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Human Resource Management – Defining the Field

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Chapter in Adrian Wilkinson and Stewart Johnstone (eds) *Encyclopedia of Human Resource Management*, Edward Elgar, 2016. ISBN-10: 1783475455

Human Resource Management (HRM) has become the predominant term to describe the theory and practices relating to the way people are managed at work. The label originated in the USA and it spread to the UK and beyond in the 1980s. In previous times, other terms have been used which, in varying degrees, broadly correspond. These other terms include personnel management, personnel administration, people management, employee relations and employment management.

The previous paragraph refers to a ‘broad correspondence’ rather than direct replication. It is important here to note that currently the term ‘Human Resource Management’ is used in two different ways. In one usage, which we can term the generic, it is used to encompass all of the forms of employment management in its infinite variety. In this first sense it is just a new label. But there is a second usage. In its second form the term has at times denoted a *particular* approach to employment management. Thus, the term in this second sense refers to one of the many ways of managing labour and is used to demarcate it from other ways. Not surprisingly, the existence of two different usages has caused considerable confusion in the academic literature with commentators often talking at cross-purposes.

So, what is this second, more specific and narrow meaning? In this particular sense it has been defined as follows:

Human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques (Storey 2007: 7)

First, as noted, it is an approach which openly seeks to secure a ‘competitive advantage’. This declared objective is not to every ideological taste. This element alone indicates that the approach shares a similar stance as American strategy theorists such as Michael Porter. Many critics of HRM have been, and are, uncomfortable with this first

element. They posit the idea that economic activity does not have to be quite so dedicated to free market competition. They also contend that even within a capitalist framework, collaboration as well as competition can operate and that other objectives in addition to competitive advantage such as wellbeing, equity and multiple stakeholder interests could be pursued. And they are of course correct. But some of these critics have failed to recognise that an identification and description of a movement and an idea should not be confused with an endorsement of that idea.

Second, the definition points to the distinctive means through which the objective will be sought. These include, crucially, the element of a 'strategic' approach. This means that the management of people and of the workforce in general is approached not in an ad hoc, tactical and merely reactive way but in a manner which regards this aspect of management as of central importance. As with other aspects of the definition, the interesting features are in noting what the meaning suggests HRM is not. The counterfactual is important. For the HRM debate and the emergence of HRM only makes sense when it is recognised as part of the history of its time.

HRM emerged when labour management, in broad characterisation, might be described as a secondary, Cinderella, management practice. Markets were defined, finance arranged, production plans drawn up – and only then was the request for certain units of labour issued often at short notice. Similarly, as industrial conflict was of concern, the skills in subduing and 'managing conflict' were to the fore in the then field of personnel/IR management. It was into this climate when western product markets were coming up against international competition – and often losing out – that this 'new' approach to managing labour emerged and presented a challenge to existing assumptions and practices.

Third, the definition refers to the deployment of a 'highly committed and capable workforce.' This is an important feature of the distinctive approach. As we know, very large sections of the economy operate on very different principles. The high commitment approach is relatively unusual in large swathes of the employment scene. Hire and fire, short-term contracts, even zero-hour contracts, outsourcing, agency work and many other such methods to treat labour as a mere transaction are commonplace. Recent talk of 'employee engagement' can be seen as a latter-day attempt to capture some of the high commitment agenda but in a much diluted form compared with the original formulation.

Fourth, the ‘array of cultural, structural and personnel techniques’ refers to the mutually-reinforcing ways in which a truly thought-out strategic approach can deploy a wide range of methods which would have internal ‘fit’ and would complement each other (a further instance of the strategic nature of the idea). These techniques include attempts to: ‘win hearts and minds’ rather than merely enforce a contract; to de-emphasise custom and practice in favour of instilling values and mission; pluralism is also downplayed in favour of an implied unitary perspective where employers, managers and employees are seen to share at least one similar interest: to keep the enterprise in business. Thus, a set of beliefs and assumptions underpin this distinctive form of HRM. Other dimensions stress the role of strategy in that the business plan becomes pertinent to labour management; and an emphasis on the role of line managers as the prime front-line managers of labour (not ‘personnel officers’). Then there is a set of key levers such as serious attention to selection (in place of hire and fire), performance related pay, an attempt to move from ‘temporary truces’ in labour negotiations to management through culture and shared goals.

When viewed holistically, is this package to be regarded as a ‘soft’ ‘human relations’ approach with employee welfare at its core? There are facets such as an emphasis on training and development and the winning of hearts and minds that might lean in that direction. But there are also ‘hard’ aspects to this model of HRM. Labour is seen as a strategic resource. As such it is to be planned for, measured carefully and used as an asset. HRM sits alongside the resource based view of the firm as strategic perspective on how to management the employment relationship.

What about practice? Ironically, while the HRM label has become so ubiquitous (contrary to expectations during its early days) employment management practice has, over the past couple of decades, predominantly shifted to a form of labour management at odds with the precepts of the distinctive model. In the wider, generic sense, Human Resource Management continues - but with characteristics largely in sharp contrast to those of the distinctive model examined above.

References and selected further readings

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