such as physical capital, equipment, decor, ambience and the role of people.
- To assess the contribution of employees to the dimensions of quality; modes of involvement and type of staff involved; skills involved by type (technical, aesthetic, social, emotional) and level.
- To analyse the relationship of skills-fit to broader system of work organisation and job design and the relationship of high/low specification operations to forms of work organisation using a variety of models.
- To assess the extent to which people management systems support or hinder the delivery of quality.
The data sources utilised for this Study include; interviews with owners/managers, employees of local large international hotel chain. Also interviews were conducted with ‘significant others’ such as representatives from local enterprise networks, the employers organisation for the hospitality industry, the British Hospitality Association (BHA), and a consultant working with the Excellence Through People (ETP) initiative. This study is primarily focused on developments within hospitality and tourism, the nature of work and skills in hospitality, De-skilling within the hospitality workplace, the technical/generic skills debate within hospitality and the Skills and the education/training process in hospitality sector.

Nickson, D et al (2003) Supported the proposition that the importance of service quality dimensions would differ according to the service characteristics. Consideration of the sector offers some potential answers as to why there may be reliance upon cost based competitive strategies, with low specification goods and the poor human resource management practices and lack of skills within the hospitality workforce. This study suggests that aesthetic criteria also feature increasingly prominent in the recruitment of front line staff for hospitality work. Employers, as has been demonstrated, place value on generic skills such as the willingness to learn and the ability to be flexible and adaptive. At the same time, initiative is also a valued skill and found to be lacking in the industry.

Generally services are intangible or at least much less tangible than physical goods or Products. This lack of possession means that services generally cannot be owned in the same way that manufactured goods can, they can only be experienced, created or participated in, with the result that customers may find it difficult to evaluate the services rendered here comes the importance of tangible skills associated with the service (Edgett and Parkinson, 1993)\textsuperscript{78}.

Keep and Mayhew (1999: 7)\textsuperscript{79} recognise that, the UK’s distinctive capabilities are not raw materials, land or cheap labour. They must be the components such as knowledge, skills and creativity which helps create high productivity business processes and high value added goods and services. As organisations aim to compete on the basis of high quality and productivity, the notion of ‘best practice’ is also dependent on employers adopting a high
cost, high skill employment strategy. Keep and Mayhew list the characteristics of hospitality work and tends to confirm weak internal labour market attribution and tendency to low wages, except where skills shortages act to counter this. Keep and Mayhew conclude that there are major skill gaps amongst the existing hospitality SME workforce including those of an entrepreneurial and management nature.

Campbell and Verbeke (1994: 96)\(^80\) suggest that often the lack of a tangible product makes it difficult for service organisations to differentiate themselves since customers do not always understand what information is being conveyed by different competitors. In response to such problems they suggest that service companies may seek to ‘tangibilise’ the intangible via such things as standardising the exterior and interior of buildings to create an image, which customers will immediately recognise, a strategy pursued with considerable success by companies such as McDonald’s.

In the words of Lashley and Taylor (1998)\(^81\), ‘intangible dominant’, increasingly seek to differentiate themselves on the basis of the software aspects such as seeking high quality and ‘authentic’ service interactions for the increasingly discerning customer.

The key feature of inseparability is the high level of face-to-face or voice-to-voice interaction between buyer (the customer) and seller (the employee) resultant from the simultaneous production and consumption within the service process. This process has been variously described in hyperbolic terms as the so-called ‘moment of truth’ (Carlzon, 1987)\(^82\) as enacted by what Tom Peters has called ‘service stars’ (Armistead, 1994)\(^83\) or more prosaically as the ‘service encounter’ (Czeipel et al., 1985)\(^84\). Carlzon’s suggests that the organisation, via its front line staff, has to ‘get it right first time’ in order to ensure a flawless performance which will result in the customer returning to any given service business.

This is particularly so on the issue of quality assurance where the consumer finds it difficult to isolate service quality from the quality of the service provider organisations. There may have significant problems in attempting to manage and control interaction between their front line employees and customers. (Enderwick, 1992)\(^85\).
The quality and essence of a service can vary from producer to producer, from customer to customer, and from day to day. As a result of this possible variance in employee-customer interactions, service organisations may face difficulties in ensuring uniform quality of service between outlets, especially in branded services. This involves organisations recognising and acting upon the idea of staff being crucial to organisational success and, as a result, supporting things like ‘soft’ HRM, staff empowerment, internal marketing, and total quality management (TQM) and empowerment (Edgett and Parkinson, 1993)\textsuperscript{86}.

Korczynski (2002)\textsuperscript{87} terms ‘the new service management school’ recognising that the source of competitive advantage for many service firms is likely to stem from a perceived difference in the quality of the service offered to the customer. Satisfied and committed employees offer high quality services to equally satisfied customers, and differentiation comes from organisations not only meeting, but ‘exceeding’ customer expectations. To-date, there has been implicit consideration of the issue of quality in services marketing and management. Studies to assess these to consider the issue of whether it is, indeed, the hardware (facilities) or software (human factor) which is the most important element of the customer experience.

Lehtinen and Lehtinen (1982)\textsuperscript{88} offer an important distinction in their identification of process quality, which is judged by consumers during a service, from output quality, evaluated after a service has been performed. These authors also distinguished between the physical qualities, relating to the physical supports of the service, corporate quality, which involves the company’s image and profile, and finally interactive quality, which refers to the interactions between a consumer, the service organisation and other customers.

Gronroos (1984)\textsuperscript{89} proposed a model in which he distinguished two types of quality; technical quality that means what the consumer receives as a result of his interactions with a service firm and functional quality which involves the manner in which the service is delivered.

A SERVQUAL scale has been developed by Parasuraman, Zeithaml and Berry (1988)\textsuperscript{90}. SERVQUAL emanated from the American school of thought
and aimed to develop a quality scale that would be applicable across different services. The authors first identified a range of ten dimensions in 1985 which reflect the notions of hardware and software identified earlier. The five dimensions were named and described as:

- **Tangibles** - The appearance of physical facilities, equipment, personnel and communication materials.
- **Reliability** - The ability to perform the promised service dependably and accurately.
- **Responsiveness** - The willingness to help consumers and provide prompt service.
- **Assurance** - The knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy** - The caring, individualised attention provided to the customers.

Original authors’ goal was to produce a generic scale which would translate consumers’ quality judgement in any service setting: The instrument has been designed to be applicable across a broad spectrum of services. As such, it provides a basic skeleton through its expectations and perceptions format encompassing statements for each of the five dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a particular organisation (Parasuraman et al., 1988).

Saleh and Ryan (1991) applied the scale to hotels. The authors followed the SERVQUAL methodology but produced their own numbers of items and identified five dimensions. The five dimensions did not confirm the SERVQUAL dimensions since they related to conviviality, tangibles, reassurance, avoid sarcasm and empathy.

Another study on hotels by Getty and Thompson (1994) followed step by step SERVQUAL methodology and created a new scale, named LODGSERV, which displayed only three dimensions: tangibility, reliability and contact. Another application of SERVQUAL to hotel and motel services conducted by Knutson et al. (1991) defined as elements, which would cause dissatisfaction by their absence but would not influence customers’
satisfaction by their presence since customers assume that they would be present.

Mei et al. (1999) surveyed 155 three to five-star hotels in Australia using a modified version of the SERVQUAL scale. Their research aimed to test the reliability of the SERVQUAL model by establishing the number of dimensions of service quality in the hospitality industry in an attempt to determine which dimension is the best predictor of overall service quality. The amended version of SERVQUAL developed by Mei et al. added eight items, which were considered to specifically pertain to the hospitality industry and deleted three items. This customised version of SERVQUAL was renamed HOLSERV. Based on their findings Mei et al. suggest that there are three dimensions of service quality in hospitality such as employees, tangibles and reliability (see Table 4) and argue that ‘the employee dimension emerged as the best predictor of overall service quality.’ This primarily demonstrates the importance of people skills in determining the service quality.

Table: 2.3 Dimensions of service quality in the hospitality industry

<table>
<thead>
<tr>
<th>Factors</th>
<th>Elements from SERQUAL</th>
<th>Main emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Responsiveness</td>
<td>Prompt service, willingness to help, confident in the delivery of service,</td>
</tr>
<tr>
<td>(Factor:1)</td>
<td>Assurance</td>
<td>polite, knowledgeable, skilful, caring, understanding, sincere, neat</td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>and professional employees</td>
</tr>
<tr>
<td></td>
<td>Tangibles</td>
<td></td>
</tr>
<tr>
<td>Tangibles</td>
<td>Tangibles</td>
<td>Modern looking equipment, fixtures &amp; fittings, appealing facilities &amp; materials,</td>
</tr>
<tr>
<td>(Factor:2)</td>
<td></td>
<td>comfort, cleanliness, user friendly equipment &amp; facilities, variety in food</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and beverages, operation of services at a convenient time</td>
</tr>
<tr>
<td>Reliability</td>
<td>Reliability</td>
<td>Keeping promises, accurate &amp; timely service and safe &amp; secure stay</td>
</tr>
<tr>
<td>(Factor:3)</td>
<td>Responsiveness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assurance</td>
<td></td>
</tr>
</tbody>
</table>

The SERVQUAL scale was built from the study of four commercial services, namely repair and maintenance, retail banking, credit-card and
securities brokerage. These services involve situations in which consumers buy a service for rational and functional purposes. The service delivery usually encompasses a short service encounter principally monitored by an employee and the delivery takes place in a limited environment. It is highly questionable that this context might be relevant to all other services and particularly to the provision of tourism and hospitality services. Indeed, most tourism and hospitality services may potentially involve complex processes, multiple encounters and a longer involvement with the service firm.

Rosen and Karwan (1994) compared the relative importance of the SERVQUAL dimensions across services displaying different degrees of interaction and customisation. The study examined the relative importance of the five SERVQUAL dimensions in four new service contexts: teaching, restaurants, health care and bookstores. Services appeared to display different importance ratings for the dimensions according to their characteristics: in high interaction-high customisation services (such as restaurants) ‘knowing the customer’ was rated as the most important dimension whereas in low interaction-low customisation services (such as budget hotel chains), ‘reliability’ and ‘tangibles’ were the first two dimensions.

Table: 2.4 Obstacles to improved small firm business performance.

| Managerial | · Lack of ambition, vision and inclination to increase production.  
|            | · Constrained resources to solve gaps in managerial competence.  
|            | · Perception that business growth would negatively impact on product/service quality.  
|            | · Anti-business ‘hobbyist’ approach.  
|            | · Quality of lifestyle protectionism.  

| Skills     | · Multi-skilling in every category of staff needed.  
|            | · Limited resources available to narrow skill gaps.  

| Size       | · Weak power position within the industry sector and markets as an individual unit.  
|            | · Limited capacity to solve skill problems.  
|            | · Physical constraints curtail expansion.  
|            | · High dependency on externalities.  

(Source: Sherwood et al., 2000).
This section has pointed to a number of things, which may be inimical to management and skills development in the specific context of the SME sector. Whilst recognising the credence of the low skills descriptor often applied to the hospitality industry, will also seek to explore the question of whether such a description is universally accurate.

Research into wider areas of hospitality work, particularly those that have emerged with the expansion of services and functions in the area (front desk, leisure, entertainment, reservations and call centres) is much more poorly served and this study draws on a limited range of work in these areas. The ‘newer’ areas include functions and tasks that exhibit considerable crossover with work that falls outside normal definitions of hospitality in food and drink manufacture, office administration, and IT systems management skills. Most of the skills that are employed within the sector also have relevance and application in other sectors of the service economy. Those employed in areas where there is considerable skills overlap with hospitality, such as the areas listed above, may well see themselves in terms of their generic skills area rather than as part of the hospitality labour market. Some of these skills have been subject to separate assessment in a manner that has value and crossover implications for the hospitality sector. There are major labour market and skills implications of such change as businesses re-shape the range of services they offer or respond to fashion and trend imperatives in the consumer marketplace (Warhurst and Nickson, 2001).

Burns (1997) draws upon the often used dramaturgical analogy for the service workplace to argue that ‘working in service environment requires more than an ability to operate a cash register; emotional demands are made of employees to constantly be in a positive, joyful and even playful mood. An ability to cope with such demands must be recognised as a skill par excellence. Burns emphasises on ‘emotional demands’ as an additional dimension of hospitality skills. Notion of ‘emotional labour’ makes the point that work in traditional areas of service work areas demands considerable emotional elements in addition to any overt technical skills.

Poon (1993: 262) notes that new employees in hospitality must be trained to be loyal, flexible, tolerant, amiable and responsible. At every
Baum (1996)\textsuperscript{100} questions the validity of claims that hospitality is a work area of low skills. He argues that Social and inter-personal skills also demand considerably more by way of prior learning, whether this pertains to language skills or wider cultural communications. It is also arguable that these sectors have grown in response to new consumer demand as opposed to displacement of demand for traditional services.

Parsons and Marshall (1995)\textsuperscript{101} summarise the arguments of a number of studies about changes in skills across various sectors. Their analysis of research from the mid-1980s shows that the traditional skills and functional boundaries breaking down in many occupations, leading not to functional fragmentation, but to multi-skilling in more integrated tasks.

Relatively little de-skilling disproportionately concentrated on lower skill and craft level jobs where barriers to cross-trade re-skilling had reduced the potential for integration. Much inter-occupational hybridisation of skills at all occupational levels and in manufacturing and service sectors combined with both up-skilling and de-skilling. Demand for higher-level occupations stimulated by the effect of structural trends and labour supply on employers’ interpretation of skill needs. This analysis has relevance in the context of changing skills in hospitality. The argument that hospitality is moving towards increasingly multi-skilled models of training and work has been aired since the early 1980s. The programme discussed in this study has evolved to include ‘higher order’ skills in front office, representing a degree of skills progression. Creating the opportunity to develop a wider range of skills within the workplace is frequently included within models of job enrichment. (Baum, 1987)\textsuperscript{102}.

Skills shortages in hospitality are increasingly seen in terms of generic rather than specific technical competencies. Studies of employer expectations of graduates note demand for communication skills, people management and problem solving abilities as the priority in both the US and Europe. Christou (1997, 2000)\textsuperscript{103} and Tesco (1999)\textsuperscript{104} inferred similar observations and triggered that it is an issue that demands a debate across the service sector, as
well as within the wider economy. (QCA, 2000)\textsuperscript{105} with their development of core or key skills, the identified key skills are: communications, working with others, improving own learning and performance, application of number and Information Technology.

HTF (2000c)\textsuperscript{106} continue to report employer demands for improved generic skills as a priority. These skills include communication skills, showing initiative, delivering customer service and demonstrating a willingness to learn. Recommendations to tackle the generic skills gap have been observed as following.

- Building generic skills development into full-time education programmes.
- Funding for training providers to deliver key skills and develop appropriate aptitudes and attitudes within young people.
- Ensuring providers are developed to be able to deliver key skills.
- Recruitment practices need to encompass generic skills requirements.

Odgers and Baum (2001)\textsuperscript{107} provides empirical evidence from a study of front office work and skills requirements across a number of European countries, and observe that this generic skill focus operates in practice. Hotels in all quality categories in seven European countries recruit on the basis of generic employability rather than specific skills and experience. They note that even five star hotels accept the reality of the marketplace and are willing to recruit staff without front-office experience provided they have good general education and a willingness to learn. The same report also notes that; a key evolving change in front-office work is the integration of technical and interpersonal skills in all aspects of work. This is the result of a growing emphasis on the latter while technology has developed as a support for the delivery of service rather than as an objective in it. In a technical sense, technology will continue to reduce the skills demands of front-office work as systems become more user-friendly and share their basic operating features with widely used office and domestic computer software. They conclude that many hotels will increasingly look to generic, non-technical competencies, such as communication, problem solving, customer service and IT skills, in
recruiting new personnel and build in extended on-the-job-training within the induction phase.

* ESS (Employers Skill Survey) is a workforce level survey, which was first undertaken in 1999 and has been undertaken annually since 2001. It originally had a sample of 27,000 English firms, which was reduced to 4,000 English firms in 2002. The 2001 ESS sample covered all sectors of the economy for plants with one or more employees. The survey covers a range of subjects including product market characteristics, product strategy & skills, recruitment problems, skills & proficiency and training.

** NES (New Earnings Survey) is a one percent sample of all employees who are members of the British PAYE (Pay As You Earn) tax scheme, carried out in April of each year. Thus researchers make no claim in this paper to have a representative sample of manufacturing; rather due to data constraints they have larger firms in the NES and smaller firms with the ESS.

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