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# **Career Management and Employee Productivity in Service SMEs: North East England**

**Keywords:** SMEs, career management, productivity, north east England.

## **Abstract**

Small and medium sized enterprises (SMEs) are becoming increasingly aware of the need to maintain and retain skilled and productive employees (Goyer, 2010). This is due to today's fast-paced labour market, with highly skilled and productive employees acting as a source of competitive advantage. In order to improve employee performance and productivity, SMEs have engaged in various human resource management practices such as reward systems, employee recognition, competitive salaries and conducive working conditions. Whilst these actions are beneficial, employees need to feel motivated, committed and confident they are developing their skills-set through work experience (Bellô and Battistelli, 2006; Boudrias, et al., 2008). Organisations are therefore started adopting career management as an approach to developing employee skills and competencies in the work place. Career management is thus used as a strategy to ensure the long-term retention of skilled and competent employees to reach business goals (Wesarat, Sharif and Majid 2014). Within the North East England there has been a slowdown in productivity in comparison to other regions in the UK (ONS, 2018). Figures from the Office for National Statistics showed that labour productivity in 2016 was significantly above the UK average in London (+33%) and the South East (+6%), but below average in all other regions and nations, and particularly low in the North East (-11%), the West Midlands (-13%), Yorkshire (-15%), and Wales and Northern Ireland (-17%). Literature shows that employee attitudes are correlated with productivity in UK SMEs (Panda, 2011; Georgiadis and Pitelis 2012). With the service sector dominating the North East, it is therefore imperative that attitudes of service employees are improved so overall productivity in the North East England can be enhanced. This study takes its root from the strategic human resource management literature and seeks to explore how career management can be used as a strategy to promote productivity and overall firm performance.

This present study applies to the ISBE 2019 conference theme 'SPACE – exploring new frontiers and entrepreneurial places' as career management is viewed as a contemporary approach to employee performance management. Employee performance management techniques commonly used in literature include training, coaching, performance appraisal, communication, motivation, feedback and reward management. However, career management had not gained the anticipated attention by scholars and managers as an approach to employee performance management (Mark and Nzulwa, 2018). Existing career management practices in both theory and practice include mentoring, career counselling, succession planning, career workshop, performance appraisal as a basis for career planning and many others (Baruch and Budhwar, 2006). The type of career management practices employed by firms depend on their business model and distinctiveness as each firm has its unique challenges and strategic goals.

The aim of this study is to explore the impact of career management practices on employee productivity of service SMEs in North East England. And to develop a conceptual career management framework based on the empirics of the study. This study is an exploratory research adopting a qualitative approach. Method of data collection is by interview of 16 senior managers/HR Directors of service SMEs in the North East England. A semi-structured interview questionnaire acted as data collection tool during the interview process.

The study has theoretical and practical implications. Based on the critical review of literature, a relationship between career management and firm performance is evident which will be discussed in the paper. This study builds on extant frameworks of career management. Although, frameworks have been developed in studies examining the relationship between career management and employee performance in the public sector (Yahya and Meruda, 2004; Napitupulu et al, 2017), very few have been developed with a focus on the relationship between career management and organisational performance in the SMEs service sector. This study develops a framework that links career management with organisational performance with job satisfaction, affective commitment and perceived organisational support serving as mediating variables. The framework acts as the contribution of the study to the current body of knowledge. The study has practical implications for managers and organisations implementing or aiming to implement career management practices. The findings of the study suggest that managers and organisations can adopt career management practices as an approach to promote employee engagement and commitment. Thus, leading to employee satisfaction and motivation resulting in increased productivity and retention of highly skilled and committed workforce. The retention of highly skilled and committed workforce therefore leads to sustained competitive advantage which in the long-run leads to improvement in overall organisational performance. In the context of policy implications, the study findings will support policy makers an insight into career management in SMEs and should serve as a guide during the decision making process on human resource and career management within the SMEs sector.

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