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HRM & Personnel Management: A Comparative Analysis

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Abstract

The emergence and consolidation of Human Resource Management within organisations has been significant. Certainly the last fifteen years has witnessed the rise and rise of the HRM practitioner whereupon most if not all 'blue chip' companies recognise the importance of such individuals at the strategic apex of the organisation. That said, there still remains the HRM/Personnel dichotomy perhaps as strong today as it was in the last decade. This article considers the historical development of the employment relationship, and attempts to identify micro and macro-level factors acting to support the emergence of the HRM phenomenon. Presenting and duly analysing a contemporary 'ideal model' provides an effective evaluation of HRM. Attempting an explanation of what HRM is, leads on to an assessment of its contradictions and encompasses those differences that exist between HRM and personnel management.

Introduction

There have been and the author supposes always shall be numerous significant developments in the world of work. As we step into this new century distinct organisational structures have emerged and pivotal changes are taking place in the socio-eco-environmental contexts in which organisations operate. In tandem with these changes has seen a marked re-styling and expansion of the business school sector in terms of postgraduate qualifications centred on the MBA. From this there has emerged a business vocabulary quite distinct from that used before the 1980s. A principal example of the shift in vocabulary is self-evident in the area of employee relations where 'Human Resource Management' (HRM) gained increasing acceptance in preference to 'personnel management'. Certainly as the 1980s unfolded job advertisements in professional magazines and in the appointments pages of the quality newspapers were as likely to ask for a 'Human Resource', as opposed to a 'Personnel' manager. Reflecting and reinforcing this interest in HRM was the emergence in 1990 of two new academic journals, entitled respectively Human Resource Management Journal and International Journal of Human Resource Management. Ten years on sees the appearance of this journal seeking to both challenge and explain established orthodoxy's within and around the area of applied HRM. That said, there was, and remains, reasoned debate as to the extent of the 'reality' or 'rhetoric' of the HRM phenomenon, in terms of its nature, content and consequences. What little empirical evidence there is in respect to the extent of the actual uptake of HRM would suggest the rhetoric exceeds the reality (see for example, Millward et al., 1992 [1] and Marginson et al., 1993 [2]). Numerous arguments abound, recognising a profusion of tensions and contradictions between the various elements or policy goals of HRM. For some observers HRM represents no more than a re-labelling, a pursuit of a more fashionable packaging or the desire to avoid the repercussions of earlier adversarial industrial relations. For others HRM represents a qualitatively different approach to the management of employees, based on premises distinct from those supporting personnel management. To this latter group, HRM constitutes a key issue within the contemporary work organisation.

It is important to note in any field of activity; all periods are characterised by elements of both change and continuity. According to Dastmalchian et al (1991), part of the problem in evaluating the respective significance of each, however, is that by their nature, changes tend to receive more attention:

> "Academic researchers appear to pay more heed to change than continuity: change is perceived as more exciting, more newsworthy, more likely to be judged 'relevant' by policy-makers, and probably more appealing to research funding bodies. The danger in this of course is that, compared to continuity, change comes to be scrutinised disproportionately. Thus in the study of work organisation, just as in other areas of social science, warning bells should ring when all the talk is of the new and excludes what remains from before." 3

Historical Development

In the latter part of the 1800s the concept of welfare personnel evolved. This was initially prompted by the human concerns of certain families involved in business (e.g. Cadbury and Rowntree) and is often referred to as the Quaker tradition. Welfare personnel sought to deal with the problems of unemployment, sick pay and subsidised housing for employees. This might perhaps, be seen as the birth of the human-relations school of management, where for the first time attention was being paid to the social needs of individuals. Approximately half a century later the work of Elton Mayo would reinforce the concept identifying the need for Durkheimian style 'moral communities' whereby:

> "Only by integration of the individual into the (management-led] plant community could systemic integration be maintained and the potential pathologies of the industrial society avoided." 4

From a radical perspective such moves might be viewed as a reaction to the harshness of capitalism at that period in British history. The academic analysis applied at the end of the nineteenth century by Sidney and Beatrice Webb introduced the term collective bargaining which would grow in significance and endure to the current day.5 After the Second World War and into the 1950s personnel management incorporated an even wider range of services, including salary administration, basic training and advice on industrial relations, but the main focus was at the operational rather than the strategic level. Increasing organisational size was again notable in activating these changes, particularly in the arena of industrial relations. The movement from collective bargaining at the industry level to the company level was apparent due mainly to the growth in trade union membership and the bargaining power applicable. For example, union membership during the period 1948-1979 would increase by some 38% from millions 9.102 to millions 12.639. 6 The 1960s and 1970s saw a significant increase in the numbers of staff engaged solely in personnel work. This was attributable in part to the increases in employment legislation. However, the state of the UK economy had played a significant part as well. Nationalisation and the growth in the public sector services had made the state an increasingly important employer.

According to Edwards (1995) the state had become, directly or indirectly, responsible for almost a third of the labour force by the late 1970s.7 During the 1980s personnel management began to adapt to the market economy and enterprise culture. The incumbent conservative government of 1979 was wedded to a firm belief that monetarist economic policies and the free market economy were the keys to effective management of the UK. This period would bear witness to a consuming preoccupation with the management of change. Government encouragement was evident, not only in terms of the legislation programme it had mapped out for industrial relations change, but in the directness of the rhetoric being applied. The institutional form and ideological character of the 'enterprise culture' which were to evolve during the 1980s was concisely summarised by the then premier Margaret Thatcher:

> *"What's irritated me about the whole direction of politics in the last thirty years is that it's always been towards the collectivist society. People have forgotten about the personal society. And they say, 'Do I count, do I matter?' To which the short answer is, yes. And, therefore, it isn't that I set out on economic policies; it's that I set out really to change the approach. If you change the approach, you really are after the heart and soul of the nation. Economics are the method; the object is to change the heart and soul." 8*

It is reasonable to suggest with the benefit of hindsight covering almost two decades, philosophical objectives are one thing, actual outcomes quite another. However, it would be that philosophy which informed the political direction of most recent times and, in particular, informed the attempt to reconstruct employment relations in the 1980s. Organisations were looking towards the development of appropriate corporate culture, the acceptance of Japanese industrial relations practices, such as single union representation and the management practices of 'just in time' and 'quality circles' to name only two. The shift was significant in emphasis from work-force collective bargaining to centralised bargaining and in the process a reduction in the involvement of personnel managers in negotiations at the local level. Edwards (1995) recognised the marked withdrawal from collective bargaining or 'de-recognition' that took place from 1980 onwards. He attested that: 'trade unionism is not being replaced by refined human resource management'. 9
In recognition Millward (1994) stated:

> *"The recent growth in wages and earnings which has been widely observed to be greater in Britain than in almost all other developed economies is being matched by a widening in the inequalities of influence and access to key decisions about work and employment. Many would argue that this is a welcome sign that Britain is moving towards the type of unregulated labour market that economic success requires. Others would see it as a reversion towards the type of economy that gave rise to the birth of trade unionism in the last century." 10*

The early 1980s were gripped by the worst economic recession of the post war years. GDP at constant prices declined by over three percent between

1979 and 1981 before beginning to slowly grow again, while manufacturing in the same period fell by fourteen percent. In the space of three years unemployment rose by 2.1 million and remained at an unprecedented 3 million until 1987.

The power of the trade unions was reduced, membership declined from 1979 onwards signalling the opportunity for less elaborate processes in collective bargaining and conflict management.11 Negative deindustrialisation and government restructuring of the UK economy saw a rapid decline in the old industries and a relative rise in the service sector and newer industries based on 'high-tech' products and services, many of which were comparatively free from the established patterns of the 'old' industrial relations.12

Table 1: UK Trade Union Membership and Density 1979-1992 (000's and %)

Year	Civilian employees in employment	Unemployed	Potential trade union membership	Trade union membership	Density* (%)
1979	23,137	1,295	24,368	13,289	54.5
1981	21,829	2,520	24,412	12,106	49.6
1983	21,067	3,104	24,171	11,236	46.5
1985	21,423	3,271	24,694	10,821	43.8
1987	21,584	2,053	24,537	10,475	42.7
1989	23,661	1,799	25,460	10,238	40.2
1990	22,918	1,665	24,583	9,947	4.5
1992	21,853	2,779	24,632	9,048	36.7

*Union Density defined as: $\dfrac{\text{Actual union membership}}{\text{Potential union membership}} \times 100$

Source: Towers (1989)

These changes were overseen by a robust entrepreneurialism promoted by the Thatcher government in the form of privatisation and anti-union legislation, which according to Hendry and Pettigrew (1990) 'encouraged firms to introduce new labour practices and re-order their collective bargaining arrangements'.13 Additionally, government rhetoric sought to deliver the message, that the days of Downing Street's 'smoke-filled rooms with beer and sandwiches' which characterised the Wilson administrations of the 1960s and 1970s were consigned to history. The then Industry Secretary Sir Keith Joseph rammed home the central idea. One Sunday in 1980 early in the 13-week strike by the 166,000 workers of the nationalised British Steel Corporation Joseph was asked in a television interview if BSC's management and Bill Sirs, leader of the main union involved were about to meet, and what

were the chances of a settlement. "I don't know" Joseph retorted "It's nothing to do with the government".14

Enter HRM

The emergence of HRM rhetoric during the early 1980s in both US and UK economies was a direct result of the various industrial relations changes experienced by both countries.15 In addition to those historical shifts outlined previously, the marked increase in market globalisation presented intensified competition and clearly posed a massive challenge to the European and US economies.16 The rise of the 'Tiger' economies - first Japan, then South Korea, Taiwan, Singapore and so on, combined modern technology with (initially) cheap labour to effectively challenge the previously established economies of the western world. Furthermore, the UK competitive position was also challenged within the EU by the greater effectiveness of the German, French and arguably Italian economies. The move from 'command' to 'market' economies in Eastern Europe has served to enlarge the international economy which, given relative labour costs, represents an additional competitive threat (or marketing opportunity, given pent up consumer demand). Intensification of international competition served to inversely effect internal competitiveness, forcing many companies to become more strategically aware.17 Companies were being driven to become more focused, should they pursue a policy of 'asset management' or 'value added'. In order to do so companies had to concentrate on more specific analysis of their sources of competitive advantage. It is against this backcloth of discontinuity, as well as continuity, that the emergence and nature of HRM might be best considered.

What is Human Resource Management?

'HRM...It's a posh way of describing a personnel manager...but it goes a bit further than that.'
(A caller to BBC Radio 4s Call Nick Ross phone in, describing his occupation. 15 October 1991) 18

At face value the above statement might appear somewhat incongruous, coming from an individual employed as a HR manager. However, empirical evidence presented as a result of a large scale survey of corporate managers found that whilst 80 percent of corporate personnel chiefs claimed to have an overall human resources policy very few, when asked, could describe it (Marginson et al., 1988 19). Moreover, Torrington (1989) sees the nature of human resource management as not yet clear: 'like most innovations it tends to be whatever the person speaking at the time wants it to be'. 20 Noon (1994) asks whether HRM is 'a map a model or a theory?' 21 Keenoy (1990) refers to its 'ambiguity'. 22 Blyton and Turnbull (1994) expose its 'dilemmas and contradictions'. 23 For Keenoy and Anthony (1992) the whole point of HRM is that it is designed to inspire – 'that it represents a fantasy of the real'. 24 Extensive and detailed consideration of the definition and meaning of HRM, has been made by Guest in a series of articles where HRM is defined essentially in terms of four key policy goals: high commitment, high quality, flexibility and strategic integration. 25 Guest draws upon the USA's 'Harvard

model' espoused by Beer et al., (1984) 26 (akin to the human relations school) seeking to give HRM the status of a 'full blown theory of management'. 27 In search of a meaning, Storey (1995) accepted that there is indeed controversy which 'turns on the imprecision, variability, ambiguity and even contradictions which have been seen to imbue the construct'. 28

Evaluation of Storey's Ideal Model of HRM

For the purpose of this article the definition as proposed by Storey (1995) is presented as the basic framework for analysis of the HRM phenomenon:

> *"Human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques." 29*

Storey approached an analysis of HRM by creating an 'ideal type' the purpose of which 'is to simplify by highlighting the essential features in an exaggerated way'.30 He does this by presenting an 'ideal' model for HRM (see Figure 1). The elements are categorised in a four part basic outline:

- beliefs and assumptions
- strategic concepts
- line management
- key levers

This 'ideal type' of HRM is not essentially an aim in itself but more of a tool that enables sets of approaches to be pinpointed in organisations for research and analytical purposes. The theoretical model is based on conceptions of how organisations have been transformed from predominantly Personnel/IR practices to HRM practices. There are of course no specific organisations in reality conforming to this 'ideal type' on which the model is based. It is, therefore, quintessentially a tool for enabling comparative analysis.

Storeys' 'ideal' model seeks to describe the beliefs and assumptions of certain leading edge practitioners, prescribes certain priorities and presumes certain consequent actions which seem to follow from the series of proposals.

Key Elements of Storey's 'ideal' HRM Model

The first element concerning beliefs and assumptions appears to point fundamentally towards the human resource above all other factors of production, as the one that really makes the difference. In recognition one might directly correlate this element directly to an economic measure of productivity and organisation effectiveness - People Value Added (PVA). This ratio measures value created relative to the capital invested in human resources. It is becoming increasingly compelling to pay more and more attention to the economic effect of the human resource within the organisation. According to Schneier (1997) most companies, in most

industries spend more on human resources (i.e. wages, salaries, and benefits) than any other ongoing, non-consumable expense:

> *"If the costs were capitalised, as many argue they should be, a company's human resources would constitute the biggest asset on the books. It is obvious that human capital also plays a pivotal role in a company's value creating mechanism. The other forms of capital employed by an enterprise (financial, market and infrastructure) are inert, and cannot create profits without the proper human intervention." 31*

Given the obvious weight of these circumstances human resources should be treated with great care, nurtured as a valued asset and not be simply regarded as an incidental cost. Storey (1995) identified that an underlying belief is that the aim is not just to seek compliance with rules and regulations from employees, but to vie for the more emulous objective of commitment. 32 This is seen as significant by some commentators (e.g. Wood 1993) whereby the preference is to talk in terms of 'high commitment' policies as a working substitute for HRM. 33

Figure 1: The HRM Model

1. **Beliefs and Assumptions**
- That it is the human resource which gives competitive edge.
- That the aim should be not mere compliance with rules but commitment.
- That therefore employees should be very carefully selected and developed.

2. **Strategic Qualities**
- Because of the above HR decisions are of strategic importance.
- Top management involvement is necessary.
- HR policies should be integrated into the business strategy-stemming from it and even contributing to it.

3. **Critical Role of Managers**
- Because HR is critical to the core activities of the business, it is too important to be left to personnel specialists alone.
- Line managers need to be closely involved both as deliverers and drivers of the HR policies.
- Much greater attention is paid to the management of managers themselves.

4. **Key Levers**
- Managing culture is more important than managing procedures and systems.
- Integrated action on selection, excommunication, training, reward and development.
- Restructuring and job design to allow devolved responsibility.

The second primary component contained within the model concerns strategy, in terms of HRM being a matter of strategic importance requiring the full attention of chief executives and senior management. This belief promotes the proposition that a human resource director should have a place on the board in order to influence company policy formulation at the highest level. The Institute of Personnel Development (IPD) underpinned this notion in terms of the roles of directors and their direct responsibilities towards employees:

> *"Directors need to show the way in which employees are being managed is a board concern and build people issues more firmly into their decision-making process. But the fundamental duty on directors is to set a clear sense of direction for the organisation and promote an inclusive culture based on values, including trust and mutual respect, which is demonstrably more than simply rhetoric. This will not be easy in an ever more competitive world but it will be increasingly important. It is difficult to see how this can be achieved if investors and public debate fail to grasp the issue." 34*

In light of this approach it is, therefore, reasonable to suggest that the debate about corporate governance needs to show elevated appreciation of people issues. Not least because it is the way in which people are managed that will forcefully influence the return which companies are able to make to shareholders/stakeholders.

The third element essentially concerns the role of line managers. One of the characteristic features of HRM literature, appears to be the pivotal role that is given to line managers as a delivery point for a variety of employment policies that are intended to raise the performance of the workforce. Guest's (1987) initial reconstruction of the core tenets of HRM within the British context identified the role of line managers as one of its central components. He maintained that the attitudes of line managers, along with their behaviour and practices, were crucial if the importance of human resources was to be genuinely recognised and integrated into the organisation. Consequently line managers should 'accept their responsibility to practice HRM although they may use specialist resources to assist in policy development, problem solving, training and the like'. 35 Legge (1989) in her review of US and UK models of HRM, concluded that HRM is 'vested in line management as business managers responsible for co-ordinating and directing all resources in the business unit in pursuit of bottom line profits'. 36

The fourth discernible feature of HRM relates to the key levers used in its implementation. Significant is the shift in emphasis away from personnel procedures and rules as the basis of good practice. The suggestion is, according to Blyton and Turnbull (1994):

> *"that the creation and management of organisational culture are as important as the organisation itself, with individuals offered the opportunity to realise their full potential, ably assisted by line management." 37*

This new accent on the management of culture was, attested Storey, (1995) 'remarkable' in that:

> *"Just a few years ago the idea of paying regard to something so intangible as 'organisational culture', still less spending senior management time in seeking to manage it, would have seemed implausible. Now such an aspiration seems to form a critical part of every senior executive's agenda. So central is this that the twin ideas of managing culture change and moving towards HRM can often appear to coincide and become one and the same project." 38*

According to Armstrong (1995) the aims of culture management are:

- Develop an ideology which guides management on the formulation and implementation of coherent HRM strategies and policies.

- Create and maintain a positive climate within an organisation which indicates the behaviour which is expected of members of that organisation during the course of their work.

- Promote understanding and commitment to the values of the organisation. 39

Culture management might significantly aid in three increasingly critical areas of the employment relationship; consensus, suggesting the achievement of a common set of values and beliefs; flexibility, affording the organisation removal of restrictions on movement between erstwhile 'jobs', contributing directly to improved productivity and; commitment, whereby the labour performance is taken onto an even higher plane. This goes beyond a simple willingness to work flexibly, there would hopefully exist an apparent will to succeed, whereby employees would be prepared to 'go the extra mile'.

A telling example of Storey's model in action is contained within a Personnel Management article entitled HRM in Action: The truth is out at last (April 1992). The research study was conducted by the Industrial Research Unit at Warwick University. Storeys 'ideal model' is adapted into a 25 key HRM variables checklist of critical aspects. The researchers found that use of this checklist enabled them to 'measure' the degree of movement from one approach to the other in the mainstream case organisations. Some 40 organisations were studied in the late 1980s using 350 face-to-face, in-depth interviews. Of these, 15 case studies were treated as 'core' and were studied on a multi-level multi-site basis. Storey saw this research pointing towards two key conclusions:

> *"The first is that there has indeed been a remarkable take-up by large British companies of initiatives which are in the style of the 'human resource management' model. The second is that there is extensive scope for improvement in the degree of coherence and mutual reinforcement in the application of these initiatives." 40*

The 'hard' and 'soft' Dichotomy

Several common themes begin to emerge in terms of; integration of HRM policies with strategic business planning which are used to reinforce an 'appropriate' organisational culture; human resources are valuable and a source of competitive advantage; they may be employed effectively by mutually consistent policies that promote commitment; consequentially fostering a willingness in employees to act flexibly in the organisation's pursuance of excellence.

Two different emphases - not necessarily incompatible - can be identified as to what HRM should constitute. These have been termed the 'hard' model, reflecting a 'utilitarian instrumentalism' and a 'soft' model more reminiscent of 'developmental humanism'. The 'hard' model stresses HRMs focus on the crucial importance of the close integration of human resources policies, systems and activities with business strategy, on those HR systems according to Fombrun et al (1984) 'being used to drive the strategic objectives of the organisation'. 41 This requires, according to Legge, (1995) that 'personnel policies, systems and practices are not only logically consistent with and supportive of business objectives, but achieve this effect by their own coherence'. 42 In essence the 'hard' model according to Storey, (1987) emphasises the 'quantitative, calculative, and business strategic aspects of managing the headcount resource in as "rational" a way as for any other economic factor'. 43 In contrast the 'soft' 'developmental humanism' model although still emphasising the importance of integration of HR policies with business objectives, sees this as involving the treating of employees as valued assets (i.e. PVA outlined above). Employees are viewed in terms of being a source of competitive advantage through their commitment, adaptability and high quality of skills and performance. Mayo (1998) would appear to underpin the philosophical correctness of this approach, particularly in terms of 'knowledge management' where recognition is given to a recent upsurge in the importance of 'intellectual capital'. He stated:

> *"Personnel normally plays a role in designing and restructuring organisations. It should consider the effect such processes have on knowledge sharing, particularly when teams and customer relationships are broken up, or when the changes create a risk that valuable people will be lost." 44*

Reinforcement of this train of thought is contained within this same article, given by Tom Watson Jr, former president of IBM, who went so far as to say:

> *"All the value of this company is in its people. If you burnt down all of our plants and we just kept our people and information files we would soon be as strong as ever. Take away our people and we might never recover." 45*

Contradictions

According to Edwards (1995) 'the language of HRM is widely adopted but that it translates into concrete initiatives much more rarely'. 46 Potential tensions

arise from the 'hard'/'soft' dichotomy. Legge (1989) views these problems to be two-fold; firstly at the level of integration, and secondly, at a deeper level, where HRM challenges the inequality inherent in the commodity status of labour under capitalist employment relations. 47 The problem of integration is two tiered: the external 'fit' of HRM with the organisations broader strategy; and the internal consistency of the policy goals of HRM itself. This can give rise to 'hard' and 'soft' forms of HRM being espoused at the same time. For example, Blyton and Turnbull (1994) accord:

> "Firms facing competitive product and skill markets may, on the one hand, apply 'soft' forms of HRM to key workers, developing those employees through multi-skilling, while at the same time responding to competitive pressures and market fluctuations through policies of numerical flexibility and precarious employment among those groups less central to the production process and/or more easily replaceable from the external labour market." 48

By the same token, the nature of technology plays a major role in delineating 'key' from 'other' employees. The implication being, that management's ability and/or willingness to implement an HRM - type strategy, and more specifically the nature of that strategy, will depend partly upon the position of employee's vis-à-vis the production process.

There are, therefore, fundamental problems in terms of aligning HRM and business strategy, in that most cases would seem to be subordinate and secondary to business strategy. This does not mean that simply the drive for profit overrides the policy goals of HRM, but rather that HRM is only pursued in the belief that raising employees' commitment, flexibility, the quality of their work, inter alia the bottom line will be improved. Directly affecting organisations' HRM imperatives are the strength of those pressures on securing a return on investment. For example, if short-term criteria operate against long-term criteria, HRM developments such as investment in training will suffer as a consequence. Such pressures are acutely felt in the more decentralised organisation, duly identified by Kirkpatrick, et al:
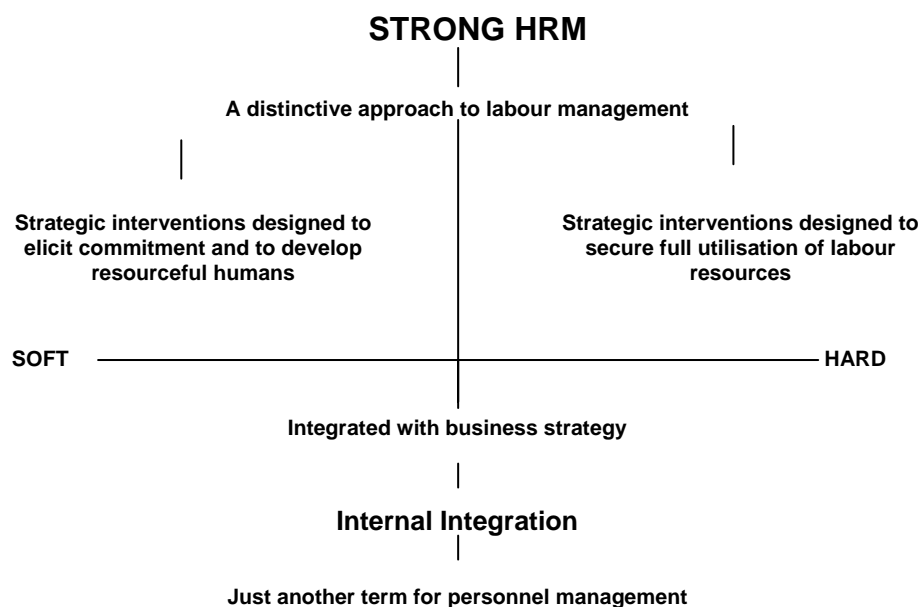
> "Can the long-term aspects of HRM so central to its whole philosophy survive in a decentralised line environment dominated by short-term pressures? Our analysis suggests not." 49

Guest (1987) for example, suggests that 'if HRM is to be taken seriously, personnel managers must give it away'. 50 The danger is that by giving it away, the result is that it might be given up altogether. As Lowe (1994) demonstrated, the implementation of HRM policy goals places significant weight on front-line supervision. However, a general lack of support for, and training of, supervisory employees is likely to frustrate, rather than encourage any transformation to HRM:

> "If the transition to HRM depends upon 'relocating the line', with personnel and HRM managers giving up control and placing it in the hands of supervisors who are often unable and often unwilling to

'manage' their 'human resources' then the exercise looks certain to fail." 51

Figure 2: Mapping the Various Meanings of HRM

STRONG HRM

A distinctive approach to labour management

| **Strategic interventions designed to elicit commitment and to develop resourceful humans** | **Strategic interventions designed to secure full utilisation of labour resources** |

SOFT ———————————————————————— **HARD**

Integrated with business strategy

Internal Integration

Just another term for personnel management

Source: Adapted from Storey (1992)

Such is the dilemma and confusion that clouds the clear determination of the actual meaning of HRM. In search of clarification, Storey (1992) presented a 'mapping' of the various meanings of HRM (see Figure 2).

HRM and Personnel Management - Is there a difference?

Managers and academics alike have recognised that there is indeed a problem in clearly identifying the differences between personnel management and HRM. According to Fowler (1987) there is very little that is new in HRM:

> *"What's new [personnel managers will ask] about the concept that "the business of personnel is the business" (to quote the theme of a Personnel Management essay competition of yester-year). What is new about the view that employees give of their best when they are treated as responsible adults? Haven't these been at the heart of good personnel practice for decades? To which the answer is, of course, yes."* 52

Armstrong (1987) appears to partly support this theme but also sees HRM as the reinvention of an older motif but worthwhile none the less:

> *"It could be no more and no less another name for personnel management, but, as usually perceived, at least it has the virtue of*

> *emphasising the need to treat people as a key resource, the management of which is the direct concern of top management as part of the strategic planning processes of the enterprise. Although there is nothing new in the idea, insufficient attention has been paid to it in many organisations. The new bottle or label can help to overcome this deficiency." 53*

From a historical and developmental viewpoint, Torrington (1989) argued that:

> *"Personnel management has grown through assimilating a number of additional emphases to produce an ever-richer combination of expertise... HRM is no revolution but a further dimension to a multi-faceted role." 54*

A distinction elaborated by Legge (1995) is that personnel management is something that managers 'do' to employees, whereas HRM is applied to management and workforce alike. Legge's analysis is based upon comparison between normative models of personnel and HRM and actual practices. Of course there are no 'single' models of either HRM or personnel management, however, Legge concludes that at a normative level there is relatively little which differentiates the two. Interestingly however, are the three significant differences that Legge does identify:

- HRM is applied to managers as well as employees;

- That HRM concerns the management of people and all other resources in the business unit, and always in pursuit of the bottom line;

- HRM emphasises the management of organisational culture as the central activity of senior management. 55

In Figure 3, Guest (1987) seeks to offer some rather sharp contrasts of that which he term's personnel management and HRM stereotypes.

Figure 3: Stereotypes of Personnel Management and HRM

	Personnel Management	Human Resource Management
Time and planning perspective	Short term Reactive Ad hoc Marginal	Long term Proactive Strategic Integrated
Psychological contract	Compliance	Commitment
Control systems	External works	Self-control

Employee relations perspective	Pluralist Collective Low trust	Unitarist Individual High trust
Preferred structures/systems	Bureaucratic/mechanistic Centralised Formal defined roles	Organic Devoted Flexible roles
Roles	Specialist/professional	Largely integrated into line management
Evaluation criteria	Cost minimisation	Maximum utilisation (human asset accounting)

Source: Guest (1987)

Legge suggested that HRM is more a strategic management duty than a personnel management task, in that, it is experienced by managers as the most valued company resource to be managed. Is this the case, does management actually endorse HRM? Poole and Mansfield (1994) provide empirical verification that in recent years, HRM has been assimilated by British managers (at least along several key dimensions). Furthermore, Poole and Mansfield's survey included a wide variety of management 'types'. Consequently, their findings indicated that attitudes consistent with HRM have been adopted by managers in a range of functions, not just by personnel professionals. 56 Legge's third difference; the management of organisational culture, might be viewed as somewhat more contentious than the previous two. It is reasonable to suggest, that in adopting the general argument espoused in most HRM texts advocating 'culture creation', writers have assumed that culture can be managed. However, there still remains considerable disagreement as to what organisational culture actually is, how it can be measured, what the relationship is between culture and other organisational characteristics and whether or not cultures are open to managerial intervention. 57 Ogbonna (1994) argues that managing culture is 'no more than an ideal which is difficult to attain'. 58 From this perspective perhaps it is not surprising that Fowler (1987) considers the real difference between HRM and personnel management as 'not what it is, but who is saying it. In a nutshell HRM represents the discovery of personnel management by chief executives '. 59

Conclusion

Historically one can, with reasonable clarity, plot the emergence and development of the personnel function. As HRM emerged in the 1980s its synthesis with management relations in the UK is not so easily mapped. So many drivers for change occurred during the 1980s; socio-eco-environmental changes all impacting at differing times with varying consequences good and bad. Organisations reacting to these changes appear to focus ever increasingly in the direction of competitive advantage attainment. It would appear that in pursuance and maintenance of competitive advantage organisations continually strive to reduce costs and increase efficiency. Capelli and Singh (1992) suggest that competitive advantage arises from firm specific, valuable resources which are difficult to imitate, 'an important research question relates to the role of human resource policies in the creation of valuable, firm specific skills'. 60 Should it then follow that the potential exists for a much more productive integration between HRM practice and theory with corporate and business strategy?

The emergence of HRM has indeed provided a wide-ranging and continuous debate concerning the nature of the employment relationship. It is apparent there are both differences and similarities between HRM and the personnel function. Coupled with the numerous contradictions they are important and as such should be constantly recognised, qualified and positively applied. With respect to the future, HRM is first and foremost inextricably linked to the environment and that environment is in a constant state of change, by definition those mechanisms that organisations require in order to 'keep up' will have to continually adapt accordingly.

It is fair to state that contradictions and ambiguities abound between academics and managers alike. One of the more vitriolic attacks on HRM was launched by Hart (1993) whereupon he denunciated HRM as:

> *"Amoral and anti-social...ignores the pluralistic nature of work organisations and personnel managers have abandoned their welfare origins...is ecologically destructive because it consolidates an exploitative relationship between people at work which is then reproduced in our approach to relationships in the wider society and with our environment."* 61

Criticism to this extent should not be surprising, HRM is by nature of its complexity multidimensional, encompassing employee influence (involvement), human resource flow policies, reward systems and work systems, all of which strike at the heart of the work ethic. Notwithstanding considerable variations in the implementation of HRM practices, there are undoubtedly indications that management attitudes are consistent with many of the core elements of HRM. It is the author's considered view, however, that this arises not least because managers are currently in a unique position in the history of industrial relations to ensure that these policies actually come to fruition. This situation will remain so as long as the state remains muted in its intervention and the power of the trade unions continues to be circumscribed.

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