Chapter 02
Human Resource Management: An Overview
Historical Evolution of HRM

One could argue that the HR field dates back to the first working arrangements between master craftspeople and their apprentices. Before the industrial Revolution, working arrangements involved close relationships between mentors and apprentices dedicated to learning a particular trade. Apprentices were often required to live in the shop or home of the master craftsperson. If an apprentice was injured or sick, the master's family was responsible for restoring the young worker's health and welfare. Master and apprentice shared in good times and bad, in profit and in loss. The usefulness of this age-old relationship came to an abrupt end with the advent of the Industrial Age. In one powerful stroke, the notion of work moved from guilds and home shops to steam-driven factories. The introduction of the assembly line brought a need for low-skilled employees capable of performing repetitive tasks. Management philosophy at the turn of the century was epitomized by Henry Ford, who often wondered why workers brought their heads to work when all he really needed was their hands and feet. Assembly line production required that large numbers of people come together for work, but these workers were interchangeable and, to some extent, expendable, because few skills were required for most factory jobs. Employers' attentions focused on consumer demands, the speed at which new machines produced goods and the processes that drove production -- concerns that were sometimes placed well ahead of the needs of employees.

The Personnel Administration Movement

By the late 1800s, people problems were a very real concern in the workplace. For the average blue-collar worker, most jobs were low-paying, monotonous and unsafe. Some industries experienced difficulty recruiting and retaining employees because of
the poor working conditions workers were exposed to. As the means of production continued to shift from farmlands and guilds to city factories, concerns grew about wages, safety, child labor and 12-hour workdays. Workers began to band together in unions to protect their interests and improve living standards. Government stepped in to provide basic rights and protections for workers. Forward-thinking employers recognized that productivity was connected to worker satisfaction and involvement and realized they could not meet production schedules with bands of disgruntled employees. In the late 1800s and early 1900s, the personnel profession that grew out of concerns about employee absenteeism and high turnover attempted to solve worker problems with such basic personnel management functions as employee selection, training and compensation.

It's believed that the first personnel management department began at the National Cash Register Co. (NCR). NCR faced a major strike at the turn of the century but eventually defeated the union after a lockout in 1901. After this difficult union battle, company President John H. Patterson decided to improve worker relations by organizing a personnel department to handle grievances, discharges, safety and other employee issues. The department also kept track of pending legislation and court decisions and these first personnel managers provided training for supervisors on new laws and practices.

NCR was not alone in its efforts to address employee grievances. Other employers were looking for management solutions that would alleviate employee disenchantment. Many attempted to ease labor unrest by increasing wages. For example, Ford experienced employee turnover ratios of 380 percent in 1913; in 1914,
the company doubled the daily salaries for line workers from $2.50 to $5, even though $2.50 was a fair wage at that time.

Although industrial giants were beginning to understand that they had to do more than just hire and fire if they were going to meet consumer demands for products, most of the objectives of early personnel professionals were one-sided. Business leaders still viewed the work itself as infinitely more important than the people doing it, and production rates remained the top concern. Because employers believed employees would accept more rigid standards if they received extra pay and benefits, most employer-sponsored business solutions were aimed at making employees more efficient. From this mind-set grew scientific management approaches based on the work of Frederick W. Taylor and other experts whose goal was to get people to perform as efficiently as machines.

Of course, such approaches did little to improve worker morale or improve working environments. To counter the growing strength of the labor movement, some employers hired strikebreakers or kept blacklists of union members. Others made workers sign "yellow-dog" contracts -- agreements that they would not join unions. Still others attempted to protect their interests by creating company unions to preempt the influence of outside union activities.

The Early Days: Welfare Officers

The history of personnel management begins around the end of the 19th century, when welfare officers (sometimes called 'welfare secretaries') came into being. Their creation was a reaction to the harshness of industrial conditions, coupled with pressures arising from the extension of the franchise, the influence of trade unions and
the labour movement, and the campaigning of enlightened employers, often Quakers, for what was called 'industrial betterment’. The first welfare workers were women, and were only concerned with the protection of women and girls, which was seen as a worthy aim. They would visit sick employees and help to arrange accommodation for women, often including the supervision of moral welfare. They were usually employed in the newer industries where women were engaged in light machine work, packing, assembly or other routine jobs. In some companies, their duties grew to become concerned with the recruitment and training of women as well.

There was some ambiguity about their role as it grew; an ambiguity which this factsheet will show, is often present in the personnel role and which has not diminished over the years. On the one hand, there was the assertion of a paternalistic relationship between employers and (female) employees and the aim of moral protection of women and children. On the other, there were the economic aims of achieving higher output by control of sickness and absence and, by resolving grievances, of making the organisation of women in trade unions unnecessary. Thus their motives were mixed (and of course their costs were met by companies), but at a time when there was virtually no state welfare provision most welfare workers wanted to help improve conditions for working women. In 1900 there were only a dozen or so welfare workers, but by 1913 their numbers had grown sufficiently for the Welfare Workers’ Association, a forerunner of today’s CIPD, to be formed. See our factsheet on the CIPD’s history for more information.

The Growth In Personnel Management: 1914-39

The First World War accelerated change in the development of personnel management, as it did in many other areas of working life. The number of welfare
officers grew to about 1,300, largely because of the Munitions of War Act, 1915, which sought to control the supply of labour to munitions factories and made welfare services obligatory in them. Men were recruited to oversee boys' welfare, and the government encouraged welfare development through the Health of Munitions Workers' Committee. During the war, industrial relations entered the equation. Women were recruited in large numbers to fill the gaps left by men going to fight, which in turn meant reaching agreement with trade unions (often after bitter disputes) about 'dilution'- accepting unskilled women into craftsmen's jobs and changing manning levels. For the first time the state had to open up a dialogue with the unions and develop forms of joint consultation.

During the 1920s, jobs with the titles of 'labour manager' or 'employment manager' came into being in the engineering industry and other industries where there were large factories, to handle absence, recruitment, dismissal and queries over bonuses and so on. Employers' federations, particularly in engineering and shipbuilding, negotiated national pay rates with the unions, but there were local and district variations and there was plenty of scope for disputes. Officials were employed by the federations to help settle them. Also between the wars, large companies like ICI, Pilkingtons, and Marks and Spencer developed through growth and mergers and began to form their own specialist personnel departments to unify divergent policies from the centre and manage absence and recruitment with the aim of improving output. But such departments were mainly concerned with hourly-paid workers, while industrial relations was frequently the responsibility of senior line managers. Moreover, employment management, or personnel management as it was beginning to be called in these firms, was mainly confined to the newer, emergent industries.
such as plastics, chemicals, and multiple retail. During the 1930s, with the economy beginning to pick up, big corporations in these newer sectors saw value in improving employee benefits - for example, holidays with pay and pensions - as a way of recruiting, retaining and motivating employees. But older industries such as textiles, mining and shipbuilding which were hit by the worldwide recession (unemployment nationally through this period was hardly ever less than 10 per cent, and much higher in the traditional manufacturing and mining areas) did not adopt new techniques, seeing no need to do so because they had no difficulty in recruiting labour.

The Second World War: Personnel Grows Further In Importance

The Second World War brought about welfare and personnel work on a full-time basis at all establishments producing war materials because an expanded Ministry of Labour and National Service insisted on it, just as the Government had insisted on welfare workers in munitions factories in the previous conflict. With more women again being introduced into the workforce, 'dilution' once more on the agenda, substantial re-training necessary and shift working extended, the government saw specialist personnel management as part of the drive for greater efficiency and the number of people in the personnel function grew substantially; there were around 5,300 in 1943. Industrial relations grew in importance too. Strikes were made illegal. The Minister of Labour, Ernest Bevin, had been general secretary of the Transport and General Workers' Union before the war and was able to convince the unions through dialogue with them that the suspension of restrictive practices to enable production targets to be met did not represent surrender. Thus productivity improvements came to be linked with joint consultation or negotiation, which was to become a dominant feature of the post-war years.
By 1945, employment management and welfare work had become integrated under the broad term, 'personnel management', while experience of the war had shown that output and productivity could be influenced by employment policies. The role of negotiation with unions had grown in importance. But the role of the personnel function in wartime had been largely that of implementing the rules demanded by large-scale, state-governed production, and thus the image of an emerging profession was very much a bureaucratic one. Pre-war, most bargaining between employers and unions had been at national level, conducted on the employers' sides by employers' associations or federations. The war had seen the rise of local negotiations in the engineering industry in particular and the 1950s and '60s witnessed an acceleration of this trend, not only in engineering. There was an enormous growth in the number and power of shop stewards, and local-level bargaining gave greater scope for the company-level personnel function. At the same time, larger companies wanted to develop their own employment policies which fitted their own plans and corporate strategies, leading to further decentralisation of bargaining. During the 1960s there was a series of well-publicised productivity bargains with trade unions to enable both sides of industry to benefit from improvements brought about by new technology. Personnel managers were involved in such bargains although so too were line managers, because they were the people who had to make them work. The growth of shop stewards and local bargaining (not always well-managed by unions nationally) resulted in a large number of official and unofficial strikes which were damaging to the economy, particularly in the manufacturing industry (and manufacturing, it should be remembered, played a much larger part in the economy than it does now, and was
extensively unionised). The UK was becoming notorious for its poor industrial relations, and the number of working days lost through strikes in the UK compared unfavourably with better-performing European competitors, notably West Germany. Strikes were even known as 'the British disease'. Ad hoc responses by personnel managers without too much reference to longer term industrial relations or business strategies often only served to set precedents which were later used against them.

Thus a Royal Commission under Lord Donovan was set up. Reporting in 1968, it was critical of both employers and unions; personnel managers were criticised for lacking negotiation skills and failing to plan industrial relations strategies. At least in part, Donovan suggested, these deficiencies were a consequence of management's failure to give personnel management sufficiently high priority, and it is tempting to see the somewhat higher profile that personnel management achieved later in the century as something of a response to Donovan's criticisms. (A common saying amongst trade union officials in the 60s and 70s was, 'Companies get the industrial relations they deserve', and there was some truth in that observation.). Meanwhile, by the mid-1960s, organisations outside manufacturing - in the public sector and services - were beginning to employ personnel specialists. The numbers covered by collective bargaining widened as white-collar staff associations - particularly in the public sector - evolved into trade unions. Meanwhile the scope of bargaining widened to include not just pay but, for example, pensions, training and safety. The world was opening up too; the growth of multi-national companies and entry into the EEC meant that some personnel managers had an international role in, for example, reconciling varying national compensation systems, and taking account of different systems of employment law. Even in purely UK-based organisations, by the seventies personnel
managers had to begin to understand the impact of European law on the UK, something which was to grow in importance as the century advanced.

Domestic legislation was increasing too. In the mid-1960s new legislation was introduced on contracts of employment, training, and redundancy payments, followed in the seventies by laws on equal pay and opportunities, employment protection and attempts to regulate trade union activity. This was also a period of high inflation, and voluntary and statutory attempts - mostly unsuccessful - were made to regulate prices and incomes. Personnel departments were required to understand these new measures, and to develop policies to implement them; statutory regulation of pay, for example, helped to lead to greater use of job evaluation.

Finally, in this period, personnel techniques developed using theories from the social sciences about motivation and organisational behaviour; selection testing became more widely used, and management training expanded. New management techniques for improving performance arrived from American academics such as McGregor and Herzberg to be applied by personnel departments.

Thus, by the end of the seventies, the main features of personnel management as it appears today were in place, and can be distinguished as:

- **the collective bargaining role** - centred around dealing with trade unions, to which might be added the development of strategies for handling industrial relations
- **the implementer of legislation role** - implying understanding and implementing a growing amount of legislation
- the bureaucratic role - implementing a series of rules about behaviour at work, dealing with recruitment, managing absence and so on
- the social conscience of the business role, or 'value champion' - a residue from the welfare worker function
- a growing performance improvement role (in some organisations and sectors) - about integrating the personnel function with business needs and taking a more strategic view.

There is no significance in the order of the above list; the relative importance of the respective features will vary from organisation to organisation, and from time to time.

1979 - Present: The Rise Of HRM

The 1980s in particular saw substantial changes as a result of legislation, a shift in the intellectual climate away from post-war collectivism and towards individualism, and changes in the structure of the economy. In 1979 a Conservative government under Margaret Thatcher was elected with a radical agenda and, with wide public concern about perceived abuses of union power, a mandate to reduce it. Legislation was introduced to outlaw sympathetic and political strikes, remove the closed shop (under which union membership was compulsory), and generally increase the power of individual union members. High unemployment (reaching three million in the early eighties) and structural change in the economy with a move to services from manufacturing (where union membership was strongest, other than in the public sector), would in any case have meant a decline in union membership. But the legislation assisted employers who wanted to reduce the influence of trade unions; personnel departments played their part in this process, most notably and
symbolically in national newspapers where, after bitter disputes, closed shops were ended and trade unions removed.

Around the mid-80s, the term 'human resource management' (HRM) arrived from the USA. To some, HRM was mainly connected with minimising trade union influence and the titles of some personnel departments were changed to symbolise this. To others, though, it implied a more strategic role, with the HR department helping to achieve business objectives and planning (with line managers) how to achieve those objectives, and ideally with an HR director on the board of the company. With this, in some cases, came a kind of consultancy role, with the HR department acting as adviser to line managers. The term 'human resources' was (and is) an interesting one: it seemed to suggest that employees were an asset or resource-like machines (and capable of being replaced or up-graded like machines?), but at the same time HR also appeared to emphasise employee commitment and motivation. Certainly it fitted the ideological climate of the times, and in some organisations there was a hard edge to HRM, in part a consequence of its perceived role in reducing union influence.

At one point in the early 1990s, the debate on HRM took on almost theological dimensions, with academics discussing what it represented, and usually reaching no definitive conclusions. In recent years this debate has declined and it is probably best to regard HRM (and its offshoot HRD, discussed in more detail in the companion factsheet *Training: a short history*) as merely a part of the development of personnel management, a kind of labelling of the last point in the list above, and not as something separate. However, this is not to underrate its importance. In some organisations HRM has encouraged the devolution of certain operational personnel
tasks from personnel specialists to line managers; more generally, it has helped to promote the view that personnel has an important role in the development of the business and of business strategy.

Organisation development (OD), another import from the USA although less influential than HRM in the UK, also played a part in the development of techniques used by those in personnel. Another development which became evident from the seventies, and perhaps more marked during the nineties, is the rise of specialisms: training was always separate in many organisations, but in larger organisations other specialisms such as reward, resourcing and diversity now exist within the personnel function.

Since 1997, with the election of a Labour government more friendly towards trade unions, the picture has changed again. Industrial relations has re-emerged as an important part of the personnel role, particularly in the heavily unionised public sector. The amount of legislation that personnel departments need to understand and implement has increased, at least in part because of the UK's membership of the European Union.

Alongside this, the personnel function continues to seek a more strategic, business-oriented role. During the nineties, commentators like Ulrich argue that it should also act as the social conscience of the business, and in a CIPD survey carried out in 2003 among senior practitioners, one in three respondents perceived their current role as that of a strategic business partner and more than half wanted to become strategic business partners in the future. More than one in four saw themselves as change agents. The survey also reveals that the personnel function sees its responsibility as
shifting from the implementation of personnel policies and practices to supporting and providing advice to line managers on a consultancy basis.

Geoff Armstrong, retiring director-general of the CIPD, has summed all this up by saying ‘Effective HR professionals really have to succeed by understanding the business, the market and the customer at least as well as the chief executive or the marketing director. It’s about understanding what the organisation would look like if it was really humming, really succeeding. Translating that back into culture, working practices, learning motivation, reward, selection – those are the strategic choices that we have to equip our members to make.’

As the 21st century advances, there seems no reason to suppose that the various roles and traditions will disappear, although their relative importance will change and evolve depending on the political, legislative and intellectual climate of the time and organisational needs and culture. For the immediate future, the change agent and business partner roles seem likely to grow in importance, although there will continue to be a part of the function which, if it is not about implementing rules and legislation, is about ensuring that line managers are enabled to do so competently.

**Defining HRM**

Many people find HRM to be a vague and elusive concept - not least because it seems to have a variety of meanings. Pinning down an acceptable definition can seem like trying to hit a moving target in a fog. This confusion reflects the different interpretations found in articles and books about human resource management. HRM is an elastic term (...). It covers a range of applications that vary from book to book.
In Managing Human Resources: Personnel Management in Transition, Stephen Bach argues that, compared to a decade ago, much of the controversy about the definition of HRM has dissipated. He considers that, in part, this may be due to the use of a broader and more encompassing definition of HRM. However, Bach shows that the debate has not vanished by disagreeing with Boxall and Purcell's statement that HRM refers to: "... all those activities associated with the management of the employment relationship in the firm. The term 'employee relations' will be used as an equivalent term as will the term 'labour management'."

Bach argues that this definition is 'a little too broad', stating that such a broad definition makes it difficult to:

- Highlight any distinctive features or values that underpin HRM
- Chart changes in the practice of HRM
- Understand the controversy surrounding HRM

In Bach's opinion, HRM differs from employee relations in its focus on management practices and tendency to ignore the interests of employees. In fact, he holds quite 'hard' views on the nature of HRM:

- HRM is 'Unitarist' (employer and employee interests should coincide) with an emphasis on organizational effectiveness
- The interests of other stakeholders such as employees are marginalized
- There is a predominant interest on the individual firm - specifically, within the firm - focused on individual employee motivation and aspiration
- There is a consequent playing down of external and collective (unionization) issues.
'A philosophy of people management, based on the belief that human resources are uniquely important in sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies.' Workforce management has become increasingly complex. The heritage and growth of the human resource management profession is closely linked to people's attitudes about work, the evolution of employment-related laws and sociological trends. The HR field today recognizes the dynamic relationship between strategy, people, technology and the processes that drive organizations. Although this dynamic relationship appears obvious now, the evolution of the profession has often been slow.

**Principles of Human Resource Management**

Business consultants note that modern human resource management is guided by several overriding principles. Perhaps the paramount principle is a simple recognition that human resources are the most important assets of an organization; a business cannot be successful without effectively managing this resource.
Principles of HRM: the 10 'C' Model

Adapted from Human Resource Management in a Business Context (Price, 1997)

Another important principle, articulated by Michael Armstrong in his book A Handbook of Human Resource Management, is that business success "is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with, and make a major contribution to, the achievement of corporate objectives and strategic plans." A third guiding principle, similar in scope, holds that it is HR's responsibility to find, secure, guide, and develop employees whose talents and desires are compatible with the operating needs and future goals of the company.
Other HRM factors that shape corporate culture—whether by encouraging integration and cooperation across the company, instituting quantitative performance measurements, or taking some other action—are also commonly cited as key components in business success. HRM, summarized Armstrong, "is a strategic approach to the acquisition, motivation, development and management of the organization's human resources. It is devoted to shaping an appropriate corporate culture, and introducing programs which reflect and support the core values of the enterprise and ensure its success."

**Position And Structure Of Human Resource Management**

Human resource management department responsibilities can be broadly classified by individual, organizational, and career areas. Individual management entails helping employees identify their strengths and weaknesses; correct their shortcomings; and make their best contribution to the enterprise. These duties are carried out through a variety of activities such as performance reviews, training, and testing. Organizational development, meanwhile, focuses on fostering a successful system that maximizes human (and other) resources as part of larger business strategies. This important duty also includes the creation and maintenance of a change program, which allows the organization to respond to evolving outside and internal influences. The third responsibility, career development, entails matching individuals with the most suitable jobs and career paths within the organization.

Human resource management functions are ideally positioned near the theoretic center of the organization, with access to all areas of the business. Since the HRM department or manager is charged with managing the productivity and development of workers at all levels, human resource personnel should have access to—and the
support of—key decision makers. In addition, the HRM department should be situated in such a way that it is able to effectively communicate with all areas of the company.

HRM structures vary widely from business to business, shaped by the type, size, and governing philosophies of the organization that they serve. But most organizations organize HRM functions around the clusters of people to be helped—they conduct recruiting, administrative, and other duties in a central location. Different employee development groups for each department are necessary to train and develop employees in specialized areas, such as sales, engineering, marketing, or executive education. In contrast, some HRM departments are completely independent and are organized purely by function. The same training department, for example, serves all divisions of the organization.

In recent years, however, observers have cited a decided trend toward fundamental reassessments of human resources structures and positions. "A cascade of changing business conditions, changing organizational structures, and changing leadership has been forcing human resource departments to alter their perspectives on their role and function almost over-night," wrote John Johnston in Business Quarterly. "Previously, companies structured themselves on a centralized and compartmentalized basis—head office, marketing, manufacturing, shipping, etc. They now seek to decentralize and to integrate their operations, developing cross-functional teams.... Today, senior management expects HR to move beyond its traditional, compartmentalized 'bunker' approach to a more integrated, decentralized support function." Given this change in expectations, Johnston noted that "an increasingly common trend in human resources
is to decentralize the HR function and make it accountable to specific line management. This increases the likelihood that HR is viewed and included as an integral part of the business process, similar to its marketing, finance, and operations counterparts. However, HR will retain a centralized functional relationship in areas where specialized expertise is truly required," such as compensation and recruitment responsibilities.

**Human Resource Management – Functions and Responsibilities**

**Function 1: Manpower planning**

The penalties for not being correctly staffed are costly.

- Understaffing loses the business economies of scale and specialization, orders, customers and profits.
- Overstaffing is wasteful and expensive, if sustained, and it is costly to eliminate because of modern legislation in respect of redundancy payments, consultation, minimum periods of notice, etc. Very importantly, overstaffing reduces the competitive efficiency of the business.

Planning staff levels requires that an assessment of present and future needs of the organization be compared with present resources and future predicted resources. Appropriate steps then be planned to bring demand and supply into balance. Thus the first step is to take a 'satellite picture' of the existing workforce profile (numbers, skills, ages, flexibility, gender, experience, forecast capabilities, character, potential, etc. of existing employees) and then to adjust this for 1, 3 and 10 years ahead by amendments for normal turnover, planned staff movements, retirements, etc, in line with the business plan for the corresponding time frames. The result should be a series of crude supply situations as would be the outcome of present planning if left
unmodified. (This, clearly, requires a great deal of information accretion, classification and statistical analysis as a subsidiary aspect of personnel management.)

What future demands will be is only influenced in part by the forecast of the personnel manager, whose main task may well, is to scrutinize and modify the crude predictions of other managers. Future staffing needs will derive from:

- Sales and production forecasts
- The effects of technological change on task needs
- Variations in the efficiency, productivity, flexibility of labor as a result of training, work study, organizational change, new motivations, etc.
- Changes in employment practices (e.g. use of subcontractors or agency staffs, hiving-off tasks, buying in, substitution, etc.)
- Variations, which respond to new legislation, e.g. payroll taxes or their abolition, new health and safety requirements
- Changes in Government policies (investment incentives, regional or trade grants, etc.)

What should emerge from this 'blue sky gazing' is a 'thought out' and logical staffing demand schedule for varying dates in the future which can then be compared with the crude supply schedules. The comparisons will then indicate what steps must be taken to achieve a balance.

That, in turn, will involve the further planning of such recruitment, training, retraining, labor reductions (early retirement/redundancy) or changes in workforce utilization as will bring supply and demand into equilibrium, not just as a one-off but as a continuing workforce planning exercise the inputs to which will need constant
varying to reflect 'actual' as against predicted experience on the supply side and changes in production actually achieved as against forecast on the demand side.

**Function 2: Recruitment And Selection Of Employees**

Recruitment of staff should be preceded by: An analysis of the job to be done (i.e. an analytical study of the tasks to be performed to determine their essential factors) written into a job description so that the selectors know what physical and mental characteristics applicants must possess, what qualities and attitudes are desirable and what characteristics are a decided disadvantage;

- In the case of replacement staff a critical questioning of the need to recruit at all (replacement should rarely be an automatic process).
- Effectively, selection is 'buying' an employee (the price being the wage or salary multiplied by probable years of service) hence bad buys can be very expensive. For that reason some firms (and some firms for particular jobs) use external expert consultants for recruitment and selection.
- Equally some small organizations exist to 'head hunt', i.e. to attract staff with high reputations from existing employers to the recruiting employer. However, the 'cost' of poor selection is such that, even for the mundane day-to-day jobs, those who recruit and select should be well trained to judge the suitability of applicants.

The main sources of recruitment are:

- Internal promotion and internal introductions (at times desirable for morale purposes)
- Careers officers (and careers masters at schools)
- University appointment boards
- Agencies for the unemployed
- Advertising (often via agents for specialist posts) or the use of other local media (e.g. commercial radio)

Where the organization does its own printed advertising it is useful if it has some identifying logo as its trade mark for rapid attraction and it must take care not to offend the sex, race, etc. anti-discrimination legislation either directly or indirectly. The form on which the applicant is to apply (personal appearance, letter of application, completion of a form) will vary according to the posts vacant and numbers to be recruited.

It is very desirable in many jobs that claim about experience and statements about qualifications are thoroughly checked and that applicants unfailingly complete a health questionnaire (the latter is not necessarily injurious to the applicants chance of being appointed as firms are required to employ a percentage of disabled people).

Before letters of appointment are sent any doubts about medical fitness or capacity (in employments where hygiene considerations are dominant) should be resolved by requiring applicants to attend a medical examination. This is especially so where, as for example in the case of apprentices, the recruitment is for a contractual period or involves the firm in training costs. Interviewing can be carried out by individuals (e.g. supervisor or departmental manager), by panels of interviewers or in the form of sequential interviews by different experts and can vary from a five minute 'chat' to a process of several days. Ultimately personal skills in judgment are probably the most important, but techniques to aid judgment include selection testing for:
• Aptitudes (particularly useful for school leavers)
• Attainments
• General intelligence

In more senior posts other techniques are:
• Leaderless groups
• Command exercises
• Group problem solving

* These are some common techniques - professional selection organizations often use other techniques to aid in selection.

Training in interviewing and in appraising candidates is clearly essential to good recruitment. Largely the former consists of teaching interviewers how to draw out the interviewee and the latter how to xratex the candidates. For consistency (and as an aid to checking that) rating often consists of scoring candidates for experience, knowledge, physical/mental capabilities, intellectual levels, motivation, prospective potential, leadership abilities etc. (according to the needs of the post). Application of the normal curve of distribution to scoring eliminates freak judgments.

**Function 3: Employee Motivation**

To retain good staff and to encourage them to give of their best while at work requires attention to the financial and psychological and even physiological rewards offered by the organization as a continuous exercise.

Basic financial rewards and conditions of service (e.g. working hours per week) are determined externally (by national bargaining or government minimum wage...
legislation) in many occupations but as much as 50 per cent of the gross pay of manual workers is often the result of local negotiations and details (e.g. which particular hours shall be worked) of conditions of service are often more important than the basics. Hence there is scope for financial and other motivations to be used at local levels.

As staffing needs will vary with the productivity of the workforce (and the industrial peace achieved) so good personnel policies are desirable. The latter can depend upon other factors (like environment, welfare, employee benefits, etc.) but unless the wage packet is accepted as 'fair and just' there will be no motivation.

Hence while the technicalities of payment and other systems may be the concern of others, the outcome of them is a matter of great concern to human resource management. Increasingly the influence of behavioral science discoveries are becoming important not merely because of the widely-acknowledged limitations of money as a motivator, but because of the changing mix and nature of tasks (e.g. more service and professional jobs and far fewer unskilled and repetitive production jobs). The former demand better-educated, mobile and multi-skilled employees much more likely to be influenced by things like job satisfaction, involvement, participation, etc. than the economically dependent employees of yesteryear. Hence human resource management must act as a source of information about and a source of inspiration for the application of the findings of behavioral science. It may be a matter of drawing the attention of senior managers to what is being achieved elsewhere and the gradual education of middle managers to new points of view on job design, work organization and worker autonomy.
Function 4: Employee Evaluation

An organization needs constantly to take stock of its workforce and to assess its performance in existing jobs for three reasons:

- To improve organizational performance via improving the performance of individual contributors (should be an automatic process in the case of good managers, but (about annually) two key questions should be posed:
  - what has been done to improve the performance of a person last year?
  - and what can be done to improve his or her performance in the year to come?).

- To identify potential, i.e. to recognize existing talent and to use that to fill vacancies higher in the organization or to transfer individuals into jobs where better use can be made of their abilities or developing skills.

- To provide an equitable method of linking payment to performance where there are no numerical criteria (often this salary performance review takes place about three months later and is kept quite separate from 1. and 2. but is based on the same assessment).

On-the-spot managers and supervisors, not HR staffs, carry out evaluations. The personnel role is usually that of:

- Advising top management of the principles and objectives of an evaluation system and designing it for particular organizations and environments.

- Developing systems appropriately in consultation with managers, supervisors and staff representatives. Securing the involvement and cooperation of appraisers and those to be appraised.

- Assistance in the setting of objective standards of evaluation / assessment, for example:
Defining targets for achievement;
Explaining how to quantify and agree objectives;
Introducing self-assessment;
Eliminating complexity and duplication.

- Publicizing the purposes of the exercise and explaining to staff how the system will be used.
- Organizing and establishing the necessary training of managers and supervisors who will carry out the actual evaluations/appraisals. Not only training in principles and procedures but also in the human relations skills necessary. (Lack of confidence in their own ability to handle situations of poor performance is the main weakness of assessors.)
- Monitoring the scheme - ensuring it does not fall into disuse, following up on training/job exchange etc. recommendations, reminding managers of their responsibilities.

Full-scale periodic reviews should be a standard feature of schemes since resistance to evaluation/appraisal schemes is common and the temptation to water down or render schemes ineffectual is ever present (managers resent the time taken if nothing else).

Basically an evaluation/appraisal scheme is a formalization of what is done in a more casual manner anyway (e.g. if there is a vacancy, discussion about internal moves and internal attempts to put square pegs into 'squarer holes' are both the results of casual evaluation). Most managers approve merit payment and that too calls for evaluation. Made a standard routine task, it aids the development of talent, warns the inefficient or uncaring and can be an effective form of motivation.
Function 5: Industrial Relations

Good industrial relations, while a recognizable and legitimate objective for an organization, are difficult to define since a good system of industrial relations involves complex relationships between:

(a) Workers (and their informal and formal groups, i.e. trade union, organizations and their representatives);

(b) Employers (and their managers and formal organizations like trade and professional associations);

(c) The government and legislation and government agencies and 'independent' agencies like the Advisory Conciliation and Arbitration Service.

Oversimplified, work is a matter of managers giving instructions and workers following them - but (and even under slavery we recognize that different 'managing' produces very different results) the variety of 'forms' which have evolved to regulate the conduct of parties (i.e. laws, custom and practice, observances, agreements) makes the giving and receipt of instructions far from simple. Two types of 'rule' have evolved:

- 'Substantive', determining basic pay and conditions of service (what rewards workers should receive);
- 'Procedural,' determining how workers should be treated and methods and procedures.

Determining these rules are many common sense matters like:

- Financial, policy and market constraints on the parties (e.g. some unions do not have the finance to support industrial action, some have policies not to strike, some employers are more vulnerable than others to industrial action,
some will not make changes unless worker agreement is made first, and rewards always ultimately reflect what the market will bear);  

- The technology of production (the effect of a strike in newspaper production is immediate - it may be months before becoming effective in shipbuilding);  

- The distribution of power within the community - that tends to vary over time and with economic conditions workers (or unions) dominating in times of full employment and employers in times of recession.

Broadly in the Western style economies the parties (workers and employers) are free to make their own agreements and rules. This is called 'voluntarism'. But it does not mean there is total noninterference by the government. That is necessary to:  

- Protect the weak (hence minimum wage);  

- Outlaw discrimination (race or sex);  

- Determine minimum standards of safety, health, hygiene and even important conditions of service;  

- To try to prevent the abuse of power by either party.

**HR Managers Responsibilities**

The personnel manager's involvement in the system of industrial relations varies from organization to organization, but normally he or she is required to provide seven identifiable functions, thus:  

1. To keep abreast of industrial law (legislation and precedents) and to advise managers about their responsibilities e.g. to observe requirements in respect of employing disabled persons, not to discriminate, not to disclose 'spent' convictions of employees, to observe codes of practice etc. in relation to discipline and redundancy, and similarly to determine organizational policies
2. To conduct (or assist in the conduct) of either local negotiations (within the plant) or similarly to act as the employer's representative in national negotiations. This could be as a critic or advisor in respect of trade etc. association policies or as a member of a trade association negotiating team. Agreements could be in respect of substantive or procedural matters. Even if not directly involved the personnel manager will advise other managers and administrators of the outcome of negotiations.

3. To ensure that agreements reached are interpreted so as to make sense to those who must operate them at the appropriate level within the organization (this can involve a lot of new learning at supervisory level and new pay procedures and new recording requirements in administration and even the teaching of new employment concepts - like stagger systems of work - at management level).

4. To monitor the observance of agreements and to produce policies that ensure that agreements are followed within the organization. An example would be the policy to be followed on the appointment of a new but experienced recruit in relation to the offered salary where there is a choice of increments to be given for experience, ability or qualification.

5. To correct the situations which go wrong. 'Face' is of some importance in most organizations and operating at a 'remote' staff level personnel managers can correct industrial relations errors made at local level without occasioning any loss of dignity (face) at the working level. 'Human resource management' and the obscurity of its reasoning can be blamed for matters which go wrong at
plant level and for unwelcome changes, variations of comfortable 'arrangements' and practices and unpopular interpretation of agreements.

6. To provide the impetus (and often devise the machinery) for the introduction of joint consultation and worker participation in decision-making in the organization. Formal agreement in respect of working conditions and behavior could never cover every situation likely to arise. Moreover the more demanding the task (in terms of the mental contribution by the worker to its completion) the more highly-educated the workers need to be and the more they will want to be consulted about and involved in the details of work life. Matters like the rules for a flexitime system or for determining the correction of absenteeism and the contents of jobs are three examples of the sort of matters that may be solely decided by management in some organizations but a matter for joint consultation (not negotiation) in others with a more twenty-first-century outlook and philosophy. Human resource management is very involved in promoting and originating ideas in this field.

7. To provide statistics and information about workforce numbers, costs, skills etc. as relevant to negotiations (i.e. the cost of pay rises or compromise proposals, effect on differentials and possible recruitment/retention consequences of this or whether agreement needs to be known instantly); to maintain personnel records of training, experience, achievements, qualifications, awards and possibly pension and other records; to produce data of interest to management in respect of personnel matters like absentee figures and costs, statistics of sickness absence, costs of welfare and other employee services, statements about development in policies by other organizations,
ideas for innovations; to advise upon or operate directly, grievance, redundancy, disciplinary and other procedures

**Function 6: Provision Of Employee Services**

Attention to the mental and physical well-being of employees is normal in many organizations as a means of keeping good staff and attracting others.

The forms this welfare can take are many and varied, from loans to the needy to counseling in respect of personal problems.

Among the activities regarded as normal are:

- Schemes for occupational sick pay, extended sick leave and access to the firm's medical adviser;
- Schemes for bereavement or other special leave;
- The rehabilitation of injured/unfit/ disabled employees and temporary or permanent move to lighter work;
- The maintenance of disablement statistics and registers (there are complicated legal requirements in respect of quotas of disabled workers and a need for 'certificates' where quota are not fulfilled and recruitment must take place);
- Provision of financial and other support for sports, social, hobbies, activities of many kinds which are work related;
- Provision of canteens and other catering facilities;
- Possibly assistance with financial and other aid to employees in difficulty (supervision, maybe, of an employee managed benevolent fund or scheme);
- Provision of information handbooks,
- Running of pre-retirement courses and similar fringe activities;
- Care for the welfare aspects of health and safety legislation and provision of first-aid training.
The location of the health and safety function within the organization varies. Commonly a split of responsibilities exists under which 'production' or 'engineering' management cares for the provision of safe systems of work and safe places and machines etc., but HRM is responsible for administration, training and education in awareness and understanding of the law, and for the alerting of all levels to new requirements.

**Function 7: Employee education, training and development**

In general, education is 'mind preparation' and is carried out remote from the actual work area, training is the systematic development of the attitude, knowledge, skill pattern required by a person to perform a given task or job adequately and development is 'the growth of the individual in terms of ability, understanding and awareness'.

Within an organization all three are necessary in order to:

- Develop workers to undertake higher-grade tasks;
- Provide the conventional training of new and young workers (e.g. as apprentices, clerks, etc.);
- Raise efficiency and standards of performance;
- Meet legislative requirements (e.g. health and safety);
- Inform people (induction training, pre-retirement courses, etc.);

From time to time meet special needs arising from technical, legislative, and knowledge need changes. Meeting these needs is achieved via the 'training loop'.

The diagnosis of other than conventional needs is complex and often depends upon the intuition or personal experience of managers and needs revealed by deficiencies.

Sources of inspiration include:
• Common sense - it is often obvious that new machines, work systems, task requirements and changes in job content will require workers to be prepared;

• Shortcomings revealed by statistics of output per head, performance indices, unit costs, etc. and behavioral failures revealed by absentee figures, lateness, sickness etc. records;

• Recommendations of government and industry training organizations;

• Inspiration and innovations of individual managers and supervisors;

• Forecasts and predictions about staffing needs;

• Inspirations prompted by the technical press, training journals, reports of the experience of others;

• The suggestions made by specialist (e.g. education and training officers, safety engineers, work-study staff and management services personnel).

Designing training is far more than devising courses; it can include activities such as:

• Learning from observation of trained workers;

• Receiving coaching from seniors;

• Discovery as the result of working party, project team membership or attendance at meetings;

• Job swaps within and without the organization;

• Undertaking planned reading, or follow from the use of self-teaching texts and video tapes;

• Learning via involvement in research, report writing and visiting other works or organizations.

So far as group training is concerned in addition to formal courses there are:

• Lectures and talks by senior or specialist managers;
- Discussion group (conference and meeting) activities;
- Briefing by senior staffs;
- Role-playing exercises and simulation of actual conditions;
- Video and computer teaching activities;
- Case studies (and discussion) tests, quizzes, panel 'games', group forums, observation exercises and inspection and reporting techniques.

Evaluation of the effectiveness of training is done to ensure that it is cost effective, to identify needs to modify or extend what is being provided, to reveal new needs and redefine priorities and most of all to ensure that the objectives of the training are being met.

The latter may not be easy to ascertain where results cannot be measured mathematically. In the case of attitude and behavioral changes sought, leadership abilities, drive and ambition fostered, etc., achievement is a matter of the judgment of senior staffs. Exact validation might be impossible but unless on the whole the judgments are favorable the cooperation of managers in identifying needs, releasing personnel and assisting in training ventures will cease.

In making their judgments senior managers will question whether the efforts expended have produced:

- More effective, efficient, flexible employees;

Faster results in making newcomers knowledgeable and effective than would Human Resource Management

**Developing A HRM Strategy**
Faced with rapid change organizations need to develop a more focused and coherent approach to managing people. In just the same way a business requires a marketing or information technology strategy it also requires a human resource or people strategy.

In developing such a strategy two critical questions must be addressed.

- What kinds of people do we need to manage and run our business to meet the strategic business objectives?
- What people programs and initiatives must be designed and implemented to attract, develop and retain staff to compete effectively?

In order to answer these questions four key dimensions of an organization must be addressed. These are:

- Culture: the beliefs, values, norms and management style of the organization
- Organization: the structure, job roles and reporting lines of the organization
- People: the skill levels, staff potential and management capability
- Human resources systems: the people focused mechanisms which deliver the strategy - employee selection, communications, training, rewards, career development, etc.

Frequently in managing the people element of our business senior managers will only focus on one or two dimensions and neglect to deal with the others. Typically, companies reorganize their structures to free managers from bureaucracy and drive for more entrepreneurial flair but then fail to adjust the training or reward systems.

When the desired entrepreneurial behavior does not emerge managers frequently look confused at the apparent failure of the changes to deliver results. The fact is that seldom one can focus on only one area. What is required is a strategic perspective aimed at identifying the relationship between all four dimensions.
If we require an organization, which really values quality and service we not only have to retrain staff, but also to review the organization, reward, appraisal and communications systems.

The pay and reward system is a classic problem in this area. Frequently organizations have payment systems, which are designed around the volume of output produced. If we then seek to develop a company which emphasizes the product's quality we must change the pay systems. Otherwise we will have a contradiction between what the chief executive is saying about quality and what the payment system is encouraging staff to do.

There are seven steps to developing a human resource strategy and the active involvement of senior line managers should be sought throughout the approach.

- Follow from experience;
- More effective or efficient use of machinery, equipment and work procedures;
- Fewer requirements to implement redundancy (by retraining);
- Fewer accidents both personal and to property;
- Improvements in the qualifications of staff and their ability to take on tougher roles;
- Better employee loyalty to the organization with more willingness to innovate and accept change.

Steps In Developing HRM Strategy

Step 1: Get The 'Big Picture'

Understand the business strategy.
• Highlight the key driving forces of the business. What are they? e.g. technology, distribution, competition, the markets.

• What are the implications of the driving forces for the people side of the business?

• What is the fundamental people contribution to bottom line business performance?

**Step 2: Develop A Mission Statement Or Statement Of Intent**

That relates to the people side of the business.

We must not put off by negative reactions to the words or references to idealistic statements - it is the actual process of thinking through the issues in a formal and explicit manner that is important.

• What is the people's contribute?

**Step 3: Conduct A SWOT Analysis Of The Organization**

Focus on the internal strengths and weaknesses of the people side of the business.

• Consider the current skill and capability issues.

Vigorously research the external business and market environment. Highlight the opportunities and threats relating to the people side of the business.

• What impact will/might others have on business performance?

• Consider skill shortages?

• The impact of new technology on staffing levels?

From this analysis we then need to review the capability of our personnel department. Complete a SWOT analysis of the department - consider in detail the department's current areas of operation, the service levels and competences of the personnel staff.
Step 4: Conduct A Detailed Human Resources Analysis

Concentrate on the organization's COPS (culture, organization, people, HR systems)

- Consider: Where we are now? Where do we want to be?
- What gaps exists between the reality of where we are now and where do we want to be?

Exhaust the analysis of the four dimensions.

Step 5: Determine Critical People Issues

Go back to the business strategy and examine it against your SWOT and COPS Analysis

- Identify the critical people issues namely those people issues that one must address. Those, which have a key impact on the delivery of the business strategy.
- Prioritize the critical people issues. What will happen if one fails to address them?

Remember we are trying to identify where we should be focusing our efforts and resources.

Step 6: Develop Consequences And Solutions

For each critical issue highlight the options for managerial action generate, elaborate and create - don't go for the obvious. This is an important step as frequently people jump for the known rather than challenge existing assumptions about the way things have been done in the past. Think about the consequences of taking various courses of action.
Consider the mix of HR systems needed to address the issues. Do we need to improve communications, training or pay?

What are the implications for the business and the personnel function?

Once we have worked through the process it should then be possible to translate the action plan into broad objectives. These will need to be broken down into the specialist HR Systems areas of:

- employee training and development
- management development
- organization development
- performance appraisal
- employee reward
- employee selection and recruitment
- manpower planning
- communication

Develop the action plan around the critical issues. Set targets and dates for the accomplishment of the key objectives.

Step 7: Implementation And Evaluation Of The Action Plans

The ultimate purpose of developing a human resource strategy is to ensure that the objectives set are mutually supportive so that the reward and payment systems are integrated with employee training and career development plans.

There is very little value or benefit in training people only to then frustrate them through a failure to provide ample career and development opportunities.
HRM Systems Diagnostic Checklists

The following checklists present some questions, which may prove helpful in thinking about when planning development programs for human resources in any organization. Use them to provoke thought and to stimulate discussion. Consult with others in your organization. They will help you to identify the critical human resource issues facing your organization.

The aim is to begin to explore how a considered and planned approach to people management can improve business performance, to the benefit of all.

Use this checklist in conjunction with our team building diagnostic instrument. It will, via your team members responses identify critical issues they perceive as important. These issues may be at odds with your own perceptions and analysis and therefore any such discrepancy will need to be addressed.

Warning Indicators

Your organization is more than likely in trouble if any of the following holds true:

- Chronic industrial relations problems
- no means of resolving employee grievances
- increasing / erratic employee turnover
- increasing number of customer complaints
- no pride in the organization
- inter-group conflicts
- no career paths for ambitious talented employees
- dissatisfaction with pay and conditions
- unclear job roles
- no clear performance measures
• quality is unimportant
• bad product service / delivery records
• poor recruitment standards / practices
• no management development programs
• no induction training for new employees
• critical skill shortages
• inter-departmental conflict
• you do not know if any of the above are applicable
• you ignore any of the above

**Culture, organization, people, systems (COPS), checklist**

• Does the staff identify with the organization and 'the success of the organization' as being of direct benefit to themselves?
• Does the staff see themselves as having common interests with their work colleagues and group? Is there a strong team spirit?
• Is work allocated on the basis of individual expertise rather than position in the organization?
• Are there sufficient skills / power bases in the organization?
• Are there appropriate leadership skills within the organization?
• Are the staff members encouraged to say what they think about the organization?
• Does the organization encourage innovation and creativity amongst staff?
• Does the staff feel a sense of personal responsibility for the work?
• Is quality emphasized in all aspects of the organization?

**Organization**

• Does the structure of the organization encourage effective performance?
• Is the organization structure flexible in the face of changing demands?
• Is the structure too complex? If so in what areas?
• Does the staff members have clear roles and responsibilities?
• Does the organization structure tend to push problems up rather than resolve them at the point where they occur?
• Do the procedures and management practices facilitate the accomplishment of tasks?
• Do we constantly seek to challenge our organization structure?

People

• Do the staff members have the necessary skills and knowledge to perform their jobs in the most effective manner?
• Do the staff members understand their jobs and how they contribute to overall business performance i.e. have clear goals and objectives?
• Do the staff members have a customer service orientation?
• Are people with potential spotted and developed for the future?
• Are the staff members encouraged to perform well through the giving of recognition, feedback, etc.?
• Do the people know what their expected performance standards are?

Systems

• Do the organization’s systems (e.g. employee selection and recruitment, promotion, planning, management, information and control) encourage effective performance among your staff?
• Are these systems consistent across the organization?
• Are there clear rewards for effective performance within the work group?
Does the organization review its systems frequently and ensure they mutually support each other?

SMALL BUSINESS AND HUMAN RESOURCE MANAGEMENT

A small business's human resource management needs are not of the same size or complexity of those of a large firm. Nonetheless, even a business that carries only two or three employees faces important personnel management issues. Indeed, the stakes are very high in the world of small business when it comes to employee recruitment and management. No business wants an employee who is lazy or incompetent or dishonest. But a small business with a work force of half a dozen people will be hurt far more badly by such an employee than will a company with a work force that numbers in the hundreds (or thousands). Nonetheless, "most small business employers have no formal training in how to make hiring decisions," noted Jill A. Rossiter in Human Resources: Mastering your Small Business. "Most have no real sense of the time it takes nor the costs involved. All they know is that they need help in the form of a 'good' sales manager, a 'good' secretary, a 'good' welder, or whatever. And they know they need some-one they can work with, who's willing to put in the time to learn the business and do the job. It sounds simple, but it isn't."

Before hiring a new employee, the small business owner should weigh several considerations. The first step the small business owner should take when pondering an expansion of employee payroll is to honestly assess the status of the organization itself. Are current employees being utilized appropriately? Are current production methods effective? Can the needs of the business be met through an arrangement with an outside contractor or some other means? Are you, as the owner, spending your
time appropriately? As Rossiter noted, "any personnel change should be considered an opportunity for rethinking your organizational structure."

Small businesses also need to match the talents of prospective employees with the company's needs. Efforts to manage this can be accomplished in a much more effective fashion if the small business owner devotes energy to defining the job and actively taking part in the recruitment process. But the human resource management task does not end with the creation of a detailed job description and the selection of a suitable employee. Indeed, the hiring process marks the beginning of HRM for the small business owner.

Small business consultants strongly urge even the most modest of business enterprises to implement and document policies regarding human resource issues. "Few small enterprises can afford even a fledgling personnel department during the first few years of business operation," acknowledged Burstiner. "Nevertheless, a large mass of personnel forms and data generally accumulates rather rapidly from the very beginning. To hold problems to a minimum, specific personnel policies should be established as early as possible. These become useful guides in all areas: recruitment and selection, compensation plan and employee benefits, training, promotions and terminations, and the like." Depending on the nature of the business enterprise (and the owner's own comfort zone), the owner can even involve his employees in this endeavor. In any case, a carefully considered employee handbook or personnel manual can be an invaluable tool in ensuring that the small business owner and his or her employees are on the same page. Moreover, a written record can lend a small
business some protection in the event that its management or operating procedures are questioned in the legal arena.

Some small business owners also need to consider training and other development needs in managing their enterprise's employees. The need for such educational supplements can range dramatically. A bakery owner, for instance, may not need to devote much of his resources to employee training, but a firm that provides electrical wiring services to commercial clients may need to implement a system of continuing education for its workers in order to remain viable.

Finally, the small business owner needs to establish and maintain a productive working atmosphere for his or her work force. Employees are far more likely to be productive assets to your company if they feel that they are treated fairly. The small business owner who clearly communicates personal expectations and company goals, provides adequate compensation, offers meaningful opportunities for career advancement, anticipates work force training and developmental needs, and provides meaningful feedback to his or her employees is far more likely to be successful than the owner who is neglectful in any of these areas.

**The Changing Field Of Human Resource Management**

In recent years, several business trends have had a significant impact on the broad field of HRM. Chief among them were new technologies. These new technologies, particularly in the areas of electronic communication and information dissemination and retrieval, have dramatically altered the business landscape. Satellite communications, computers and networking systems, fax machines, and other devices have all facilitated change in the ways in which businesses interact with each other.
and their workers. Telecommuting, for instance, has become a very popular option for many workers, and HRM professionals have had to develop new guidelines for this emerging subset of employees.

Changes in organizational structure have also influenced the changing face of human resource management. Continued erosion in manufacturing industries in the United States and other nations, coupled with the rise in service industries in those countries, have changed the workplace, as has the decline in union representation in many industries (these two trends, in fact, are commonly viewed as interrelated). In addition, organizational philosophies have undergone change. Many companies have scrapped or adjusted their traditional, hierarchical organizations structures in favor of flatter management structures. HRM experts note that this shift in responsibility brought with it a need to reassess job descriptions, appraisal systems, and other elements of personnel management.

A third change factor has been accelerating market globalization. This phenomenon has served to increase competition for both customers and jobs. The latter development enabled some businesses to demand higher performances from their employees while holding the line on compensation. Other factors that have changed the nature of HRM in recent years include new management and operational theories like Total Quality Management (TQM); rapidly changing demographics; and changes in health insurance and federal and state employment legislation.