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Human Resource Management

Professor Tony Keenan

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Fax + 44 (0) 131 451 3002

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Human Resource Management

Tony Keenan is Professor of Human Resource Management at Edinburgh Business School, Heriot-Watt University. Professor Keenan has published many papers on recruitment, managerial stress and the education, training and career development of professional engineers. He has also acted as consultant to a number of international organisations in these fields. He has held the posts of Dean, Director of the Business School and Head of Department.

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Contents

Module 1	The Origins and Nature of Human Resource Management	1/1
	1.1 What is Human Resource Management?	1/1
	1.2 The Origins and Evolution of HRM	1/2
	1.3 Philosophical and Theoretical Perspectives of HRM	1/5
	1.4 HRM as a Strategic Activity	1/7
	1.5 HRM as an Operational-Level Activity	1/9
	Learning Summary	1/11
	Review Questions	1/11
Module 2	Models of Human Resource Management	2/1
	2.1 Defining Characteristics of HRM Models	2/1
	2.2 Matching Models	2/2
	2.3 Harvard-type Models	2/6
	Learning Summary	2/11
	Review Questions	2/12
Module 3	Key Themes in HRM	3/1
	3.1 HRM Themes	3/1
	3.2 Quality	3/2
	3.3 Organisational Structures	3/6
	3.4 Flexibility	3/9
	3.5 Team Working	3/14
	3.6 The Learning Organisation	3/17
	3.7 Organisational Commitment	3/19
	3.8 Culture	3/23
	3.9 Strategic and Operational HRM	3/27
	Learning Summary	3/27
	Review Questions	3/28
Module 4	Analysis of Performance Requirements	4/1
	4.1 Specifying Performance Requirements	4/1
	4.2 Core Abilities, Skills, and Motivational Characteristics	4/5
	4.3 Trait Versus Behavioural Indicators of Performance	4/6
	4.4 Job Analysis Techniques	4/9

4.5	Job Analysis and Strategic HRM	4/14
4.6	Competencies	4/16
4.7	Performance and Pay	4/20
	Learning Summary	4/28
	Review Questions	4/29
Module 5	Recruitment and Selection	5/1
5.1	Selection in Context	5/1
5.2	The Selection Paradigm	5/3
5.3	The Process of Validation	5/5
5.4	The Usefulness of Selection Devices	5/9
5.5	Selection Tools	5/10
	Learning Summary	5/21
	Review Questions	5/22
Module 6	Performance Appraisal and Performance Management	6/1
6.1	Determinants of Performance	6/1
6.2	The Performance Appraisal Process	6/3
6.3	Recording Appraisal Information	6/8
6.4	Carrying Out Appraisals	6/12
6.5	Performance Appraisal in Practice	6/14
6.6	Performance Management	6/16
	Learning Summary	6/19
	Review Questions	6/19
Module 7	Training and Development	7/1
7.1	Training, Development, and Strategic HRM	7/1
7.2	Determining Training Needs and Priorities	7/3
7.3	Design of Training Programmes	7/6
7.4	Evaluation of Training Effectiveness	7/12
7.5	The Relationship between Training and Development	7/19
7.6	Methods of Employee Development	7/20
7.7	Development for Employability	7/22
	Learning Summary	7/23
	Review Questions	7/23

Module 8	Careers and Career Management	8/1
	8.1 The Concept of Career Management	8/1
	8.2 Individual Perspectives	8/2
	8.3 Organisational Perspectives	8/9
	8.4 Gender and Careers	8/17
	Learning Summary	8/22
	Review Questions	8/23
Module 9	Employee Relations	9/1
	9.1 What is Employee Relations?	9/1
	9.2 Philosophical Approaches to Employee Relations	9/2
	9.3 The Legal Framework	9/6
	9.4 Employee Relations Themes	9/7
	9.5 Unions and Collective Representation	9/8
	9.6 Grievance and Discipline	9/12
	9.7 Health and Well-being	9/13
	9.8 Techniques for Increasing Involvement at Work	9/19
	Learning Summary	9/23
	Review Questions	9/24
Appendix 1	Practice Final Examinations and Solutions	A1/1
	Practice Final Examination 1	1/1
	Practice Final Examination 2	1/5
Appendix 2	Answers to Review Questions	A2/1
	Module 1	2/1
	Module 2	2/4
	Module 3	2/7
	Module 4	2/12
	Module 5	2/17
	Module 6	2/21
	Module 7	2/26
	Module 8	2/29
	Module 9	2/33
Index		I/1

The Origins and Nature of Human Resource Management

Contents

1.1 What is Human Resource Management?	1/1
1.2 The Origins and Evolution of HRM	1/2
1.3 Philosophical and Theoretical Perspectives of HRM	1/5
1.4 HRM as a Strategic Activity	1/7
1.5 HRM as an Operational-Level Activity	1/9
Learning Summary	1/11
Review Questions	1/11

Learning Objectives

By the end of this module, you should be able to:

- understand what is meant by human resource management (HRM);
- describe the main factors which led to the emergence of HRM as a discipline;
- explain how HRM is related to business strategy, organisational behaviour, and personnel management;
- understand the difference between ‘hard’ and ‘soft’ HRM;
- comprehend what is meant by strategic HRM;
- explain what is meant by operational HRM;
- describe the main activities involved in operational HRM.

1.1 What is Human Resource Management?

Despite the fact that ideas and techniques derived from human resource management (HRM) have been adopted in a large number of organisations world-wide, the emergence of HRM as a field is a relatively recent phenomenon whose origins can be traced back to the early 1980s. Indeed, because HRM is still in its formative stages, there are controversies about what exactly is meant by the term itself, about precisely what should and should not be included within the scope of HRM, and even in some instances about the true benefits of some of its proposed approaches and techniques for organisations and the individuals employed in them.

Because there is no unanimously agreed definition as to what actually constitutes HRM and precisely how it differs from previous approaches to the management of people in organisations, no attempt will be made to provide a comprehensive

definition of the term here. However, one way to look at HRM is as a set of loosely related ideas, concepts, and techniques held together by the common underlying premise that, within any organisation, maximisation of the utilisation of human resources is crucial to maintain and enhance competitiveness in a world where those who do not compete successfully simply do not survive. According to this view, unless organisations can make full use of the potential of their employees, not only will they perform poorly, but their very existence will be threatened in today's highly competitive world.

In order to give the reader an insight into the nature of the field, we will first examine its evolution and development from related fields and activities such as business strategy, personnel management, and organisational behaviour. We will then consider the various philosophical strands underpinning HRM thinking and practice. Finally, the distinction between strategic- and operational-level HRM activities will be discussed briefly.

1.2 The Origins and Evolution of HRM

One of the most important catalysts for the emergence of HRM came from developments in strategic thinking about how businesses would need to adapt and change to survive in the eighties and nineties. This in turn led to questions being asked about the role and function of traditional personnel management approaches to the management of people in organisations. Although HRM was essentially meant to replace traditional personnel management, the two have much in common and indeed some critics of HRM have questioned the extent to which it really is fundamentally different from its predecessor. Finally, many of the theories and findings from the closely related field of organisational behaviour have been utilised by HRM theorists and practitioners and these relationships are discussed briefly below.

1.2.1 Business Strategy in an Increasingly Competitive Environment

From a Western perspective, the early eighties was a time of much soul searching about the future competitiveness of the Western economies in general, and Western-based companies in particular. In brief, the Far East, especially Japan, seemed to have gained significant competitive advantage over the West. This was seen as a particularly threatening phenomenon because of a number of other factors, especially the globalisation of markets and the associated intensification of competition world-wide. Analysis of the Japanese phenomenon seemed to point towards better utilisation of people resources as a key factor in its success. It appeared that a number of Japanese management practices such as the focus on excellence and continual improvement, the provision of an element of autonomy and influence on decisions for employees, the creation of a culture within the organisation of shared commitment to the success of the organisation, and so on, all served to ensure that each individual's potential to contribute as fully as possible to organisational success was realised. This, the argument ran, was what gave Japanese organisations a competitive advantage over their Western counterparts.

Further impetus to the view that optimisation of human resources is crucial for success came in the form of the highly influential study of high-performing US companies carried out by Peters and Waterman (1982). The message from this study largely reinforced that coming from students of Japanese management practice, since once again, the conclusion was that how people are managed is the key to competitive advantage and organisational success.

Around this time the political climate in the West, particularly in the UK and the USA, was changing in ways which encouraged the development of new thinking about how best to manage organisations. This was the era of the so-called enterprise culture with its emphasis on individual entrepreneurial activity as the engine of economic success. In the UK in particular, the collectivism espoused by the trade union movement was seen as a barrier to economic progress and a millstone around the neck of organisations trying to compete internationally. Other key elements of the new culture included the prime place given to market forces and the elevation of the status and role of the consumer in the overall scheme of things. A notable change here was the extension of the market-led philosophy and consumerism to the provision of services in the public sector. Thus, for example, in education students became 'clients', and educational 'products' now had to be 'consumer', rather than 'producer' led. All of these politically inspired ideas served to create a climate which encouraged radical new thinking about how best to harness people's abilities and energies in the face of the perceived imperative for organisations to restore competitive advantage.

The general view in all of this was that, as far as people management in organisations was concerned, radical surgery was the order of the day. Merely bolting a few new techniques on to an existing system on a piecemeal basis would not be sufficient. Rather, a whole new philosophy of how to manage people most effectively was required. In what has become something of a cliché, people were now 'the organisation's most important asset'. New and better ways to organise activities which would harness workers' commitment and energies would need to be developed. Human resource considerations would need to be linked into the design and implementation of overall business strategy in a way that had not been the case in the past. Finally, management of people could no longer be the sole prerogative of personnel specialists. It would now need to be much more the responsibility of all managers.

1.2.2 Personnel Management

Traditionally, within large organisations at least, responsibility for human resource matters lay within the personnel function. A typical list of personnel management functions carried out in organisations would be very wide and would include advising on activities such as recruitment and selection, performance appraisal, training and development, payment and pension systems, industrial relations, and so on. These are all critically important functions which are capable of being carried out at two levels. At an **operational** level, all of these have to be conducted as a part of the organisation's everyday activities. However, most also have a **strategic** element, in the sense that they can be integrated into the overall objectives of the

organisation. Take the example of training. At the operational level, the personnel department would be responsible for administering and running courses. At a strategic level, a relevant issue might be the question of how much should be invested in training, given the direction in which the organisation is going and what it wants to achieve.

From an HRM perspective, most, if not all, people management issues should be considered from a strategic as well as an operational perspective. A key issue which now arises is the extent to which, in the past, traditional personnel management has operated at a strategic level. A number of writers have suggested that the role of personnel in the past in most organisations has been operational and reactive, rather than proactive and strategic (Torrington and Hall, 1995; Hendry, 1995). An example of the reactive nature of personnel management can be seen in the field of industrial relations, an area which greatly preoccupied personnel managers in the UK in the seventies. As Hendry (1995) points out, the majority of personnel managers during that period spent most of their time fire-fighting. A dispute would arise and personnel's job would be to react to it and solve the immediate problem. What rarely emerged from personnel departments was a strategy for dealing with industrial relations problems. To take another example, in the field of training and development, although personnel departments frequently have large training and development budgets and are responsible for running a wide variety of training courses, rarely does one find a coherent strategy linking training to the organisation's underlying objectives. Again personnel's role is seen as operational, rather than strategic. We saw above that there was a view in the eighties that radical changes in the way in which human resources are managed would be needed to increase competitiveness. Presumably, personnel managers, with their specialist knowledge, would be well placed to initiate and influence these changes. Yet Evans and Cowling (1985) in a study of British personnel managers, found that they were not generally initiators of major change. Nor were they given a large role in advising on the form such changes should take.

In summary, it appears that, historically, personnel management has had only a partial role in the management of people in organisations. It has had an essential role at the operational level in, for example, advising on and implementing selection systems, payment methods, training and development programmes, welfare arrangements, and a host of other activities. It has had much less impact, however, at the strategic level. Thus its role has been seen as specialist and technical, rather than strategic. This is seen by many as a key difference between HRM and personnel management and the rise in popularity of HRM can be seen as largely a response to the need for a more all-embracing approach to the management of people in organisations.

1.2.3 Organisational Behaviour

The mission of HRM is to maximise the utilisation of human resources. A key issue is, of course, how this is to be achieved. There are a number of approaches which can be taken here, but many of them have their origins in theories and research findings in the field of organisational behaviour (OB). OB is the study of human

behaviour and experiences in organisations. An example of the link between OB and HRM is in the area of employee motivation. Many HRM interventions are designed to increase employee motivation and commitment, and OB has provided rich insights into the nature of both of these phenomena. The same can be said for the management of rewards. As we shall see later in this text, the introduction of team working, which is another popular HRM innovation, has its origins in classical OB studies of autonomous work groups. Many HRM theorists stress the importance of culture change in managing people more effectively, and this is another area where many of the building blocks relating to both theory and practice come from OB. Many other examples could be given, but these should suffice to make the point that much of HRM relies on prior work in organisational behaviour.

In summary, at least three main influences on the field of HRM can be identified. From the area of **strategy**, the economic imperative to gain competitive advantage, both nationally and internationally, led to the realisation of the vital importance of the need to maximise the utilisation of human resources. This gave a more central and strategic role to HRM in people management than had ever been the case for **personnel management**. Despite the past shortcomings of personnel management at the strategic level, the techniques used in personnel management at the operational level have of course had to be absorbed into HRM in order to ensure the successful implementation of strategic objectives. Finally, many of the techniques used in HRM are underpinned by theory and research in OB.

1.3 Philosophical and Theoretical Perspectives of HRM

1.3.1 Hard Versus Soft HRM

As indicated above, a unifying theme of all HRM approaches is the belief in the critical importance of human resource utilisation in determining organisational performance. However, when it comes to the question of how these resources can best be utilised, two distinct approaches have developed. The 'hard' approach sees people as resources just like any other resource possessed by the organisation, the objective being to maximise their benefits and minimise their costs to the organisation. This goes hand in hand with an emphasis on profit as the so-called 'bottom line'. Some examples of the kind of approach taken by proponents of hard HRM will illustrate this emphasis on human resources as costs and on bottom-line profits. Hard HRM might emphasise the desirability of changing work practices so that fewer people could produce the required amount of goods or services. This would be seen as to the benefit of the organisation since surplus employees could be laid off to reduce costs. Full-time employees cost more than part-time ones, so that a shift to more part-time workers would also be advantageous from a hard HRM perspective, as would outsourcing. The latter involves contracting work out to agencies, giving the organisation flexibility to increase or decrease numbers of employees as the need arises without redundancy or other costs. These few examples should have given the reader the flavour of the 'hard' approach to HRM.

The 'soft' approach to HRM, on the other hand, emphasises the human, rather than the resource, element of the equation. According to this view, people have enormous potential to increase their contribution to the organisation if the conditions can be set up to release this potential. In this sense people should be seen as qualitatively different from other resources. If the organisation can harness employees' reserves of creativity and energy, maximise their skills, and enhance their commitment then this will provide the key competitive advantage that is required. The emphasis here is much less on people as cost items and much more on how to increase their productivity by enhancing their ability to contribute to the organisation. Consequently, proponents of 'soft' HRM tend to focus on methods of enhancing motivation and capability, such as reward management, training and development, and so on.

1.3.2 The Nature of Work Motivation and Behaviour

Underpinning HRM theories is a set of assumptions about the nature of people and what stimulates and motivates them in the work environment. However, as one might expect, not all theories make precisely the same assumptions. As we shall see later, a common assumption is that the key to producing enhanced performance is to create the conditions where employees will have a high level of commitment to the organisation. If commitment is high, a whole series of positive benefits will flow from this, so the theory goes. Another common assumption is that people will respond positively if they are given more power over decision-making in the workplace. The reader will be able to detect other examples of assumptions about human behaviour in relation to HRM theories later in the text. An important issue to which we will return in later modules is the extent to which the empirical evidence supports these beliefs and assumptions.

1.3.3 Organisational Conditions and Effectiveness

An integral part of many HRM approaches is a further set of assumptions about the ideal organisational conditions required to optimise the management of people.

For example, it is argued that a key prerequisite for the development of employee commitment is the creation of the right kind of organisational culture. Although, as we shall see later, changing culture is easier said than done, organisational arrangements to facilitate communications at all levels, systems designed to provide managers with appropriate leadership skills, and so on, have been introduced with this aim in mind. The emphasis on culture change is really part of a more general change theme which views the future as characterised by an environment which is in a constant state of evolution. This creates a need for organisations continually to adapt and develop in all sorts of ways if they are to remain competitive.

HRM is often associated with the introduction of new and innovative forms of work organisation, such as the introduction of various forms of flexible working arrangements. One example of this is task flexibility, where traditional boundaries between jobs are reduced or removed so that, for example, within a work group, each individual is expected to be able to carry out most or all of the different work roles. Another influential set of innovations can be seen in the introduction of a

variety of forms of team working. One mechanism for creating the kind of power over decision-making described above is the use of self-managing work teams in which much of the authority previously invested in management is devolved to the team.

Proponents of HRM frequently advocate an element of de-centralisation where policies and procedures are determined locally at the level of operating units, rather than centrally. In this way HRM arrangements can be tailor-made to meet the needs and requirements of individual operating units. A good example where this approach could be applied is in the matter of the determination of rates and methods of payment. According to this view, pay bargaining should take place between employees and management within the operating unit in the context of local HRM priorities and the prevailing local conditions. This contrasts with more collectivist approaches, notably where, for example, pay is determined on a national level in negotiation with trade unions.

A variant on the theme of de-centralisation of activities is the notion that responsibility for HRM matters should not rest solely with the HRM department within organisations. Rather, because of the crucial importance of human resources, all managers should take some responsibility for HRM.

1.4 HRM as a Strategic Activity

What is the linchpin which puts a particular set of HRM philosophies, approaches and techniques within the context of a specific organisation? According to the theories, this is driven by the strategic role of HRM. It is proposed that all HRM systems and practices should be integrated into a coherent policy and that this is derived from the overall business strategy of the organisation. The overall business strategy provides a vision of what the business is about, about where it should be going in the future, and about how it should go about setting and achieving objectives to realise the vision. The process of strategy formulation involves a variety of activities, including the analysis of current strengths and weaknesses, the evaluation of threats from competitors, and the identification of potential opportunities for the future. The end result of this process is the formulation of a set of strategic goals or objectives and the development of a set of policies and procedures to implement these. Since any strategy can only realistically be successfully implemented through the people who make up the organisation, HRM clearly has a critical role to play here. But precisely how does HRM strategy link into this process of overall strategy formulation?

At one level, the role of HRM is restricted to that of facilitating a pre-determined business strategy. For example, suppose an organisation develops a business strategy which aims to gain competitive advantage by producing high-value-added, high-quality products. Part of an HRM strategic objective to support this might be the development of a quality-oriented culture within the organisation. A number of changes could be introduced to help achieve this objective. For example, communication systems could be introduced to continually reinforce the quality message. Self-managed teams with responsibility for their own quality control could be set up.

In order to back up the introduction of self-managed teams, appraisal systems designed to monitor performance might be changed from being carried out on an individual basis to being done on a group basis. This example illustrates both the strategic support role of HRM and the integrative nature of strategic HRM where communication systems, team working, and appraisal systems are considered as a whole in the light of the strategic objective. The reader might like to try to map out an HRM strategy where the strategic plan emphasised high-volume, low-cost products.

Strategic HRM as outlined above has essentially an enabling role in the sense that it only becomes involved in the process **after** the overall business strategy has been formulated. However, there are strong arguments for the inclusion of HRM at the strategy **formulation** stage. As indicated above, the analysis of the organisation's existing strengths and weaknesses is central to strategy formulation. Since the organisation's human resources are a key aspect of its strengths and weaknesses, the nature of these must influence strategic choices. To take just one example, the optimal strategic direction for an organisation with a large pool of highly educated and skilled employees may be quite different from one where there is a very small pool of such people. At worst, failure to recognise the people resource input into strategic decisions may mean that strategic plans are simply not capable of being implemented. At best, the integration of HRM strategy with overall strategy can optimise the whole formulation and implementation process.

The notion of strategic HRM as an integrated, universally applicable, approach to people management is a seductive one. However, some words of caution are in order here before we proceed to a more detailed examination of what HRM has to offer. Historically, most HRM concepts and theories originated in the USA and this raises the question of how far the theories are really applicable in other cultures. For example, as Guest (1994) has pointed out, there is often an emphasis on individualism, rather than collectivism in HRM writings (*see* the discussion of de-centralisation and local, rather than national, pay bargaining above for an example). Guest shows how this fits well with American values but in Europe there is much more of a tradition of collectivism than in America. This is exemplified by the greater role of the trade unions in many European countries. Much is made, especially with soft HRM approaches, of the idea that HRM is mutually beneficial both for the employee and the organisation, but some critics have questioned whether this is always the case as far as employees are concerned. A cynical view of the techniques advocated might see them as ways of getting more out of employees without a corresponding increase in rewards to them. Much is also made of the integrative nature of HRM. It is hard to argue with the logic of such an approach, but how often does it actually happen in practice? Some argue that a piecemeal approach to the introduction of many of the innovative practices we shall be discussing in more detail later in the text is actually much more the norm than an integrated one. It is also questionable to what extent human resource strategy is to be found in practice, as opposed to in theory.

Criticism of HRM has largely focused on strategic-level issues and the theories and philosophies which underpin strategic HRM. On the whole, operational-level issues have been less contentious, especially where, as is often the case, the practices

are already well established from prior use in a personnel management context. In any case, irrespective of whether a practising manager adheres to a particular HRM theory or philosophy, the operational issues have to be dealt with effectively on a day-to-day basis. It is to these that we now turn.

1.5 HRM as an Operational-Level Activity

The scope of HRM at an operational level is very wide and some selectivity in what can be covered in this relatively short text is inevitable. This will be done on the following basis. Areas of activity where well-established tools and techniques exist will be favoured, especially where they are broadly applicable across different countries and cultures. On the other hand, procedures which are very culture-specific are beyond the scope of the text and these will not be covered in detail. Finally, some topics have already been comprehensively covered elsewhere in the MBA Distance Learning series and these will not be dealt with in depth in this text.

At the operational level, HRM has much in common with conventional approaches to personnel management. Nevertheless, an HRM perspective will often influence both the relative importance attributed to a particular activity and the precise way in which it is carried out. Thus, while both traditional personnel management and HRM accept the importance of effective recruitment and selection for organisational performance, the emphasis on the qualities sought in recruits may be different. For example, strategic considerations frequently emphasise the need for organisations continually to adapt and change to meet the demands of a changing environment. This implies a greater focus on attitudinal qualities in selection, such as an openness to new ideas and a willingness to accept and even welcome change, than might have been the case in the past. To take another example, in the UK and Western Europe the management of industrial relations and collective negotiations with trade unions has traditionally been centre stage in the work of personnel managers. However, some have argued that the individualistic orientation of HRM and its tendency to assume that management and workers have common interests serves to undermine the importance of traditional collective industrial relations. As Guest (1989) puts it, 'its underlying values ... would appear to be essentially unitarist and individualistic in contrast to the more pluralist and collective values of traditional industrial relations'. It follows from this that the approach of HRM to industrial relations would be quite different from that of personnel management.

We noted above that a key element in strategy formulation was the identification of the organisation's strengths and weaknesses. Of course to do this effectively methods need to be developed at the operational level to enable the organisation to specify in a systematic way what is meant by good performance. This has to be done at multiple levels, ranging from the macro-level of the organisation as a whole, through sub-units such as work teams, all the way down to the level of individual job roles. Effective specification and measurement of performance is an essential HRM activity at all levels. Its importance at the macro-level can be illustrated with reference to a scenario which will be familiar to readers from the UK. In the late

1980s and early 1990s, a large number of publicly owned organisations were privatised by government. One frequent argument for doing this was that ‘waste and inefficiency’ would be eliminated by privatisation. But precisely how were ‘waste and inefficiency’ (i.e. poor performance) measured by the proponents of this view and how valid was this measure? Similarly, to show that privatisation produced an improvement, it would be necessary to demonstrate by systematic measurement that an increase in efficiency had actually been achieved. Taking another example at the small group level, to show that team working is more effective than other work arrangements it is first necessary to be able to measure team performance systematically. At the individual job role level, we have already seen that in HRM much is made of the added value people can provide if properly managed. But before we can manage them effectively, we need to know what end point we are trying to achieve. In other words, before we can take steps to enhance the performance of individual workers, we need to be able to define systematically what constitutes good performance in an employee in the first place.

As already mentioned, selection is a central operational-level HRM activity in all organisations. Selection is in many ways the foundation upon which all other HRM techniques are built because it provides the raw material with which the HRM specialist has to work. Once individuals have been recruited into the organisation, their performance needs to be managed effectively. Effective management has a number of elements, often beginning with a systematic assessment of their past performance known as performance appraisal. As we will see, performance appraisal has traditionally been used for a variety of purposes, such as assessing training and development needs, setting future performance targets, salary determination, and so on. More recent HRM approaches seek to go beyond this by integrating appraisal into a broader scheme of performance management in which appraisal is linked to organisational objectives as a whole. Training and development has long been a core area of activity in personnel management and, if anything, it has assumed greater importance within HRM. If people are a vital resource then it obviously makes sense to invest heavily in their training. The planning and management of careers in the mutual interest of employees and the organisation has also traditionally been seen as being an important responsibility of the personnel department, at least in the majority of large organisations. However, as Herriot (1992) has pointed out, the nature of organisations has been changing in recent years. This has come about partly as a result of the adoption of HRM theories and practices, but also for other reasons. These changes have profound implications for careers and career management, as we shall see when we come to take a detailed look at this topic.

These core operational areas of specification of performance requirements in a way that can be measured systematically – recruitment and selection, performance appraisal and performance management, training and development, and career management – will be dealt with in depth in the modules to follow. It is recognised that some areas often regarded as important HRM activities will not be covered in detail in this text. These include payment systems, industrial relations, and the legal framework within which HRM activities are carried out. These have not been dealt with in detail, either because they are already covered comprehensively in other Heriot-Watt Distance Learning texts, or because the HRM practices in question

differ fundamentally across cultural and national boundaries. These topics will, however, be referred to selectively where they are relevant to other issues being discussed.

Learning Summary

The main impetus for the emergence of HRM was the perceived need, on the part of a number of large organisations, to improve their competitive position both nationally and internationally. Better utilisation of human resources through the adoption of HRM systems and practices was seen as the key to achieving this objective. Although HRM has much in common with traditional personnel management, it attempts to overcome some of the apparent inadequacies of personnel management as typically practised in the past. This is particularly true of the strategic approach adopted by HRM. Operational-level HRM, which is concerned with the everyday management of people in organisations, also shares much with more traditional personnel management approaches. However, even here there are differences, due mainly to the impact of strategic HRM considerations on operational activities.

Review Questions

True/False Statements

Each statement requires a single response – ‘True’ or ‘False’.

- 1.1 An important underlying premise of HRM is the need to maximise the utilisation of human resources if organisations are to compete successfully.
- 1.2 It is unanimously agreed that HRM is fundamentally different from personnel management.
- 1.3 A major difference between HRM and personnel management is the more strategic orientation of HRM.
- 1.4 When a personnel department responds rapidly to threatened strike action by the labour force and manages to defuse the situation it can be said to be managing people in a strategic way.
- 1.5 Historically, traditional personnel management has had less impact at the strategic level than at the operational level.
- 1.6 ‘Soft’ HRM emphasises the importance of developing people so that they are capable of contributing more to the organisation.
- 1.7 Most HRM theorists agree that the management of people is too important a task to be in the hands of anyone other than specialists from the HRM department.

- 1.8 Task flexibility is the term used to describe the situation where an individual is expected to carry out a variety of different work roles.
- 1.9 Strategic HRM argues for an integrated approach to people management in organisations.
- 1.10 According to Guest (1994), HRM theories tend to emphasise individualism, rather than collectivism.
- 1.11 According to Guest (1989), HRM and traditional personnel management are likely to have a similar approach to industrial relations.
- 1.12 Although the nature of organisations has been changing in recent years, these changes have not had any major implications for individuals' careers.

Short Essay Questions

- 1.13 What were the major factors which led to the emergence of human resource management?
- 1.14 How does human resource strategy relate to general business strategy?

Apply What You Have Learned: HRM in Action

You are a personnel manager in a large manufacturing organisation in the electronics industry. The company has plants world-wide, including the USA and the Far East. You are currently seconded from your normal job on a one-year assignment as special personnel adviser to the organisation's newly created Scenario Review Unit. You have just received the following memorandum from the head of the unit. Your task is to draft a suitable reply.

Memorandum:

From: Head of Scenario Review Unit

To: Special Personnel Adviser

I have just returned from a high-level conference on Strategic Human Resource Management and Achieving Competitive Advantage. They had some very high-powered speakers at the conference from all over the world. They put forward a pretty convincing case that we really need to fundamentally change how we manage people in our UK operation. So much so, that I have decided to recommend to our main board that we put their ideas into practice as soon as possible. I am pretty confident that I know what is required and I have already worked out the main changes which need to be made. However, before going to the main board, I thought I ought to run my ideas past you as a personnel expert, particularly since you have the benefit of all that up-to-date knowledge you obtained by studying for your Distance Learning MBA. I have outlined my ideas below. Please let me have your considered comments in due course.

Clearly HRM is the key to improving our use of human resources and is a vast improvement on the old personnel management approach. Consequently the first thing we need to do is scrap our existing personnel departments throughout the business, make the individuals concerned redundant, and get in some new HRM experts. We will only need one or two new people, however, since HRM theory tells us that line managers should now be expected to do the bulk of what used to be personnel work. The seminar speakers suggested that personnel management is not strategic enough, but I think we may be an exception to this, since we have always been pretty good at reacting to crises. Anyway, I am producing a business strategy for the UK side of our operation which I will pass on to the HRM experts so that they can implement whatever is necessary on the human resource side. By the way, I do not think we should go for this so-called soft HRM approach – if the workers think we are soft they will walk all over us!

It seems we will need to change the culture of the organisation. As I understand it, this is quite a straightforward thing to do. Maybe you could take this on and organise a suitable course for people to go on. Another thing, we will no longer need to employ those expensive organisational behaviour consultants, since their ideas are obviously out of date now that HRM has taken over the field. Whatever happens, if we do decide to adopt a strategic approach to HRM, it is likely to involve a whole new approach to what we do, rather than introducing a few new ideas on a piecemeal basis. Once we get the new systems up and running successfully, it might be a good idea to suggest to our colleagues in the USA and the Far East that they should follow our lead and adopt an HRM approach too.

1.15 Does this all seem fine to you?

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