Topic Page: Personnel management

Definition: Personnel management from The AMA Dictionary of Business and Management

Business function covering the recruitment, employment, training, placement, promotion, and welfare of the company's employees.


In its broadest sense, human resource management is a widely used term coined to encapsulate management policies and practices concerned with the supply and utilization of the labor resource required for the firm to meet its commercial objectives. To do so, the employer has to be able to compete within the labor market and meet basic requirements of social legitimacy relevant to the society in which the firm is located. The employer needs to be able to attract and keep labor and ensure that labor power is utilized for productive purposes relevant to its business objectives. It is by no means certain how best to proceed in this endeavor. This uncertainty in the context of inevitable resource constraints—whether financial, cognitive, or the capacity for control—make both the meaning and practice of human resource management difficult and ambiguous.

Conceptual Overview

Human Resource Management as a Function

Human resource management as a new label for the personnel function and as a descriptive term for labor policies was developed in the United States in the early 1980s. The work of Harvard academics was especially influential, as seen in the book by Michael Beer, Bert Spector, Paul Lawrence, D. Quinn Mills, and Richard Walton. The usage of the term spread rapidly in the Anglo-American world and beyond. At the same time, it attracted widespread criticism for its excessive managerialism and seeming exclusive concern with the management prerogative and the achievement of shareholder value to the neglect of other stakeholders. The critical question then, as now, is whether human resource management was a new approach to labor management or merely a new label on an old bottle. This relabeling of the personnel function is itself of interest, since it reveals one of the conceptual problems with the term and points to the long-running difficulty of the role and influence of the function. Criticism of professional personnel managers and departments for their lack of influence and inability to make meaningful contributions to the achievement of strategic objectives has been long running. The rapid spread of the nomenclature human resource management for professional labor managers and their departments can be seen as an attempt to gain legitimacy and respect from senior executives by downplaying the welfare image of personnel management and giving emphasis to the contribution to business strategy. By the early years of the 21st century the term business partner was widely adopted although not universally accepted.

This link between human resource management as a set of labor policies and the description of the function is one source of confusion whenever the term human resource management is used. Often the meaning of the term is bound by the policies and practices that are designed by the function itself and found within the human resource manual, or Web site. There are three major limitations to this way of defining human resource management. First, many of the human resource policies designed by the human resource function rely on other managers, especially line managers, to implement them. There is...
frequently a gap between the espoused and the enacted. To define human resource management as only those formal policies found in the manual is to severely limit understanding of how the human resource of the firm is managed. Second, not all firms have a dedicated human resource department or manager, yet they too, of course, need means of managing their human resources. Third, if we ask how the human resource in the firm is managed in the sense of how it is recruited and selected, trained, motivated, and deployed and how the aspirations and expectations of employees are dealt with, a much wider array of managerial behaviors have to be included. Increasingly the very broad term people management is used to cover this wider area of interest. People in this context includes managers themselves considered as employees, as well as others whose labor power is utilized by the firm, and rewarded for it, whether temporaries, labor agency staff, or the self-employed.

**Human Resource Management as a Distinctive Approach to Labor Management**

Leaving aside the problem of human resource management as the function, the other substantial, and long-running, debate is whether human resource management means a distinctive approach to labor management—a new way of managing labor—or whether it is a generic term covering all the many approaches adopted by employers to meet their needs for viability and, for some, competitive advantage, within the economic, social, and regulatory environment under which they operate. There is a great advantage in defining human resource management as a distinctive approach to labor management since we can ask what it is; what type of, or “bundle” of, policies are commonly used; how it is different from previous approaches; and what the outcome effects are both in terms of firm performance and employee well-being.

This distinctive approach, according to John Storey, is one that focuses on the development of a committed and capable workforce by using a whole range of cultural, structural, and human resource management policies to achieve competitive advantage. The component characteristics are clear. First, the purpose of human resource management is seen in business terms as the achievement of competitive advantage. Second, competitive advantage is promoted by having, and thus gaining, the commitment of employees to the firm, to its strategic objectives, and to it as a social entity. Third, the quality of the human capital is an important policy objective: to gain and keep a capable workforce. Fourth, these outcomes are achieved through the design and implementation of a set, or bundle, of human resource policies and practices that are integrated one with the other: what is termed horizontal fit. These techniques will be those that are necessary to have an impact on employee commitment and capability.

It is politically and practically highly attractive to adopt this distinctive approach to human resource management. It is psychologically or emotionally attractive for those practicing human resource management to place emphasis on workforce commitment rather than on more brutal or directive policies linked to command and control. It holds out the promise, or the illusion, of a win-win approach to labor management wherein both workers and employees are capable of achieving respective gains. David Guest sees this as a manifestation of the American dream. At the practical level, while the huge volume of research seeking to show a positive, causal relationship between this type of human resource management and firm performance has, as yet, never quite been able to come up with categorical proof, there is enough indication of a positive relationship. Even if we argue a reverse causality whereby it is successful firms that are more likely to adopt this type of human resource management, as opposed to human resource management causing high performance, the rational assumption remains that firms (or at least some firms) adopt human resource management because it
is effective.

The distinctive approach discussed here has both led to, and been influenced by, interest in employee motivation, commitment, and productive behavior. This is reflected in growing interest in psychological contracts, organizational justice, trust and fairness, and organizational citizenship behavior. Behind all these is a recognition that most workers in most, but not all, jobs have the capacity and opportunity to engage in discretionary behavior. That is, managerial control is always partial, whether the control is exercised by power and command or whether through commitment-inducing policies. Discretionary behavior is not necessarily provided for the benefit of the firm as illustrated by numerous studies of employee resistance. Whether positive or negative from employers’ perspective, discretionary behavior is a recognition of employers’ reliance on worker cooperation and talent, and thus human resource management focuses on commitment and capability.

The distinctive approach to human resource management, and its attractiveness, led in the 1980s and 1990s to a search for a universal policy set of best practices that, it was implied, would benefit all firms and by implication all workers. The best-known of these was propounded by Jeffrey Pfeffer, who identified seven practices that would contribute to building profits by giving priority to people management. This rather idiosyncratic list included employment security, selective hiring, self-management teams or teamwork, high pay contingent on company performance, extensive training, reduction in status differences, and sharing information. What is notable here is the absence of any reference to employee voice or employee representation. This illustrates a wider problem that while, in general terms, distinctive human resource management is concerned with commitment and capability-related policies and practices, there is no agreement on quite what should be included and excluded in the list. There are distinct cultural and social differences. For example, it is more likely that American policy lists will include individual performance-related pay than Europe lists will, while outside the United States employee voice–related policies involving trade unions or employee representation will be more common. In some countries, for example, the Netherlands, as pointed out by Jaap Paauwe, legislation requires the adoption of labor management policies that are seen as innovative initiatives elsewhere.

Human Resource Management as a Generic Term

The search for a universal set of human resource management policies is seen by John Purcell as a cul-de-sac limiting and trivializing the analysis of human resource management and confusing ends and means. Even when different labels are used to indicate subsets of human resource management, like high performance work practices, high commitment management, and high involvement work practices, the lack of agreement on the policy mix remains. This, though, is inevitable, since varieties of economic and social contexts, business strategies, and the beliefs and values of dominant top executives will strongly influence the extent to which certain policies are considered relevant and will be adopted.

The distinctive commitment and capability of human resource management policy mix has always been susceptible to the criticism that if it really associated with better firm performance and worker wellbeing, why is it that so few companies adopt it? In general, the American and United Kingdom evidence indicates that less than one-fifth of companies with more than 25 workers adopt even half the policies usually found in the human resource management list. This diffusion problem has led to a neglect of other forms of labor management, for example, in developing and rapidly industrializing countries and in lowskill, price-sensitive firms where command and control labor management is
frequently found. It is seriously misleading to focus on one type of labor management when the strategic contingencies that firms face vary so substantially. This line of thinking has had two consequences. First, instead of focusing on a list of best practices, attention has turned to the fit between human resource management and contingent and strategic circumstances faced by firms and chosen as goals. This is the so-called best-fit approach. Second, it has led to human resource management being defined, for example by Peter Boxall and Purcell, in generic terms as all those activities associated with the management of employment relationships. This allows for a different set of questions to be posed related to patterns of management styles and approaches and the contexts in which these approaches apply. This generic definition allows for the analysis of variances in employer approaches to labor management. It is equally logical to call command and control management human resource management, since this is one way, and quite a common one, to manage the human resource of the firms’ nonmanagerial employees, for example, in transactional call centers and low-wage routine component-assembly factories. Here neither employee commitment nor employee capability is required to anything like the same extent as, for example, in knowledge-intensive firms. The danger with the particular form of human resource management sometimes called developmental humanism is that these other approaches to human resource management are simply ignored.

The best practices, best-fit dichotomy can be taken too far. There are clearly fundamental principles or guidelines for designing and implementing critical policies and practices. All firms have to recruit and select, and all pay employees for their labor. One way or the other there will be a relationship between effort and reward, and all employers have an interest in managing performance. Some form of training or the need for employees to learn the job is inevitable and many employees will be required to work collaboratively with others in teams. Beyond these fundamentals, every employer has to deal with discipline problems and organize work. Workers are not machines. They have views, interests, and values, requiring information and some form of voice collectively or individually expressed. It is in these latter areas of human resource management that legislation is most commonly found, as in the case of discrimination, to establish a floor of rights. It is here, too, that social legitimacy is relevant as a driving force for employer conduct. It is the precise form of these areas of policy requirement that varies, as does the manner in which they are implemented or, at times, ignored. Varieties of human resource management, like varieties of capitalism, allow for greater understanding of contexts and contingencies, and historical paths taken, in the choice employers make on how to manage their human resource. There is no one best way.

**Critical Commentary and Future Directions**

The high-commitment, high-skill particular model of human resource management has been subject to heavy criticism, especially where claims of high performance work systems have included mutual gains as an outcome effect, for example, as seen in job autonomy, empowerment, and teamwork. These are often illusionary, and there is evidence, well reviewed by Rosemary Batt and Virginia Doellgast, of work intensification, insidious forms of control exercised by teams over themselves and little empowerment of job autonomy. Not for nothing did Karen Legge subtitle her seminal book *Rhetorics and Realities*. It is also pertinent to note that it is extremely rare for studies in human resource management to consider restructuring, redundancies, and offshoring and their effects on employees. Not only does the particular view of human resource management lead to a focus on relatively few companies, ignoring the rest, it also, especially within the United States, treats the firm as a stand-alone, independent entity capable, through its management leadership, of determining its own future beyond invisible economic

https://search.credoreference.com/content/topic/personnel_management
and social contingencies. It is a glass-half-empty-or-half-full problem. While critical management scholars find in the rhetoric of human resource management a new form of social control that is delusional in that workers do not experience new freedoms, human resource management research often finds counterexamples of growing worker satisfaction with their jobs and commitment to their employer. Worker satisfaction and commitment are associated with better performance. Maybe this is not surprising, since human resource management scholars often focus their research on the best firms, for example, those in the list of top 100 companies to work for, while critical management scholars often use a wider sample of firms (for example, the National Workplace Employment Relations Survey in the United Kingdom). Neither, of course, has a monopoly on the truth.

The biggest drawback of human resource management studies, especially those that seek to find evidence of performance outcomes, is that, until recently, they have concentrated on management policies and ignored the views of employees. This has led some to suggest that human resource management implicitly views employees as passive recipients of management initiatives who will, or certainly should, respond positively. This is where the trenchant criticism of human resource management as "unitarist," with unfettered management prerogative pursuing an individualistic agenda, originates. Employee collective voice and representation is neither considered in the policy mix in this form of human resource management nor included within classic, mainly American, studies.

The early neglect of employees within much of human resource management research is surprising, since it was at the heart of the black box problem. This is the difficulty of explaining, or showing, how progressive human resource policies feed through into positive performance outcomes. Apart from better recruitment and selection techniques, which may improve the quality of new starters, all other policies rely for their effect on the response of existing employees. If there is to be a performance outcome, it must be that these are influencing employee conduct and capability, especially the exercise of discretionary behavior related to productive work. Such limitations are not found in other subject areas within the broad canon of organizational behavior, for example, industrial sociology and organizational or personnel psychology. As Jacqueline Coyle-Shapiro, Lynn Shore, Susan Taylor, and Lois Tetrick show, there is now a growing interest is using social exchange theory within human resource management, since this focuses on aspects of reciprocity between employees and managers and the wider organization. This is where insights from studies of the psychological contract, perceived organizational support, organizational citizenship behavior, and organizational justice can usefully be deployed within human resource management. The specific contribution that human resource management can make is to explain how particular practices of performance management, communication, and employee involvement, for example, have an impact on, and are mediated by, employees. In turn, the definition of, or boundaries around, the subject have to broaden. If the interest remains management policies and practices concerned with the supply and utilization of labor, then an employee-centered approach would need to cover areas currently on the fringes of human resource management, although often included within management discourse, such as leadership, culture and climate, and line manager-employee relationship.

See also
High Involvement Management; Strategic Human Resource Management

Further Readings


John Purcell

APA

Chicago

Harvard

MLA


Copyright © 2008 by SAGE Publications, Inc.
APA

Chicago

Harvard

MLA