

RESEARCH PAPER

20

# THE PRACTICE OF HUMAN RESOURCE MANAGEMENT



STATE OF THE PUBLIC SERVICE SERIES

**JOANNA O'RIORDAN**

JULY 2017



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## EXECUTIVE SUMMARY:

This report provides an overview on human resource management (HRM or frequently abbreviated to HR). The term first emerged in the 1980s in the United States. Against a backdrop of increased pressure on firms because of globalisation and technological developments, academics from a number of disciplines began to consider people and how they are employed and managed in organisations from a new perspective. A convergence of this thinking evolved into what became known as human resource management.

Drawing on the theoretical underpinnings of HRM in strategic management and organisation behaviour, the goals of HRM have been identified as to (Armstrong and Taylor, 2015):

- Support the organisation in achieving its objectives by developing and implementing HR strategies that are integrated with business strategy
- Contribute to the development of a high-performance culture
- Ensure that the organisation has the talented, skilled and engaged people it needs
- Create a positive employment relationship between management and employees and a climate of mutual trust
- Encourage the application of an ethical approach to people management.

From the 1990s, the term strategic HR became popular rather than simply HR. This is done to emphasise the objective of aligning HR policies and practices with the interests of the organisation more generally. However, according to some commentators this has resulted in an imbalance across the many roles HR is expected to perform with a greater emphasis on 'being strategic and a 'business partner' at the expense of being a 'people partner' that actively engages with and listens to the needs and concerns of managers and employees in general.

A perennial challenge for HR is the importance of showing that the application of good HR practices contributes to better organisation performance. The motivation has been to prove that HR rather than being a cost to the organisation 'adds value'. Most of the research in this area is based on the premise that good HR practices enhance the motivation and commitment of staff which in turn impacts positively on productivity and performance.

The Chartered Institute of Personnel and Development commissioned research (Purcell et al, 2003) to identify which HR practices appear to contribute most to improved productivity. The six key work practices identified are:

- Career development and opportunities for advancement
- Training opportunities
- Job influence and challenge
- Involvement and communication
- Performance management and appraisal processes
- Work-life balance.

However, this and further research by Purcell and his colleagues (2007) found that good HR practices are not enough. What makes a bigger difference is 'the way people work together to be productive and flexible enough to meet new challenges' (Purcell et al, 2003:32). This is facilitated by two key ingredients – the approach to people management taken by line managers and a positive organisation culture supported by strong, value-based leadership from senior management.

In many organisations HR is challenged by the multiple roles it is required to fulfil – administrator, strategic partner, challenger, champion of good people management, guardian of organisation values, conscience of the organisation and governor. Achieving the right balance is dependent on HR investing in its own capacity and actively listening to the needs and concerns of managers and staff. Ultimately, there is no one best practice model of HR. The function within each organisation needs to build its approach based on a deep and evidence based understanding of the mission and culture of their organisation.

# 1. INTRODUCTION

Human resource management (HRM) emerged as a concept in the 1980s. Rebranding personnel management quickly became popular, but many organisations had little awareness of the theory behind the concept.

This report aims to provide a short and accessible overview of both the evolution of human resource management (HRM) and current research in the area.

The report explains the origins of HRM, examines issues in relation to HR functions, HR roles and HR strategies and addresses the ongoing debate around how HR impacts on organisation performance.

The report concludes by emphasising that good HR practices are not enough in themselves to improve employee commitment or build productivity in the organisation. Organisation culture, which is strongly influenced by the approach to leadership and management in the organisation, is equally important. To be relevant HR needs to appreciate the varied and many roles it is required to fill and reflect on and develop its own capacity in respect of these.



## 2. WHAT IS HUMAN RESOURCE MANAGEMENT?

Human Resource Management (HRM, or sometimes abbreviated to HR) is concerned with all aspects of how people are employed and managed in organisations.

The term HRM has largely taken over from that of personnel management, which took over from previous terminology including labour or welfare management. In the 1980s, against a backdrop of economic recession and increased pressures on firms because of globalisation and the accelerated pace of change brought about by technological developments, a number of academics began to think about people in organisations from a different perspective. A combination of this thinking evolved into what became known as human resource management.

### The conceptual framework of HRM

The question of how to achieve competitive advantage is the dominant concern of strategic management. In the 1980s this came to particular prominence through the research of Michael Porter. A related economic theory, the resource-based view, which re-emerged at this time holds that competitive advantage is achieved if a firm's resources are valuable, rare and costly to imitate. Both these theories impacted on thinking in respect of people management in organisations.

Firstly, approaches and initiatives in respect of people management should be consistent with the overall strategy of the organisation (Fombrun et al, 1984) and secondly, that all resources, but in particular human resources, contribute to the unique character of organisations and can therefore support competitive advantage. This led to a recognition of people and investment in them as a source of 'human capital advantage' (Boxall and Purcell, 2016) rather than a cost to be minimised as much as possible.

The other side of the HRM concept emerged from organisation behaviour theory. Organisation behaviour (OB) is the study of how organisations function and how people behave in them. In other words, the interface between human behaviour and the organisation and how this impacts on the performance of the organisation. Areas of concern for HRM, including organisation design, organisation culture and leadership all have their roots in OB. However, most critical to the original concept of HRM are the areas of employee commitment and motivation, more recently described under the 'catch-all' term of employee engagement.

There are many definitions of human resource management of varying degrees of complexity. Two of the more meaningful are:

Human resource management is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organisations (Armstrong, 2016:7)

Human resource management is the process through which management builds the workforce and tries to create the human performances that the organisation needs. (Boxall and Purcell, 2016:7)

These definitions point to some of the key characteristics of HRM as identified by Armstrong (2008):

- *The diversity of HRM:* It is difficult to identify universal characteristics of HRM. Many models exist and practices vary across organisations, often corresponding to the conceptual version of HRM in only a few respects.
- *The strategic nature of HRM:* Perhaps the most significant feature of HRM is the importance attached to strategic integration. This requires that HR planning be consistent with organisation planning more generally.
- *The commitment-orientated nature of HRM:* The notions of mutuality and high commitment underpin HRM. If all involved in an organisation perceive themselves to be engaged in a mutual endeavour they are likely to be more committed and consequently to perform at a higher level.
- *People and their talents regarded as 'human capital':* One of the original academic underpinnings of HRM is the notion that people and their collective skills, abilities and experiences should be regarded as a valuable asset and source of competitive advantage rather than a cost.
- *Unitarist rather than pluralist, individualist rather than collective in its approach to employee relations:* The theory of HRM contends that employees share the same interests as employers and also emphasises the importance of the relationship between the organisation and the individual employee rather than any group or representative body.
- *HRM as a management-driven activity:* Notwithstanding the increase in the number of HR managers and the size of HR departments, HRM is described by Armstrong (2008:16) as 'a central, senior management-driven, strategic activity that is developed, owned and delivered by management as a whole to promote the interests of their organisation'. In the early days of HRM, Purcell (1993) described it as the rediscovery of management prerogative and Guest (1991) said that 'HRM is too important to be left to personnel managers'. More recently there has been considerable emphasis on the role of line managers in delivering on the objectives of HRM.
- *An emphasis on the needs of the organisation and business goals and values:* The concept of HRM has been largely based on a management and business orientated philosophy. While the interests of the members of the organisation are recognised they are subordinated to those of the organisation. However, in this area the theory of HRM is evolving. While clearly HR needs to support the achievement of organisation objectives, there is a growing body of opinion that there needs to be more to HRM than that. In particular, HR needs to have regard for the interests of all stakeholders and the values and standards that society expects to be upheld in the workplace.

When the term HRM first became popular there was criticism of it as it referred to people as resources, as if they were any other factor of production to be leveraged into economic value. However, Boxall and Purcell (2016:4) regard this as a misunderstanding of the term. They suggest that it is not people that are referred to as 'human resources', rather their knowledge, skills and energies which they use in their daily roles: 'People are *not* human resources. On the contrary, people are independent agents *who possess* human resources, which are the talents they can deploy and develop at work and which they take with them when they leave the organisation' (authors' emphases). However, the authors add that referring to people as human resources is 'a mistake made in a variety of textbooks and dictionaries'.

HRM has also been widely criticised for reasons beyond its terminology. The main reservations are summed up by Armstrong and Taylor (2015:8) as 'HRM promises more than it delivers and its morality is suspect'. In respect of the first point HRM has been variously (and contradictorily) described as overly prescriptive, uncertain and imprecise,

and simplistic. In respect of the second point, it has been claimed that HR overemphasises business needs and that it is manipulative in seeking to shape human behaviour at work.

However, much of the criticism has subsided. According to Armstrong (2016:5) this is because 'HRM is no longer governed by the original philosophy – if it ever was'. According to Storey (2007:6), HRM 'in its generic, broad and popular sense simply refers to the system of people management' that pertains in an organisation. Elsewhere Armstrong comments (2016:10), 'HRM is here to stay, even if it is applied diversely or only used as a label to describe traditional personnel management practices...HRM has largely become something that organisations do rather than an aspiration or a philosophy, and the term is generally in use as a way of describing the process of managing people'.

### **The goals of HRM:**

Drawing on the original theory, Armstrong and Taylor (2015) identify the goals of HRM as to:

- Support the organisation in achieving its objectives by developing and implementing HR strategies that are integrated with business strategy
- Contribute to the development of a high-performance culture
- Ensure that the organisation has the talented, skilled and engaged people it needs
- Create a positive employment relationship between management and employees and a climate of mutual trust
- Encourage the application of an ethical approach to people management.

### 3. STRATEGIC HRM

Since the 1990s textbooks and commentators have increasingly referred to strategic HRM (sometimes SHRM) rather than simply HRM. This is a cause of much confusion, particularly as one of the key characteristics of HRM is that it is strategic, that is that HR policies and practices are informed by the overall objectives of the organisation. The terms are widely used interchangeably and to a large extent differences between the two are conceptual and of academic concern.

SHRM has been described by Boxall (1996) as the interface between HRM and strategic management. In other words, it describes how the future development of the organisation and the achievement of its objectives can be supported by its HR policies and practices. Having a skilled, capable and motivated workforce is perceived as fundamental to competitive advantage and SHRM is oriented towards recruiting, supporting and developing high-quality employees.

Integration and alignment are fundamental characteristics of SHRM. In organisations practising SHRM, people strategies are informed by business strategy (described in the HR literature as 'vertical fit'). In addition, HR policies should be integrated or consistent with each other ('horizontal fit' or sometimes described as 'bundling' HR practices). For example, if your organisation structure is based on team-based working, as is frequently the case in the public sector or voluntary organisations, individual pay for performance would not represent good horizontal fit.

The further objective of SHRM is to provide a sense of direction. Consistent with its origins in strategic management, planning is central to SHRM. Management identify a range of employee-related priorities and objectives which will contribute towards the achievement of the objectives of the organisation. An action plan is also required, that is, the means by which it is proposed the objectives will be met.

#### Being 'strategic'

Reilly (2012) claims that 'HR has been too loose in defining the meaning of strategic or it has not bothered at all'. He continues that whether this is due to an assumption that its meaning is self-evident or a belief that strategic HR is an illusion, its effect has certainly been harmful to HR. He concludes that for HR the word 'strategic' is something of a code word for being aligned with the interests of the organisation. He further adds that business leaders are frequently bemused by HR professionals for the manner in which they over-complicate HR. For them being 'strategic', beyond doing the basics well, means solving people-related business problems and building future organisational capability.

However, there has also been a backlash against HR 'being strategic', with some commentators suggesting that it's an over-used term and Alvesson (2009:52) arguing that one 'sometimes gets the impression that there is very little 'non-strategic' HRM going on'. In discussing the reality of running a HR function one HR manager commented that, 'My credibility depends on running an extremely efficient and cost-effective administrative machine...if I don't get that right, and consistently, then you can forget about any big ideas' (Caldwell, 2004:203). There is also increasingly a sense that HR has become too identified with the needs of the business at the expense of promoting the interests of employees. According to Reilly (2014) there is a need to talk less about being a 'business partner' and more about 'people partners'.

Armstrong suggests that SHRM can best be understood as 'a mind-set, underpinned by certain concepts rather than a set of techniques', while the CIPD (2016) comment that 'strategic human resource management is a complex process that is constantly evolving and the source of ongoing discussion by academics and commentators'. However, among organisations who have adopted SHRM it is possible to identify a number of key characteristics (adapted from Reilly, 2012):

- There is an organisationally shared philosophy underpinning people management (sometimes described as a 'big idea', for example 'alleviating world poverty' for a third world agency or 'serving the customer' for a retail organisation)
- There is a focus on business critical issues and outcomes
- People and their skills, knowledge and experience are seen a competitive resource
- There is a planned approach to resources (not just numbers but also skills and potential)
- Consideration is given to long-term and not just short-term value in the organisation;
- The full range of people management activities are brought together in an integrated manner
- The approach anticipates and supports change through scanning the internal and external environment
- There is an awareness of the importance of social and intellectual capital in the organisation and an emphasis on activities such as knowledge sharing, networking and relationship building.

## 4. THE HR FUNCTION

Above a certain size most organisations put in place a HR function. The basic objective of the function is to provide the advice and services that support organisations and their managers to get things done through people. The HR function may encompass one person or a whole department. A survey by Incomes Data Services in the UK (2010) indicated a median ratio of HR staff to employees of 61:1 in small and medium sized organisations, ranging to 100:1 in larger organisations. Armstrong and Taylor (2015:42) notes that 'the role of HR professionals varies widely according to the extent to which they are generalist (e.g. HR director, HR manager, HR officer) or specialist (e.g. head of learning and development, head of talent management, head of reward), the level at which they work (strategic, executive or administrative), the needs of the organisation, the view of senior management about their contribution, the context within which they work and their own capabilities'.

The manner in which HR is delivered within organisations has been the subject of much debate over the past twenty years. HR management is not a single homogenous occupation, rather, it involves a variety of roles and activities that differ from one organisation to another or even at different levels within the same organisation. Based on a survey of organisations, Crail (2006) suggests that in an organisation of 1,200 people a typical HR team might consist of a director, reporting to the chief executive, a number of professionally qualified managers with responsibility either for specific areas of the organisation or specific functions such as recruitment or employee relations, assisted by a number of more junior HR officers and assistants.

Over the past two decades the research of David Ulrich of Michigan University, has been particularly influential in respect of the HR function. In 1997 in his book *Human Resource Champions* he set out the roles of the HR function, describing these as strategic partner, administrative expert, employee champion and change agent. Ulrich is also regarded as instrumental to formulating a model of HR delivery sometimes referred to as 'the three-legged stool model' whereby HR is delivered through three major areas – centres of expertise, for example training and development or recruitment, shared service centres to handle the administrative and record keeping side of HR, and HR/strategic business partners to work with managers across the organisation helping them to achieve their objectives.

Although the model has attracted a great deal of attention, research by the CIPD (2007) found that less than 20 per cent of organisations had implemented the model in full. Difficulties with the model tend to derive from the resulting fragmentation of HR, poor communication and coordination within the function and 'boundary management' issues, for example when it comes to sorting out transactional tasks from the work of centres of expertise (Gratton, 2003; Hird et al, 2010). There have also been major challenges with the notion of HR business partners, chief amongst these is that in many organisations they are simply HR generalists aligned in some way to a business unit rather than its strategic people partners.

The other very prominent development in how HR is delivered over recent decades is the involvement of line managers in the delivery of HR. According to Purcell et al (2003) good HR practice is not only about having a range of best-practice policies in place. What makes the difference is how these policies and practices are implemented by line managers. The research of Purcell and his colleagues in particular emphasises the contribution to improved organisation performance of line managers in 'bringing HR policies to life'.

People centred aspects of a manager's role such as defining roles, interviewing, reviewing performance, providing feedback, coaching, identifying learning and development needs and conducting performance reviews all require

special skills. Some managers by nature are better at this type of activity than others, but all benefit from guidance and support. In particular, organisations need to recognise people management duties as part of a manager's role and give them the time required to do it. Armstrong and Taylor (2015:49) suggests a number of ways in which organisations can achieve 'better implementation and better ownership by line managers of HR practices':

- Identify how input in the area of people management demonstrably benefits them
- Involve them in the development and the testing of the practices
- Ensure practices are not too complicated, bureaucratic or time-consuming
- Ensure their responsibilities are defined and communicated clearly
- Provide them with the guidance, support and training required to implement the practice.

### **One in five employees has resigned over a terrible manager**

A Glassdoor survey of 2,000 UK employees published in May 2017 found that two out of three people will work for an annoying boss at some point in their career, and one in five will resign because of them.

The survey also found that over 41 per cent of respondents had skipped work because of a terrible boss, 20 per cent had been forced to take sick leave, while two per cent simply left without telling anyone.

The saying 'you don't leave your company, you leave your manager' still holds true according to David Whitby, UK country manager at Glassdoor, 'The good news is that you can become a better manager if you are willing to be self-reflective and open to feedback. Very few are born with the innate ability to become a leader so, just like any other skill it can be honed to help you get to where you want to be'.

Source: People Management, May 2017

<http://www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2017/05/19/one-in-five-uk-employees-have-resigned-over-a-terrible-boss.aspx>

Supporting line managers is therefore critical. However, Reilly (2011:25) challenges the HR function for what he perceives as its deficiencies in this regard. He comments that 'HR has made some very large assumptions about devolving HR and people management responsibilities to line managers'. Reflecting some of the downsides of the fragmented HR model which has evolved in many organisations, which has included aspects of the service being outsourced or 'hived off into some sort of back office ghetto', he argues that 'line managers, who should be part of an integrated people management approach, are instead faced with a confusing and irritating complexity of who to deal with on what'.

Reilly (2011:22) concludes that HR needs to reflect more both on its own capacity and on the roles it plays in organisations. While supporting the organisation in achieving its objectives will always be central to the mission of HR, the following roles also matter:

- Doing the basics right (paying people, recruiting efficiently, responding quickly to queries), but while adopting a 'customer mindset' neither should HR 'get trapped into a situation where it simply delivers what the customer wants without objection'.

- Supporting line managers, providing good quality people data and a provider of 'workforce intelligence', which can only be obtained by 'HR staff getting out more, talking and listening to staff, and not relying only on employee surveys
- HR's role as a challenger, champion of good people management, guardian of organisation values, conscience of the organisation and governor.

Part of HR taking stock should also involve asking what customers of HR want from the function. Research by Hirsh (2008:xiii) found that they valued a HR function that was proactive, fair, knowledgeable, did not hinder their work and protected employee interests. Customers of HR support the function in becoming more strategic in its influence on the organisation, but it has to be from a very practical standpoint. This means being responsive, professional and proactive, that is 'neither too bogged down by inefficient administration nor too remote in an ivory tower of policy and strategy'.

### HR and ethics

A survey in 2013 by the Institute of Business Ethics found that 38 per cent of the British public believe that business behaviour is in general not ethical. This is not surprising when every year there seems to be a new corporate failure or scandal in the headlines which raise serious questions about the way organisations are managed. Financially, it can be disastrous for organisations; negative views of investors can damage share prices, consumer disapproval can reduce sales and that is before any compensation claims and fines by the courts kick in.

To an outsider, it seems inconceivable that patient care wouldn't be at the core of a hospital's organisation culture, or that companies involved in oil exploration wouldn't prioritise equipment safety. Yet these and other examples demonstrate that, in the face of competitive pressures or organisational change, leaders can become distracted from their ultimate responsibilities, corporate 'blind spots' develop and company reputations suffer.

How was it that illegality or unethical practice went under the radar for so long? Didn't HR people notice questionable behaviour and a widespread inappropriate organisational culture or was it so endemic that HR directors really thought everything was ok? Were they subject to the same corporate blind spots and 'group-think' as others or did they feel uneasy but unable to step up and say what was wrong and what needed to be done to change?

Human Resource is a business function that is concerned with managing relations between groups of people. Inevitably, this process may raise questions about what the respective responsibilities and rights of each party are in this relationship, and about what constitutes ethical practice. Standards, values, morals and ethics have become increasingly complex in a postmodern society where absolutes have given way to tolerance and ambiguity.

Adapted from Carter (2015)



## 5. HR SYSTEMS AND STRATEGIES

The HR system consists of strategies, policies and procedures. Many organisations have multiple discrete HR practices (e.g. employee well-being, employee development, pay and reward etc.) with no explicit or discernible links between them. When organisations seek to improve their people management arrangements they will typically consider developing a HR Strategy. A HR strategy sets out what the organisation wants to do about its human resource management policies and how delivering on these will help to achieve the overall objectives of the organisation.

In some organisations a HR strategy may exist without necessarily being deliberate or even written down. It may simply exist in the collective minds of the relevant people. However, obviously this is something of a precarious situation and most organisations evolve to a situation whereby their strategy is somewhat more deliberate and planned, while also being responsive to changing circumstances and the environment.

Armstrong (2016) identifies three types of HR strategy:

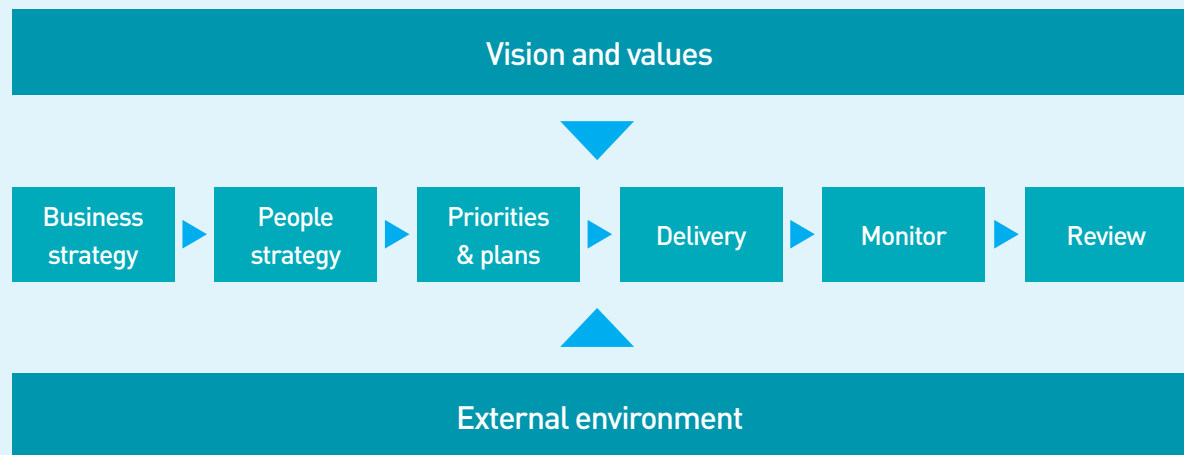
- Broad statements of intent with regard to HR in the organisation. Sometimes referred to as an 'umbrella strategy'. The core components of these may include items such as building a strong performance culture, developing leadership capability, attracting and retaining talent, developing HR systems
- HR strategies based around specific models of HR such as 'High-performance management'
- HR strategies in respect of specific areas, for example a talent management or learning and development strategy.

Because all organisations are different, all HR strategies are different. There is no such thing as a standard strategy. However, Armstrong and Taylor (2015) provides some general criteria with regard to HR strategies:

- It satisfies organisation needs
- It is researched and evidence-based, not just wishful thinking
- It can be turned into actionable initiatives
- Its components are coherent and integrated
- It takes account of all stakeholders in the organisation and doesn't reflect only the views of, for example, senior management or the HR function.

Reilly (2012) further emphasises the importance of a HR strategy being informed by both external factors and the values of the organisation, and of ongoing monitoring and review.

### The stages involved in formulating a HR strategy:



Source: Reilly, 2012:133

According to Armstrong and Taylor (2015:26), 'the main argument for articulating HR strategies is that unless you know where you are going, you will not know how to get there or when you have arrived'. HR strategies articulate what the organisation's overall convictions are in respect of its people and provide a framework for future decision making and action. However, it's important for those developing HR strategies to remind themselves of Fombrun et al's (1984) long-standing dictum that organisations and managers should perform well in the present to succeed in the future. In other words, 'there is no great strategy, only great execution' (Gratton, 2000:30).

### HR Strategy Formulation: Getting to know your workforce

During the process of HR strategy formulation, the following questions about the workforce are useful to ask (Reilly, 2012):

- What causes people to come to work?
- What motivates them to perform?
- What stops them from being effective?
- Are they engaged?
- Do they know the big picture?
- Is their potential harnessed?

Other HR audit questions are available at:

- Society for Human Resource Management (2015) *Practicing Strategic Human Resources*
- Accel Consulting (2017) *HRM Systems Diagnostic Checklist*
- Armstrong M and Baron A (2002) *Strategic HRM: the Key to Improved Business Performance, A strategic HRM checklist*, pp.219-221, London:CIPD

## 6. HR AND PERFORMANCE

An ongoing challenge for the HR profession has been the need to prove that good HR practice, in addition to being something that it is good to do, contributes to better organisation performance. This is necessary to prove that HR rather than representing a cost to the organisation 'adds value'. Thinking in this regard is based on the premise that good HR practices enhance the motivation and commitment of staff which in turn impacts positively on productivity and performance.

### Impact of HRM on organisation performance:



Source: Adapted from Armstrong (2015:57)

However, it has proven difficult to prove this definitively. As Ulrich (1997:304) commented 'HR practices seem to matter; intuition says it is so; survey findings confirm it. However direct relationships between performance and attention to HR practices are often fuzzy'. Guest (2011:11) is even more blunt: 'After hundreds of research studies we are still in no position to assert with any confidence that good HRM has an impact on organization performance'. So while research can show an empirical association between HR practices and organisation performance, it is difficult to know what factors or practices are particularly important and what HR outcomes are leading to the better organisation performance.

In order to unlock what is sometimes referred to as 'the black box phenomenon', the CIPD commissioned major quantitative research across UK companies (Purcell et al, 2003). The findings identified six key work practices that jointly applied were shown to improve performance. The research emphasises particularly that pay was not regarded as a primary motivating factor in any of the organisations in the study, all of which were trying to be progressive in respect of HR. The six key work practices in descending order of importance are:

### Career development and opportunities for advancement

Career progression and development are essential motivation and retention tools. However, career progression does not have to include promotion. Employees value greater autonomy, varied work, and opportunities to acquire new skills. Two considerations for organisations are the importance of development opportunities for all staff, even those that remain at the same level and the need to develop an appropriate and honest message in respect of development opportunities.

### Training opportunities

Training is the use of systematic and planned instruction and development activities to promote learning. Training opportunities enhance staff commitment and, if based on an objective assessment of need, result in a more efficient and effective organisation. 'On the job' coaching or 'stretch' assignments are frequently more useful to staff compared to formal training.

### **Job influence and challenge**

Job design is an area that deeply influences people's experience of work. Where people have some influence over how they do their job, and where they find their job demanding and challenging, they are much more likely to have job satisfaction. Techniques that support good job design include, job rotation, job enlargement, job enrichment and self-managed teams.

### **Involvement and communication**

The opportunity to contribute to decisions and have a sense of involvement is valued by most employees. Much of the knowledge required by organisations to be more productive is in employees' heads, so accessing it makes good business sense. Where managers encourage involvement it is associated with higher levels of satisfaction with management in organisations. Effective communication is a further vital part of the process. The good intentions of leaders can be ruined and mutual trust damaged by managers who do not pass on messages, who distort the message they are entrusted with, or who do not feed-back what they have been told by staff. A range of mechanisms are used by organisations to promote involvement and participation by staff, for example employee opinion surveys, suggestions schemes, town hall meetings, partnership committees and works councils.

### **Performance management and appraisal processes**

In employee opinion surveys, tolerance for underperformance frequently emerges as a major source of dissatisfaction among employees. However, in order to be able to identify under-performance, organisations need to clarify for both managers and staff what constitutes an acceptable level of performance. In addition, performance reviews should focus far more on performance planning and improvement than on retrospective appraisal.

A further important finding of the research by Purcell and his colleagues is the importance of implementing HR policies effectively. The authors note that employees experience more negative attitudes towards poorly applied HR policies than they do over the absence of a particular practice, even those that might be regarded as essential, for example performance appraisal.

### **Work-life balance**

Work-life balance emerges as an important area influencing employee attitudes towards their employer. It is important to consider work-life balance for all employees not just those with young children and the type of flexibility that people want. It is often not so much reduced hours that employees indicate they would benefit from but the possibility of varying hours at short notice to deal with whatever pressures they have outside of work.

However, consistent with other research, the research by Purcell and his colleagues found that good HR practices are not enough. What makes a bigger difference is 'the way people work together to be productive and flexible enough to meet new challenges' (Purcell et al, 2003: 32). This is facilitated by two key ingredients – organisation culture and the attitudes of line managers. Meaningful and easily understood organisation values help to unite an organisation around a shared mission, while the way in which managers implement policies and exercise leadership is positively related to positive employee attitudes in respect of the range of issues that support increased motivation and productivity. As the authors conclude (Purcell et al, 2003: 33):

Their managerial behaviour - in implementing HR policies, in showing leadership by involving staff and responding to their suggestions, and in controlling quality, timekeeping and absence – makes a real difference to employees' attitudes. It's not something that can be legislated for because it's a behaviour rather than a duty. It's strongly linked to the way that the line managers are themselves managed and to the wider values and culture of the organisation.

## 7. CONCLUSIONS:

As a description of people management activities in organisations the term HRM is here to stay, even if it is applied diversely or used only as a label to describe traditional personnel practices.

However, for organisations trying to implement a more authentic version of HRM this report tries to send the message that good HR practices are not enough. Research around the link between HR and organisation performance has shown that a positive approach to people management, in its very broadest sense, is necessary. Transformational or value-based leadership from the top is essential in that it helps to create a positive organisation culture. So too are the actions and attitudes of line managers who are responsible for bringing 'HR policies to life'.

The other central message of this report is the importance of HR reviewing its own capacity and contribution to the organisation. In this regard, considering the original theoretical underpinnings of HRM has considerable merit because HR has been variously criticised for being either overly focused on organisation strategy or swamped by administrative tasks, at the expense of listening to those it serves and developing a deep knowledge of the organisation. Reflecting on the origins of HR, both in strategic management and organisation behaviour, and the consequent goals of HR as originally envisaged, which encompass being both a 'business partner' and a 'people partner', serves as a reminder to HR of the multiple roles it is required to fulfil.

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