HUMAN RESOURCE MANAGEMENT
AND INDUSTRIAL RELATIONS[1]

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ABSTRACT

Human resource management (HRM) is a term which is now widely used but very loosely defined. In this paper it is argued that if the concept is to have any social scientific value, it should be defined in such a way as to differentiate it from traditional personnel management and to allow the development of testable hypotheses about its impact. Based on theoretical work in the field of organizational behaviour it is proposed that HRM comprises a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work. Within this model, collective industrial relations have, at best, only a minor role. Despite the apparent attractions of HRM to managements, there is very little evidence of any quality about its impact. Furthermore very few UK organizations appear to practise a distinctive form of HRM, although many are moving slowly in that direction through, for example, policies of employee involvement.

INTRODUCTION

In the previous article, Paul Edwards presented empirical evidence showing the growth of policies designed to increase the involvement of individual employees. Such policies are often associated with human resource management. The term human resource management is not new, but it is now very much in fashion. Whether it is a passing fad or a lasting change of emphasis depends on a number of factors. These include: the persistence of the pressures which have given rise to the interest in human resource management; the distinctiveness of human resource management compared with established forms of personnel management; the utility and validity of any underlying 'theory'; evidence of the success of human resource management; and its relevance to differing cultural contexts. The aims of this paper are to explore human resource management within these dimensions, to present a theoretical framework within which the approach can be analysed and to relate it in particular to industrial relations.

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PRESSURES BEHIND THE RISING INTEREST IN HUMAN RESOURCE MANAGEMENT

Almost all the writing about and advocacy of human resource management is American in origin. However, the factors which have been identified as creating an interest in human resource management in the USA seem equally valid in the UK.

The Search for Competitive Advantage
Utilizing an implicit form of convergence theory with respect to technology, financial control systems and marketing, it is argued (for example by Beer *et al.*, 1985 and Tichy, Fombrun and Devanna, 1982) that competitive advantage can best be achieved by seeking improvements in the management of people and organizational structures; in other words, through better utilization of human resources.

Models of Excellence
The growth of interest in human resource management is closely linked to the studies of 'excellence'. Both the stereotypical Japanese companies and more particularly many of the 'excellent' companies identified by Peters and Waterman (1982) and, from a somewhat different perspective, by Kanter (1984) practise human resource management; in this context it becomes what the excellent companies do.

The Failure of Personnel Management
There is a widespread view that personnel managers have failed to promote the potential benefits of effective management of people (Skinner, 1981). The reasons for this can usually be found in the influences on the development of personnel management and the role of personnel managers within the organization (Beer *et al.*, 1985; Guest and Horwood, 1980; Legge, 1978). What is needed, it is argued, is a new approach which establishes the management of human resources as a mainstream management activity. As such, it is too important to be left to often marginally located personnel managers.

The Decline in Trade Union Pressure
The changing economic and political climate in the USA and the UK has resulted in some reduction in trade union pressures on management. This has facilitated a switch in emphasis away from collective and adversarial issues associated with traditional industrial relations towards individual, co-operative issues of the sort associated with human resource management.

Changes in the Workforce and the Nature of Work
Some advocates of human resource management (for example Beer *et al.*, 1985) have argued that the workforce is slowly changing to become better educated,

with higher expectations and therefore more demanding. At the same time, changing technology and structural trends in industry provide an opportunity to create some more demanding, more flexible jobs. Both trends require a new form of human resource management, integrated into central management decisions.

Availability of New Models
Human resource management appears to lean heavily on theories of commitment and motivation and other ideas derived from the field of organizational behaviour. (Indeed it is a subtle blend of some of the 'best' elements of scientific management and human relations. Although superficially similar to McGregor's (1960) Theory Y, the focus on the individual worker, on goals, on careful selection and training are all closer to elements of scientific management associated with Theory X.) It also places great emphasis on management strategy. The more sophisticated 'marketing' of what may have become a 'critical mass' of increasingly coherent theory and research, and the ability to combine the hitherto separate fields of organizational behaviour and management strategy provides the basis of an intellectual advocacy of human resource management.

In identifying these pressures, there are a number of obvious dangers. Firstly, there is a danger in treating industries and managements as homogeneous. Secondly there is a danger of confusing 'management thinkers' with management practitioners and assuming that because human resource management is being discussed it is also being practised. There is a risk that it will be 'talked' or 'written' into existence, independently of practice, and then, on the basis of a few cases, will be assumed to be practised. Thirdly, pressures of the type listed above are rather nebulous and cause and effect is sometimes hard to discern. An important research task is therefore to study organizations that deliberately seek to introduce human resource management and to identify the factors that have brought this about.

In America in particular, the business schools can act as influential gatekeepers for new developments in business practice. In this context, the decision by the Harvard Business School to introduce a new compulsory course in Human Resource Management, its first new compulsory course for over twenty years, can be taken as a sign that it is more than a passing fad. However in the UK, where the cultural barriers to human resource management would appear to be stronger, we have yet to see symbolic changes of this sort. Nevertheless, the pressures outlined above seem likely to persist, and therefore human resource management, as one form of response, is also likely to be with us for some time to come.

HUMAN RESOURCE MANAGEMENT VERSUS PERSONNEL MANAGEMENT

If human resource management is a useful and distinctive approach, it is important to be able to define it and to distinguish it from traditional personnel

management. It is possible to identify three ways in which human resource management has been used.

(1) The first approach is simply to retitle personnel management to capture the new fashion. There are for example a number of long-standing textbooks with new editions containing minor changes but a new title. Similarly a number of personnel departments have become human resource departments without any obvious change in roles. Furthermore some commentators have started to use the terms human resource manager/department instead of personnel manager/department as a matter of conventional practice. Of course this use of the term is not new and it is possible to find examples over the last 20 years of human resource management being used as a generic term in preference to personnel management (Legge, 1978, pp. 20–1).

(2) The second approach is to use human resource management as a way of re-conceptualizing and re-organizing personnel roles and describing the work of personnel departments. This is reflected in part in the conceptual framework developed by the Harvard Business School (Beer *et al.*, 1985), although they also use it as a generic term: 'HRM often emerged as a set of staff activities lacking a coherent structure or central purpose imprinted by general managers' (p. 3). They then go on to propose that 'many diverse personnel and labor relations activities may be subsumed under four main resource policy areas. Each of the following policy areas defines a major HRM task that general managers must attend to whether or not the firm is unionized, whether blue-collar or managerial employees are involved, and whether the firm is growing or declining' (pp. 7–8). The four policy areas are employee influence, human resource flow, reward systems and work systems. These four areas may be contrasted with the three central subjects in the United Kingdom's Institute of Personnel Management syllabus, namely employee relations, employee resourcing and employee development. The difference which is apparent in, for example, the Harvard emphasis on reward and work systems becomes greater when employee influence and employee relations are examined in more detail. An even greater contrast with traditional personnel management can be found in the classification of Tichy, Fombrun and Devanna (1982) who identify what they term four central generic processes in a human resource system, namely selection, appraisal, rewards and development. This formulation removes industrial relations as a central strategic issue. However, the utility of a particular classification depends on judgements about priorities and therefore requires more than a descriptive restructuring.

(3) The third approach argues that human resource management is distinctively different and offers a new approach for management. Several of the recent writers on human resource management and in particular on human resource strategy have made this claim (*e.g.* Alpander, 1982; Tichy *et al.*, 1982). Others such as Ross (1981) have claimed that it reflects a marked and distinctive change in emphasis. The claims to distinctiveness lie in the integration of human resources into strategic management and the emphasis on a full and positive utilization of these resources.

Arguably, if human resource management cannot be identified as distinctively different, then it does not merit serious academic analysis. To support any claims of distinctiveness, it is necessary to specify the key features of human resource management and to answer the question – 'distinctive from what?'.

There are major difficulties in answering this question. Any attempt to compare human resource management with personnel management must recognize that we do not know much about personnel management (Guest and Horwood, 1980). Furthermore most major analyses (*e.g.* Legge, 1978) highlight its failures and limitations in practice. This means there is a danger of comparing a normative/ideal view of human resource management with a descriptive view of personnel management. A normative view of personnel management may not differ so much from a normative view of human resource management, which would explain why the titles on textbooks are interchangeable. Furthermore, there is the question of what human resource management looks like in practice. Without a theory of human resource management, we are thrown back either on the studies of excellent companies or on case studies of companies that claim to practise human resource management. These logical difficulties reinforce the case for the development of theory about human resource management.

Accepting for a moment the inherent limitations in making comparisons between personnel management and human resource management, it is never-theless possible to discern in the major literature certain assumptions, perhaps better described as stereotypes, which can be used to highlight the differences. Some of the main stereotypes are highlighted in table I.

Table I. Stereotypes of personal management and human resource management

	Personnel management	*Human resource management*
Time and planning perspective	Short-term reactive *ad hoc* marginal	Long-term proactive strategic integrated
Psychological contract	Compliance	Commitment
Control systems	External controls	Self-control
Employee relations perspective	Pluralist collective low trust	Unitarist individual high trust
Preferred structures/systems	Bureaucratic/mechanistic centralized formal defined roles	Organic devolved flexible roles
Roles	Specialist/professional	Largely integrated into line management
Evaluation criteria	Cost-minimization	Maximum utilization (human asset accounting)

If this list of dimensions and the associated stereotypes can be set in the context of a theory of human resource management, it could provide the basis for formulating measurable criteria against which to assess whether or not an organization is practising human resource management.

Implicit in the contrasting stereotypes is an assumption that human resource management is 'better'. However this fails to take account of variations in context which might limit its effectiveness. For example in public service bureaucracies or in organizations with a strong tradition of adversarial industrial relations, conventional personnel management might more successfully contribute to the achievement of organizational goals. Until convincing evidence to the contrary is available, this suggests that human resource management can most sensibly be viewed as one approach to managing the workforce. Other approaches are equally legitimate and likely in certain contexts to be more successful.

The diversity of views about what constitutes best practice is reinforced by some of our own research at the London School of Economics. In a survey of past students of the Diploma in Personnel Management, many of whom are now in senior management positions, we asked whether there was a company which they or their organization looked to as a model of good personnel management practice and if so, on what criteria they made this judgement.

Almost 40 per cent of the sample of 136 could not identify any company they could describe as a model. Of the remainder, almost half identified IBM or Marks and Spencer as the model. However an analysis of the criteria used to describe best practice identified four distinctive views.

A human resource model. This was characterized as being people-oriented throughout with an ethic of respect for the individual, maximization of individual talent, well developed, well-integrated policies and practices, genuine consultation and involvement, and clear challenging goals with feedback. The only companies described in terms of this model were IBM and Hewlett-Packard.

A paternalist welfare model. This was characterized by a concern for the customer leading to careful selection, training and treatment of staff, a concern for staff resulting in excellent staff management and welfare facilities and a senior management in touch with and responsive to the concerns of staff, community and customers. Marks and Spencer was the main example of this model which was also illustrated by United Biscuits and the John Lewis Partnership.

A production model. This was characterized by close integration with the business; thorough, tough, expertly handled and consistent practices, especially in industrial relations, and first-class systems to support 'line' (*i.e.* production) goals and in particular to maintain continuity of production. Ford was cited as the dominant example of this model which also included Mars.

A professional model. This was characterized by personnel departments staffed with high quality 'professional' personnel managers, well-established and well-integrated into the business and valued by line management. There was demonstrably high competence in four core activities of selection, training, pay and industrial relations and the personnel departments were often innovative within these core areas. Several companies were identified which fell into this category, including ICI, BAT, Unilever, British Airways and several of the major oil companies.

It is important to remember that these are personal stereotypes, but they do highlight the diversity of models. There is inevitably some overlap. For example, within the human resource model, 'professional' competence was frequently mentioned. The human resource model was by no means the dominant one and it is interesting to note that the largest number of companies fell within the professional model.

Despite the lack of convincing empirical evidence, it does seem that a crude distinction between personnel management and human resource management is sometimes identified in the literature and is also implicit in the different models used by managers to describe best practice. However these loose models require a stronger theoretical or empirical base if they are to be of any value. Because of the danger inherent in labelling any successful practice as human resource management, there are compelling reasons for starting with the development of theory.

THEORY AND HUMAN RESOURCE MANAGEMENT

There is, as yet, no theory of human resource management. However there is undoubtedly implicit theory lying behind many of the writings on human resource management. An explanation for the lack of explicit theory can be found by using the carefully developed conceptual map developed by Beer *et al.* (1985) at Harvard as an illustration. Their framework is illustrated in figure 1.
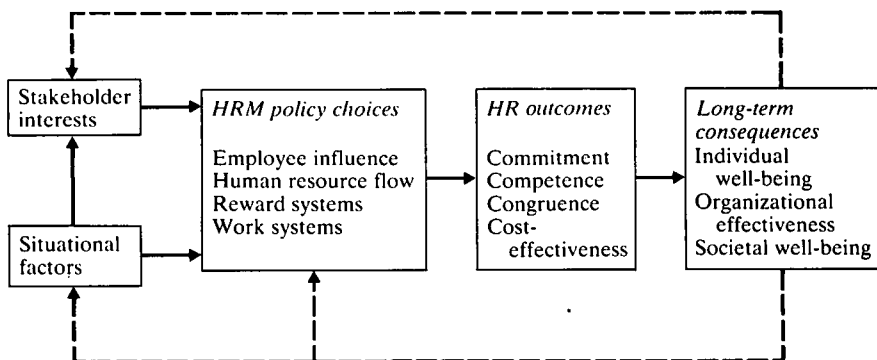

Figure 1. Determinants and consequences of HRM policies

The authors describe this as a 'broad causal mapping of the determinants and consequences of HRM policies' (p. 16). It cannot be a theory because of the range of stakeholder interests and situational factors which require policy choices rather than clear prescriptions. The extent of employee influence, for example, is likely to vary according to situational factors such as work force characteristics, the unions and management philosophy. By using the framework to embrace human resource management in all contexts, the concept is stripped of specific prescriptions. On the other hand, there is implicit theory in the listing and advocacy of four HR outcomes. Although it is acknowledged that this list is not exhaustive, the concepts of commitment, congruence and competence are highly prescriptive – and highly problematic. There are other difficulties with the Harvard framework, which there is not the space to analyse. However one central difficulty, which the authors themselves acknowledge, lies in the concept of 'stakeholders'. They advocate that employee groups and unions be considered as stakeholders; in much the same way they advocate consideration of individual well-being as an important outcome. However in the context of the USA and UK this owes more to idealism than realism and without legislation to enforce it or unusual ownership circumstances, it is unlikely to have meaning and influence in practice unless it is manifested in adversarial power.

In emphasizing the importance, albeit somewhat idealistically, of a range of stakeholders, the Harvard approach can be contrasted with others (*e.g.* Tichy, Fombrun and Devanna, 1982) that place more emphasis on human resource strategy. Their focus on management activity and policy issues accords traditional institutional industrial relations a marginal role at best. As such, human resource management becomes a *particular* approach which is distinct from other approaches found in organizations where trade unions are powerful.

If this is the case, then it is possible to be much more precise in proposing a theory of human resource management. Below, some of the bare bones of such a theory are provisionally outlined. The overlap with some of the characteristics of the Harvard model will become apparent. In this case, however, the aim is to develop a set of testable propositions and finally to arrive at a set of prescriptive policies. Following the convention of Beer *et al.* and Tichy *et al.*, four intermediate policy goals are identified.

Before outlining these four policy goals, the underlying basis for these proposals about human resource management must be articulated. One basis can be found in writing on management strategy and the process of policy formulation and integration. This is discussed more fully in the following section on the Goal of Integration. The second basis can be traced back to the writing of McGregor (1960) and Miles (1965) who in turn used theories of employee motivation. In contrasting Theory X and Theory Y, McGregor was offering contrasting assumptions about human behaviour. Miles extended this by contrasting human relations and human resources. McGregor's Theory Y and Miles' human resources articulated many of the assumptions about human resource management outlined in table I. They were loosely based on need

theories of human behaviour and more particularly on the work of Maslow (1943). This theory is beset with conceptual and empirical problems and is therefore an unsound basis on which to develop a policy framework (Guest, 1976).

In the intervening years, theories of motivation and human behaviour have been refined, building in particular on expectancy theory. There has been some emphasis on higher order need strength (Hackman and Oldham, 1980) and achievement motivation (Steers, 1981) as individual difference variables, influencing responses to policy and in particular to policies for job redesign. This permits a move away from crude general theories, applied to all workers, to more specific theories suggesting that some workers will seek out and respond to work environments that provide challenge, autonomy, learning opportunities and self-control. Human resource management, based on these assumptions about employee motivation will therefore be viable in organizations employing workers with these orientations or able to recruit and select such workers. The extent to which human resource management is feasible in Britain depends on the pervasiveness of the appropriate orientations; such limited evidence as exists suggests it would be unwise to assume that many blue-collar workers possess this orientation (Blackburn and Mann, 1979).

The origin and stability of orientations therefore becomes an important issue. A social learning approach would imply that learning takes place initially at least, outside the workplace, resulting in relatively stable value orientations and associated work goals and preferences. These orientations can be altered in adulthood and through workplace experiences, but to achieve this requires a coherent and strongly reinforced set of policies which outweigh countervailing forces.

Alongside refinements in theories of motivation, there has been a considerable development of micro-theory about specific aspects of work behaviour. This can be utilized in developing the outline of a theory of human resource management and point, for example, to ways of selecting, training and rewarding those who display appropriate motivational orientations. However, they are predicated upon the appropriate orientation and therefore will not tap a response in all workers. Consequently a general advocacy of human resource management for all workers in all settings is not sensible. With this in mind, we turn to the main dimensions of human resource management.

The Goal of Integration
The concept of integration has four components. The first is concerned with management strategy. Alpander (1982) and Tichy *et al.* (1982) use strategy as the starting point for their analysis of human resource management. Essentially their argument is as follows: a comprehensive corporate strategy is essential to continuing business success. However in many cases, human resource planning is not an integral part of strategic planning, but rather flows from it. One consequence is a weakening of strategic planning because, by emphasizing

quantitative dimensions of marketing, finance and production it fails to take account of more complex issues such as values, power and company culture. Implementation of strategic plans therefore becomes much more difficult than anticipated. Human resources must therefore become an integral component of the strategic planning process. Because they are the most variable, and the least easy to understand and control of all management resources, effective utilization of human resources is likely to give organizations a significant competitive advantage. The human resource dimension must therefore be fully integrated into the strategic planning process.

Tichy *et al.* (1982) take the concept of integration a step further by arguing for vertical integration between strategic concerns, management concerns and operational concerns. This overlaps with the second aspect of integration, which emphasizes the need for human resource policies to cohere firstly with other areas of policy and secondly, within themselves. Policies on selection, rewards, employee relations *etc.* must complement each other and help towards the achievement of strategic objectives. Too often in the past, particularly where there has been a large, compartmentalized personnel function, this has not been the case. By the same token, human resource policies must cohere with those for marketing, production and finance and not become ends in themselves.

The third aspect of integration therefore concerns the attitudes and behaviour of line managers. Their recognition of the importance of human resources and of the need to engage in practices which reflect this understanding is crucial to successful business management. Line managers must accept their responsibility to practise human resource management although they may use specialist resources to assist in policy development, problem-solving, training and the like. In this respect the IBM model referred to earlier provides a good illustration of what is intended.

The last element of integration, which comes close to the Beer *et al.* concept of congruence, proposes that all employees should be as fully integrated as possible into the business. Reflecting the earlier concerns of Likert (1961) and the conventional Japanese style of management, the aim is to obtain an identity of interest, so that what is good for the company is perceived by employees as also being good for them.

Underlying these four forms of integration is a general proposition that if human resources can be integrated into strategic plans, if human resource policies cohere, if line managers have internalized the importance of human resources and this is reflected in their behaviour and if employees identify with the company, then the company's strategic plans are likely to be more successfully implemented. There will be a greater willingness to accept change and fewer delays and barriers caused by conflicting understandings and priorities.

The Goal of Employee Commitment

To complement the organizational and policy-oriented goal of integration, the second goal proposed for human resource management is to develop in

individual employees a feeling of commitment to the organization. The rationale behind this can be found in the assumption that committed employees will be more satisfied, more productive and more adaptable. For example, Beer *et al.* (1985) identify commitment as a key dimension because it 'can result not only in more loyalty and better performance for the organization, but also in self-worth, dignity, psychological involvement, and identity for the individual' (p. 20).

The case for seeking high commitment among employees seems plausible but the burgeoning research on the topic has identified a number of problems. One of these concerns the definition of the concept. The first issue is – commitment to what? Most writers are interested in commitment to the organization, but others have examined career commitment and job commitment. Once the general concept of commitment is utilized, then union commitment, workgroup commitment and family commitment should also be considered. The possibility of multiple and perhaps competing commitments creates a more complex set of issues. Human resource policies might be expected to recognize this complexity and therefore explicitly seek to enhance organizational and job commitment.

The second issue in defining commitment concerns the form of commitment. Mowday, Porter and Steers (1982) in the most carefully formulated development of the concept, are primarily concerned with attitudinal commitment which they define as the 'relative strength of an individual's identification with and involvement in a particular organization'. It is characterized by:

strong acceptance of and belief in an organization's goals and values;
willingness to exert effort on behalf of the organization;
a strong desire to maintain membership of the organization.

Salancik (1977) in contrast has suggested that behavioural commitment is the more useful concept. This involves the binding of individuals to certain acts through public statements of intent, personal acceptance of responsibility, irrevocability of decisions and clarity of behavioural goals. Although this type of commitment is more specific and more powerful, it is less useful in general policy formulation and the Mowday *et al.* definition can therefore be adopted for present purposes.

Commitment is best seen as an intervening variable, which will have antecedents and behavioural consequences. Summarizing the evidence on antecedents, Mowday *et al.* suggest that at an individual level, commitment correlates with age, tenure, lower education, women and strong work ethic. At the role level it correlates with job challenge and low role conflict and ambiguity. And at the structural level it is associated with a range of factors including decentralization, high participation, perceptions of fairness, feelings of importance and a sensing of the organization as caring and dependable. Much more research is required before we can have confidence in the impact of any of these antecedent variables. However, they point to a range of possible

policies for those wishing to promote human resource management, including careful selection, job design and management of organizational culture.

Research on the consequences of organizational commitment shows a strong association with tenure and good time-keeping and a weak association with lower absence, but no clear link with job performance. Arguably, no link should be expected if job involvement/commitment is treated separately. Policies to obtain high organizational commitment can create the context within which performance-related policies, more closely related to job content and to Salancik's behavioural view of commitment, can be pursued. The theoretical proposition is therefore that organizational commitment, combined with job-related behavioural commitment will result in high employee satisfaction, high performance, longer tenure and a willingness to accept change.

The Goal of Flexibility/Adaptability

An important feature of successful human resource management is the capacity to implement strategic plans. This in turn requires a capacity to manage planned organizational change and to be adaptive and responsive in the face of unanticipated pressures at all levels in the organization. An adaptive organization requires certain structural properties, which are both means and ends of human resource policy goals. The organization must avoid rigid, hierarchical, bureaucratic structures; it must prevent powerful, entrenched interest groups from developing, and there must be no inhibitive demarcations among groups of workers or between individual roles. This presents problems for traditional personnel activities such as job specification and job evaluation.

The organization will require organic structures, opportunities for project management and 'change agent' skills among a significant number of managers to ensure that changes can be managed effectively. To enable problems to be tackled as soon as possible, the principle of controlling variances at source (Emery and Thorsrud, 1976) will need to be implemented through extensive decentralization and delegation of control and therefore through careful design of jobs.

The final requirement for adaptability is the achievement of what has been termed functional flexibility (Atkinson and Meager, 1986) through the possession of 'flexible' skills among the workforce, together with a willingness to display flexibility by moving freely between tasks. This requires the abandonment of certain professional and craft demarcations and will often be impractical in multi-union contexts. The issue of flexibility can be taken further – for example, in relation to core and peripheral workers, the nature of the employment contract and the location of work.

Employee flexibility is only feasible if employees at all levels display high organizational commitment, high trust and high levels of intrinsic motivation. In this context, negotiated flexibility agreements must be looked upon with caution since they often display only a partial move towards flexibility under

conditions of low commitment and trust. They run the risk of failing in the same way as many productivity deals have done in the past. The achievement of flexibility should result in a more effective utilization of human resources, partly because it implies work intensification of the sort associated with autonomous work groups (Kelly, 1983). It should also result in greater cost-effectiveness although the costs of training and possibly of providing high pay and job security have to be taken into account.

The theoretical proposition is that flexible organization structures together with flexible job content and flexible employees will result in a capacity to respond swiftly and effectively to changes and ensure the continuing high utilization of human and other resources. Many large bureaucratic organizations are patently incapable of meeting these conditions, which effectively limits their ability to pursue human resource policies, and illustrates why a general advocacy of a human resource framework as both a descriptive and prescriptive approach is unwise.

The Goal of Quality

The last dimension of human resource management, the goal of quality, has a number of inter-related dimensions. The first concerns quality of staff and assumes the desirability of policies to recruit, develop and retain staff with high levels of ability, skill and adaptability. The second concerns quality of performance and the importance of setting and maintaining high standards. Inherent in this is the assumption, derived from goal-setting techniques, that standards and goals of performance can be identified and agreed. If high commitment, trust and motivation is to be maintained, then it is particularly important that management policy and practice is perceived to be of high quality by lower grade employees. To ensure this, appropriate systems of communication, including some sort of grievance system, will be required. The final element of quality concerns the public image of the organization and in particular its human resource policies. Organizations with a reputation for the distinctively high quality of the way in which they treat employees (and often customers, suppliers and other stake-holders) are likely to be more successful in attracting the kind of individuals they wish to recruit into the organization.

To ensure that high quality is maintained, considerable attention must be given to recruitment and selection, training, appraisal and goal-setting. Job design is also particularly important since the aim is to utilize to the full the human resources by providing high quality challenging jobs for high calibre staff. Recruiting high quality staff for what they perceive to be routine tasks is unlikely to maintain commitment and motivation.

The theoretical proposition is that the pursuit of policies designed to ensure the recruitment and retention of high quality staff to undertake demanding jobs, supported by competent management will result in high performance levels.

The Policy Framework

The four human resource goals provide a framework for identifying areas of human resource policy. Indeed the preceding outline has either implicitly or explicitly prescribed various policies. For example it is not simply a matter of advocating good selection or job design but rather prescribing 'enriched' jobs and selection of individuals of high quality with a propensity to display high commitment and motivation. The framework is summarized in table II.

Table II. Policies for identifying human resource and organizational outcomes

Policies	Human resource outcomes	Organizational outcomes
Organizational and job design		High job performance
Policy formulation and implementation/management of change	Strategic planning/ implementation	High problem-solving
Recruitment, selection and socialization	Commitment	Successful change
Appraisal, training and development	Flexibility/adaptability	Low turnover
Manpower flows – through, up and out of the organization		Low absence
Reward systems	Quality	Low grievance level
Communication systems		High cost-effectiveness *i.e.* full utilization of human resources

Underlying this framework are the assumptions about motivation and more specifically about the capacity to display high intrinsic motivation, allied to commitment, which were outlined earlier. Since, for a variety of reasons, many workers will not wish to display high intrinsic motivation at work, attempts to apply a human resource strategy with an established workforce will not always be desirable or feasible. Those who wish to move towards the practice of human resource management will have to place a premium either on selection or on the management of change. First, however, they must be convinced that it is a sensible approach to pursue.

THE SUCCESS OF HUMAN RESOURCE MANAGEMENT

Since human resource management, as a distinctive approach, has not previously been clearly defined, it follows that there has been no systematic exploration of its success. Evidence must therefore be gleaned indirectly from other sources of which three appear to offer useful information.

Since human resource management is strongly rooted in organizational psychology, the extensive research in this field provides a first source of information.

Much of this research is concerned with narrow specific elements of the broader framework, but it does show the positive impact of techniques such as realistic job previews (Wanous, 1980), job design (Hackman and Oldham, 1980) and goal setting (Locke and Latham, 1984). All this work is American and the evidence cited earlier about orientations to work among blue-collar workers (Blackburn and Mann, 1979) indicates a limited propensity for organizational commitment and intrinsic motivation and therefore places even greater emphasis on the need for careful recruitment and selection by those organizations wishing to practise human resource management.

The second source of evidence comes from studies of 'excellent' companies. Although the quality of much of the research is poor and the evidence provided is anecdotal and sketchy, the picture which emerges, more particularly from the work of Peters and Waterman (1982) and to a lesser extent from the more careful work of Kanter (1984) does suggest that successful companies practise many of the features of human resource management. Unanswered questions that remain concern how many unsuccessful companies also practise human resource management and what relationship exists between financial and other criteria of success and human resource management. A clearer picture of human resource management in practice emerges from the study by Foulkes (1980) of 'Personnel Policies in Large Non-Union Companies'. Again the methodology is suspect, but many of the firms in the study do practise human resource management as a deliberate policy. They appear to be successful both in implementing the policy and in terms of broader business and financial criteria.

The final source of evidence comes from case studies. There are a number of these in both the USA and UK which feature some elements of human resource management. The information from the American cases (cf Walton, 1985) although stimulating and informative, is mainly anecdotal and does not permit systematic evaluation. McKersie's article, in this issue, indicates that this shortcoming has been remedied. In the UK it would appear from the study of ICI by Pettigrew (1985) and Tse's (1985) study of Marks and Spencer that neither practises human resource management, again confirming the criteria emerging in the LSE study of 'models' of personnel management excellence.

What this paucity of data indicates is a need for more good quality, systematic research to explore the operation and impact of human resources management.

THE RELEVANCE OF HUMAN RESOURCE MANAGEMENT IN THE UK

Almost all the research, the conceptual writing and the advocacy of human resource management emanates from the USA. Arguably it is less relevant to the UK because of a number of key contextual factors including a well-established 'professional' structure of personnel management, the relatively

strong position of unions, the different orientations of workers and, perhaps most importantly, the pluralism and the range of entrenched interest groups within industry and society in general. It is therefore not surprising to find that the study of 'excellence' in the UK (Goldsmith and Clutterbuck, 1984), in so far as it demonstrates anything, does not highlight any consistent practice of human resource management. On the other hand the evidence of some American companies such as IBM and Hewlett-Packard, the behaviour of some Japanese companies in greenfield sites such as Toshiba and Nissan and the management of a few British firms, such as Allied Dunbar show that something close to human resource management can be practised and, equally importantly, show that it is invariably associated with business success.

Given the significant constraints, many UK companies would not want to practise human resource management. The 'professional' personnel management found in many successful organizations is one alternative. In many of the more stable bureaucratic organizations, policies based on administrative efficiency and cost-minimization make sense, while in production-driven companies cost-effective support policies may be most appropriate.

At the strategic level the case for diversity of approach in both process and outcome is clearly articulated in the recent study by Goold and Campbell (1986). In a study of 16 large British businesses, they distinguished strategic planners, strategic controllers and financial controllers. Only the strategic planners, which included BOC, Cadbury Schweppes and BP might be expected to develop a human resource strategy from the centre.

For the UK, the final major constraint is the problem of change. Organizations may be attracted by the possibilities offered by human resource management, but they do not possess cost-effective strategies of change. It is therefore more sensible to maintain existing personnel and industrial relations practices, perhaps taking minor initiatives to increase employee involvement until an opportunity for change arises. The opportunity seems most likely to arise when a new chief executive is appointed, when a major crisis arises which creates opportunities for change or at a greenfield site. The challenge for management, if it wishes to move in this direction, is to do so through planned organizational change.

HUMAN RESOURCE MANAGEMENT AND INDUSTRIAL RELATIONS

The foregoing analysis has presented human resource management as unitarist and individualistic in focus. It follows from this that the trade unions are unnecessary or at best marginal. Therefore neither the model presented here, nor the American frameworks of Beer *et al.* and Tichy *et al.* see industrial relations, as conventionally conceived, as a central human resource activity. Indeed, several of the large firms most frequently associated with human resource management practice, including IBM and Hewlett-Packard, are non-union.

As with most of the companies studied by Foulkes in the USA, this need not be interpreted as anti-unionism. Rather, the unions are seen as unnecessary and irrelevant. To obviate any desire for collective representation through a union, a company practising human resource management will normally pay above the average rate and will have excellent communication and individual grievance systems. Implicit in such policies is a model of unions as providing a collective 'voice' for sources of grievance and discontent and promoting worker interests. There is no recognition of any broader concept of pluralism within society giving rise to solidaristic collective orientations. Walton (1985) identifies a number of American cases, notably in the automobile industry, where unions have been involved in moves to increase commitment. At the same time he acknowledges that the role of the union is likely to become somewhat marginal and ambiguous.

If this analysis of human resource management and industrial relations has any validity, then human resource management might be expected to have a wide appeal to many company boards in the UK. Yet it has only a tenuous hold, mainly through foreign-owned multi-nationals. The reasons for this can perhaps be found in the dominant values in British industry. In most cases financial issues, and often short-term financial issues imposed by the City seem to preoccupy company boards. There is little evidence that human resource or personnel issues are high on the agenda (Marsh, 1982). These issues are still not taught seriously in most UK business schools and they are not taken seriously at board level.

Personnel managers might be expected to seek to promote human resource management. But even if they had sufficient influence to do so, they face a dilemma. They want personnel policy issues discussed seriously at board level, but human resource management implies 'giving personnel away' to line management. Many 'professional' personnel managers may feel more comfortable with established procedures, particularly if they include collective bargaining in which they feel that, increasingly, they have the upper hand. The wiser personnel managers will also recognize that human resource management is difficult to practise, especially when it entails line management commitment, and difficult to introduce. They will therefore proceed with caution. It is possible to do this by altering certain personnel practices such as recruitment and selection or by introducing 'involvement' programmes. One of the clearest illustrations of this comes from the recent study of flexibility by Atkinson and Meager (1986). They discovered considerable evidence of activity to increase flexibility with the main aims of decentralizing and reducing labour. However they found little sign that this was part of any change in culture or shift towards human resource management. It therefore falls short of a fully integrated human resource strategy and its impact may be short term and limited. Similarly, several recent surveys (Batstone, 1984; Edwards in this issue; and Millward and Stevens, 1986) report considerable activity designed to increase employee involvement. However there is no evidence that this has had any impact on

performance (see Batstone, 1984, in particular) and it appears to be opportunistic rather than strategic. In only a few cases can these intiatives therefore represent what Walton characterizes as the 'transitional' stage between control and commitment.

For human resource management to flourish in the UK, the impetus will probably have to come from the political context. Even in the USA, Beer *et al.* acknowledge that legislation will be required to make the stakeholder concept a reality. In the UK, recent proposals, based on Weitzman's (1984) ideas, for much more extensive profit sharing in the form of profit-based pay may provide an impetus. For many, however, the unitarist implications of human resource management could only begin to have an appeal following a much more radical shift of ownership and control in industry.

NOTE

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