Managing Human Resources

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FOURTH EDITION

Personnel Management in Transition

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EDITED BY **Stephen Bach**

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Preface

This book is a direct descendant of the first edition of *Personnel Management* published in 1989, edited by Keith Sisson. This edition continues the traditions of its predecessors, while including substantial modifications, to reflect the profound changes in the context of managing human resources (HR) over recent years. This volume continues the style of earlier editions in which each chapter, in the words of the foreword to the 1989 edition, comprises 'an original essay that brings together the relevant theoretical and empirical work. Each is stamped with the views of the authors who are leading experts in the field.' The book therefore seeks to move beyond description of current HR recipes and to assess trends and differing perspectives on contemporary developments. This volume also reflects its origins in the University of Warwick's 'Industrial Relations in Context' series and it maintains much of this industrial relations orientation. In contrast to many texts which provide only cursory analysis of influences on the management of human resources that lie beyond the boundaries of the firm, this volume places the regulation of the employment relationship at the heart of the analysis. It considers the variety of contextual and institutional influences which shape the sectors and employer units in which people work, and seeks to understand the manner in which people are *actually* recruited, developed, appraised, disciplined and involved at work. The book is therefore not prescriptive as most textbooks in this area tend to be.

In addition, by exploring the particular contexts in which people are managed, it aims to contribute to debate about the state of HR practice in the UK and to shed light on a variety of contemporary policy debates. What are the consequences for HR practice of the increased internationalization and Europeanization of the UK economy? How far has HR policy altered in response to the growth of service sector employment and shifts in organizational boundaries? And have shifts in national patterns of regulation, implemented by successive Labour governments, had an impact on the skills, managerial competencies and forms of flexibility present in UK workplaces?

These questions reflect the changes that have been made in this edition. I have modified the book's title to reflect the evolution of the subject. As I engaged with authors it was clear that all contributors took HRM as the reference point for debate and engagement. HRM is considered to be a broad field of inquiry concerned with the practices used to shape the employment relationship rather than as a narrow and prescriptive set of 'best practice' strategies. This is the approach

I have adopted, which has many similarities with the term ‘Personnel Management’, used in previous editions, a term which is now used less frequently. My analysis of these issues and the debate about HRM is developed in more detail in Chapter 1.

In terms of the volume’s content, the profound ways in which the context for managing human resources has altered is captured in the opening section which highlights the consequences of alterations in organizational structures, changes in labour and product markets, and international developments for HR practice. Two new chapters consider the impact of European integration and the role of multinational companies in altering the context in which people are managed. The chapters in the other sections are concerned with more long-standing themes: employee resourcing; employee development; pay and performance; and work relations. However, reflecting developments since the last edition there are new chapters concerned with issues of work–life balance, customer service work, and the emerging area of HR branding. The chapter on discipline has also been expanded to take account of the prominence within the HR community of concerns about the management of absence.

It proved difficult to make space for important new developments and at the same time keep the volume to manageable proportions. In some cases topics that were the subject of separate chapters in the previous edition have been integrated into several chapters. In other cases some of the chapters from the third edition had a timeless quality to them and consequently there seemed little point in asking contributors to update them for the sake of it.

A key change which merits special mention relates to editorial roles. When Keith Sisson invited me to edit jointly the third edition, he made it clear that if a fourth edition was to be produced, he would bow out of his editorial role. Despite my attempts to persuade Keith to change his mind, understandably he wished to channel his energies into other projects, especially his important policy role at the Advisory Conciliation and Arbitration Service (ACAS). ACAS’s gain has been my loss, not only because of the self-evident increase in workload that halving the editorial team brought, but also because of the companionship and intellectual stimulus that is associated with joint writing and editorship. Nonetheless, Keith has maintained an active role in the volume by providing valuable guidance on editorial matters, very helpful comments on the introductory chapter, and contributing a chapter on the impact of European integration.

This book was written during the period when the obsession within universities about the forthcoming research assessment exercise (RAE) was reaching its peak. The RAE has put pressure on academic staff to focus on a narrow set of activities and has reinforced the self-serving behaviour that lurks just below the surface in most universities. Textbooks carry little weight in such research exercises, but this fails to recognize the degree to which texts are a key representation of our subject to students and other interested parties. It also undervalues the complex task of analysing and synthesizing a mass of research evidence and presenting it in an accessible and coherent manner to a non-specialist audience. I am therefore very grateful not only that all authors approached agreed to contribute, but that they took the time and trouble to produce high-quality chapters.

As well as the authors many people made this book possible. I have benefited enormously from the stimulus and support from colleagues in the Department of Management at King's College. Over the last four years, it has been rewarding working with colleagues to establish a Masters' degree in Human Resource Management and Organizational Analysis. Special thanks are due to Stephen Deery, Martin Edwards, Howard Gospel and Ian Kessler for providing me with detailed comments on the introductory chapter of this book. I am also grateful to the team at Blackwell – Bridget Jennings, Eloise Keating, Rhonda Pearce, Rosemary Nixon and Karen Wilson – that helped keep the book on track. As ever I am most appreciative of the encouragement from my wife and children, Caroline, Alexandra and Richard, who have been a constant source of support as the book moved through its various stages.

Stephen Bach

PART I

Managing Human Resources in Context

CHAPTER ONE

Personnel Management in Transition

Stephen Bach

For almost two decades analysis of the employment relationship has focused on the many uncertainties surrounding the emergence and consequences of human resource management (HRM). One approach has been to view HRM as involving particular strategies and approaches towards the management of labour, with analysis centring on the breadth and scope of HR policy. HRM has also been defined more broadly as a subject of study. This has raised many questions about the differences between HRM and personnel management both in terms of the HR practices used and also whether the underlying values and concerns of HRM are distinctive and managerialist in their orientation.

These debates have been reflected in the evolution of personnel management *practice* as charted in previous editions of this book. At the end of the 1980s there was a general recognition that competitive pressures were forcing employers to review personnel practice, but there was only the beginnings of a debate about whether personnel management was in transition and, if so, where it was going (Sisson 1989). By the mid 1990s, fundamental changes were afoot, but there were major questions about the degree to which these changes marked a fundamental break with past practice in the direction of the emerging HRM models (Millward 1994: 127; Sisson 1994). By the end of the 1990s, it became clearer that there had been a major reshaping of HR practice in the UK, but many employers appeared to be following the low road of cost minimization associated with low pay, disposable labour and outsourcing rather than the high road of skill development, partnership and mutual gains (see Kochan and Ostermann 1994; Bach and Sisson 2000).

In terms of the debate about the *definition* of HRM it is striking that in comparison to a decade ago much of the controversy has dissipated. When HRM emerged in the late 1980s and 1990s it was the definition of HRM as a specific, high commitment style of HR management, signalling 'a radically different philosophy and approach to the management of people at work' (Storey 1989: 5) that proved controversial. This normative approach to what managers 'should do' was criticized because it did not reflect actual developments in many workplaces (Bach and Sisson 2000). Increasingly, however, a broader, more encompassing definition of HRM has gained ground that downplays many of the preoccupations of HRM of the 1980s and 1990s. As an authoritative overview of the field explains:

> The notion of human resource management (HRM) is used in this book to refer to all those activities associated with the management of the employment relationship in the firm. The term 'employee relations' will be used as an equivalent term as will the term 'labour management'. (Boxall and Purcell 2003: 1)

This definition is on the right lines, but is arguably a little too broad because it becomes hard to highlight any distinctive features and values underpinning HRM, to chart changes in HR practice, or to understand why HRM has proved controversial if HRM is associated with *all* aspects of managing the employment relationship. HRM can usefully be defined in a generic sense as an approach that uses a variety of policies and practices related to the management of people, but it differs from employee relations in its dominant interest in management practice which tends to ignore employee interests. HRM as a subject of study assumes that the interests of employees and employers will coincide and is preoccupied with the end goal of organizational effectiveness that marginalizes the interests of other stakeholders such as employees. HRM is also predominantly focused on the individual firm and seeks solutions to HR problems within the firm, with an analytical focus on the motivations and aspirations of individual employees. This largely precludes the possibility that HR problems may lie beyond the boundaries of the firm and that employees may wish to combine together and act collectively to further their own interests (see Kaufman 2001: 364–6).

This chapter builds on these initial observations to provide a critical overview of the field to contextualize the detailed analysis of managing human resources considered in later chapters. First it considers the evolution of the HRM debate and examines the shift in emphasis from a focus on the meaning of HRM towards a concentration on the link between HR practice and organizational performance. Second, the implications for the personnel function are drawn out and the degree to which it has shifted towards a more strategic role are assessed. Third, the diverse patterns of HR practice are considered in relation to changes in the labour market, business restructuring and evolving patterns of corporate governance. It is the evolving institutional features of the UK employment context that continues to shape management practice. Finally the emerging 'New HR' is sketched out which arises from changes in the global, national and organizational employment context. The New HR signals new challenges for HR practice and represents a significant departure from the focus of the HRM debate over the last two decades.

The Evolution of HRM

Origins

The term ‘human resource management’ crossed the Atlantic in the 1980s and the UK debate has been shaped in large part by its US heritage. The antecedents of HRM originated in the study of large non-unionized US companies such as IBM and Hewlett-Packard. In these companies HRM has been associated with a particular style of people management that placed a great deal of emphasis on gaining the commitment of individual employees to organizational goals. In this unitarist perspective, management is viewed as the sole source of authority that safeguards the interests of managers and workers; trade unions are regarded as interfering unnecessarily in the harmonious relationship between employees and managers. UK employers and policy makers were receptive to this unitarist perspective in the 1980s and the resonance of HRM can therefore be linked to the political and economic context and the dominant ideological values prevailing at this time. In particular, intensified competition made the task of effective personnel management more urgent. Related pressures in the public sector arising from policies of privatization and market testing presented similar challenges as public sector managers were encouraged to emulate private sector ‘best practice’. The popularity of the term ‘HRM’ came to symbolize not only a belief that major changes in product markets required a fresh management approach, but also that Conservative government reforms of the labour market allowed managers to exercise an unprecedented degree of ‘strategic choice’ in shaping organizational employment practices. With trade unionism in retreat, employers had an opportunity to decide whether to (de)recognize trade unions and to develop a more direct relationship with the workforce with the establishment of new channels of participation and involvement.

Models of HRM

The emergence of HRM was accompanied by controversy about the meaning of HRM and the degree to which normative models of HRM were reflected in organizational practice. There was recognition of the danger of comparing normative/ideal models of HRM with a descriptive model of the practice of personnel management, but Guest (1987: 507) concluded that there were significant differences between the ‘stereotypes’ of personnel management (PM) and HRM (Table 1.1). Storey (1989: 8) argued that interpretations of these developments were hamstrung by the conceptual elasticity of HRM. He distinguished between a ‘soft’ and ‘hard’ version of HRM which became the key reference points for debate. Both variants share an emphasis on the integration of HR policies with business planning but differ in the degree to which they highlight the ‘human’ or the ‘resource’ aspects of HRM.

Table 1.1 Stereotypes of personnel management and human resource management

	Personnel management	HRM
Time and planning perspective	Short-term: reactive *ad hoc* marginal	Long-term: proactive strategic integrated
Psychological contract	Compliance	Commitment
Control systems	External controls	Internal controls
Employee relations perspective	Pluralist: collective low-trust	Unitarist: individual high-trust
Preferred structures/systems	Bureaucratic: centralized formal defined roles	Organic: devolved flexible roles
Roles	Specialist	Line management
Evaluation criteria	Cost minimization	Maximize Utilization

Source: Abbreviated from Guest (1987).

The soft version focuses on the development of employees and emphasizes an investment orientation, in which a high trust approach results in a committed, adaptable and motivated workforce that are a key source of competitive advantage. The soft model has dominated the HRM literature and underpins Guest's (1987) model that identifies integration, employee commitment, flexibility and quality as the key goals of HRM. The orientation to the development of *internal* human resource assets and the manner in which human resource policies are combined together to ensure 'internal fit' has been reinforced by the emergence of the resource-based view of the firm. By contrast, the hard approach views employees as another factor of production and a commodity that has to be utilized and disposed of in a similar dispassionate fashion to other assets. In the hard version, HR policy is geared towards the external environment and the emphasis is on the alignment between external market conditions and the employment of labour. By implication, increasingly volatile product market conditions requires labour to become a less fixed asset via outsourcing, downsizing and other forms of numerical flexibility.

In the mid 1990s when the meaning of HRM and the prevalence of different HR policies provoked lively debate, a frequent criticism was that hard HRM was being wrapped in the language of the soft version as a means to manipulate and control the workforce (Sisson 1994: 15; Legge 1995). It was suggested that workers' acquiescence arose less from the potency of these techniques and more from the changing balance of power at the workplace in which management was in the ascendancy against a backcloth of high levels of unemployment and fears about job security. Even in so-called 'leading edge' companies including BP, Citibank, Hewlett Packard and Glaxo Pharmaceuticals, Truss (1999: 57) concluded:

> even if the rhetoric of HRM is soft, the reality is almost always hard with the interests of the organization prevailing over those of the individual.

The soft/hard dichotomy has been approached differently by discourse analysts, These commentators reject positivist assumptions about the existence of an objective reality and argue that language is crucial in framing understanding within organizations and can be marshalled to legitimize organizational policies. A sharp distinction between rhetorical language and an empirical reality is rejected because language is not just rhetorical – that is, seductive but false – but has real effects by legitimizing managerial actions that result in work intensification and other detrimental consequences for the workforce. By deconstructing the language of HRM these writers question the underlying unitarist and neutral assumptions of HRM. As Bunting (2004: 116) argues:

> Human resources . . . has taken on pleasantly democratic overtones as the 'people department'; and companies are very fond of instituting 'communities' in place of departments, while 'positions', not people are made redundant. Two of the most ubiquitous and fraudulent words are 'empowerment' and ownership.

There is no doubt that the 'linguistic turn' and discourse analysis has been highly influential. Society has become more sensitized to the use of rhetorical language; 'spin' in popular parlance. Journalists delight in pointing out how many times politicians such as Tony Blair mention 'Modernization' and 'New Labour' in their speeches and impute the direction of government policy from their choice of language. For Carter and Jackson (2004: 474) the use of managerial/HRM rhetoric contributes to the growth of organizational cynicism.

The difficulty with these types of analysis, however, is that in the absence of detailed empirical evidence, the reader is heavily reliant on the interpretation of the author. Despite Keenoy's (1999) suggestion that HRM is a hologram in which what the viewer sees is an illusion, but one that is constantly shifting depending on the vantage point of the observer, in practice these writers eschew this plurality of perspectives and claim the superiority of their own unique insights into 'HRMism'. Empirical evidence that seeks worker and management responses to initiatives such as empowerment, for example, often portray a more nuanced picture. As Edwards and Collinson (2002) highlight in their study of six organizations, the language of empowerment was not used by managers as an insidious form of labour control to mislead workers. They report that 70 per cent of workers were broadly favourable towards these quality programmes and 72 per cent of workers said that communication and participation had improved. Consequently, although discourse analysis has proved useful in sensitizing researchers to the use and abuse of HRM language, it can play only a very limited role in advancing our understanding of the contemporary workplace.

Best practice HRM

By the late 1990s debate about HRM had shifted from a concern with the meaning of HRM and whether HRM was a predominantly a soft or hard phenomenon towards an emphasis on the link between HRM and performance and the appropriate *measures* to use to capture these links. As Boxall and Purcell (2003) point out, two broad normative approaches to the HR/strategy link can be distinguished – best practice and best fit models. The best practice approach advocates a series of universal practices that are appropriate for all organizations and these practices are very much in the soft HRM mould. There are many such lists available, but Jeffrey Pfeffer's is the best known (see Box 1.1).

The assumption is that the more organizations adopt and implement these practices the clearer the pay off will be in terms of performance improvements. Although there is no definitive list of practices, there is considerable agreement that policies should be adopted which promote autonomy, commitment and opportunities to participate, especially through teamworking, indicating an emphasis on a soft, high commitment style of HRM (MacDuffie 1995; Ichniowski et al. 1996). Nonetheless, there has been criticism that wide variations exist between such lists (see Becker and Gerhart 1996). An additional concern is that best practice is invariably context specific, with US studies tending to ignore the importance of independent employee representation which is central to HR practice in a UK context (Boxall and Purcell 2003: 63; Marchington and Grugulis 2000). The influence of the best practice approach should not be underestimated, however, as policy advice from the DTI Best Practice series and the ACAS model of the 'effective workplace'

Box 1.1 Pfeffer's seven practices of successful organizations

1. Employment security.
2. Selective hiring of new personnel.
3. Self-managed teams and decentralization of decision making as the basic principles of organizational design.
4. Comparatively high compensation contingent on organizational performance.
5. Extensive training.
6. Reduced status distinctions and barriers, including dress, language, office arrangements, and wage differentials across levels.
7. Extensive sharing of financial and performance information throughout the organization.

Source: Pfeffer (1998: 64–5).

indicates (ACAS 2004: 4–5; DTI 2003). A key question, especially for policy makers and practitioners, however, remains the need to understand why relatively few firms adopt such measures, rather than become mired in a debate about the precise HR practices which constitute best practice.

Best fit HRM

In contrast to these universal models, best fit models adopt a contingency approach focused on the 'fit' with the environment. The modelling of the linkage between HR and strategy is derived from particular aspects of the organizational context. In the 1980s these studies focused on key components of the firm's competitive strategy and aligned HR policies to the external product market circumstances that confronted the firm; termed 'external fit'. There was some difference of emphasis in terms of how HR practices should be aligned to business strategy in these 'matching models'. The business life-cycle approach linked HR practices to the phase of the organization's development with differing HR priorities associated with start-up, growth, maturity and decline phases (Kochan and Barocci 1985). The dominant approach, however, was orientated to the firm's competitive strategy. Miles and Snow (1984) differentiated between three types of strategic behaviour with differing implications for HR practice depending on whether a firm was primarily geared to defending existing product markers (defenders) or was seeking market growth through innovation (prospectors). Schuler and Jackson (1987) took this type of analysis further, drawing on Porter's (1985) well-known model of competitive advantage, to specify that different competitive strategies required distinct employee behaviours. HR policies had to be designed to align competitive strategy and employee behaviour, resulting in favourable HR outcomes.

These type of contingency approaches were criticized as being too crude and deterministic in the manner in which they sought to align HR to business strategy, underplaying a variety of other contextual factors that influence approaches to HR as well as overlooking the degree to which employee interests and competencies influence competitive advantage (Boxall and Purcell 2003: 54–6). These criticisms informed more recent studies that have been more influenced by internal fit, that is, the degree to which a coherent *bundle* of HR practices can be constituted in which complementary HR practices produce superior levels of organizational performance (MacDuffie 1995). This has led to a focus on the bundle of HR practices that produces the most favourable organizational outcomes. An important influence on these studies has been the prominence of the resource-based theory of the firm which suggests that rather than adopting universal 'best practice' panaceas, firms derive competitive advantage by focusing on developing unique internal resources that are rare, non-substitutable and hard to imitate (Barney 1991).

Many studies have tested the relationship between specific bundles of HR practices, associated with high performance work systems, and organizational performance. The dominant message emerging from a variety of US studies across a number of industries suggests that there is a positive association between HR practice, firm performance and profitability, especially where HR practices are bundled together in a coherent and integrated fashion, termed a ‘high performance work system’ (Appelbaum et al. 2000). Practices that provide employees with more information, enhanced skills, extended opportunities for teamwork and enhanced discretion have been associated with enhanced organizational performance (Becker and Huselid 1998; Huselid 1995). The US study by Huselid (1995) has been highly influential because it concluded that the use of particular HR practices was reflected in higher organizational performance, lower labour turnover and higher labour productivity. The practices examined, which related to work organization and skill utilization, included employee participation and communication mechanisms and a focus on skills training. A second bundle of practices, which he termed a motivation index, examined data on performance appraisal and merit-based pay plans.

A very widely cited study of three US manufacturing plants by Applebaum et al. (2000) reinforced these earlier studies reporting that the use of high performance work systems – that is, a combination of teamworking, employee participation and sophisticated selection, training and appraisal systems – achieved organizational performance outcomes that were superior to traditional forms of work organization. High performance work systems elicited greater discretionary effort, more employee creativity and higher job satisfaction than traditional ‘command and control’ regimes. Some critics, however, suggest that higher discretionary effort may arise from work intensification rather than higher levels of job satisfaction (Godard 2004).

Although many of the research studies have been US based, in the UK one of the most striking recent studies reported an association between a bundle of high performance HR practices and lower death rates in a sample of 61 NHS hospitals (West et al. 2002). Guest et al. (2003) in their study of 366 organizations also concluded that there was an association between high-commitment HR practices and higher profitability as well as lower reported levels of labour turnover in manufacturing, but not in services. The study did not, however, demonstrate that HRM practices *caused* higher performance and the issue of causality has been at the centre of continuing controversy about the HR/performance link.

Commentators have highlighted a number of measurement and other methodological shortcomings associated with large-scale survey data used in many of these studies (see Godard 2004; Guest 2001b; Legge 2001; Purcell, 1999). The main concerns are:

- reliance on financial yardsticks of organizational performance which ignore the consequences for employees;
- the use of single managerial respondents, often situated at corporate head office, that are required to have knowledge of HR practice and organizational outcomes;
- the dominance of cross-sectional rather than longitudinal data which makes it difficult to be confident about the causal relationship linking HR practice to outcomes. There is scope for reverse causality, that is, that firms with better organizational performance are able to manage their staff more effectively rather

than that organizations become more competitive from the use of bundles of high performance HR practices;
- evidence which suggests that the low road of cost minimization may be equally effective in performance terms as the high road of the high performance workplace approach.

One consequence of this uncertainty is that HR directors are reluctant to use the evidence as a basis to persuade colleagues, especially CEOs, about the benefits of investing in high commitment HR practice (Guest and King 2004: 414). A number of responses, however, are evident, which is continuing to take forward the research agenda on HR and performance. First, there has been a greater recognition that more attention needs to be paid to the link between HRM and employee well-being (Guest 1999; Peccei 2004). This reflects the increased policy attention directed to issues surrounding the quality of working life. Second, there is increased sensitivity to context and more emphasis being placed on the institutional settings which shape strategic HR across industries and between countries. This amounts to a plea to Europeanize the HR bundles debate to bring employee interests and institutional context more fully into the analysis (Boxall and Purcell 2003; Paauwe and Boselie 2003). Third, there has been a recognition that large-scale cross-sectional survey data in isolation cannot resolve the issue of the relationship between HR practice and organizational performance and that other research methods which delve inside the organizational 'black box' and focus on how line managers actually implement HR practice is needed to advance understanding of the processes involved in sustaining better performance (Purcell et al. 2003). Finally the ambiguities surrounding the linkages between HR and performance also have significant implications for the status and influence of the personnel function.

The Evolution of the Personnel Function

Personnel management and ambiguity

For personnel specialists the debate about HRM was especially significant because it held out the prospect of a new dawn. The emphasis on the importance of the management of human resources to the competitive advantage of the organization appeared to give the personnel function the strategic dimension and status which it had been seeking, together with the means to achieve it by devolving responsibilities to line managers and demonstrating a measurable contribution to business performance. It had long battled to shake off its image as a low status function and struggled to escape the ambiguities inherent to the personnel role (Tyson and Fell 1986: 62–6).

A key source of ambiguity is the uncertain boundary between personnel management as a separate specialist function and as a description of a set of activities undertaken by all managers. From their origins in welfare work, personnel specialists have acquired a wide range of tasks including industrial relations, human resource planning and management development activities whose importance has shifted over time (Hall and Torrington 1998). The aspiration to shift from an operational to a more strategic conception of the function has encouraged the devolution of activity to line managers, but the specialist is expected to be the 'expert'. Indeed it is only by establishing expertise in operational matters that the personnel specialist is very often able to persuade senior managers that they have the capability to make a strategic contribution. The danger, of course, is that the more time and energy is spent on operational matters, the less they are associated with the strategic dimension.

A second source of ambiguity is that personnel specialists act in an advisory capacity and it is therefore difficult to identify their distinctive and measurable contribution. Their authority is both mediated and limited by the actions of line managers who may not share the same aims and priorities. For example, the emphasis the personnel specialist may put on consistent and standardized rules to reduce the ambiguities of the employment relationship and ensure procedural fairness, can appear to line managers to be unnecessary interference limiting their discretion. The other side of the coin is that managing people is an element of every manager's job; the distinct 'people' expertise of personnel specialists can be easily discounted by line managers. This is especially the case because of the difficulties of quantifying the HR contribution. The search for HR 'metrics' has therefore been a key task in attempting to overcome their ambiguous status.

A third source of ambiguity arises from the position of the personnel function. It combines a responsibility for the well-being of the workforce, and a set of pluralist values that view employees as a key organizational asset, while at the same time remaining an integral part of management whose priorities may differ from those of the workforce. By contrast mainstream management ideology is essentially unitarist, in which management and the workforce are viewed as sharing the same interests and any conflict arises from miscommunication. These frames of reference lead to differing perspectives on the management of the workforce and in the past the personnel function has often found itself in an uncomfortable position highlighting the consequences for the workforce of downsizing and other measures designed to maximize shareholder value. The response of the personnel function to this source of ambiguity has increasingly been to conform to the more strident managerial unitarism of the last two decades, placing more emphasis on business requirements. HRM has therefore been viewed as an attempt to escape the welfare straightjacket of personnel management (Townley 1994: 16).

A final source of ambiguity has been attributed to the gender bias of personnel management and the undervaluing of occupations in which many women work. This is reflected in the terminology used to describe routine personnel management roles such as 'handmaidens' and 'clerk of works' which have low status connotations, as does the general label 'Cinderella' function. Women make up an increasing proportion of personnel specialists, comprising almost two-thirds (63 per cent) of specialists in 1998 compared to one-fifth in 1980 (19 per cent). As Kochan (2004: 144) observes in the case of the USA, as more women entered the HR profession real wages of HR professionals declined by 8 per cent between 1993 and 2002.

Reinventing the personnel function

There has been no shortage of advice about how to shift towards a more strategic HR role. The most influential perspective has been Dave Ulrich's (1997) relentlessly upbeat book *Human Resource Champions* that predicted: 'the next ten years will be the HR decade' (p. viii) with the HRM agenda presenting opportunities for HR to 'add value'. This required a radical shift in thinking from a concern with 'what HR professionals do and more on what they *deliver*' (p. vii). Such an outcome is possible if HR professionals are able to fulfil four key roles:

- strategic partner;
- administrative expert;
- employee champion;
- change agent.

These roles require HR to balance short-term operational requirements *and* a strategic focus and combine the management of HR processes *and* people management. This amounts to a restatement of the ambiguities associated with the personnel function, but by developing new competencies HR professionals 'can go to heaven' (p. viii).

Ulrich's analysis is couched in unitarist terms with other interest groups, including trade unions, barely mentioned. The assumption that the goal of HR is to deliver value – that is, shareholder value – is seen as non-contentious. Ulrich's prescription has been enthusiastically endorsed by the Chartered Institute of Personnel and Development (CIPD), but to what extent has the personnel function moved towards becoming a valued business partner? An indication of the shift towards a strategic champion role can be gauged by the terminology used. Language, as discussed above, can be important. The Department of Health (2002: 3), for example, has lamented the degree to which 'human resource management in the NHS is still too often tarnished by its former role as the pejorative "personnel" function'. It is therefore noteworthy that the 1998 Workplace Employee Relations Survey (WERS) indicated that there had been a significant increase in the number of management specialists with 'human resources' in their job title. Approximately 7 per cent of workplaces with 25 or employees had a specialist with HR in their job title compared to 1 per cent in 1990, comprising approximately one-third of specialists (Millward et al. 2000: 52–4). More significantly, Hoque and Noon (2001) suggest that specialists using the HR title differ from personnel specialists in terms of being more likely to hold a formal qualification, are engaged more actively in strategic planning activities, and devolve more activities to line managers. The uptake of the HR label is therefore associated with a more sophisticated conception of HR practice and is suggestive of a shift of emphasis towards the strategic champion role.

This evidence in isolation, however, indicates little about how HR is viewed by HR professionals themselves or by chief executives and these perspectives reveal much greater uncertainty about their influence and capacity to develop a 'value added' agenda. Despite the interest in developing 'balanced scorecards' of HR performance the lack of quantifiable HR 'metrics' remains a significant barrier for the HR function in its aspiration to become a strategic partner (Bartlett and Ghoshal 2002: 37; Caldwell 2004: 201). A further dilemma arises from ensuring the appropriate balance between operational and strategic concerns. A CIPD survey of 1,188 senior HR practitioners reported that respondents spent relatively little time on business strategy in comparison to reacting to line managers' needs (CIPD 2003a: 24; IRS 2004: 11). The focus on operational tasks cannot be solely attributed to workload pressures; HR specialists recognize that their credibility depends on managing an effective operational regime. Consequently HR specialists, while espousing the language of strategic champions, focus on ensuring they are administrative experts. This bias towards an operational role is reinforced by a perception among CEOs and senior HR practitioners that there is insufficient HR talent available to fulfil the strategic champion role (Caldwell 2004: 203; Deloitte and Touche 2003: 15; Guest and King 2004: 416).

These challenges are being reinforced by the complexities associated with devolution of HR responsibilities to line managers, intended to allow specialists to concentrate on more strategic concerns. It has proved difficult to devolve a clearly defined workload and while line managers support devolution in principle they are often unwilling to undertake enhanced people management responsibilities in addition to their existing workload (CIPD 2003a: 26). This reluctance is reinforced by perceptions that HR's emphasis on procedural fairness can result in complex administrative procedures that are resented by line managers (Guest and King 2004: 420). The upshot is that a sizeable gap remains between espoused policy and its implementation which the CIPD (2003a: 6) describes as the 'Achilles' heel of contemporary HR strategy'. Although there has been much speculation about the degree to which HR outsourcing, forms of HR shared service centre and eHR can lower transaction costs and free up senior HR specialists for more strategic activities, managers have proceeded with caution. Outsourcing of HR activities was ranked 18th (out of 18) as a priority by both HR directors and a matched sample of CEOs (Deloitte and Touche 2003: 7).

In contrast to the strategic champion and administrative expert role much less attention has been directed at the employee champion role. It is important to recognize that Ulrich's term is misleading because the substance of what he proposes is focused on employee contribution, that is, the degree to which managers can enlist employees' efforts as a means to add value rather than being primarily concerned with employee well-being as an end in itself. Even in these more narrowly defined terms than the traditionally welfare orientation of personnel, the evidence is unequivocal. The HR function appears resistant to viewing itself as an employee champion and, interestingly, HR specialists have sought to move away from the welfare tradition more forcibly than CEOs view as appropriate (CIPD 2003a: 27; Deloitte and Touche 2003: 14; Guest and King 2004: 415). These findings are reinforced by survey evidence of union representatives that indicated, with the possible exception of the health service, that HR rarely acted as a buffer between management and the workforce (Labour Research 2003). Similarly Kochan (2004) in his analysis of the state of the US HR function attributes its loss of trust and legitimacy as arising from its disregard of workforce interests, exemplified by the absence of any serious challenge to soaring CEO pay levels in its failed quest for a more strategic role. Kochan's analysis provides a salutary warning about the preoccupations of the HR function in recent years.

Summary

The debate on HRM has come a long way since the early 1980s. The controversy surrounding the meaning of HRM has largely dissipated and HRM has become defined in broader terms to describe all aspects of personnel practice rather than associated narrowly with a specific high commitment style of HR. This shift in emphasis has dampened down the ideological concern that HRM was 'an industrial version of Thatcherism' (Strauss 2001: 873). Analysis of HRM, as illustrated more fully in the next section, has continued to be shaped by the evolving political and economic context at the workplace and beyond.

The passion and controversy about HRM has therefore shifted towards the ongoing debate about the link between bundles of HR practices and performance and whether the search for the holy grail of an HR-performance link is, in Karen Legge's (2001) terms, a silver bullet or a spent cartridge. These changes have had important consequences for the personnel function as it has sought to become a more strategic HR partner. Although HR managers are better qualified than their predecessors and the CIPD has continued to increase membership; achieving chartered status for its members, uncertainty about the HR contribution remains a significant preoccupation.

The Practice of Personnel Management

It is not only the debate about HRM that has moved on significantly, there is also much more data available about the state of HR/personnel practice. The emergence of large-scale survey work, especially the Workplace Industrial/Employment Relations Survey series, has provided an authoritative portrait of the changing landscape of employment practice since 1980. Its shifting focus from a preoccupation with formal structures of collective bargaining towards a focus on management practice and its incorporation of smaller workplaces (with more than 10 rather 25 employees) has attempted to keep pace with the changing state of management practice. There has also been a rapid expansion of surveys undertaken by the CIPD, DTI and by management consultants and the posting of these surveys on the Internet has ensured much greater access to this material. The representativeness and sample sizes differ, but they contribute to the overall sense of where personnel practice is headed. In addition, the availability of large-scale data sets has encouraged academics from related disciplines including psychology and economics to focus more squarely on employment matters.

Case study research remains important in illuminating our understanding of contemporary HR practice, but there are many difficulties in gaining high-quality research access. Edwards and Collinson (2002: 280) in a study of the implementation of quality initiatives, with direct relevance for the organizations concerned, were only able to gain agreement to undertake the research from 6 of the 19 organizations approached. The resource intensive nature of case study research and the inclination of many leading academic journals to publish predominantly narrow, highly quantitative survey-based research, has led to a reduction in the availability of high-quality case study research. As Barley and Kunda (2001) point out, however, it is only by detailed observation of the workplace that our understanding of the contemporary world of work can be advanced and this type of material is also essential for teaching purposes in galvanizing student interest in HR practice. Although this knowledge gap is being partially remedied by some of the findings that are emerging from the ESRC *Future of Work Project* (Nolan 2004), it is notable that some of the most compelling, albeit largely anecdotal accounts of recent employee experience of work, have been written by journalists (Bunting 2004; Toynbee 2003).

State of play

During the last two decades there has been very significant restructuring of personnel practice and many of the long-standing features of the UK's employment relations landscape have been transformed. It is relatively straightforward to identify the shift in institutional structures and declining union presence. There has also been the growth of direct communication, employee involvement and increased coverage of performance appraisal. There is much more scepticism about the extent to which HR practices are bundled together to form a coherent and integrated HR architecture and, most contentious of all, differences remain in the interpretation of employees' experience of work.

The main trends in personnel practice can be summarized fairly succinctly. First, there has been a large reduction in traditional employment relations institutions with a decline in joint regulation by collective bargaining. The WERS series indicates that union recognition has fallen from 66 per cent in 1984 to 53 per cent in 1990 to 42 per cent in 1998. This fall in recognition was a private sector