STUDENT SUMMARY NOTES

chapter 1
the nature of contemporary HRM

Chapter overview

This chapter introduces you to the theories and practices of human resource management. HRM is defined and the central tenets of the various HRM models are explained. The central importance of the nature of the employment relationship to HRM is explained, and the chapter draws attention to four aspects: economic, legal, social and psychological. Emphasis is given to understanding competing normative HRM models rather than to practical HRM activities.

Chapter objectives:
After studying this chapter, you should be able to:
1. Define HRM and its relation to organizational management
2. Explain the central features of the contract in the employment relationship
3. Summarize the scope of HRM and the key HRM functions
4. Explain the theoretical issues surrounding the HRM debate
5. Appreciate the different approaches to studying HRM.

Introduction

1. New HR practices such as zero-hours contracts and the rise in income inequality provides the context for studying the contemporary workplace.
2. It is explained that HRM has played a pivotal role in designing new work and HR practices that has given rise to 'labour market flexibility'.

Management and human resource management

After defining HRM, the terms 'human resources' and 'management' are explained.

a) People determine organizational outcomes. Employees are problematic because: people have dual natures; people form groups; people have freedom of choice. Managers therefore have to deal with a range of issues, tensions and contradictions arising at individual, group, and organizational levels.

b) The chapter examines competing theoretical perspectives and explains how managers occupy a key role in delivering HR interventions.

> **HRM IN PRACTICE 1.1:** Zero-hours contracts: treating human resources with contempt
>
> Base a peer study group discussion around the questions at the end of this feature and use it to illustrate the differences between normative HR models and the reality of paid work in the 21st century.

The nature of the employment relationship

Four main components of the employment relationship are discussed: economic, legal, social and psychological.

The extended discussion on the psychological contract reflects recent interest in this topic in the HRM discourse.

> **Study tip:** To provide further insight into the nature of the psychological contract, see Elizabeth Morrison and Sandra Robinson's chapter 'Examining constructs to capturing

the exchange nature of the employment relationship,' in Jacqueline A-M. Coyle-Shapiro *et al* (eds.), *The Employment Relationship* (2005, pp. 161-80). The authors extend psychological contract research by examining the nature of incongruent perceptions between the two parties to the exchange.

Study Tip: Look at Table 1.1, the web link (p. 11) and the reflective question (p.35) and ask yourself, how will Brexit impact UK employment rights?

HRM and Globalization 1.1: Airline service: the demands of emotional labour.

This feature can be used to generate discussion about the psychological contract and the challenges of managing people, particularly in the context of the service sector. See the discussion question at the foot of the feature (p. 13).

Scope and functions of HRM

1. Three subdomains are defined: *micro* HRM; *strategic* HRM and *international* HRM.

2. To explore HRM functions the text addresses three questions: What do HR professionals do? What affects what they do? And how do HR professionals do what they do? We identify nine key HRM functions to answer the first question, including planning, integrating, staffing, developing, motivating, designing, managing relationships, managing change, and evaluating.

3. We also identify three broad contingencies: external context, strategy and organizational design to address the question 'What affects what HR professionals do? And a range of technical, cognitive and interpersonal processes and skills are used to accomplish HR functions.

4. The way the HR function is organized and its relative power depends upon external factors (e.g. government legislation) and internal factors (e.g., business strategy and organizational culture).

5. The three related dimensions of HRM – functions, contingencies and skills – are shown diagrammatically in a three-dimensional framework, **Figure 1.2** (p. 18).

Theoretical perspectives on HRM

The meaning and theoretical significance of HRM is contested. The controversy centres on at least two fundamental questions:

1) What exactly does HRM mean and how, if at all, does it differ from personnel management?
2) What core values underlie the HRM model?

The chapter examines four theoretical models of HRM that seek to define the salient features of HRM. It also explains the meaning of 'hard' and 'soft' versions of HRM.

a) The Michigan model of HRM
b) The Harvard model of HRM
c) The Storey model of HRM and
d) Ulrich's strategic partner model

HRM IN PRACTICE 1.2: New HR practices: the proletarianization of educational work.

Base a peer study group discussion around the questions at the end of this feature and reflect upon the differences between theory and practice of HRM.

HRM models emphasize a number of differences between HRM and traditional personnel management. These include: strategic planning, focus on the psychological contract, importance of learning in the workplace, focus on the individual (unitarism), importance of leadership and pro-activeness, a focus on line managers and an attention to measuring HR performance outcomes (see **Chapter 3**).

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> **HRM and globalization 1.2:** The HRM model in advancing economies.
> This feature explains how globalization is relegating national governments to 'gatekeeping' roles as large corporations control natural resources and economies.

> **Study Tip:** Look at the new *HRM as I See It feature,* which is a video clip of a HR professional explaining her HR role at Unilever. Can you answer the questions posed at the end of the feature?

Studying human resource management

In this section, we point out that a thorough analysis of HRM involves understanding how the discipline is divided into theoretical traditions or strands of thought. The two strands of thought or 'standpoints' we examine are mainstream managerial and critical perspectives.

The theoretical roots of the managerial standpoint can be traced back to the work of F.W. Taylor, McGregor, and Maslow.

The theoretical roots of the critical standpoint can be traced back to the radical sociological analysis of work and industry and the work of Marx, Braverman, and Foucault.

Critique and paradox in HRM

The critiques of HRM focus on the internal paradoxes and tensions, including HR role of 'caring' and 'controlling, the 'soft' and 'hard' schools of HRM, leaders gaining control by giving it up, short-term accounting practices versus long-term HR developmental practices, and the tendency for the HRM discourse to be 'gender-blind'.

Engaging in critical thinking

Applying the sociological imagination

In this new section, using the prism of Mills' sociological imagination we explain the meaning of 'critical human resource management education or CHRME. In the context of the lessons learned from the 2007-8 financial crisis and subsequent debate on making business schools more critical, CHRME focuses less on the 'what' and 'how' of HRM, and shifts the focus towards the 'why'.

> **Study Tip:** Look at the new video clip of one of the authors of the text, John Bratton, explaining the sociological imagination, available on the Online Resource Centre: https://he.palgrave.com/companion/Bratton-And-Gold-Human-Resource-Management-6e/

Chapter case: 'Knowledge management at Emenee hotels'

This new Australian case study looks at knowledge transfer issues that affect organizations. The case illustrates some practical problems with establishing a knowledge-sharing culture and with linking knowledge-sharing to performance reviews.

> **Study tip:** You need to be aware that many of the articles written about HRM are by consultants. They, and HRM practitioners, have a vested interest in promoting the HRM model. Therefore, having chosen a HR function that interests you, students should select readings from professional journals and/or a chapter from a more prescriptive "how to" HR textbook that allows them to compare different approaches and arguments.

Reflective question/essay question

Drawing on their own work experience or an organization that you have studied, examine the key HR policies and actions of that organization. Ask yourself whether there is a gap between the principles underpinning the HRM models examined in this chapter and reality in the workplace?

> **Study tip:** This question requires you to demonstrate your knowledge and understanding of the principles underpinning the HRM model. You should gather information, either from published

cases studies or from interviews with managers and non-managers, or talk to friends and relatives about their work experience, in order to compare and contrast the theory with workplace practices. You should illustrate your answer with specific examples drawn from the selected company or from secondary sources.