

## Learn and Study, The evolution and development of human resource management!

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Human resource management as a practice happens wherever there is more than one person. It starts at the family level where family members take different roles and responsibilities for the accomplishment of family objectives. The head of the household would harness all available resources including people to find the best in them in order to achieve whatever may be needed or desired. Indeed, the division of labour depends on the philosophies, values and expectations of family members and which are rooted in the wider society, be it a clan, a tribe or religion. **Also learned, [Guide to Theories in HRM!](#) The Evolution and Development of Human Resource Management!**

Managing people in an organisational setting is well documented throughout the history of mankind. Organisational structures evolved, leadership emerged or was formed, roles and responsibilities were assigned to people, accountability systems were laid down, and rewards and punishments were also provided. In this regard, division of labour, specialisation and accountability were systematically organised to achieve a specific purpose.

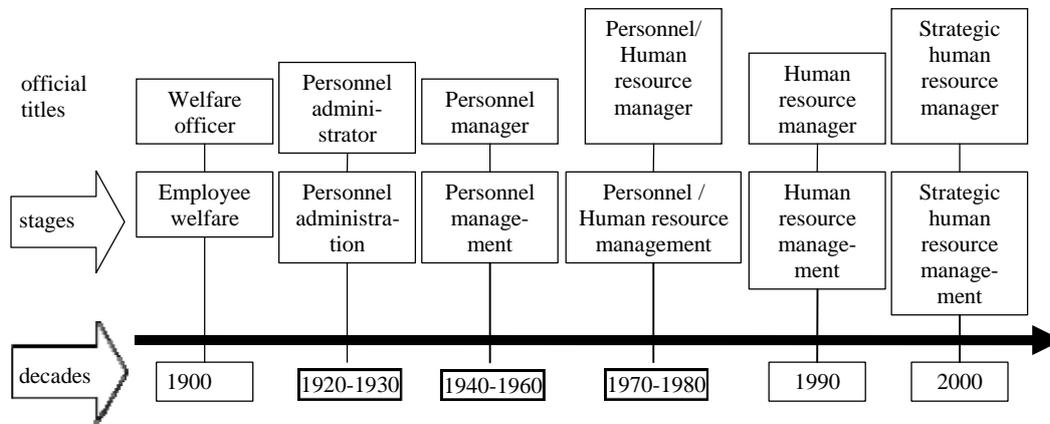
However, the documentation of the evolution and development of human resource management practices can be traced back to the booming European economy of the 1900s (Roethlisberg 1939). This economy created the necessary environment for more serious thought on the role of effective people management in the emerging labour market of the time. The economies were preparing for the First World War and its aftermath where industrial production required a mass of skilled, well organised and disciplined labour force. The challenges revolved around mobilisation of resources including people, which led to the evolution and development of four stages in managing labour. The stages were mainly identified by looking at the changing titles of officers responsible for managing the workforce and different roles that were emerging over time. Therefore, although personnel management literature often states particular dates or decades of transformation from one phase to another (Chruden & Sherman 1984; Cuming 1985), as a matter of principle, such dates or decades are more for convenience and reference purposes than being actual historical events. The same recognition is used to provide a picture of the chronology of the evolution and development of human resource management as we see it today. Figure 1 displays the stages in the evolution of human resource management.

Welfare stage in industrial age:

Historically, the 1900s was a time of increasing technological and economic breakthroughs arising from continued advancement in general and scientific knowledge through creativity and innovations. Indeed, the advancements had serious impact on economic growth and demand for goods and services in Europe and in Germany in particular for the preparations of World War I (Roethlisberg & Dickson 1939). More goods were demanded, and the massive

production of goods could be done more efficiently than ever before, under one industrial roof. This was a common phenomenon across

Figure 1 Stages in the evolution and development of human resource management



Western Europe particularly in Britain, France, Spain and Italy. For the Germans who were secretly preparing for war, the production of war materials created a chain of industrial networks with forward and backward linkages. Managing the increasing workforce in the emerging complex industrial production systems was an ever-more difficult challenge. The search for solutions, which included how to organise employees and ensure that their welfare was provided for, led to the need for better people management techniques that were not necessarily important only a few years before. Welfare services such as a canteen and other needs required some kind of officer whose sole purpose was to take care of workers. This is the genesis of employees' welfare services in organisations and the famous title of welfare officers we have in some organisations even today (Eilbert 1954; Chruden & Sherman 1984).

### Change of focus from welfare to personnel administration:

The 1920s and mid 30s are generally regarded as decades of personnel administration. The growing size of organisations and pressure to improve productivity called for the need to recruit, select, train, keep records, appraise, motivate, control, and improve production of job entry level of employees and those in the job as part of job orientation. These administrative tasks were best handled by welfare officers because of their experiences in welfare matters. However, since the roles of welfare officers changed in nature and scope and became more demanding in terms of knowledge, skills and behavioural attributes, the whole situation suggested that the title of welfare officer was not good enough to describe what was actually happening. To address these new dimensions of a welfare job, the title had to change from welfare officer to personnel administrator (Cuming 1985).

### Evolution and development of personnel management:

This covers the period during and after World War II. In the 1940s and 50s, there was an ever growing role for personnel administration to cope with the rising challenges and demands of the job which included craft, supervisory training and labour disputes that were threatening employees and organisational efficiency. These new dimensions in employee management were exacerbated by developments in academia, professional managers interested in academics and consultants where efforts were devoted to study behavioural factors in job performance. Such developments include human relations' school, which was pioneered by Elton Mayo and Kurt Lewin, who emphasised on improving the work environment and work groups as a strategy to improve productivity (Rush 1959; Robbins 1990; Torrington *et al.* 2005). Treating employees as human beings rather than working tools was a new doctrine that was revealing other aspects of people management in other phases of personnel management. This period marked a shift of emphasis from managing an individual employee to managing groups/teams in the organisation (Davis 1980). Other contributions were from the work of Abraham Maslow on the human hierarchy of needs and the power of employee's motivation on productivity (Maslow 1970). Later, Chris Argyris and Frederick Herzberg wrote about the concept of employee's satisfaction and the significant impact this concept has had on the organisational practices in improving the quality of work in organisations (Deci & Ryan 1985). The organisation development school driven by Bennis & Schein provided equally useful inputs to personnel practices particularly in areas of effective communication and the need to reduce conflict in the work place (Davis 1980; Walton & McKerzie 1991). Therefore, to suit the fashion of the time, there appeared to be a difference between 'administration' and 'management'. Likewise, there is a difference between 'administrator' and 'manager', where the former appears to be dealing more with routine activities, the latter deals with more strategic issues. There is however an on-going debate in academia on the semantics and the actual substance of personnel jobs.

During the 1950s and 60s personnel management as a professional discipline matured as characterised by most personnel management theories, practices, and processes we know today (Chruden & Sherma 1984; Cuming 1985). In addition to the services provided in the earlier phases, other areas covered in the functions of personnel management, particularly in the 1960s, were organisational development, management development, systematic training and manpower planning. Better processes and techniques of employee selection, training, wages and salary administration and performance appraisal were introduced. The other area was industrial relations in which personnel managers became experts in labour law and represented their organisations in industrial relations disputes (Chruden & Sherman 1984).

Therefore, personnel management as a type of management in organisations has evolved into a distinctive discipline. Perhaps one of the most widely accepted descriptions of the meaning of personnel management is the one given by Michael Armstrong in 1995. This definition is not very different from the ones found in revised editions and other textbooks on human resource management throughout the 2000s. Armstrong (1995) defines personnel management as 'the process and practice of getting people in organization, assessing and rewarding

for performance, and developing their full potential for the achievement of organisational objectives'.

By looking at personnel management in this perspective, as may also be noted from other work by the same author, and many other experts including Dessler (2005) and Bhatia (2007) there are many functions that ought to be performed in a designated functional department (personnel department). However, as shall be observed later, these functions are not by themselves necessarily different from those under a human resource management conceptual framework (Storey 1989; Armstrong 1995; Guest 2001).

The personnel functions are summarised and explained below as follows.

- Establishment of the organisational structure:

This involves establishing the organisation structure in a way that will enable the realisation of the intended mission, vision, goals, objectives, strategies and tasks. It is like an African saying that 'you scratch your back where your hand can reach'. No single organisational structure can suit all organisations because the suitability of an organisational structure will depend on where the organisation is, and what its future prospects are. If the mission of the organisation involves rapid growth and expansion, a tall bureaucratic structure may not be desirable because such a structure slows the decision making process, which in turn, stifles flexibility, creativity and innovation. A personnel officer who is fundamentally responsible for effective manning levels in the organisation has the mandate to become part of the organisational structure design team.

- Human resourcing:

Resourcing is a concept that has emerged with the use of the term 'human resource planning' as we shall see later. It involves a process of enabling the organisation to have the right people, doing the right jobs at the right time. This is in line with the challenges facing managers in staffing organisations. It is about planning for the number and quality of employees required under different job categories and to make sure that staffing process such as recruitment, selection, placement, promotions, transfers and downsizing are effective.

- Managing performance appraisal:

The personnel department has to initiate the system, process, techniques and tools of individual, teams and organisational performance measurement. It has to ensure that performance targets for individuals, teams, sections and departments are set and agreed upon and measures to address performance gaps are in place and are working. This is not an easy task because it requires a value judgement about employees. Indeed, there are no other areas of personnel management that make personnel officers more uncomfortable and unpopular than the appraisal function. This is because whatever process or tool is used to appraise staff and reward them accordingly, there is always tacit or explicit dissatisfaction from staff based on the feelings that such decisions were biased. Progress has been made towards improving staff appraisal systems, which will be covered later under performance management.

- Personnel training and development:

Since the performance of the organisation depends on the competence of the workforce, training and development are important, not only for the present job but also for the future job and organisation. The head of the personnel department has to design tools for assessing the need for training that will be used to identify training and development gaps and develop effective strategies and programmes for training and developing staff. In most large organisations and more so in government ministries, there are departments and officers responsible for ensuring that personnel training and development functions are carried out effectively.

- Compensation/Rewards management:

The words 'compensation' and 'reward' are often used interchangeably in contemporary personnel management. Although in principle, the two concepts may mean the same thing, they have different philosophical roots. Whereas the former is based on the interpretation that work is not necessarily a good thing and hence those who work lose something which should be compensated, the latter considers work positive and something which has to be rewarded depending on the quantity and quality of accomplishment. Therefore, employees need different types of compensations or rewards for the effort they expend on the job and enable the organisation function. It is the duty of the human resource department through the responsible officers to evaluate different types and levels of jobs in order to develop appropriate compensations or rewards in terms of pay and other incentive packages.

- Personnel relations:

Relationships between an employer and employee and among employees in the workplace need to be nurtured to avoid conflicts and disputes which will ultimately lead to unproductive behaviour. The personnel department is well placed for this job as it has staff trained in people management particularly in industrial legislation, labour laws and conflict management. Some industrial organisations employ lawyers as industrial relations officers, but qualified personnel officers should be able to perform this role. However, other experts such as lawyers and professional counsellors may be consulted where necessary.

- Other routine personnel administration functions:

There are a myriad of other personnel functions, which are basically routine work and constitute day-to-day administrative activities performed by personnel officers depending on the size and scope of the organisation. These functions include but not limited to, health, transport, security and safety, pensions, deaths, and personnel information system.

## Change to human resource management:

From the late 1970s and early 80s we witnessed many developments and challenges which disturbed the stability of economic, political, technological and academic environment experienced in the 1960s. These challenges have had

enormous impacts on people management in organisations perhaps more than at any time in human history.

- Shift in global macro policy framework:

The late 1970s and early 80s was an era of neo liberalism in which market forces were a driver of institutional frameworks of nation states and organisations. This was a period when we witnessed strong arguments against direct state involvement in the economy. It is not clear what was the 'chicken' or 'egg' between politicians and academics or who these people, often referred to as 'experts' of the World Bank and the International Monetary Fund are, and what their role in the architecture and birth of neo liberalism and marginalisation of the role of government in economic development is. However, whatever the case may be, both politicians and consultants were important in the doctrine of neo liberalism. One of the foremost advocates of neo liberalism was the former conservative British Prime Minister Margaret Thatcher and her counterpart conservative president of the United States of America Ronald Reagan whose philosophies were known by their names, that is, Thatcherism and Reaganism respectively. They brutally blamed earlier liberal governments for causing the economic crisis of the 70s through excessive government control of economies and overprotection of employees. The privatisation of state owned organisations, relaxation of legislation in favour of the private sector and the urge for profit maximisation became the new agenda and both the desired and required framework for managing organisations and the workforce. Therefore, costs consciousness and the pressure to justify the role of employees in developing and sustaining organisations in the market became a challenge. Failure to respond to these challenges through proper personnel management strategies was seen as a slippery slope towards the collapse of companies that had long historical roots of successful business.

- Business competition:

The 1980s and early 90s witnessed an uncertain, chaotic and often turbulent business environment. Increased competition from Japan, and other international companies with cheaper but high quality goods was a challenge to American and European organisations. In reaction to the new competition and as a strategy for coping with the crisis, a substantial number of organisations experienced takeovers, mergers, and business closures. These were also accompanied by heavy losses of work, working on part time, the need for individuals to become multi skilled, and the contracting out of some work. Partly as a way of addressing these challenges the role of the personnel specialist had to change from reactive to proactive and from routine to strategic approach to the management of personnel functions so as to be able to match the unpredictable environment.

- Change in customer needs and expectations:

A change in customer taste, fashion and quality of goods to reflect their purchase price put more pressure on the organisations to get the best out of their production systems, processes, and employees. This could only be achieved by getting the best people from the labour market, develop, reward, and ensure that they are committed to high quality service to the organisation. In order to achieve these objectives, an enabling environment for employee creativity and

innovation became a necessity. This new demand had an impact on recruitment and selection criteria, staff development and reward systems as well as the roles of personnel specialist's vis-à-vis line managers in personnel management functions. The role of personnel had to change from that of a doer of personnel functions to that of partner in providing support services to other departments to perform personnel functions.

- Technological change:

Competition was also intensified by the organisations that could adopt and adapt flexible specialisation technologies to meet customer needs and expectations. The implications were that organisations had fewer, but better trained people, flexible to cope with rapid technological changes. Continuous learning and adaptation based on teams became a natural area of focus on people management. Information technology destroyed knowledge monopoly. The power of knowledge became how best to use it, rather than who owns it.

- Change of philosophy of employee relations:

The power of employees was through legislated trade unions where thousands of employees under the industrial production system held power. Therefore, the power of individual employees in the employment relationship was vested in a collective solidarity. Mass redundancies, less protective role of the state as well as the declining role of trade unions made life more individualistic than collective. The change of employee relations from collectivism to individualism was an automatic consequence of the above changes. Employment relations became more based on arrangements and agreements between the employee and employer as opposed to the use of trade unions and labour legislation.

- Developments in the academia:

Building on the knowledge accumulated in previous decades and research that was being conducted particularly in the 1980s and early 1990s, it appeared that organisational strategy, and strategic approach to managing employees was the best option for responding to challenges facing organisations (Hendry 1995). The Human Resource Management School, advanced by academics from America and Europe, which spearheaded the concept of 'strategic approach' to managing people, became the centre of debates and development of human resource management as a philosophy distinct from personnel management. The Excellence School propounded by Peters & Waterman and their followers on the role of strong organisational cultures and commitment to excellence also has had a remarkable influence on the development of human resource management (Storey 1989). Some areas of corporate management including the size, structure, strategy, culture, product, and organisational life cycle were now included in human resource management (Schuler 2000).

The major issue was how personnel management functions could make an impact on the functional level, as part of supporting other departments, as well as being part of business strategy. Personnel managers had to become partners in the business. As part of improving employees' utilisation, a more rigorous method of assessing the performance of employees in relation to rewards was also developed. The introduction of performance management systems and

reward systems based on performance was an indication of changes in personnel management practices.

Within these changes, personnel management was redefined and the concept of 'human resource' vis-à-vis 'personnel' was adopted, although the debate concerning the differences continues (Storey 1989). However, as may appear in the literature, the difference between 'human resource' and 'personnel' may be clear or unclear (Armstrong 1995). This difference depends on the taste, or on the taste and fashion rather than on what managers do, this is notwithstanding the fact that most academics and managers in organisations use the term human resource management as opposed to personnel management when referring to people management even without making conscious effort to distinguish between the two.

Perhaps the most popular definitions of human resource management are those suggested by Storey and Armstrong because such definitions are based on thorough reviews of earlier works from both American and European human resource management debates. Storey looks at human resource management as:

... A distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques.

It is worth noting here that the focus of human resource management is on employee management techniques that are directed towards gaining competitive advantage depending on the adopted business or organisational strategy. Armstrong also appreciates the role of strategies but goes further by emphasising the need for robust personnel systems, which will take care of employees (individuals and teams), as valuable assets where investment is crucial. Thus, he defines human resource management:

... As a strategic and coherent approach to the management of organisations' most valued assets – the people working there who individually and collectively contribute to the achievement of business objectives.

By looking at the various debates in academia and good practices in personnel and human resource management, human resource management may be further defined as a strategic approach and management practice of managing employees so that there is sustainable achievement of an organisational mission, goals, and objectives. These definitions are conclusively derived from the American and European schools of thought.

The evolution and development of human resource management has relied on two traditions. These are the American, alias Harvard and European under the leadership of British academics, particularly from the University of Lancaster.

The American school alias 'Harvard School':

The works by Boxall (1992), Beer & Spector (1985) and Beer *et al.* (1994) are considered to be some of the main foundations of different concepts and disciplines which shape the scope of human resource management in America,

and which were later adopted, adapted, or dropped by other scholars worldwide. Indeed, they represent what is often termed as American school of thought and contribution in the understanding of human resource management in contemporary organisations. The main building blocks are crystallised into four categories. The first involves a focus on stakeholders 'interests, according to stakeholders' theory, organisations that strive to maximise key stakeholders' interests flourish more than those that pursue purely performance-oriented objectives. This argument rests on the fact that organisations exist to serve different stakeholders with different interests but which may not necessarily be explicit. In this case, human resource functions have to maximise the interests of key stakeholders who, in turn, pay back by steering the organisation towards success.

The second category is the balancing of stakeholders interests. This category is linked to the above argument but the focus here is on the need to take specific initiatives to ensure that, although there are stakeholders who matter more than others, if some stakeholders feel that there are some who benefit more than others, they may create tensions, dissatisfactions and ultimately erode commitment. Therefore, human resource managers should ensure employees' interests are balanced with those of other stakeholders.

The third category is positive influence on employees. Employees are central in influencing survival and the growth of an organisation and hence human resource functions should exert positive influence on employees.

Finally, the fourth is strategic approach to managing employees. Organisations will remain competitive if they focus on the organisational strategic issues and their environment. Strategic approach includes formulation of organisational mission, goals, objectives, strategies, and targets. This approach has strongly influenced the now famous strategic human resource management approach.

The UK school alias European school:

Storey (1989) has described the role of David Guest and Colleagues in shaping human resource management discourses in Europe. These authors consider the following key critical areas of focus in human resource management:

1. The need to marry business and human resource strategies, that is, human resource strategies should be developed and save business strategies.
2. Strong organisational culture for employee commitment. The assumption here is that a committed employee will put in the maximum effort required for the desired organisational performance.
3. Obsession for Quality. In a world of increasing competition, new customer tastes, and choice, no organisation can survive without addressing issues of quality. Quality will always matter in human resource management and the starting point of this is during recruitment, where an organisation should get the right staff right away.
4. Creativity and innovation. This is a critical factor, which distinguishes one organisation from another in terms of how they respond to the environment.

Employees have to be able to come up with new ideas and put them into practice in order to exploit business opportunities.

Current human resource management debates seem to consider these two ways of looking at the basics of human resource management as more complementary rather than pointing to different directions. As a result, human resource philosophies and objectives are anchored on these schools of thought (Storey 1989; Guest 2001).

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