



## **A STUDY ON THE EVOLUTION OF HUMAN RESOURCE MANAGEMENT APPROACHES AND ITS INSIGHTS**

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### **ABSTRACT**

*Human resource development has become an essential component of the development process for the success of any organization as it plays a crucial role in the implementation of strategic management in cooperatives. This is due to the fact that any development process is driven by the human factor. The objective of this research introduces the development of Human Resource Management (HRM) from a historical perspective and explains the argument between HRM and personnel management. Hence, the research identifies the historical development milestones and their impacts on HRM, outlines the development and functions of HRM, explains the differences between HRM and Personnel Management, evaluates 'hard' and 'soft' approaches to HRM, illustrates how diversity is an issue in Human Relations (HR) practice and finally considers HRM as an international issue. It concludes with a discussion about 'hard' and 'soft' models of HRM and its implications for the human resource manager.*

**KEYWORDS:** Approach, Evolution, Human Resources, Implications, Personnel Management

## **INTRODUCTION**

The term "human resource management" has been commonly used for about the last ten to fifteen years. Prior to that, the field was generally known as "personnel administration." The name change is not merely cosmetics.

Personnel administration, which emerged as a clearly defined field by the 1920s (at least in the US), was largely concerned the technical aspects of hiring, evaluating, training, and compensating employees and was very much of "staff" function in most organizations. The field did not normally focus on the relationship of disparate employment practices on overall organizational performance or on the systematic relationships among such practices. The field also lacked a unifying paradigm.

HRM developed in response to the substantial increase in competitive pressures American business organizations began experiencing by the late 1970s as a result of such factors as globalization, deregulation, and rapid technological change. These pressures gave rise to an enhanced concern on the part of firms to engage in strategic planning--a process of anticipating future changes in the environment conditions (the nature as well as level of the market) and aligning the various components of the organization in such a way as to promote organizational effectiveness.

Human resource management (HRM), also called personnel management, consists of all the activities undertaken by an enterprise to ensure the effective utilization of employees toward the attainment of individual, group, and organizational goals. An organization's HRM function focuses on the people side of management. It consists of practices that help the organization to deal effectively with its people during the various phases of the employment cycle, including pre-hire, staffing, and post-hire. The pre-hire phase involves planning practices. The organization must decide what types of job openings will exist in the upcoming period and determine the necessary qualifications for performing these jobs. During the hire phase, the organization selects its employees. Selection practices include recruiting applicants, assessing their qualifications, and ultimately selecting those who are deemed to be the most qualified.

In the post-hire phase, the organization develops HRM practices for effectively managing people once they have "come through the door." These practices are designed to maximize the performance and satisfaction levels of employees by providing them with the necessary knowledge and skills to perform their jobs and by creating conditions that will energize, direct, and facilitate employees' efforts toward meeting the organization's objectives.

## **THE HISTORICAL BACKGROUND OF HUMAN RESOURCE MANAGEMENT**

Human resource management has changed in name various times throughout history. The name change was mainly due to the change in social and economic activities throughout history.

### **Industrial Welfare**

Industrial welfare was the first form of human resource management (HRM). In 1833 the factories act stated that there should be male factory inspectors. In 1878 legislation was passed to regulate the hours of work for children and women by having a 60 hour week. During this time trade unions started to be formed. In 1868 the 1st trade union conference was held. This was the start of collective bargaining. In 1913 the number of industrial welfare workers had grown so a conference organized by Seebohm Rowntree was held. The welfare workers association was formed later changed to Chartered Institute of Personnel and Development.

### **Recruitment and Selection**

It all started when Mary Wood was asked to start engaging girls during the 1st world war. In the 1st world war personnel development increased due to government initiatives to encourage the best use of people. In 1916 it became compulsory to have a welfare worker in explosive factories and was encouraged in munitions factories. A lot of work was done in this field by the army forces. The armed forces focused on how to test abilities and IQ along with other research in human factors at work. In 1921 the national institute of psychologists established and published results of studies on selection tests, interviewing techniques and training methods.

## **Acquisition of other Personnel Activities**

During the 2nd world war the focus was on recruitment and selection and later on training; improving morale and motivation; discipline; health and safety; joint consultation and wage policies. This meant that a personnel department had to be established with trained staff.

## **Industrial Relations**

Consultation between management and the workforce spread during the war. This meant that personnel departments became responsible for its organization and administration. Health and safety and the need for specialists became the focus. The need for specialists to deal with industrial relations was recognized so that the personnel manager became as spokesman for the organization when discussions were held with trade unions/shop stewards. In the 1970's industrial relations was very important. The heated climate during this period reinforced the importance of a specialist role in industrial relations negotiation. The personnel manager had the authority to negotiate deals about pay and other collective issues.

## **Legislation**

In the 1970's employment legislation increased and the personnel function took the role of the specialist advisor ensuring that managers do not violate the law and that cases did not end up in industrial tribunals.

## **Flexibility and Diversity**

In the 1990's a major trend emerged where employers were seeking increasing flexible arrangements in the hours worked by employees due to an increase in number of part-time and temporary contracts and the invention of distance working. The workforce and patterns of work are becoming diverse in which traditional recruitment practices are useless. In the year 2000, growth in the use of internet meant a move to a 24/7 society. This created new jobs in e-commerce while jobs were lost in traditional areas like shops. This meant an increased potential for employees to work from home. Organizations need to think strategically about the issues these developments raise. HRM managers role will change as changes occur.

## **Information Technology**

Some systems where IT helps HRM are: Systems for e-recruitment; On-line short-listing of applicants; Developing training strategies on-line; Psychometric training; Payroll systems; Employment data; Recruitment administration; References; Pre-employment checks. IT helps HR managers offload routine tasks which will give them more time in solving complex tasks. IT also ensures that a greater amount of information is available to make decisions.

## **HISTORICAL MILESTONES IN HRM DEVELOPMENT**

Table 1 identifies some of the major milestones in the historical development of HRM. Frederick Taylor, known as the father of scientific management, played a significant role in the development of the personnel function in the early 1900s. In his book, *Shop Management*, Taylor advocated the "scientific" selection and training of workers. He also pioneered incentive systems that rewarded workers for meeting and/or exceeding performance standards. Although Taylor's focus primarily was on optimizing efficiency in manufacturing environments, his principles laid the ground-work for future HRM development. As Taylor was developing his ideas about scientific management, other pioneers were working on applying the principles of psychology to the recruitment, selection, and training of workers. The development of the field of industrial psychology and its application to the workplace came to fruition during World War I, as early vocational and employment-related testing was used to assign military recruits to appropriate functions.

The Hawthorne Studies, which were conducted in the 1920s and 1930s at Western Electric, sparked an increased emphasis on the social and informal aspects of the workplace. Interpretations of the studies emphasized "human relations" and the link between worker satisfaction and productivity. The passage of the Wagner Act in 1935 contributed to a major increase in the number of unionized workers. In the 1940s and 1950s, collective bargaining led to a tremendous increase in benefits offered to workers. The personnel function evolved to cope with labor relations, collective bargaining, and a more complex compensation and benefits environment. The human relations philosophy and labor relations were the dominant concerns of HRM in the 1940s and 1950s.

HRM was revolutionized in the 1960s by passage of Title VII of the Civil Rights Act and other anti-discrimination legislation—as well as presidential executive orders that required many organizations to undertake affirmative action in order to remedy past discriminatory practices. Equal employment opportunity and affirmative action mandates greatly complicated the HRM function, but also enhanced its importance in modern organizations. As discussed more fully in a later section, these responsibilities continue to comprise a major part of the HRM job. Finally, changes in labor force demographics, technology, and globalization since the 1980s have had a major impact on the HRM function. These factors also are discussed in more detail in a later section.

**Table 1: Milestones in the Development of Human Resource Management**

1890-1910	Frederick Taylor develops his ideas on scientific management. Taylor advocates scientific selection of workers based on qualifications and also argues for incentive-based compensation systems to motivate employees.
1910-1930	Many companies establish departments devoted to maintaining the welfare of workers. The discipline of industrial psychology begins to develop. Industrial psychology, along with the advent of World War I, leads to advancements in employment testing and selection.
1930-1945	The interpretation of the Hawthorne Studies' begins to have an impact on management thought and practice. Greater emphasis is placed on the social and informal aspects of the workplace affecting worker productivity. Increasing the job satisfaction of workers is cited as a means to increase their productivity.
1945-1965	In the U.S., a tremendous surge in union membership between 1935 and 1950 leads to a greater emphasis on collective bargaining and labor relations within personnel management. Compensation and benefits administration also increase in importance as unions negotiate paid vacations, paid holidays, and insurance coverage.
1965-1985	The Civil Rights movement in the U.S. reaches its apex with passage of the Civil Rights Act of 1964. The personnel function is dramatically affected by Title VII of the CRA, which prohibits discrimination on the basis of race, color, sex, religion, and national origin. In the years following the passage of the CRA, equal employment opportunity and affirmative action become key human resource management responsibilities.
1985-present	Three trends dramatically impact HRM. The first is the increasing diversity of the labor force, in terms of age, gender, race, and ethnicity. HRM concerns evolve from EEO and affirmative action to "managing diversity." A second trend is the globalization of

business and the accompanying technological revolution. These factors have led to dramatic changes in transportation, communication, and labor markets. The third trend, which is related to the first two, is the focus on HRM as a "strategic" function. HRM concerns and concepts must be integrated into the overall strategic planning of the firm in order to cope with rapid change, intense competition, and pressure for increased efficiency.
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## **THE DIFFERENCE BETWEEN HRM AND PERSONNEL MANAGEMENT**

Some experts assert that there is no difference between human resources and personnel management. They state that the two terms can be used interchangeably, with no difference in meaning. In fact, the terms are often used interchangeably in help-wanted ads and job descriptions.

For those who recognize a difference between personnel management and human resources, the difference can be described as philosophical. Personnel management is more administrative in nature, dealing with payroll, complying with employment law, and handling related tasks. Human resources, on the other hand, is responsible for managing a workforce as one of the primary resources that contributes to the success of an organization.

When a difference between personnel management and human resources is recognized, human resources is described as much broader in scope than personnel management. Human resources is said to incorporate and develop personnel management tasks, while seeking to create and develop teams of workers for the benefit of the organization. A primary goal of human resources is to enable employees to work to a maximum level of efficiency.

Personnel management can include administrative tasks that are both traditional and routine. It can be described as reactive, providing a response to demands and concerns as they are presented. By contrast, human resources involves ongoing strategies to manage and develop an organization's workforce. It is proactive, as it involves the continuous development of functions and policies for the purposes of improving a company's workforce.

Personnel management is often considered an independent function of an organization. Human resource management, on the other hand, tends to be an integral part of overall company function. Personnel management is typically the sole responsibility of an organization's

personnel department. With human resources, all of an organization's managers are often involved in some manner, and a chief goal may be to have managers of various departments develop the skills necessary to handle personnel-related tasks.

As far as motivators are concerned, personnel management typically seeks to motivate employees with such things as compensation, bonuses, rewards, and the simplification of work responsibilities. From the personnel management point of view, employee satisfaction provides the motivation necessary to improve job performance. The opposite is true of human resources. Human resource management holds that improved performance leads to employee satisfaction. With human resources, work groups, effective strategies for meeting challenges, and job creativity are seen as the primary motivators.

When looking for a job in personnel management or human resources, it is important to realize that many companies use the terms interchangeably. If you are offered a job as a personnel manager, you may be required to perform the same duties as a human resource manager, and vice versa. In some companies, a distinction is made, but the difference is very subtle.

## **HRM DEVELOPMENT AND IMPLEMENTATION RESPONSIBILITIES**

While most firms have a human resources or personnel department that develops and implements HRM practices, responsibility lies with both HR professionals and line managers. The interplay between managers and HR professionals leads to effective HRM practices. For example, consider performance appraisals. The success of a firm's performance appraisal system depends on the ability of both parties to do their jobs correctly. HR professionals develop the system, while managers provide the actual performance evaluations.

The nature of these roles varies from company to company, depending primarily on the size of the organization. This discussion assumes a large company with a sizable HRM department. However, in smaller companies without large HRM departments, line managers must assume an even larger role in effective HRM practices.

HR professionals typically assume the following four areas of responsibility: establishing HRM policies and procedures, developing/choosing HRM methods, monitoring/evaluating HRM

practices, and advising/assisting managers on HRM-related matters. HR professionals typically decide (subject to upper-management approval) what procedures to follow when implementing an HRM practice. For example, HR professionals may decide that the selection process should include having all candidates (1) complete an application, (2) take an employment test, and then (3) be interviewed by an HR professional and line manager.

Usually the HR professionals develop or choose specific methods to implement a firm's HRM practices. For instance, in selection the HR professional may construct the application blank, develop a structured interview guide, or choose an employment test. HR professionals also must ensure that the firm's HRM practices are properly implemented. This responsibility involves both evaluating and monitoring. For example, HR professionals may evaluate the usefulness of employment tests, the success of training programs, and the cost effectiveness of HRM outcomes such as selection, turnover, and recruiting. They also may monitor records to ensure that performance appraisals have been properly completed.

HR professionals also consult with management on an array of HRM-related topics. They may assist by providing managers with formal training programs on topics like selection and the law, how to conduct an employment interview, how to appraise employee job performance, or how to effectively discipline employees. HR professionals also provide assistance by giving line managers advice about specific HRM-related concerns, such as how to deal with problem employees.

Line managers direct employees' day-to-day tasks. From an HRM perspective, line managers are mainly responsible for implementing HRM practices and providing HR professionals with necessary input for developing effective practices. Managers carry out many procedures and methods devised by HR professionals. For instance, line managers:

- Interview job applicants
- Provide orientation, coaching, and on-the-job training
- Provide and communicate job performance ratings
- Recommend salary increases
- Carry out disciplinary procedures
- Investigate accidents

- Settle grievance issues

The development of HRM procedures and methods often requires input from line managers. For example, when conducting a job analysis, HR professionals often seek job information from managers and ask managers to review the final written product. Additionally, when HR professionals determine an organization's training needs, managers often suggest what types of training are needed and who, in particular, needs the training.

## **HRM SPECIALTY AREAS OR FUNCTIONS OF HRM**

### **TRADITIONAL SPECIALTY AREAS**

#### **Training/Development**

Conducts training needs analysis; designs/conducts/evaluates training programs; develops/implements succession planning programs.

#### **Compensation/Benefits**

Develops job descriptions; facilitates job evaluation processes; conducts/interprets salary surveys; develops pay structure; designs pay-for-performance and/or performance improvement programs; administers benefits program.

#### **Employee/Industrial Relations**

Helps resolve employee relations problems; develops union avoidance strategies; assists in collective bargaining negotiations; oversees grievance procedures.

#### **Employment/Recruiting**

Assists in the HR planning process; develops/purchases HR information systems; develops/updates job descriptions; oversees recruiting function; develops and administers job posting system; conducts employment interviews, reference checks, and employment tests; validates selection procedures; approves employment decisions.

## **Safety/Health/Wellness**

Develops accident prevention strategies; develops legal safety and health policies; implements/promotes EAP and wellness programs; develops AIDS and substance abuse policies.

## **EEO/Affirmative Action**

Develops and administers affirmative action programs; helps resolve EEO disputes; monitors organizational practices with regard to EEO compliance; develops policies for ensuring EEO compliance, such as sexual harassment policies.

## **HRM Research**

Conducts research studies, such as cost-benefit analysis, test validation, program evaluation, and feasibility studies.

## **NEW HRM SPECIALTY AREAS**

### **Work and Family Programs**

Develops and administers work and family programs including flextime, alternative work scheduling, dependent-care assistance, telecommuting, and other programs designed to accommodate employee needs; identifies and screen child- or elder-care providers; administers employer's private dependent-care facility; promotes work and family programs to employees.

### **Cross-Cultural Training**

Translate the manners, mores, and business practices of other nations and cultures for American business people. Other cross-cultural trainers work with relocated employees' families, helping them adjust to their new environment.

## **Managed-Care**

As a company's health-care costs continue to escalate, employers are embracing managed-care systems, which require employees to assume some of the costs. Employers hire managed-care managers to negotiate the best options for employees.

## **Managing Diversity**

Develop policies and practices to recruit, promote, and appropriately treat workers of various ages, races, sexes, and physical abilities.

## **CONTEMPORARY/ DIVERSITY ISSUES**

HRM departments within organizations, just as the organizations themselves, do not exist in a vacuum. Events outside of work environments have far-reaching effects on HRM practices. The following paragraphs describe some of these events and indicate how they influence HRM practices.

As mentioned previously, the enactment of federal, state, and local laws regulating workplace behavior has changed nearly all HRM practices. Consider, for instance, the impact of anti-discrimination laws on firms' hiring practices. Prior to the passage of these laws, many firms hired people based on reasons that were not job-related. Today, such practices could result in charges of discrimination. To protect themselves from such charges, employers must conduct their selection practices to satisfy objective standards established by legislation and fine-tuned by the courts. This means they should carefully determine needed job qualifications and choose selection methods that accurately measure those qualifications.

- Social, economic, and technological events also strongly influence HRM practices. These events include:
  - An expanding cultural diversity at the work-place
  - The emergence of work and family issues
  - The growing use of part-time and temporary employees
  - An increased emphasis on quality and team-work
  - The occurrence of mergers and takeovers

- The occurrence of downsizing and layoffs
- The rapid advancement of technology
- An emphasis on continuous quality improvement
- A high rate of workforce illiteracy

These events influence HRM practices in numerous ways. For example:

- Some firms are attempting to accommodate the needs of families by offering benefit options like maternity leave, child care, flextime, and job sharing.
- Some firms are attempting to accommodate the needs of older workers through skill upgrading and training designed to facilitate the acceptance of new techniques.
- Some firms are educating their employees in basic reading, writing, and mathematical skills so that they can keep up with rapidly advancing technologies.

Unions often influence a firm's HRM practices. Unionized companies must adhere to written contracts negotiated between each company and its union. Union contracts regulate many HRM practices, such as discipline, promotion, grievance procedures, and overtime allocations. HRM practices in non-unionized companies may be influenced by the threat of unions. For example, some companies have made their HRM practices more equitable (i.e., they treat their employees more fairly) simply to minimize the likelihood that employees would seek union representation.

Legal, social, and political pressures on organizations to ensure the health and safety of their employees have had great impacts on HRM practices. Organizations respond to these pressures by instituting accident prevention programs and programs designed to ensure the health and mental well-being of their employees, such as wellness and employee assistance programs.

Today's global economy also influences some aspects of HRM. Many firms realize that they must enter foreign markets in order to compete as part of a globally interconnected set of business markets. From an HRM perspective, such organizations must foster the development of more globally-oriented managers: individuals who understand foreign languages and cultures, as well as the dynamics of foreign market places. These firms also must deal with issues related to expatriation, such as relocation costs, selection, compensation, and training.

## **HARD AND SOFT APPROACHES TO HRM**

Human resource as defined by Dessler (2004) is the strategy for acquiring, using, improving and preserving the organisations human resource. It could be well argued that in most cases the human aspect is forgotten in relation to how they manage people, leaving most staff unsatisfied creating a high staff turn over which affects organisational performance. It is therefore an utmost importance that people as opposed to just employees-need to be managed in away that consistent with broad organisational requirement such as quality or efficiency. As in most cases organisational effectiveness depends on there being a tight 'fit' between human resource and business strategies.

Human resource as could be said is all about making business strategies work. It is therefore important that emphasis is placed on how to best match and develop "appropriate"human resource management (HRM) approach/system of managing people in the tourism hospitality and leisure industry (THL). Thus, we would therefore be looking at some of the HRM approaches used such as the Harvard model; hard and soft approach in conjunction with the real world of the THL industry and to determine whether the hard approach is more appropriate.

Human resource management (HRM) as described by Kleiman (2000) has a concept with two distinct forms; soft and hard approach, where the soft approach of HRM is associated with human relation and the hard on the other hand sees people as human resource.

The Soft HRM is the notion that workers respond better when an organisation recognises their individual needs and addresses them as well as focusing on the overall business objectives. The work of Maslow in stating that humans have a 'hierarchy' of needs, which they will exert considerable energy towards achieving, claims that organisations that recognises and addresses these needs will have a happier, more fulfilled, more loyal and productive workforce (SHRM Online). As argued by Noe (2006) the way to success is through deep empathy of other people either by observing how to best 'connect' with others in the workplace, and motivate and inspire them as a result. As illustrated by Simon (1960) all of these soft HRM can of course be balanced by hard HRM; the notion that successful organisations are those that best deploy their human resource in the way that they would deploy any other resource.

The Hard HRM on the other hand therefore sees people as human resources. Holding that employees are a resource in the same way as any other business resource and they must therefore be; obtained as cheaply as possible, used sparingly, developed and exploited as much as possible. As indicated by Kleiman (2000) under this model of HRM, control is more concerned with performance system, performance management and tight control over individual activities with the ultimate goal being to secure the competitive advantage of the organisation. The hard HRM therefore is primarily concern to promote human resource strategy and align with business strategy. It may also include out sourcing, flexibility, performance management, hence downsizing or work intensification, sees workers as another resource to be exploited and can operate against the interest of workers.

The Harvard model on the other hand as indicated by Lado and Wilson (1994) sees employees as resource, but human where the managers are responsible to make decisions about the organisation and employee relation. The employment relation is seen as a blending of business and societal expectations and because it recognises the role societal outcomes play, it could be argued that the Harvard model provides a useful basis for comparative analysis. The Harvard model also cover the four HRM policy areas which are human resource flows, reward system, employee influence, work system, which leads to the four Cs; competence of employees, commitment of employees, congruence of organization/employees goals and cost effectiveness of HRM. As could be agued striving to enhance all four Cs could lead favorable consequences for individual well- being, societal well-being and organizational effectiveness either as long-term consequences.

## **CONCLUSION**

The penalties for not being adequately staffed are costly. Planning staff levels requires that an evaluation of current and future needs of the organization be compared with current and future predicted resources. Appropriate steps should then be planned to bring demand and supply into balance. The central aim of modern human resource management is to enhance the effective use, involvement and contribution of employees throughout the organization. This, clearly, requires a great deal of information accretion, classification and statistical analysis as a subsidiary aspect of personnel management. What future demands will be is only influenced in part by the forecast of

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the human resource manager, whose main task may well be to scrutinize and modify the crude predictions of other managers.

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