

CHAPTER 1

Studying HRM

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CHAPTER CONTENTS

- Introduction
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KEY LEARNING OUTCOMES

By the end of this chapter, you should be able to:

- appreciate the requirements necessary to gain the CIPD's intermediate-level qualifications
- define the term 'human resource management' and explain how it has evolved in recent years
- distinguish between 'nuts and bolts' HR activities and those which have a more strategic character
- understand the importance of using robust third-party evidence when making HR decisions and justifying arguments
- access significant research findings in the HR field
- explain the key ways in which thinking about HR is influenced by different frames of reference and sets of assumptions.

1.1 INTRODUCTION

This is one of three textbooks that the Chartered Institute of Personnel and Development (CIPD) publish for students who are studying towards achieving its intermediate-level (Level 5) qualifications in human resource management (HRM) and human resource development (HRD). Whether you have enrolled on a discrete programme provided by a college or are looking to gain your CIPD award as part of an undergraduate business degree, you will find that these books provide you with a sound introduction to your studies.

This first book covers the learning outcomes for the four core units that everyone aiming to achieve the intermediate diploma must successfully complete. We have also edited a companion text called *Human Resource Management: People and Organisations* which covers the learning outcomes that make up the optional units, at least four of which you will be studying in order to complete your qualification. The CIPD is also publishing a further book for people who are focusing their studies on human resource development,

edited by Jim Stewart and Pat Rogers. This is entitled *Studying Learning and Development: Context, Practice and Measurement* and it is complemented by thirteen separate e-books covering different HRD electives.

Our aim in this chapter is to introduce you to the study of HRM at undergraduate level, defined by the **Quality Assurance Agency for Higher Education (QAA)** as being at Levels 5 and 6. We start by explaining exactly what level 5 and level 6 study involves and what you will need to do in order to achieve it. After this we discuss the meaning of the term 'human resource management' before going on to explain how effective HR managers base their decisions and their thinking on solid evidence. Finally, we introduce you to a range of tensions and differences of perspective which underlie the study and practice of HRM and which you will find helpful to understand as you embark on your programme of study.

1.2 STUDYING HRM AT LEVELS 5 AND 6

The UK's QAA for Higher Education has the role of setting definitive, generic standards which all awarding bodies and institutions of higher education must observe when developing courses, as well as teaching and assessing their students. This is therefore a good place to start understanding what you will be expected to achieve on your programme. The CIPD's intermediate-level awards are set at level 5, but if you are studying them as part of a bachelor's honours degree programme you will be required to meet the level 6 expectations. The level 5 standards and the level 6 standards are set out below.

DESCRIPTOR FOR A HIGHER EDUCATION QUALIFICATION AT LEVEL 5: FOUNDATION DEGREE

The descriptor provided for this level of the FHEQ is for any **foundation degree**, which should meet the descriptor in full. This qualification descriptor can also be used as a reference point for other level 5 qualifications, including diplomas of higher education, higher national diplomas, and so on.

Foundation degrees are awarded to students who have demonstrated:

- knowledge and critical understanding of the well-established principles of their area(s) of study, and of the way in which those principles have developed
- the ability to apply underlying concepts and principles outside the context in which they were first studied, including, where appropriate, the application of those principles in an employment context
- knowledge of the main methods of enquiry in the subject(s) relevant to the named award and ability to evaluate critically the appropriateness of different approaches to solving problems in the field of study
- an understanding of the limits of their knowledge and how this influences analyses and interpretations based on that knowledge
- knowledge and critical understanding of the well-established principles of their area(s) of study, and of the way in which those principles have developed
- the ability to apply underlying concepts and principles outside the context in which they were first studied, including, where appropriate, the application of those principles in an employment context
- knowledge of the main methods of enquiry in the subject(s) relevant to the named award and ability to evaluate critically the appropriateness of different approaches to solving problems in the field of study

- an understanding of the limits of their knowledge and how this influences analyses and interpretations based on that knowledge.

Typically, holders of the qualification will be able to:

- use a range of established techniques to initiate and undertake critical analysis of information, and to propose solutions to problems arising from that analysis
- effectively communicate information, arguments and analysis in a variety of forms to specialist and non-specialist audiences, and deploy key techniques of the discipline effectively
- undertake further training, develop existing skills and acquire new competences that will enable them to assume significant responsibility within organisations.

And holders will have:

- the qualities and transferable skills necessary for employment, requiring the exercise of personal responsibility and decision-making.

DESCRIPTOR FOR A HIGHER EDUCATION QUALIFICATION AT LEVEL 6: BACHELOR'S DEGREE WITH HONOURS

The descriptor provided for this level of the FHEQ is for any **bachelor's degree with honours**, which should meet the descriptor in full. This qualification descriptor can also be used as a reference point for other level 6 qualifications, including bachelor's degrees, graduate diplomas, and so on.

Bachelor's degrees with honours are awarded to students who have demonstrated:

- a systematic understanding of key aspects of their field of study, including acquisition of coherent and detailed knowledge, at least some of which is at, or informed by, the forefront of defined aspects of a discipline
- an ability to deploy accurately established techniques of analysis and enquiry within a discipline
- conceptual understanding that enables the student:
 - to devise and sustain arguments, and/or to solve problems, using ideas and techniques, some of which are at the forefront of a discipline
 - to describe and comment upon particular aspects of current research, or equivalent advanced scholarship, in the discipline
- an appreciation of the uncertainty, ambiguity and limits of knowledge
- the ability to manage their own learning and to make use of scholarly reviews and primary sources (for example, refereed research articles and/or original materials appropriate to the discipline).

Typically, holders of the qualification will be able to:

- apply the methods and techniques that they have learned to review, consolidate, extend and apply their knowledge and understanding, and to initiate and carry out projects
- critically evaluate arguments, assumptions, abstract concepts and data (that may be incomplete), to make judgements, and to frame appropriate questions to achieve a solution – or identify a range of solutions – to a problem

- communicate information, ideas, problems and solutions to both specialist and non-specialist audiences.

And holders will have the qualities and transferable skills necessary for employment requiring:

- the exercise of initiative and personal responsibility
- decision-making in complex and unpredictable contexts
- the learning ability needed to undertake appropriate further training of a professional or equivalent nature.

You can see from this that a great deal of emphasis is placed at both levels on being able to demonstrate knowledge and understanding of core, well-established principles across the student's field of study. However, the standards go beyond this, requiring students also to demonstrate the following:

- an ability to analyse these principles critically
- an ability to apply the principles in the workplace
- a capacity to evaluate the evidence on which the principles are founded, including academic research
- an appreciation of the limits to our knowledge in any area of study
- an ability to communicate the principles to a variety of audiences
- the capacity to undertake further professional development independently in the future
- skills associated with effective decision-making, problem-solving and exercising personal initiative in their field of study.

1.2.1 WHAT DOES ALL OF THIS MEAN AS FAR AS STUDYING HRM IS CONCERNED?

First of all, it means that you will need to study how HR managers apply the principles of their management discipline across a wide range of settings. If you have studied HRM previously, it is likely that you were encouraged to focus your attention primarily on your own organisation, perhaps evaluating what it did and discussing what improvements it might make. You now need to widen your perspective very considerably. A key point about studying HRM at this level is the way that it requires you to gain a good understanding of the variety of different approaches that are used to manage people in different organisations, industries and also in different countries.

Secondly, it means that you must be able not just to advocate an approach to use or to take a decision in the field of HRM, but also to justify your approach or decision with good, robust, evidence-based arguments. The same is true of practical problem-solving. So you need to become familiar with the most important and influential contemporary research studies that have been published in the field of HRM. It also requires you to develop a good understanding of the business environment in which HRM is carried out and of ways in which this is changing and evolving.

Thirdly, it means that you need to develop a good understanding of the major contemporary, professional debates that exist in HRM, and to be in a position to engage in these debates yourself. This means thinking beyond some of the rather simplistic prescriptions of 'good practice HRM' that are often advanced and to develop a more sophisticated appreciation of the complex and sometimes messy realities of practical people management in a workplace.

Finally, you need to be able to communicate your ideas, together with the evidence that underpins them, effectively to a variety of potential audiences. This presents a range of challenges. Communicating to a specialist audience with a significant understanding of HRM is straightforward insofar as a lot of prior understanding and familiarity with terms

can be assumed, but sophisticated arguments must be developed, backed up by credible evidence, if you are to be persuasive. By contrast, a non-specialist audience that does not have extensive understanding of HRM often requires as much (if not more) convincing, but will only be persuaded if you can communicate the more basic ideas and arguments effectively.

1.2.2 STRUCTURING YOUR STUDIES

A key to successful study at all levels and across all subjects is the ability to organise yourself and to plan your course effectively. Studying HRM is no exception. Your tutors will help you to do this by guiding you through a structured course of study that they have designed, step by step. At each point readings will be recommended, learning exercises provided and key points underlined.

However, there are also additional things you can do to help structure your studies effectively. These involve making use of two key documents that have been published by the CIPD and also, more generally, exploring the wealth of resources that are available to you on the CIPD's extensive website (www.cipd.co.uk).

The first of the key documents is the CIPD's guide to its intermediate-level qualifications. Hard copies are widely available, but you can also download the contents from the qualifications area of the Institute's website. Here you will find for each unit of study (core or optional) a summary of the main learning outcomes that you need to work towards being able to demonstrate, together with short summaries setting out what each encompasses in practice. The document also sets out the CIPD's 'rules of combination', which allows you to see which core units and which optional units can be combined to make up a programme of study.

The second key document you will find useful to refer to when structuring your studies is the **CIPD's HR profession map**. This can also be found in a prominent position on the Institute's website in the section called 'CIPD and the HR profession'. The map is an extensive tool which can be used for many purposes. It sets out the following in a user-friendly format:

- eight behaviours that HR professionals need to develop in order to carry out their roles effectively in the contemporary business world
- ten areas of professional practice which help define the typical boundaries around generalist and specialist career paths in both HRM and HRD
- four bands and transitions which provide broad guidelines for career development across the HR field, from 'delivering fundamentals' (band 1) to 'Leadership colleague, client confidante and coach'.

You will read more about the CIPD's HR profession map in Chapter 6, 'Developing the knowledge and skill of the HR professional'.

1.3 WHAT IS HRM?

The term **human resource management** was not used in organisations until relatively recently. Until 20 years ago it was usual for people who were employed in management roles with particular responsibility for employment policy and practice and the management of an organisation's employment relationships to be called personnel managers or sometimes personnel administration managers. Since the 1990s the term 'human resource management' has replaced 'personnel management' in most organisations, but other titles are also used, particularly at senior management level. 'Directors of People', for example and 'Directors of Workforce and Organisational Development' are now not uncommon.

The origins of the HR profession can be found in the larger workplaces of the late nineteenth and early twentieth centuries. In the main these were factories, railway

companies, government departments and local government offices employing large numbers of people to carry out relatively routine tasks under the direction of small management teams. Being stable and hierarchical, these organisations tended to employ people for long periods of time, developing and promoting them internally when the opportunity arose. They put a high priority on maximising the efficiency of their operations, constantly looking for ways of encouraging people to carry out their jobs more quickly and productively. In the UK retaining people was also a major management objective as was the maintenance of good industrial relations, this being a period in which trade unions and the recently founded Labour Party were building their political strength. It was in such organisations that personnel administrators were first employed and on their experience that the first books and articles about this body of work were written (for example Carpenter 1905, Gantt 1910 and Hoxie 1916). The first textbook written for budding personnel professionals by Ordway Tead and Henry Metcalfe was published in the USA in 1920.

After this as trade unions became stronger, as governments began to legislate about health, safety and welfare, as the number of people employed in more skilled work grew and as municipally provided services proliferated, a personnel management profession firmly established itself as a presence in larger organisations in all the industrialised countries. For much of the twentieth century the majority of the work was concerned with promoting employee welfare and managing the relationship with trade unions. However, because most UK-based organisations of any size were members of employers' associations and adhered to nationally negotiated terms and conditions of employment, there was little scope for the development of people management strategies which differentiated the approach used by one organisation from that of another. The way people were managed across whole industries was thus very similar, pay rates being the same as well as all the other major terms and conditions of employment (Gospel 2014).

The term human resource management was first coined in the early 1960s in the USA. For a number of years before this, academics and policy-makers had been using the term 'human resources' alongside 'natural resources' when talking about a nation's economic assets (see Ginzberg 1958), but the word 'management' was only added later. An academic journal entitled *Human Resource Management* was launched in 1961 at Michigan University, but it was not until the 1980s that the term became widely used all over the world in the context of employment in organisations.

At first HRM signified a new way of managing people that was clearly distinct from traditional personnel management: more strategic, less reactive and more firmly focused on achieving organisational objectives. In the UK the steady collapse of national, industry-level collective bargaining from the 1980s onwards, provided huge opportunities for HR managers to develop distinct approaches that met the specific needs of their organisations and the people they employed. Freed from the requirement to follow industry standards and able to design their own policies and practices, they began to experiment with new approaches and to develop distinct human resource strategies. As the business environment became more competitive and unstable, flexible working practices became more common as did performance management systems aimed at maximising competitiveness. In the early years of the twenty-first century, as labour markets tightened and skills shortages became chronic in many industries, HR managers were obliged to focus more on recruiting and retaining people, focusing more on talent management and the development of distinct employer brands.

Before long, at least for most people, HRM started to be used simply to describe a body of management activities rather than any particular approach to carrying them out. During the 1990s in particular, people who had previously been called personnel directors, personnel managers, personnel officers, personnel advisers and personnel assistants re-labelled themselves as human resource professionals.

At the same time organisations tended to rebrand training activities under the banner of human resource development. 'Industrial relations' became 'employment relations', while 'pay and benefits' tended to be renamed 'reward management'.

HRM has thus now come to be the most commonly used label for a group of activities that are all, one way or another, related to the management of an organisation's relationship with the people who work for it. These people may be employees working under contracts of employment, but they are also increasingly self-employed persons, casual staff, agency workers and employees of partner organisations. Interestingly, the term 'HRM' is now sometimes being replaced in job titles by other terms. In some larger organisations the function is now headed up by a 'Director of People' or a 'Director of Workforce and Organisational Development'. Time will tell whether or not this becomes more common or whether 'human resources' remains the dominant term.

On one level, therefore, professional HR managers are concerned with the nuts and bolts of day-to-day people management. Alongside line managers they design jobs and organisational structures, recruit and select new staff, issue contracts, lead induction processes, ensure that everyone is paid correctly and on time, run training courses, develop succession plans, reward good performance, seek to improve poor performance, negotiate and consult with staff representatives, develop management careers, discourage absence, administer retirements and resignations, and, as and when necessary, ensure that dismissals are carried out legally.

Increasingly, however, HRM is becoming a strategic activity. HR managers are not just concerned with achieving the nuts and bolts tasks efficiently; they are also both integral to the delivery of an organisation's longer-term strategic objectives and leading figures in the development of business strategies.

Central to this side of their work is active involvement in the management of both structural and cultural change. They help ensure that the crucial people management side of change is given proper attention alongside its legal, financial and technical aspects. HR managers help to plan change management episodes and to communicate the need for them, as well as being centrally involved in their implementation and subsequent evaluation.

In order that an organisation's strategic objectives can be achieved, supportive and deliverable HR strategies need to be developed, communicated and implemented. Remuneration arrangements have to be designed so that they reward behaviours which increase the chances that the organisation will meet its objectives and diminish the chances that it won't. The same goes for resourcing, development and employee relations strategies, all of which also need to reinforce one another.

Another aspect of strategic HR activity is the management of an organisation's reputation as an employer. Here we increasingly see the use of marketing language (for example, employer branding, segmentation, employee value propositions) being used as organisations seek to position themselves strategically in the labour market. Central to this development is a keen understanding that recruiting and retaining effective performers is a highly competitive business, and that there is a need to differentiate what we offer potential recruits from that which our chief competitors offer. Maintaining a reputation as an ethical employer is also widely understood to be increasing in importance.

Reputation-building is a long-term project which managers can influence, but cannot control. The same is true of other strategic HRM initiatives, such as organisation development (OD), the development of effective knowledge management systems, the promotion of employee well-being and other activities that one way or another involve building up an organisation's human capital.

Developing an actively and positively engaged workforce which demonstrates initiative and discretionary effort is another crucial HR activity that can neither be achieved overnight nor introduced by management diktat.

Importantly, all of this – both the nuts and bolts activities and those which are more strategic in character – has to be carried out against the backdrop of an increasingly volatile, unpredictable, competitive, highly regulated and complex global business environment. Effective HR managers thus have to keep more than half an eye on the future, always seeking to ensure that their organisations are better placed than others to meet coming challenges. More often than not, this means thinking about multiple, alternative, possible future scenarios and planning for as many as possible. A premium thus has to be placed on developing organisational agility, along with a capacity for flexible working and for the swift and productive implementation of change.

1.4 EVIDENCE-BASED HRM

A key part of studying HRM seriously as part of a degree-level qualification involves getting into the habit, wherever you can, of justifying your views on the subject using robust and credible evidence. This approach is called **evidence-based HRM**. This will not only help you to secure your qualification, but it should also mean that you carry your 'habit' over into the workplace. In the future you will take decisions, develop policies and, when debating with colleagues, take up positions which are informed by robust evidence.

You may think it strange that this point has to be made at all. Surely all successful managers base their decisions on robust and credible evidence? Of course many do, or at least take account of it. But decisions, policies and debating positions are also often informed by hunches, limited anecdotal evidence, singular personal experience, widely believed myths of various kinds and sometimes by raw prejudice. Even quite senior managers with successful careers behind them commonly dismiss published research on human resource management matters as being overly theoretical and largely irrelevant to their line of business. More often they are simply disinclined to take account of it because they prefer to manage by instinct, or take on board from the research only the points which match their own pre-existing beliefs.

Pfeffer and Sutton (2006, pp1–12) coined the phrase **'the knowing-doing gap'** to describe this phenomenon. All over the world, including in major public sector organisations and international corporations, they found examples of managers implementing policies that 'often clashed with, and at times were the opposite of what we know about organisations and people'. Instead of basing thinking and decision-making on evidence, there is a preference for 'casual benchmarking', 'doing what seems to have worked in the past' and 'following deeply held unexamined ideologies'. The result, at best, is sub-optimal performance in the field of HRM and, at worst, business failure and wholly avoidable job losses.

In other fields of professional endeavour this casual approach to evidence would never be tolerated. Imagine how we would react if a doctor was to prescribe treatments which were not wholly informed by robust scientific research or if an engineer built a bridge using hunches and myths when drawing up the designs.

Government policy also has to be informed by robust research as well as by the results of consultation exercises, and is only implemented after regulatory impact assessments have been carried out, not to mention extensive scrutiny by Parliament and the media. Yet for some reason the same philosophy has yet to permeate fully into the realm of management decision-making.

A major aim of the CIPD is to actively encourage evidence-based management in the HR field. It does this partly by undertaking and sponsoring major research projects and then disseminating the results as widely as possible, and partly by promoting good practice through its professional education activities.

1.4.1 MAKING USE OF ROBUST EVIDENCE

When studying at undergraduate level you are not going to be expected to gain an in-depth understanding of contemporary research that has been published in your field of study. You are, however, going to be expected to justify any arguments that you make in assignments and when answering exam questions, and to do so reasonably convincingly. While you may well sometimes want to justify a point of view with an ethical argument or with reference to your own experience, you will also need to tap into published research when it is available. Moreover, especially when debating contentious professional issues, you will need to evaluate pieces of published research that reach different conclusions about the same issue.

Academic research

Academic writers publish the findings from their research projects in books, but more commonly in learned journals. These are excellent sources of research data because, in order to get published, any article is first subjected to peer review. That means that it must first be scrutinised anonymously by reviewers who are specialists in the field. They typically suggest that amendments must be made before publication is possible. As a result, before you read an account of any research findings, the article concerned will have been rewritten, resubmitted to the journal and re-reviewed, often extensively and on a number of occasions. You will find a list of recommended journals providing credible evidence in Chapter 6.

It is important, however, not to restrict yourself to findings that are published in UK-based HR or HR-related journals. Most of the most important recent research has been published in international HRM journals, in those which have a more general management focus and, sometimes, in journals that are not management-focused at all. This is particularly true of developments in the wider business environment which are of general significance, but which happen also to be important from a practical HRM perspective.



REFLECTIVE ACTIVITY 1.1

An example of an academic journal article that has had considerable influence on thinking among HR professionals in the UK was published in 2007 in *The Review of Economics and Statistics*, an economics journal published by the Massachusetts Institute for Science and Technology. The authors were Maarten Goos and Alan Manning and their article was called 'Lousy and lovely jobs: the rising polarization of work in Britain'. This took forward research that they originally published a few years earlier and an analysis that they subsequently applied across the EU (see Goos and Manning 2003; Goos et al 2009; Goos et al 2014).

In their article Goos and Manning demonstrate, using detailed statistical analysis, that over three decades in the UK there has been strong growth both in the number of jobs which are highly skilled in nature and in the number of lower-paid, low-skilled jobs in the service sector. By contrast, the proportion of jobs that fall between these two stools – skilled manual work and clerical jobs, for example – has been in long-term decline. They conclude that the major cause of this trend has been the development of technologies which can carry out the jobs in 'the disappearing middle' more cost-effectively than people can.

Their article was published in an American journal whose readership consists mainly of economists, while the conclusions are aimed primarily at government policy-makers. The findings are, however, hugely relevant to HRM, not least because they strongly suggest that further polarisation of our labour market is likely in the future. This means that organisations are likely to struggle to recruit higher-skilled people in the coming decades, with labour markets tightening as demand for the relatively few appropriately qualified people increases. By contrast, recruitment for people to do less skilled work will become less problematic. Finding people to do these jobs will get easier, but in many cases people seeking and holding these jobs will be overqualified.

Questions

- 1 How would you go about accessing copies of Goos and Manning's articles on the polarisation of labour markets?
- 2 Based on your reading here, consider the following: what is the significance of their findings for managers who are charged with undertaking long-term human resource planning (HRP) activities for their organisations?

Indeed, one of the things that makes studying HRM interesting is the way that in doing so we draw on research findings that come from a wide variety of fields.

The following are the main examples:

- occupational psychology
- sociology of work
- behavioural and labour market economics
- employment law
- business ethics
- business history
- human geography.

In recent years **HR specialists** have also increasingly drawn on research findings from other disciplines. The chief example is neuroscience, where the use of functional magnetic resonance imaging technologies is allowing scientists vastly to increase our understanding of when, how and why our brains respond to external stimuli, including when we are at work. While much of the research is still in its infancy, important new insights on, for example, the power of praise from a senior manager to stimulate positive emotions and behaviours, are being established. Another promising field of research is predictive business analytics which involves designing IT systems which are able to analyse vast amounts of data, both quantitatively and qualitatively, in order to provide very high quality information about the likely impact of different types of business decisions. Multiple linear regression analysis allows researchers to search for patterns in data sets that show how one measure is related to another, the aim being to establish unexpected and (on the face of it) unexplained correlations from which otherwise non-existent insights can be gleaned and considered. At present, in HRM, these approaches are mainly being used in the field of talent management, the aim being to maximise the efficiency and effectiveness of hiring practices, induction and initial training, and later HRD interventions, and also to minimise unwanted employee turnover.

People who specialise in each of these disciplines have a tendency to come at their subjects with different sets of assumptions, diverse perspectives and, in some cases, widely divergent views on the appropriate approaches to use when carrying out research. While this makes tracking down and evaluating research of relevance to practical HRM

fascinating, it also complicates matters (see Coyle-Shapiro et al 2004). Sometimes, for example, research will have great potential relevance for practical HRM, but this will not be apparent from the conclusions reached by the author, whose focus is elsewhere.

Edited books provide good summaries of recent academic research, setting out the key findings and debating different interpretations.

Finally, of course, textbooks written for students, such as this one, aim to provide good introductions to and overviews of key findings from the academic research. Following up the references that the authors of textbooks cite is often the best starting point when seeking out robust research on key contemporary HR issues.

Other sources of robust research

Academic research published in peer-reviewed journals is generally the most authoritative. But it is sometimes written in an inaccessible style and often assumes a great deal of prior knowledge on the part of its readers. The focus can also be overly theoretical for students who are just starting their studies at level 5 or level 6. Moreover, it is the case that some areas of HRM activity which have a great deal of practical significance for organisations have not attracted much interest from academic researchers. The field of recruitment and selection provides a good example. If you are researching methods of selection (interviews, personality tests, aptitude tests, assessment centres, and so on), their relative utility and their capacity to predict future job performance, you will find hundreds of peer-reviewed articles of a very high quality reporting research findings from all over the world. Employee selection is a very well-researched field. By contrast, the process of recruitment (that is, actively encouraging applications from would-be employees), despite being just as significant practically, has never been the focus of much academic research internationally, and almost none at all of any serious value in the UK. You will also search in vain for any robust academic research on company car schemes, for example, or on the practical impact of much recent UK employment law.

Fortunately these gaps are filled pretty effectively by other sources of published research. You will, for example, find a great deal of highly relevant HR-related research published on the CIPD's website. The Institute has a substantial Public Policy and Research (PPR) division, which both carries out its own research projects and sponsors research from leading teams of academics and consultants.

Indeed, some of the most significant and influential UK-based research has been carried out under the auspices of the CIPD. Examples are the well-known '**black box studies**' carried out by John Purcell and his colleagues (see Purcell et al 2003) and much of the most important recent research on the state of the psychological contract in the UK pioneered by David Guest and his colleagues (see Guest and Conway 2001).

Government departments, as well as international institutions, also commission and publish excellent research which has considerable practical relevance for HRM. A great deal is freely available to download from websites, while the number of publications made available increases each year. Some of the best examples are the following:

- **Workplace Employment Relations Survey (WERS):** a huge nationwide study that is carried out every few years into many aspects of employment practice in UK workplaces, including the very smallest. Summaries of the findings are published on the Department for Business, Innovation and Skills (DBIS) website.
- **Leitch Review:** a comprehensive government-sponsored investigation into the state of skills in the UK, carried out between 2004 and 2006, which has informed government policy since. The final report is published on the HM Treasury website along with much of the research which informed its key findings.
- **Macleod Report on Employee Engagement:** published by the BIS in 2009, it has been hugely influential (see Macleod and Clarke 2009).

- The Skills at Work in Britain Survey (2012) and the OECD's Skills Outlook (2013) which report on the UK's relative and ongoing record on education and skills.
- The **Office for National Statistics** (ONS) publishes a vast amount of data on employment matters on its website. This includes regularly collected statistics alongside articles and larger research reports on particular topic areas. And you will find other examples listed in Chapter 6.

Finally, you will in addition find that some commercially produced research is also relevant and useful to you. Companies such as Incomes Data Services (IDS) and Industrial Relations Services (IRS) are both well-established and very well-respected publishers of HR-related research whose publications are widely available both in libraries and, at a fee, online. Major consultancies such as PricewaterhouseCoopers, Towers Perrin and Hay also undertake important research which is published online.

1.5 CORE HRM DEBATES

Aside from the need to develop a capacity for evidence-based thinking about HRM, in order to succeed in your level 5 or level 6 study of HRM, you also need to grasp the idea that HRM is a heavily contested field. That is to say that different people have very different ideas about it and, in particular, approach its study with different perspectives and different sets of assumptions. In short, there are competing schools of thought about HRM which tend to give rise to considerable tensions between people. In fact, it is often the case that neither side in a debate is either wholly right or wholly wrong. Both hold positions which are readily defended and entirely credible.

From a student's point of view the key is not to take up one position or another, but simply to appreciate the different perspectives and to be aware of how they necessarily infuse what you read on the subject of HRM. In this final section of the chapter we are going to introduce you to some of the major rival sets of perspectives. Some are of greatest relevance to HR practitioners looking to improve the effectiveness of their function's activities; others tend more to preoccupy the thinking of researchers.

1.5.1 BEST PRACTICE VS BEST FIT

Underlying many contemporary debates about the contribution made by HR to the achievement of organisational objectives is the ever-present division between **best practice thinking** and **best-fit thinking**.

This division at root concerns the extent to which it is ever really possible to identify a clear 'best way' of carrying out HR activities which is universally applicable. Adherents of a best practice perspective argue that there are certain HR practices and approaches to their operation which will invariably help an organisation in achieving competitive advantage. There is therefore a clear link between HR activity and business performance, but the effect will only be maximised if the 'right' HR policies are pursued.

While there are differences of opinion on questions of detail, all strongly suggest that the same basic bundle of human resource practices tends to enhance business performance in all organisations, irrespective of the particular product market strategy being pursued.

The main elements of the **best practice bundle** include the use of the more advanced selection methods, a serious commitment to employee involvement, substantial investment in training and development, the use of individualised reward systems and harmonised terms and conditions of employment as between different groups of employees.

The alternative **best fit** school also identifies a link between human resource management practice and the achievement of competitive advantage. Here, however, there

is no belief in the existence of universal solutions. Instead, all is contingent on the particular circumstances of each organisation.

What is needed is HR policies and practices which 'fit' and are thus appropriate to the situation of individual employers. What is appropriate (or best) for one will not necessarily be right for another. Key variables include the size of the establishment, the dominant product market strategy being pursued and the nature of the labour markets in which the organisation competes.



REFLECTIVE ACTIVITY 1.2

Some fields of HRM practice are dominated by best practice thinking, while others broadly accept best fit assumptions.

A good example of the former is employee selection. Academics and consultants who undertake research in this field overwhelmingly share a best practice perspective on their work. They often disagree about exactly which method of selection is best and about how much better than its rivals it is, but they agree that there is 'out there', somewhere, a method which is more effective than all the others. The idea that some approaches to employee selection are most appropriate in one setting while others are best in other settings is only very rarely articulated in their work.

By contrast, research in the field of reward management has long been dominated by best-fit thinking. Whether or not there is a single, universal approach to the management of pay and benefits which trumps all the others never seems to be considered. The idea of even asking such a question does not seem to occur to those who research in this field. Instead the aim is always to establish what set of reward practices, used in combination, is most appropriate in different types of settings.

Questions

- 1 Why do you think that the frame of reference used by researchers focusing on employee selection and reward management varies so much?
- 2 Do you tend towards 'best fit' or 'best practice' when thinking about HRM practices? Why do you think that is the case?

1.5.2 TAYLORISM VS HUMANISM

Two distinct traditions to the management of people in organisations, based on totally opposing principles, can be identified.

The first is known as the **scientific management**, or **Taylorist**, approach (the two terms are used interchangeably), after Frederick W. Taylor, who pioneered these principles when designing jobs in the first factories to make use of large-scale production lines. The second is often referred to as the humanist approach, pioneered by managers who saw that a fundamental flaw in Taylorist principles was their tendency to dehumanise work.

The scientific management approach is systematic and very logical. It involves examining in great detail all the individual tasks that need to be carried out by a team of workers in order to achieve an objective.

The time it takes to accomplish each task is calculated and jobs are then designed so as to maximise the efficiency of the operation. In short, an analyst works out on paper how

many people need to be employed, carrying out which tasks and using which machinery. Waiting time and duplication of effort is minimised to reduce costs.

Principles of scientific management, or Taylorism, allow tasks to be designed so as to minimise the number of more-skilled people the organisation requires. This is done by packaging all the specialised tasks to form one kind of job, which is then graded more highly than others made up of less specialised, lower-skilled tasks. The workforce is thus deployed with machine-like efficiency. Each plays a carefully defined role in a bigger process that is overseen, supervised, controlled and maintained by managers.

While originally developed for use in engineering and car assembly plants, the principles of Taylorism live on and are still widely deployed. For example, call centres are very much organised along Taylorist principles, each employee having a tightly defined role and being responsible for hitting targets of number of calls made or answered in each hour of work. As a result, it is planned that costs are kept as low as possible given the expected throughput of work.

The public sector also makes heavy use of Taylorist principles in designing and redesigning jobs so as to maximise efficiency. In recent years many skill mix reviews have been carried out in hospitals, schools and in the police, the aim being to allocate duties between staff by seeking to ensure that highly qualified (and highly paid) staff spend 100% of their time carrying out duties that only they can perform. Lower-skilled activities are then packaged together into jobs carried out by support workers.

The major criticism made of scientific management is that it is dehumanising and, therefore, ultimately bad for business. The adoption of Taylorist principles leads to the creation of jobs which are tedious, repetitive and unpleasant to perform. The result is a disengaged workforce and, hence, absence, high staff turnover and the development of adversarial industrial relations. It also often creates resentment among people forced into workplace straightjackets, which leads to low motivation, low commitment and low performance.

Moreover, because of this, more supervisors are needed than would be the case if people are positively motivated by the content of their jobs. Taylorism can thus be criticised for being a relatively inefficient approach over the long term.

An alternative **humanist** approach evolved in the middle of the twentieth century that draws on notions of intrinsic motivation and involves designing jobs and managing work in ways which engage and even excite people.

The alternative principles start with the idea that employees achieve higher levels of motivation, satisfaction and performance if the jobs they do are made more interesting and challenging. The key is to maximise the enjoyment, satisfaction and well-being that job-holders derive from their work. While it must be accepted that many jobs are never going to be highly enjoyable, it can be argued that managers should nonetheless try to design them and manage people in such a way as to maximise the satisfaction that job-holders derive from their work.

This then in turn leads to:

- an organisation which is able to attract and retain good performers
- reduced levels of absence, stress and burnout
- a high-trust industrial relations environment
- highly motivated and engaged staff
- discretionary effort.

Humanism is associated with HR practices that seek to enrich jobs, to reward hard work, to manage performance positively and to involve people in the management of their

areas of work. In recent years there has been a particular focus placed on teamworking, on partnership approaches to management, on employee well-being and on the development of emotionally intelligent leaders. A key tool used in this approach to management is the staff survey. This enables organisations to measure levels of work satisfaction, to identify areas of under-performance and to track progress over time.

1.5.3 PLURALIST VS UNITARIST

This difference in perspective is particularly associated with the management of employee relations in organisations and infuses much of what is written about employee relations. The implications are profound because those who come at issues with unitarist perspectives invariably advocate different managerial approaches than those whose outlook is pluralist in nature. Put simply, a **unitarist** assumes that, for the most part, employers and employees share the same fundamental, long-term objectives as far as their relationship with one another is concerned. Both, for example, have an economic interest in the financial success of their organisation: the employer in order to maximise profit and the employee in order to maximise job security and career opportunity. It follows that any conflict between staff and management is solvable and short term in nature. Once the 'correct' policies and practices are put in place, a good relationship can be restored and maintained. Harmonious relations between employer and employee is the norm, conflict is abnormal.

None of these assumptions are held by **pluralists**. Pluralists believe that not only do employers and employees have different interests; they have multiple different interests. What employees seek (high wages, limitations on hours, control over their work, maximisation of health and safety, generous benefits, job security, and so on) are an inevitable source of conflict. This is because employers are looking for something rather different from the employment relationship (flexibility, low labour costs, a high degree of management control, improved productivity, and so on). The result, inevitably, is tension between 'two sides of industry'. A situation in which, for example, trade unions maintain a low-trust relationship with management is seen by people with a pluralist perspective as being entirely normal and expected. Pluralists see HRM as a process by which two parties with divergent interests continually negotiate the terms of their relationship.

1.5.4 BUREAUCRATIC VS PRAGMATIC

In some organisations HRM is characterised by the presence of **bureaucracy**. The HR function tends to direct people management activities through the issuing of written policies and by requiring line managers to complete documentation to demonstrate that they are putting policies into action.

Such approaches have the advantage of ensuring that people are treated equally and that 'the rule of law' effectively applies across an organisation. This helps to reduce perceptions of unfairness, which is a major source of demotivation in organisations. At its worst, however, it means that process replaces thought in the way that people are managed. For example, completing performance appraisal documentation can become more important than actually managing individual performance effectively.

The alternative approach, known as **pragmatism**, is to cut back as far as possible on rules, form-filling and written policies. Managers are able to treat good performers more favourably than poor performers and are free to manage their teams by 'gut instinct'. The result can be considerable diversity of practice across an organisation. This may work well for some, but also tends to lead to inequity.

1.5.5 CENTRALISED VS DECENTRALISED

The way the HR function is organised always seems to be a problem in organisations, with changes occurring regularly as senior managers search in vain for the ideal situation.

The traditional approach is **centralised**, with an HR director to whom all other HR staff report directly or indirectly. Some aspects of HR work are carried out by officers who carry responsibility for the people in particular departments, while others (typically payroll, recruitment and training) are managed centrally by specialists on behalf of the whole organisation.

By contrast, the **decentralised** approach locates most HR staff in departments, reporting to local managers and making the effective management of their teams the priority.

In recent years the so-called **three-legged stool model** associated with Dave Ulrich (1997) has become fashionable. This involves the creation of three distinct types of HR specialist. Much administrative work is carried out in call-centre-type, centralised teams who provide 'shared services' across the whole organisation. The second group are specialists in areas of HR work who provide advice as and when necessary to managers. They typically cover employment law, training and development and all strategic HR issues. The final, third group are labelled 'business partners'. They tend to be generalists who work alongside line managers and are concerned primarily with the management of case work and dealing with individual employee issues in departments. The three-legged stool model thus seeks to blend centralisation with decentralisation so as to maximise both efficiency and effectiveness.

1.5.6 INTERNALLY FOCUSED VS EXTERNALLY FOCUSED

This division in approach relates primarily to the relationship an organisation has with its labour markets – a crucial aspect of effective HRM. Externally focused approaches involve looking outside the organisation when new people are required, hiring people who have gained their experience and skills in other organisations. This approach requires that pay rates are set at or above the going market rate and that the organisation spends plenty of money advertising jobs and promoting its image in the labour market as a desirable employer to work for. The benefits derive from the wide field of talent the organisation has to choose from when recruiting staff and the diversity of professional experience that tends to infuse senior management teams.

By contrast, the internally focused approach involves developing internal labour markets. People tend to be hired early in their careers, often as school-leavers or graduate recruits, and brought into organisations with a strong commitment to HRD. They are then developed internally and promoted up the organisation when they are ready for new challenges and responsibilities. It is relatively rare in such organisations for senior people to be recruited from outside the organisation. Pay rates are primarily set with reference to internal fairness and the need to maximise effort among staff who are invited to compete for promotion up an organisational hierarchy.

The approach has the advantage of being highly motivating to existing staff, but inevitably it also means that the range of talent that the organisation has to choose from when filling senior posts is both limited and lacking in diversity.

1.5.7 STAKEHOLDER VS STOCKHOLDER ORIENTATIONS

This is another fundamental difference of perspective that can be observed in different organisations. An organisation that is heavily stockholder-oriented is one which is

managed almost entirely in the interests of its owners. Shareholder value is the only really significant management target, and this increasingly means 'short-term shareholder value'. In other words, the organisation's sole purpose (in its own managers' eyes) is to gain for its owners a quicker and more substantial financial return on their investment than their competitors are able to achieve. As far as employees are concerned, this perspective tends to be associated with job insecurity, the intensification of work and an approach to management that is sometimes described as 'asinine'. This means that people are treated in an unsophisticated manner, being motivated via the use of financial incentives on the one hand and tight discipline on the other. If you work really hard and deliver the stockholders' objectives, you are well rewarded. If you don't, you are likely to be dismissed rapidly without sentiment.

The alternative stakeholder orientation is far more pleasant from an employee perspective, but can mean that the organisation is less competitive and financially successful – at least in the short term. Stakeholder thinking recognises that a number of groups of people have a legitimate stake in an organisation's long-term success and that there is therefore a shared interest between owners, managers, staff, suppliers, customers and the wider community. All will pull together and work collaboratively in the organisation's interests if they are all treated fairly. As far as employees are concerned, this stakeholder perspective means that managers are interested in their long-term development, in retaining their skills in the organisation and in providing them with the opportunity to thrive. Not only will they benefit, but the organisation will too.



REFLECTIVE ACTIVITY 1.3

- 1 Think about an organisation you, your friends or relatives have worked for. Would you say that the approach to management was characterised more by a stockholder or by a stakeholder perspective?
- 2 Why might it be in the long-term financial interests of an organisation to move towards a stakeholder perspective and away from a stockholder perspective?
- 3 In what circumstances might the reverse be the case?

Our aim in this chapter has been to introduce you to the area of human resource management at level 5. We have reviewed what constitutes a level 5 approach to the area of study and how this is integrated with the CIPD's framework of professional development. One of the requirements of HR professionalism is that we are well prepared to offer the best advice and on the basis of the most solid evidence available. This necessitates having the skills, knowledge and sufficient curiosity to keep up to date with developments in the field, critically evaluating their application in practice. To this end we introduced the discipline of human resource management, exploring as we did so its development and some of its key debates. We trust that we have given you sufficient understanding of the field that you are able to embark on the rest of your programme of study from a solid base.



FURTHER READING

CIPD (2010) *Next generation HR: time for change – towards a next generation for HR*. London: CIPD. This is the outcome of the CIPD's future-focused research that examines the future of the role. It positions HR leaders as building sustainability and equity by being 'insight-driven provocateurs' who are assured and confident in influencing.

PURCELL, J., KINNIE, N., HUTCHINSON, S., RAYTON, B. and SWART, J. (2003) *Understanding the people and performance link: unlocking the black box*. London: CIPD. The CIPD's seminal study that examines the nature and contribution of people management to organisation performance.

TYSON, S. (2006) *Essentials of human resource management*. 5th ed. Oxford: Butterworth-Heinemann. Chapters 3 and 4. Reviews the development of the profession, the goals of specialist HR professionals and how the function assists in the achievement of organisation goals. Also explores in more depth the debates aired in this chapter.

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