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Are there significant differences in approach between Personnel Management and Human Resource Management to be found in the literature on this subject?

A review of key literature from a new starter in the HR profession

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Abstract

A review of classic literature used in the development of new human resource professionals creates a pre-conception that Human Resource Management (HRM) and Personnel are not the same thing. However, a review of the literature reveals a failure to explain what these differences are in terms of the day-to-day approach to people management in modern organizations.

Reference to the views of 35 fellow Chartered Institute of Personnel and Development students confirms that for the HR professionals undertaking everyday people management tasks the title is interchangeable and relatively unimportant to them and line managers. The research showed that these HR professionals have found that managers rarely believe that there is any difference between HR and personnel.

Introduction

For some years there has been a debate on whether or not there are significant differences in approach between Personnel Management and Human Resource Management (Legge,1989). Whether or not there is a difference between the two, there is no doubt that major changes have occurred in the nature of labour markets, the global economy and organisational forms over the three decades (Ashton, Maguire and Spilsbury, 1988). These changes may well have influenced a new approach to people management driven by the needs of business to become more cost-effective. This change is thought to have brought about the development of Human Resource Management as a completely new approach to people management (Storey, 1991). The sources and reasons for these changes in labour markets, the global economy and organisational forms are identified by Ashton, Maguire and Spilsbury (1988) as (i) the incorporation of British firms within the growth of global product markets, (ii) the relocation of capital, (iii) the increasing industrial concentration in parts of the service sector, (iv) the introduction of new technology and political change. A further factor identified below which explains the pressure for change is the increased competition faced by business organisations following the early 1980's recession. Public and private sector business's struggled to cut costs and increase their competitiveness during and after the 1980s recession. In order to do this it was recognised that the bureaucratic organisational structures and coercive control culture that had restricted employee autonomy and responsibility for so long had to be removed (Peters and Waterman, 1982).

The new organisations adopted the view that they required a structure with devolved managerial responsibilities and a culture which encouraged the greater commitment, autonomy, responsibility and flexibility of their employees (Storey and Sissons, 1993).

It has been suggested by those who support the idea of the emergence of HRM that the bureaucratic, reactive, operationally based, centralised and prescriptive role of traditional personnel departments did not encourage the development of a performance based culture (Clark, 1993).

The role of the autonomous manager with devolved responsibility who recognised the importance of recruiting and developing the right people and ensuring their performance and flexibility took over ownership of many traditional areas of

personnel work, causing the management of people to become of comparable importance to the use of other expensive resources used by the organisation and a matter worthy of consideration at a strategic level (Legge, 1989; Storey, 1991).

Many specialist personnel staff have also been keen to adopt the HRM banner as a means of reasserting people management, and through it their own status, as of importance to the success or failure of business ventures in both the public and private sectors. Where the original influence for HRM as one concept originated is described in the next section.

The Need for Change in Organisational and Personnel Practice - The Influence of Japanese Management - Adaption and Adoption

Set against these wide ranging changes in the structure of labour markets and the global economy both public and private sector managers recognised a need for change in order to remain competitive coming out of the early 1980s recession. Many managers found that Ouchi's book *Theory Z* (Ouchi, 1991) and Peters and Waterman in their book *In Search of Excellence,* (Peters and Waterman, 1982) indicated that in the past Western management practices had used the bureaucratic control systems of rational, centralised, coercive power to achieve employee compliance and performance. The financial success of organisation's, which had adopted management practices similar to those used by successful Japanese companies produced an enormous interest in Western businesses keen to adopt these practices and reap similar rewards. These practices used management of the organisational culture to stress collective commitment to a goal of Total Quality Management for the company and its product.

Western organisations hoped that by copying the Japanese experience of cultural management and adopting the "eight attributes" or similar described by Ouchi (1981) and Peter's and Waterman (1982) or the six pillars of Japanese employment practice (lifetime employment, company welfare, quality consciousness, enterprise unions, consensus management and seniority-based reward systems), suitably adapted to local circumstances, organisations could reproduce the results experienced by the Japanese companies. This stereotyping of Japanese management techniques gave rise to what Legge (1989) calls the "soft" version of Human Resource Management which is dedicated to employee participation and involvement in the organisation. The "hard" version of HRM which is the match between (a) strategy and environment; (b) HRM policy; (c) procedures and practices, and business strategy, produces a picture of a seemingly totally new type of "personnel" function operating at a strategic level integrated with the business objectives of the organisation. The adoption of the Japanese style "soft" HRM and the business oriented "hard" HRM could not be achieved without a significant change in the culture of the organisation away from bureaucratic means of obtaining compliance and towards employee-centred strategies. (Guest, 1991). The organisations structure with regard to its communications between managers and staff, fewer job descriptions and greater teamwork also contributed to breaking up the dysfunctional aspects of bureaucratic structures. The central role of line managers with regard to their staff and the facilitation of HRM goals also needed to be recognised. The objectives of these changes is discussed in the next section.

Changing Organisational Structure and Culture and the Rise of Managerialism

The structural changes in organisations and the changes in individuals work roles, described above and reflected in the tables below, have been accompanied by cultural changes in the new organisations. The aim of these cultural change programmes is to achieve employee commitment to those values which senior management considers conducive to improved organisational performance (Lloyd and Rawlinson, 1989).

As such, the management or control of culture may be deemed to be an alternative form of control to the bureaucratic control strategies focussing on organisational structure and social control and the humanistic control strategies of matching employee needs with the context and content of their job (Storey, 1991). All three strategies have the common aim of increasing employee commitment to the organisation and ultimately their productivity and performance (Lloyd and Rawlinson, 1989). The new culture seems often to emphasise total quality management strategies such as the promotion of a customer care orientation to staff encouraging innovation, personal responsibility, enterprise and competitiveness (Legge, 1989). These cultural changes accompany changes in employment practice and organisational structure discussed above which have removed the large scale bureaucracy as the dominant organisational form. The bureaucratic organisation had proved inflexible and resistant to change, for many years the bureaucratic culture had ensured the supression of individual innovation, flexibility and performance and had ensured that staff worked to closely defined job descriptions and non-performance related pay systems. The layers of the management hierarchy had prevented good communications between managers, staff and customers, which had contributed to many businesses remaining unresponsive to the changing economic environment in which they existed.

The all to obvious faults inherent in the bureaucratic structure were replaced by organisational strategies and structural change intended to "promote and exploit entrepreneurial behaviour" during the period of intense competition following the early 1980's recession. These new structures have been based on semi-autonomous strategic business units run by independent managers who had devolved responsibility for, amongst other issues, achieving corporate targets, which were set by the organisations central authority (Storey and Sisson, 1993). The management of the business units staff and their recruitment, training, promotion, discipline and hearing grievances also became the responsibility of local managers of cost-centres rather than that of the centralised personnel staff who previously carried out these functions (Lloyd and Rawlinson, 1989).

Control of these processes enabled line managers facing the threat of having to reduce the numbers of their in-house staff to concentrate on what were to become individual employee issues rather than collective issues such as pay, performance and organisational commitment. In common with their private sector comparaters, the public sector manager used this new access to his or her employees to introduce flexible, competitive and cost-effective employment terms and conditions, which allowed them to use their staff to enable them to meet their strategic business targets (Storey and Sisson, 1993). This seeming application of the policies and procedures, which govern the employment of staff to the strategic business objectives of the organisation has apparently changed the reactive personnel function of the past into the proactive integrated HRM function of today.

Personnel and HRM differ, between compliance and commitment; mechanistic and organic; centralized and devolved; defined roles and flexible roles; specialist and largely integrated into line management reflect the shift in organisational configuration and culture from the hierarchical bureaucratic form to that of a post-modernist devolved management structure (Storey and Sisson, 1993).

Perhaps heralded as the most important aspect of HRM is the nature of the managers task vis-a-vis labour, from a monitoring role to one of nurturing. This change of task and role de-emphasizes the manager as policeman, overseer and enforcer and emphasizes him or her as coach, enabler and facilitator. This switch of emphasis is reflected in the change from bureaucratic coerciveness to that of the employees personal control of individual and team performance (Storey and Sisson, 1993). The employee relation perspective of pluralist and unitarist, collective and individual shown in the table is intended to reflect a shift in the approach to trade unions. The shift is supposedly from the traditional collective bargaining more often associated with trade union recognition by employers and traditional Personnel Management to the position of low tolerance of trade union involvement associated with HRM. In reality HRM exists alongside traditional trade union and collective bargaining procedures in many organisations.

Personnel Management and Human Resource Management: The Differences

Guest identifies three distinct approaches to defining what Human Resource Management is, these approaches are:

1. Human Resource Management is Personnel Management retitled;
2. Human Resource Management as a distinctive discipline with a theoretical background developed from the social sciences or from the best practice of firms using Human Resource Management techniques;
3. Human Resource Management is a conceptual approach to the acquisition, deployment and management of human resources alongside other factors of production, in other words Strategic HRM.

It is these three definitions that will be used below to discuss the significant differences, if any between HRM and Personnel Management.

Human Resource Management is Personnel Management Re-titled

Torrington and Hall argue that personnel and HRM are different in key respects (Torrington and Hall, 1987, 1989, 1991). They believe that personnel management is workforce and employee centred "...directed mainly at the employees...finding and training them, arranging their pay and contracts of employment...justifying what the management is doing...modifying any management action that could produce an unwelcome response from the employee's" (Torrington and Hall, 1987, 1989, 1991). This is in contrast with HRMs concerns with the overall, perhaps strategic, human resource needs of the entire organisation "...with the demand rather than the supply" (Torrington and Hall, 1987, 1989, 1991). The former is not totally identified with management interests and operates at a functional level, whereas the latter is a central management concern which is resource driven and of concern above

functional level. Storey (1991) emphasizes the soft and hard dimensions of HRM, the hard aspects being the economical, business and management approach to controlling the human resource and the soft aspect being that of constructive employee communication, motivation and supervision. Torrington and Hall (Torrington and Hall, 1987, 1989, 1991) Beer and Spector, (Beer and Spector, 1984) and Walton (Walton, 1982) also emphasise the proactive rather than reactive, goal rather than relationship-oriented, commitment rather than compliance aspects of HRM and personnel. These different levels of operation are picked up by Keenoy who reports the contradictions of personnel and HRM in conflict (Keenoy, 1991). This conflict is apparently because personnel management is "merely tactical or pragmatic" and "operates in a "plurastic perspective" while HRM operates in a "unitary framework" and is "strategic". Keenoy (1991) questions how personnel and HRM which are both directed to the effective use of human resources can be in conflict. He states that, "...there is no necessary conflict between HRM and personnel management. This puzzle disappears once it is realised that they are complementary rather than mutually exclusive forms of practice.

At the normative level Legge (1989) gives qualified support to Keenoy's (1991) proposition, concluding that there is relatively little difference between personnel management and HRM. Legge (1989) believes that only three significant differences exist: that HRM applies to managers as well as employees; that HRM is concerned with the management of people and all other resources in a business unit in pursuit of the bottom line; that HRM emphasizes the management of culture as a central function of senior managers (Storey and Sisson, 1993). The view that personnel and HRM are one and the same is echoed by Armstrong (1988) who comments that HRM

> *"...could indeed be no more and no less than 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...".*

Guest circumvents these alleged differences in the level and operating frame of reference of Personnel Management and HRM suggested by other writers by suggesting himself that HRM is the new orthodoxy in managing employees. This view point emphasizes the importance of the HR role and HRM in garnering organisational commitment amongst employees, a central factor in HRM but not personnel.

Three clear lines of argument are developed here, variously supported or criticized by Torrington and Hall (1987) and others who see personnel and HRM as distinct, different and incompatable, while Keenoy (1991) sees no significant difference between personnel and HRM.

Guest (1987) identifies HRM as the new orthodoxy, but with personnel integrated into the strategic management of the organisation explaining the difference. This argument is discussed below.

Human Resource Management as a Distinctive Discipline

The need to both understand HRM and to distinguish it from personnel management has produced several attempts to produce a theory of HRM. Beer et al. (1984) sought through their Harvard Model of HRM to "develop a framework for thinking and managing human resources which general managers might find useful", which has served as the basis for other attempts to construct a theory of HRM. Guest (1991)

based his theory on this work and produced an implicit input-output theory containing the elements of HRM policies; human resource outcomes; and organisational outcomes (Storey and Sisson, 1993).

In the search for a theory of HRM, which offers a foundation for predictions of human resource outcomes and organisational outcomes the work of the neo-human relations writers, motivation theorists and structural-functionalist sociologists are often quoted. Legge (1989) discusses the counterbalancing effects of the 1930s Hawthorne studies and the Ohio/Michigan studies of the 1940s and 1950s to the influence of Taylor's scientific management and the 1920s development of Fordism. Previously unquestioned assumptions about the rightness of hierarchical, rational, bureaucratic coercive management were challenged by research pointing to the effectiveness of open participative leadership. These neo-human theories developed into broader organisational perspectives involving the development of high-trust cultures where organisational and personal aspiration goals could be matched and achieved. These ideas gave birth to the organisational development strategies of the 1960s and 1970s, which focussed, for example, self-development, innovatory behaviour, humanistic values, change processes and teamworking, in other words "soft" HRM. The absence of the link between HRM and business strategy, "hard" HRM is not addressed by this approach to a theory of HRM although Storey (1991) believed that theoretical models could be used prescriptively to show practioners what they should be doing; descriptively to comment on what is happening; and conceptually to relate the theory of HRM to the wider processes of job regulation, change management and organisational restructuring.

Storey's (1991) definition of HRM used in the construction of his model uses four broad headings to distinguish the characteristics of personnel and HRM. These headings are: (1) what are called "can do" and "need to go the extra mile"; (2) market-oriented strategies; (3) the role of line managers as facilitators of HRM goals; (4) breaking the bureaucracy of traditional personnel management using new teamwork techniques, improved communication methods etc. It is clear that any benefits to be obtained from HRM theory lie with the concept of its strategic application.

Research Methodology and Results

A group of 35 students of the CIPD currently working in the public and private sectors in HR departments were approached and asked to comments on a short questionnaire, completed by the researcher, who asked each of ten questions. These questions sought to determine how close, in the respondents view, their organization reflects those characteristics expected to be found in a business, which has adopted HRM. The responses were noted and a number of prepared questions were asked seeking to understand the evidence supporting the respondents view.

The results were that all 35 respondents found that their organization did not reflect all of the characteristics in all parts of the organization all of the time. Their views and the evidence they offered indicated that the terms HR and Personnel were viewed as interchangeable by managers and even HR staff on occasions, although Personnel was on occasion used by both managers and HR staff to suggest low grade people management administration or recruitment and was, in their reported views, a term more likely to be used in a derogative manner.

Human Resource Management - Strategic HRM

As Storey and Sissons (1993) state,

> *"Central to the very idea of HRM is the notion that it entails a more strategic approach to the management of people than...traditional personnel management...".*

Storey and Sissons (1993) in contrast to Beer et al., (1984) Fombrun et al. (1984) and Armstrong (1988) suggest that the notion of strategic HRM is problematical both at conceptual and at the practical level. Beer and colleagues have pursued a best practice (prescriptive) approach to HRM strategy suggesting that by making the appropriate choices across the clusters of decisions in their model (shown above) then beneficial HR outcomes will follow. Storey and Sisson's (1993) examine the basic assumption behind such a model that HR Managers have a business strategy and that they are able to select and enact their chosen strategy. Their findings were that the development of a strategic approach is far from easy, especially at its core which is the integration of human resource issues into the business plan. Keenoy (1991) states that,

> *"In the list of 14 external and internal factors dictating such changes, not once do they even hint that the new HRM practices stem from the enshrinement of Theory-Y assumptions into management philosophy...",*

which suggests that HRM strategy is defined as a good fit between current labour and product market conditions. The question then is not how do HRM strategies translate into practice but which policies are appropriate to prevailing market conditions. Contingency strategic models based on the variability of HRM choices under different business conditions stress the (a) business cycle; (b) strategy/structure configurations; (c) business strategies all fall foul of the same basic problems as the best practice models.

It therefore seems that HRM's claim to be different from Personnel Management on the grounds of its strategic integration with business objectives fails if organisations cannot provide the basic requirement of a strategic business plan. The next section concludes this short debate by drawing conclusions from the work of the writers quoted above and wider sources.

Personnel and Human Resource Management - 0ne and the Same?

It seems inescapable to conclude that Personnel Management and HRM have clear similarities. There seem to be no clear areas of conflict between them, in fact they appear both to be forms of practice which are responsive to circumstances. The role of the personnel officer or human resource consultant is the same, to implement strategic decisions into practice. On occasions therefore, as the table below shows, a human resource/personnel policy can be either unitary or pluralistic, collaborative or conflictual, as circumstances and markets demand. Responsibility for people management has always been shared with line managers and as such this is not a new thing born out of HRM, however with a greater emphasis on people management generally the limited management skills of line managers and the requirement for greater expertise in this area is highlighted. Under the heading "Line

Management" shown on the table below their is a clear agreement between these organisations of the importance of line managers as facilitators of the HRM policies used. As indicated above this is the focus for the Personnel - HRM debate since clearly the assumption here is that line managers are newly arrived as part of the people management function under the HRM banner. Line managers as already stated have always held responsibility for the staff that they manage across all the functions of planning, mediation, problem-solving, control and performance monitoring. Perhaps the kindest thing that can be said is that the perspective of the role of line managers is different between Personnel and HRM supporters. In the eyes of Personnel Managers all managers manage people and carry out personnel management duties as part of their role. Specialist personnel work still needs to be implemented in the line managers jurisdiction where the workforce is located. In HRM, line managers as business managers are responsible for coordinating all resources in pursuit of the bottom-line objective. As such, a clear relationship is drawn between the proactive use of human resources and the achievement of the business units results. The ability and training of these managers in the role of implementers of HRM goals is in question and the continuing absence of the "professional manager" in the devolved organisational structure will prevent or impede and not facilitate the integration of some aspects of personnel management into the role of line managers.

The further contradictions that are apparent in the personnel/HRM debate are illustrated in the case of employee commitment. HRM uses as one of its basic principles the notion that commitment to the goals of the organisation produces higher performance. Sewell and Wilkinson contrasted the rhetoric of the commitment and high trust relationship espoused by HRM with the its practice in a Japanese firm using HRM techniques based in the U.K. The reality was that close supervision continued which echoed the findings of Lloyd and Rawlinson (1989) who found that HRM had little practical bearing on staff management.

From the information on personnel and HRM gathered for this assignment it is clear that there is no consistent model of either personnel or human resource management. There is no theoretical base which covers all the functions of personnel or human resource management and the policies both forms of practice use are interchangeable and driven almost entirely by pragmatism and the demands of product and labour markets.

The table shown above while showing some common use of policies also shows a variety of different policies being applied as befits the strategic viewpoint of the organisation with regard to its contemporary environment.

In response to the question, "Would you agree that there are significant differences in approach between Personnel Management and Human Resource Management to be found in the literature on this subject?" the answer from the respondents was "no", in operational terms the view was that there are no significant differences. Having said this it is in the interest of the senior managers of organisations and their personnel professionals to advance people friendly policies, at least while it is economically advantageous to do so. The possibility of a seat in the boardroom, involvement in the strategic management of the organisation, and a less ambigious role in the organisational structure, has proved a powerful attraction for personnel officers.

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