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## **PART 1**

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# **Human resource management and its organisational context**

# An introduction to human resource management

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## Objectives

- To define human resource management (HRM).
- To explore the origins of HRM.
- To review and evaluate the main models of HRM.
- To explore the association between HRM and business performance.
- To explore HRM in practice and the impact of recession and recovery on HRM practice.
- To review the impact of HRM on the changing roles of human resources professionals.

## Summary

**Defining HRM.** There is no universally agreed definition of HRM and definitions can refer to people management activities in the broadest sense, or to the specific meanings of high-commitment management or a strategic approach to people management.

**Models of HRM.** By the early 1980s, a number of US analysts were writing about HRM and devising models and explanations for its emergence, which can be traced back to the 1930s. Among the most significant of these are Devanna (fit and the matching model) and Beer (the Harvard model).

**HRM and business performance.** Guest (2011) has identified six phases in the growing body of research into the association between HRM and organisational performance. Results from empirical studies suggest that there is a link, but the direction of causality is inconclusive, as is the assumption that a set of practices can have universal applicability.

**HRM in practice.** Empirical evidence continues to show that, although there is a high use of individual HRM practices, few organisations appear to adopt a full-blown version of high-commitment HRM. The general low level of take-up can be attributed to organisational inertia and cost considerations, but may also suggest that some organisations seek to achieve competitive advantage through a 'low road' approach of cost-cutting or new forms of Taylorism rather than the 'high road' approach of HRM. The financial crisis and subsequent recession have increased the use of cost-cutting HR practices such as pay freezes, overtime bans and redundancies in order to survive, but many organisations have tried to balance these with softer practices to maintain employee motivation and commitment.

**HRM and HR professionals.** The emergence of HRM and the emphasis on its contribution to the achievement of business goals has been perceived by many practitioners as presenting an opportunity to improve the power and status of the HR function. One of the most influential models over years was developed by Ulrich (1998). However, survey findings continue to show that, while many practitioners aspire to adopt a more strategic role, the administrative role is still dominant and HR often struggles to demonstrate that it adds significant value to the business. Critiques of the business partner model suggest that an overemphasis on short-term performance measures can be to the detriment of the employment experience for many. A number of models have been developed that identified the key competencies that HR professionals need in order to meet the challenges of organisations now and in the future.

### ***Explore***

- **What does the term HRM mean to you?**
- **To what extent is it possible to have policies and practices that meet the needs and objectives of organisations and individuals?**

The first question is designed to encourage students to think about their own interpretation. This might be based on personal work experience, reading and previous studies. Answers are likely to include both broad and narrow interpretations as well as 'hard' and 'soft variants'. The second question is designed to help students to consider the implications of these different interpretations on the practices and perceptions of HRM.

The language used to describe HRM can have a considerable influence on whether it is viewed as a concept designed to improve the quality of the employment experience or as a means of work intensification. Language can be used to emphasise differences between HRM and more traditional approaches to people management, for example, through references to business strategy, value added, etc. Metaphor is also often used by detractors of HRM to challenge many of the a priori assumptions that underpin the concept. Students could be encouraged to dissect the language of HRM for positive and negative connotations.

This, in turn, raises the issue of whether HRM policies designed to achieve strategic goals such as competitive costs or the ability to respond rapidly to changes in markets can also provide a climate of trust and cooperation between workers and managers. Some commentators have argued that HRM is essentially about creating a climate of employee commitment (e.g. Pfeffer, 1998) and cooperation, while others have maintained that the term HRM can relate to policies for managing people that are designed to further the strategic goals of the organisation (e.g. Legge, 2005; Huczynski and Buchanan, 2007) at the expense of the employment experience.

### ***Explore***

#### **What factors might account for the diversity of these results?**

Students may identify a number of factors but are likely to include the lack of consensus about which HR practices are to be included and variety in how the practices are measured. There can also be considerable variation in how organisational performance can be measured. Differences can also be accounted for by the numbers and types of organisations included in studies as contextual factors might influence the extent to which associations are positive, negative or non-