The purpose of this chapter is to outline some of the key elements of human resource management (HRM), and to introduce our framework for this volume. The field of HRM continues to evolve in today’s organizations, in part due to the economic, technological, and social realities that influence the nature of business. In a global economy, a wide range of factors—that vary from global sourcing and labor arbitrage to regional trade agreements and labor standards to cultural differences and sustainability to strategic alliances and innovation—all point to the vital nature of HRM. In large part this is because from a strategic standpoint, observers have noted that traditional sources of advantage such as access to capital, protected markets, or proprietary technologies are rapidly eroding, and that survival depends more often on the ability to innovate, adapt, and learn, and transfer that learning globally. As one might guess, these capabilities rest squarely on the management of people.

But while few will argue against the premise that HRM issues are critical in today’s organizations, the mantra of ‘people are our most valuable asset’ has largely been a rhetorical one in most organizations; and the research evidence has often not backed it up (cf., Snell, Shadur, and Wright, 2002). Historically, organizations have not rested their fortunes on human resources. The HR function remains among the least influential in most organizations, and competitive strategies have not typically been based on the skills, capabilities, and behaviors of employees. In fact, the harsh reality is that labor is still often viewed merely as a cost to be minimized, particularly in tough times. Executives have more often tried to minimize the impact of employees on performance by substituting capital for labor where possible, and designing bureaucratic organizations that separate those who think from those who actually do the work (Snell, Youndt, and Wright, 1996).

But there are some encouraging signs that much of this is changing. As Quinn (1992: 241) noted, ‘with rare exceptions, the economic and producing power of the
firm lies more in its intellectual and service capabilities than in its hard assets.’ And again, this clearly highlights the importance of human resource management.

To explore how HRM is changing, and to examine best practice across its array of activities, we organize this chapter as follows. First, we present a $2 \times 3$ matrix that summarizes both micro- and macro-perspectives on elements of HRM across: (a) a human focus, (b) a resource focus, and (c) a management focus. Second, we describe the structure of the book and how the individual chapters deal with the issues raised by this matrix of HRM perspectives.

**A HUMAN FOCUS**

The history and evolution of HRM (Chapter 2) emphasizes its longstanding concern with a human focus. Historically, this focus placed a strong emphasis on employee rights and needs and employee wellbeing in general. This focus was much in evidence in early developments in the areas of occupational health and safety (Chapter 17) and grievance management (Chapter 19) in particular. More recently we can see this focus reflected in broad debates about work design (Chapter 16), the work-life balance (Chapter 29), and equality and diversity (Chapter 14).

At its root, HRM focuses on managing the employment relationships and the implicit, as well as explicit agreements that are established between individuals and organizations. In many instances, HR plays the role of employee advocate or ‘champion’ in ensuring the equitable treatment of employees in order to ensure that the interests of employees as well as the organization are protected.

**A micro perspective**

From a micro standpoint, HRM includes managing the nature of employment (Chapter 4). It also includes issues of employee involvement and participation (Chapter 15) that characterize the attachment of individuals to the organization. This raises the importance of the employee’s experience at work and outcomes (Chapter 22) as well as their work-life balance (Chapter 29).

**A macro perspective**

From a more macro perspective, the human element of HRM addresses collective agreements between employees and organizations that characterize industrial relations and collective bargaining (Chapter 18) as well as formal policies and procedures that ensure rights of redress for discipline and grievances (Chapter 19). From a broad perspective, the human focus of HRM concerns issues related to ethics (Chapter 28), equal opportunity (Chapter 14), health and safety (Chapter 17), as well as fairness and workplace justice during downsizing and redundancy (Chapter 20).

**A RESOURCE FOCUS**

Balancing the needs and interests of employees against the needs and interests of the organization is often a difficult task in HRM. The contradictions and tensions between different models of HRM, such as that between an ‘employee champion’ and a ‘business partner’ role in the organization have received considerable attention in the literature (Ulrich, 1997; Francis and Keegan, 2006). Although HRM by its very nature has a decidedly human focus, it also focuses on employees as a resource in driving performance. Many of the practices that are typically associated with HRM focus on increasing productivity and enhancing the competitiveness of the firm.

**A micro perspective**

From a micro perspective, HRM focuses on individual practices that ensure employee ability and motivation to perform effectively. Recruitment and selection (Chapter 9), for example, constitute important organizational investments to ensure that the best and the brightest talent is brought into the
organization to fulfill its particular needs. Training and development (Chapter 10), in turn, augment the staffing process to build the talent base of the organization and close the gap on required skills, abilities, and other factors. Management development programs (Chapter 11) help to ensure a strong cadre of executives is available to succeed current leaders, and to provide a succession of experiences that develops this talent over time. Performance appraisal (Chapter 12) involves both the administrative and developmental requirements of performance management. It addresses ability-related factors, and seeks to motivate employees to improve individual and organizational performance. Given these aims it ties directly to the management of rewards (Chapter 13) and the various methods organizations use such as pay for performance, incentives, and the like. Finally, job design (Chapter 16) addresses the motivational basis of work and the micro-structural requirements of the organization.

A macro perspective

From a more macro perspective, a resource focus of HRM addresses the set of practices for managing the aggregate of human capital in organizations and nation states (Chapter 24). Much of this literature is informed by the resource-based view of organizations as it applies to HRM (Chapter 25). From a competitive standpoint, executives recognize that their talent base is a source of advantage, and as a consequence, they take care to develop strategies that build and deploy their work forces in ways that enhance firm performance (Chapter 21). Different models of macro HRM (Chapter 3) capture the universalistic ‘best practice’ approach to HRM, the contingency approaches, and the configurational approaches which emphasize the combination of practices that reinforce and support one another. Just as individual talents combine to create a collective capability in organizations, multiple HR practices also combine to create an overall strategy of HRM within a regulatory context that affects the employer’s choice of specific practices (see Chapter 5). The evolution of HR strategy (Chapter 6) has taken organizations from a fairly static view focused on person-job fit, to one focused on organizational and cultural fit, to managing a global workforce where practices differ across regions and cultures (Chapter 8). In cases of hyper-competition and rapid change, HR strategies help to create and leverage an agile workforce that can adapt to change and drive innovation. This often includes the use of contingency workers, strategic partnerships, and alliances that span organizational boundaries (Chapters 26 and 27). At the extreme, these approaches have an aggregate impact on industry innovation and national economic performance (Chapter 24).

A MANAGEMENT FOCUS

While much of the literature on HRM has focused on the needs and concerns of employees (as humans) in organizations, as well as their potential contribution as resources contributing to organizational performance, an important subset of concerns relate to the management of the HR function itself. In many ways, the evolution of the HR function, its organization, and the professionalization of HR managers, represent some of the biggest changes occurring over the last decades.

A micro perspective

Although the earliest roles and responsibilities of HR managers emerged from the administrative and transactional requirements of employment and personnel issues, the contemporary setting requires HR managers to adopt a more strategic set of roles that focus on managing change, building organizational culture, and becoming a partner in the business (Chapter 7). The skills, knowledge, and behaviors of HR managers and leaders in this context are substantially different, and many companies are challenged with identifying
and developing the next generation of HR professionals.

**A macro perspective**

From a macro perspective the HR function has undergone a significant amount of change as well. Many firms have restructured to establish a cadre of HR generalists (business partners), complemented by centers of excellence (specialists), and supported by a shared services organization for administrative/transactional activities. In part, these changes have taken place to create economies of scale in multinational companies (Chapter 32) but some of the change is occurring in small and medium sized firms as well (Chapter 31) where strategic partnerships give smaller firms access to specialized HR talent. In both settings, the trend toward outsourcing transactional activities has also continued.

The issues related to HRM in developing countries are no less significant (Chapter 23) and related to both micro issues of HR managers as well as macro issues of organizing the HR function within the firm. Similarly, the special issues in the service sector, both private sector service (Chapter 30) and the public sector (Chapter 33) create HR challenges as well.

**THE STRUCTURE OF THE HANDBOOK**

The themes and developments outlined above are reflected in the chapters that follow. In the first part, the contributors provide an overview of the history and different perspectives underpinning the field. In Chapter 2, Howard Gospel outlines the historical development of human resource management, defining the field broadly to cover three interconnected areas—work relations, employment relations, and industrial relations. The chapter examines major patterns in these three areas as they have emerged over time, showing how the changing technological, market, political/legal, social, and business environments have shaped basic aspects of labor management. He classifies the history of human resource management into three broad ‘stages’: from the first industrial revolution and the growth of bureaucratic personnel management from the late nineteenth century onwards; to the second industrial revolution in the mid-twentieth century involving union-based systems of industrial relations management; and the third industrial revolution of more flexible systems of human resource management.

The theme of current models of strategic human resource management is developed by Saba Colakoglu, Ying Hong and David Lepak in Chapter 3. Concentrating on the link between human resource management and the competitive advantage of firms they review the underlying theoretical approaches for universalistic, contingency and configurational perspectives in the field. The established resource-based view and behavioral perspectives are reviewed before considering emerging approaches concentrating on employee cognitive and social dimensions. The international aspects of HRM are also considered.

In Chapter 4, John Budd and Devasheesh Bhave explore the contrasting views of the employment relationship associated with four different schools of thought. Distinctions are drawn between egoist, unitarist, pluralist and critical models of the employment relationship. The underlying values, ideologies and frames of reference held by those studying and practicing human resource management are associated with different views of the purpose of employment practices and the preferred approaches to dealing with labor management issues.

In Chapter 5, Michael Barry explains how the regulatory context affects employer choices of human resource management practices. Over the last twenty years employers have reasserted their rights to manage employees free from regulations to protect employee interests and correct market failures. He argues that rather than shifting to a deregulated labor market over the last two decades, new regulatory actors have emerged to influence employers’ choices of human resource management practices. In addition, the state continues to define the overarching
regulatory system and employers’ choices are still conditioned by this and product markets, along with the history of the firm.

In Chapter 6, Scott Snell and Shad Morris summarize the evolution of the field of HR strategy. This has involved a change from concentrating on person-job fit under scientific management, to systemic fit from the 1980s, to value creation in the differentiated work systems currently used by firms in hyper-competitive global markets. A convergence is described between the fields of HR and strategy on the issues of human capital, social capital and capabilities. Future challenges include understanding how to manage knowledge and innovation across globally dispersed and differentiated workforces, and how to effectively manage outsourcing and offshoring from a HR perspective. Despite these challenges HR concerns are now considered central to corporate strategy.

In Chapter 7, John Haggerty and Patrick Wright focus on the value added by the HR function. Moving beyond debates about implementing high-performance work practices and operating as business partners, they adopt a micro organizational approach and argue that the skills of HR professionals must improve to establish and maintain the proper climate for simple rules to signal appropriate behaviors to employees required to drive business performance. This involves translating corporate value statements into meaningful HR practices, building effective links with line managers and creating a positive organizational climate.

In the final chapter in Part One, Richard Hall and Nick Wailes broaden the theme of the influences on human resource management by considering differing practices across countries. They argue international human resource management needs to incorporate insights developed from comparative HRM and international political economy and move beyond a traditional focus on expatriate management and culture as the main explanation of differences between countries.

Part Two focuses on the fundamental areas of human resource management practice. In Chapter 9, Filip Lievens and Derek Chapman argue that an effective approach to recruitment and selection requires combining a macro level recruitment strategy and micro processes such as understanding the decision making of selectors and applicants. The chapter focuses on new research on recruitment, covering the impact of technology, the quality of applicants attracted, the important role of the recruiter, organizational image, attracting older and temporary workers, and applicant reactions to selection procedures. Recent work on personnel selection reviewed covers technological developments, selecting employees in international firms, new selection procedures, and improvements in existing selection procedures. Demonstrating the value of recruiting and selecting to organizations remains an important challenge for research in this area.

In the first of two chapters on developing employees, Phyllis Tharenou, in Chapter 10, considers the main developments in employee training and development. Four major approaches to training and development are outlined from the fields of human resource management, industrial/organizational psychology, labor economics, and industrial relations. Tharenou argues that principles and different levels of analysis from these different areas should be combined to increase training effectiveness. Research is then reviewed across three stages of the training and development process covering what occurs prior to, during, and after training. She argues that managers fail to act on many of the lessons from this research and changing managers’ attitudes towards the training and development process is an important priority for future research.

The call for greater dialogue between different approaches to management and leadership development is also emphasized by Christopher Mabey and Tim Finch-Lees in Chapter 11. Identifying shortcomings in the causal links between management and leadership development and organizational performance, Mabey and Finch-Lees review existing evidence on the links to strategic intent, enhanced skill and competence, and between enhanced competence and
They argue that work based on functionalist assumptions overlooks a range of important issues, including the multiple meanings attributed to management and leadership development by different stakeholders, the effects on management identities, and the coercive aspects of such training programs.

In the first of two chapters on assessment and rewards, Michelle Brown and Victoria Lim, in Chapter 12, focus on the motivations and tactics that supervisors and employees use in formal evaluations of employee performance. They review the situational and personal factors that influence the supervisor’s appraisal of employees, and employee reactions to performance appraisals, the effect of perceived fairness on participation, impression management, feedback on assessments and resistance to assessment. The conclusion drawn is that more research is required focusing on the interactions between supervisors and employees in the appraisal process.

In Chapter 13, Barry Gerhart concentrates on factors affecting the degree to which employers use pay for performance plans, reviewing reinforcement, expectancy, equity, agency and efficiency wage theories of motivation. He reviews evidence on the effects of pay level and pay for performance, considering the potential pitfalls and the impact of a series of alignment and contextual factors that might affect the success of pay for performance plans.

In Chapter 14, Anne-Marie Greene describes the move from liberal approaches to equal opportunities based on ‘sameness’ to diversity approaches founded on ‘difference’. This involved a shift from a social justice case to a business case for equality, and the sharing of responsibility for equality among a wider group of stakeholders. Confusion among academics and practitioners concerning the purpose and implementation of equality practices has resulted in policies appearing similar to those under equal opportunity approaches. Legal compliance remains a major motivator, equality remains a low status management issue with limited expenditure, and equality in most firms remains the responsibility of the HR function.

In Chapter 15, Graeme Dietz, Adrian Wilkinson and Tom Redman focus on the main factors that influence the effectiveness of schemes to increase employee involvement and participation. Adopting a life-cycle perspective, the chapter reviews these factors as they affect schemes from their initial stages, to operation and potential survival. Several important factors are highlighted, including managerial motives, the mismatch between motives and the design of schemes, and organizational- and individual-level obstacles. These factors contribute towards what are at best described as the modest outcomes of such schemes.

In Chapter 16, Sharon Parker and Sandra Ohly review classic work design theories and research, and concentrate on the relationship between work characteristics and outcomes. They consider recent work to further understand the relationship between job characteristics and outcomes, including extending beyond the big five work characteristics, expanding the outcomes associated with job characteristics, further understanding the mechanisms and moderators, and the organizational factors shaping work characteristics. They point to future work to assess the impact of collective and contextualized processes of organizing work and the design of complex professional and knowledge based jobs. The gap between work design theory and bad work design choices in practice remains of concern.

Employee wellbeing is further explored in Chapter 17 by Rebecca Loudoun and Richard Johnstone. Traditional views of health and safety at work have embraced a broader view of the factors affecting workers’ physical and psychological health, and regulators require employers to take systematic approaches to manage occupational health and safety. However, they identify difficulties in firms engaging in risk management processes, reactive minimal compliance and unsatisfactory occupational health and safety regulation.

In Chapter 18, Thomas Kochan and Greg Bamber focus on industrial relations
and collective bargaining with trade unions and other employee representatives. The chapter emphasizes the normative purpose of designing institutions that promote fairness alongside efficiency. The purposes of collective bargaining are outlined along with its rise and decline in the twentieth century. The key challenges looking forward concern the design of institutions to regulate employment given the globalization of markets and firms, and to balance work and family life.

In Chapter 19, questions of fairness and workplace justice are also to the fore as Brian Klaas reviews the research on discipline and grievance procedures designed to deal with problematic employee behavior. Klaas shows whether the use of formal disciplinary procedures produces benefits that outweigh the costs depends on factors in the organizational setting and the disciplinary system that affect employee perceptions. A range of questions that need to be addressed in research on grievance systems for employees are identified and the moderating role of contextual factors remains critical for research in this area.

In the final chapter of Part Two, Wayne Cascio argues that the anticipated increases in earnings and share prices from downsizing and redundancies are more likely to arise from disposing of unprofitable or technologically redundant parts of a business, but not as part of an indiscriminate management approach to reducing costs. The advantages and disadvantages of four methods to reduce the workforce are reviewed and the limited research on alternatives to downsizing considered. The negative impact of downsizing on employee attitudes and behaviors are explored among other issues, and the effects on firm performance and communities assessed. Finally, more work is called for exploring the effects of downsizing according to the different practices used and contexts in which it occurs.

Part Three of the Handbook focuses on contemporary issues in human resource management. In Chapter 21, Brian Becker and Mark Huselid outline a way forward for research into strategic human resource management and firm performance by further applying concepts from strategic management. In arguing for an emphasis on implementing HR strategy as a source of competitive advantage, they highlight the importance of an HR architecture that embeds capabilities for concrete business processes that are firm-specific and strategically important. The practical implications for HR managers include an emphasis on workforce strategy, an increased emphasis on differentiation, measuring the HR function’s performance and HR professionals developing new competencies.

In Chapter 22, Francis Green, Katy Huxley and Keith Whitfield broaden the discussion to examine the employee experience of work during a period in which many firms have revised their approach to human resource management. Although wages have increased for many workers, other aspects of the employees’ experience such as the intensity of work and job stress may have become worse. However, these changes appear to vary for different groups of workers according to factors including gender, whether workers have a disability or health problems, hours worked and firm size. The authors conclude that high commitment management approaches have had little impact on employee experiences of work.

In Chapter 23, Pawan Budhwar and Yaw Debrab change the focus to consider human resource management in developing countries. This topic has attracted more attention recently as local firms in developing countries seek to compete in global markets and China and India have emerged as major economies. Most work so far has assessed the impact of national factors on HRM, including religion, traditional cultural beliefs, western colonial and modern influences, institutions, the political and legal framework, the business environment, and national history. Eleven issues are highlighted to help guide future research in this area and many of these issues insist that sensitivity to context is essential.

In Chapter 24, Jonathan Michie explores the relationship between HRM and national economic performance. National economic performance is influenced by both the
aggregate of corporate performance and the ability of national economies to innovate. Politicians may however encourage numerical flexibility in the labor market at the cost of encouraging functional flexibility and high skills in firms. Developing employees and organizing work to increase the absorptive capacity of firms are also considered important HRM issues if firms are to benefit from knowledge generated in the science and university sectors.

In Chapter 25, Paul Boselie and Jaap Paauwe provide an overview of the resource based view (RBV) and its impact on human resource management. Several empirical studies are reviewed that seek to apply the RBV and a set of problems with RBV theory are considered. In order to overcome the narrow focus of the RBV on the internal resources of firms, the authors propose complementing the theory with recognition of the impact of external institutions on the firm, and a strategic balance approach recognizing the importance of the capabilities and administrative heritage of the firm.

In Chapter 26, Lee Dyer and Jeff Ericksen use concepts derived from complexity science to consider the HR challenges for firms operating under conditions of hyper competition and creative destruction. In such firms, innovation, dynamism, and the ability to adapt are required to recreate short-lived temporary competitive advantages. Although the most appropriate HR practices in such circumstances are not well understood, the authors highlight several, including: a potential role for recruiting agile performers; employees equipped to take on different assignments and tasks; a requirement for continuous development; person-based pay decided by project teams that is high relative to the market; and systems to prevent overwork and burn-out.

In Chapter 27, Mick Marchington, Fang Lee Cooke and Gail Hebson consider human resource management across organizational boundaries that arise in the employment of subcontracted, outsourced and agency workers. Although generating employee commitment to more than a single employing organization is possible, this appears to require conditions rarely offered to workers in these circumstances, such as attempts to provide better working conditions. Furthermore, employees in multi-employer networks rarely benefit from reward, training or employee participation practices that will enhance employee commitment.

In Chapter 28, Chris Provis outlines a range of traditional and new human resource management issues that require careful ethical consideration. Managers may ignore attempts to apply ethics to employment issues because some recent management approaches may be ethically suspect, but such neglect may also have occurred because different approaches to ethics sometimes appear to produce conflicting advice on human resource management issues. Nevertheless, ethical theories help identify the issues managers should consider and discuss in human resource management, although it is considered misguided to hope for unequivocal solutions to ethical dilemmas.

In the final chapter of Part Three, Janet Walsh discusses key developments in working time and work-life balance. She examines the potential causes, national, occupational and gender variations in the time demands and pressures of paid employment and the links to work-life conflict. Assessing policies for work-life balance, Walsh highlights the important role of state legislation in employers enhancing family-friendly work practices. The organizational characteristics of family-friendly employers are assessed as well as evidence of the organizational benefits of these policies, and the reasons employers do not adopt such policies.

The contributors to Part Four consider human resource management issues from different sectoral perspectives. In Chapter 30, Jody Hoffer Gittell and Rob Seidner consider human resource management in the service industry. They argue against the view that the labor intensive nature of much service work and low cost competition makes an investment approach to HR unlikely. Instead they note that direct customer/provider interface in service work makes service
quality important even in low cost segments of the market, and require HR investments. Such investments are thought to drive service sector performance through increasing employee commitment, raising skills levels and building more effective relationships.

In Chapter 31, Paul Edwards and Monder Ram focus on the relatively non-formalised human resource management practices used in small firms. The authors argue that these practices reflect a wide range of factors, including the personal choices of the founders and owners of small firms, family relationships, and some of the benefits workers find in informality. Arguing against the view that small firms require greater formality, a case is made that in a highly diverse sector, small firms seek to tie together HR practices in idiosyncratic ways to operate flexibly and develop the firm.

In Chapter 32, Anthony Ferner considers the management of human resources across borders within multi-national companies (MNCs). The field has been enriched as the initial emphasis on cross-cultural differences in values has been challenged by a comparative institutionalist approach, and a narrow substantive focus on expatriates is gradually broadening to consider non-managerial staff. Although much has been learned, Ferner calls for more conceptual sophistication and an expansion of the substantive focus of international human resource management.

In the final chapter, Stephen Bach notes the main debates in human resource management traditionally overlook the public sector. Although new public management practices became widespread and sought to introduce some private sector HR practices into the public sector, Bach notes the detrimental effects in fragmented services and uncoordinated planning. The tide in the public sector appears to be turning towards organizational reintegration, citizen involvement and partnership with the workforce.

The chapters in the Handbook attest to the continued importance of human resource management for both organizational performance and employee well-being. They also identify the broad and increasing scope of academic disciplines generating evidence and developing theories to understand existing practices and help guide managers in the future. The extent to which academics and managers can meet the challenges posed in these chapters will have an impact on our future working lives.

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REFERENCES


