

# History, Evolution and Development of Human Resource Management: A Contemporary Perspective

Dr. Ruth Tubey, Phd<sup>1</sup>; Kipkemboi Jacob Rotich (M.Phil)<sup>2</sup>; Dr. Alice Kurgat, Phd<sup>3</sup>

- 1 Moi University, School of Human Resource Development, Department of Entrepreneurship Studies , P.o Box 3900-30100, Eldoret, Kenya.
- 2 Moi University, School of Human Resource Development, Department of Development Studies, P.o Box 3900-30100, Eldoret, Kenya.
- 3 Moi University, School of Human Resource Development, Department of Development Studies, P.o Box 3900-30100, Eldoret, Kenya.

Email: [ruthubey@gmail.com](mailto:ruthubey@gmail.com)/ [\\*richardrotich@gmail.com](mailto:*richardrotich@gmail.com)/[akurgat@yahoo.com](mailto:akurgat@yahoo.com)

## Abstract

Various attempts have been made towards tracing the historical development of the discipline of Human Resource Management (HRM). However, these initiatives have largely been concentrated on certain specific periods of time and experiences of specific countries and regions such as Australia, the USA, the UK and Asia (Nankervis et.al, 2011; Kelly, 2003; Ogier, 2003). This paper attempts to document the entire history of the discipline of Human Resource Management from a holistic perspective. The evolution and development of HRM will be traced right from the pre-historic times through to the postmodern world. Major characteristics in the evolution and development of HRM will also be examined and documented.

**Key words:** Human Resource Management (HRM), evolution, history

## Introduction

### Defining Human Resource Management (HRM)

According to Armstrong (2006) Human Resource Management (HRM) is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. From this definition, we can deduce that HRM or simply HR is a function in organizations designed to maximize employee performance in service of their employer's strategic objectives (Johanson, 2009). HR is primarily concerned with how people are managed within organizations, focusing on policies and systems (Collings & Wood, 2009). HR departments and units in organizations are typically responsible for a number of activities, including employee recruitment, training and development, performance appraisal, and rewarding (e.g., managing pay and benefit systems) (Paauwe & Boon, 2009). HR is also concerned with industrial relations, that is, the balancing of organizational practices with regulations arising from collective bargaining and governmental laws (Klerck, 2009)

HRM is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, ethical considerations, diversity and inclusion. These, among other initiatives contribute to the understanding of Human Resource Management as a contemporary issue owing to their sustained evolutionary nature.

In this paper, we discuss the historical development of Human Resource Management (HRM) as a discipline. We also consider its various evolutionary phases outlining the specific characteristics of each phase and the contributions of these characteristics in shaping the development of Human Resource Management as a field of study as well as a profession. Lastly we provide a summary of key issues that justify Human Resource Management as a contemporary subject.

## Historical Development of Human Resource Management (HRM)

### Tracing the roots of HRM

During pre-historic times, there existed consistent methods for selection of tribal leaders (Jones & Bartlett, 2014). The practice of safety and health while hunting was passed on from generation to generation. From 2000BC to 1500BC, the Chinese used employee screening techniques and while Greeks used an apprentice system (History of Human Resource Management, 2010). These actions recognized the need to select and train individuals for jobs.

Early employee specialists were called personnel managers (or personnel administrators), and this term is still in use in various discourses. 'Personnel management' refers to a set of functions or activities (e.g. recruitment, selection, training, salary administration, industrial relations) often performed effectively but with little relationship between the various activities or with overall organizational objectives. Personnel management in the United Kingdom and the United States developed earlier than in Australia and Asia Pacific countries in response to their earlier and more widespread adoption of

mass production work processes. Power-driven equipment and improved production systems enabled products to be manufactured more cheaply than before. This process also created many jobs that were monotonous, unhealthy or even hazardous, and led to divisions between management and the 'working class'. The concentration of workers in factories served to focus public attention upon conditions of employment, and forced workers to act collectively to achieve better conditions. The Humanitarian, Cooperative and Marxist theories of the early 1900s highlighted the potential conflicts between employee and employer interests in modern industry – situations that laid the foundations for the growth of trade unionism and industrial relations systems which are important elements of contemporary HRM (Nankervis et.al (2011)

Governments in both the United Kingdom and the United States became involved in these issues and passed a series of laws to regulate the hours of work for women and children, to establish minimum wages for male labour and to protect workers from unhealthy or hazardous working conditions. Australian governments, both state and national, gradually began to follow suit from the early 1900s, although Australia and New Zealand adopted a different system based on conciliation and arbitration rather than mandated conditions.

During this period, management theorists in the United States and United Kingdom began to examine the nature of work and work systems, and to develop models based upon emerging psychological and sociological research. The ways in which these theories have developed, and have been applied by both general management and HR professionals, reflect changing attitudes to jobs, work processes and organizational structures. The Classical school (or 'Scientific Management', founded by Frederick Taylor, and best exemplified by Henry Ford in his vehicle manufacturing plants) puts its emphasis on the job itself and the efficient adaptation of workers to work processes. The Behavioural school (for example, Elton Mayo's Hawthorne Studies) focuses on workers themselves, and the satisfaction of their needs, to achieve greater organizational productivity. Subsequent management theories (e.g. systems theory, contingency approaches) attempt to build on earlier ideas to benefit both employees and their organizations. Contingency, Excellence and Total Quality Management (TQM) theorists have applied these ideas to particular industries and organizations, or to different economic and social situations. The relevance of these theories to HRM is twofold. First, personnel management has historically developed into human resource management by incorporating management theories (notably strategic management); second, a sound knowledge of these theories can assist HR managers to more effectively adapt their practices to organizational requirements and realities (Nankervis et.al (2011)

### **Stages in the Development of HRM**

Human resource management in Australia and the Asia Pacific region has progressed along similar lines to its United States and United Kingdom counterparts, but with differences in the stages of development, and in the relative influence of social, economic, political and industrial relations factors. The two main features of the US development of HRM are its initial emphasis on largely administrative activities, directed by senior management, and then the move to a more confident, business-oriented and professional approach in the 1980s and 1990s. Similar processes occurred in the United Kingdom, with more early emphasis on the 'welfare' roles of personnel practitioners because of the excesses of early capitalist industry, a strong humanitarian movement and developing trade unionism. In Asian countries, there has been a blend of administrative, paternalistic, cooperative, and business-focused HRM that varies between countries depending on their cultures, stages of development, extent of government intervention in the economy and industrial relations systems (Nankervis, Chatterjee & Coffey, 2007)

In Australia, HRM has developed through the following general stages.

- a) Stage one (1900–1940s): administration stage
- b) Stage two (1940s–mid-1970s): welfare and administration stage
- c) Stage three (mid-1970s–late 1990s): human resource management and strategic human resource management (SHRM) stage
- d) Stage four (Beyond 2000): SHRM into the future

These stages largely reflect the development of Human Resource Management in the rest of the world notably, the UK and the USA. A critical discussion of these stages is presented below:

#### **Stage one (1900–1940s)**

##### **Welfare Stage**

During this period personnel functions were performed by supervisors, line managers and early specialists (e.g. recruitment officers, trainers, welfare officers) long before the establishment of a national association representing a 'profession' of personnel or human resource management.

The early management theorists contributed ideas that would later be incorporated into personnel management theory and practice. Through job design, structured reward systems, 'scientific' selection techniques espoused by scientific management (see Frederick Taylor, Frank Gilbreth and Alfred Sloan) personnel management practice were refined especially in the recruitment and placement of skilled employees. Behavioural science (or industrial psychology) added psychological testing and motivational systems (see Elton Mayo), while management science contributed to performance management programs.

In Australia, however, these overseas influences were of only marginal importance until the 1940s. Prior to World War II, personnel management functions were largely fragmented, and often conducted by line managers as part of their overall management responsibilities. At the time, Australia had a relatively stable economy, with certain markets for its agricultural and limited manufacturing products in the United Kingdom and Europe. Society was generally stable, though disrupted by World War I and the Great Depression (1930s). Unemployment was low until the 1930s, when labour became readily available for employers. Trade unions were active, largely focusing on issues of pay and working conditions. Personnel functions during this period were mainly restricted to administrative areas (e.g. wage/salary records, minor disciplinary procedures and employee welfare activities). In 1927, A. H. Martin established the Australian Institute of Industrial Psychology at Sydney University to promote the ideas of Behavioural scientists and industrial psychologists in Australia.

### **Stage two (1940s–mid-1970s)**

#### **Welfare and administration Stage**

This second stage marks the beginning of a specialist and more professional approach to personnel management in Australia. World War II had significant repercussions for both those who went overseas and those who stayed behind, and particularly for business, the economy and the labour market. During World War II, not only was there a scarcity of labour for essential industries such as munitions and food, but there was also a corresponding increase in the problems and performance of existing employees. Many more women had become involved in all areas of Australian industry, to replace their husbands and brothers who were in military service. Financial, social and family pressures began to hinder the productivity and output of such employees, and they became increasingly harder to recruit. When the war ended, returning soldiers flooded the labour market, often with few work skills. Thus, employers – spurred on by government initiatives and their own post-war requirements for skilled employees in a developing economy – began to focus on the importance of a wider range of personnel functions.

Increased provision of welfare services for employees was seen by some employers (notably government departments such as the Postmaster-General) as a means of attracting and maintaining employees and ensuring their continued productivity. The Commonwealth Department of Labour and National Service established an Industrial Welfare Division in the 1940s to promote the welfare function, offering emergency training courses to equip practitioners with the necessary skills. These activities were supported by the new human relations theories that were filtering into Australia from the United States. In addition, scientific management, the quantitative school and behavioural science contributed employee and management assessment and development techniques such as productivity measures, management planning and control mechanisms (e.g. Drucker, McGregor, Chandler), psychological testing and applications of the emerging employee motivation theories (e.g. Maslow, Herzberg, McGregor). Many more organizations began to employ specialists to conduct recruitment, training and welfare activities, taking these functions away from line managers.

In 1943, the first personnel officer was appointed to the St Mary's Explosives Factory in New South Wales, and in the same year a Personnel and Industrial Welfare Officers' Association was established in both Victoria and New South Wales. These state associations combined to form the national Personnel Officers' Association in 1949, renamed the Institute of Personnel Management Australia (IPMA) in 1954 (Nankervis, Chatterjee & Coffey, 2007). Subsequently, the Commonwealth Employment Service (CES) was set up to help employers obtain suitable employees, and both Sydney Technical College and Melbourne University developed personnel management courses. Business schools with personnel management strands were established in most Australian states during the 1950s, encouraged by the development of the national professional association, IPMA, with members in Victoria, New South Wales, South Australia, Western Australia and Queensland.

This stage is also characterised by the expansion of necessary personnel functions for the post-war Australian economy (welfare, recruitment, selection, training); a gradual move from specialist to more general approaches; the adoption of overseas theories, including scientific management, behavioural science and human relations; and the emergence of professional associations and courses. The resurgence of unionism during these decades cannot, of course, be overlooked. Unions in a buoyant economy focused on issues of pay and work conditions, forcing further expansion of personnel activities to include industrial relations considerations. The complex industrial relations structure at the national level was originally

established by the Conciliation and Arbitration Act 1904, with similar developments at each of the state levels. They were further developed during the post-war period. While the range of functions performed by the growing number of personnel specialists expanded greatly during this period, they were often conducted in isolation from one another and generally without any consideration of their impact on overall organizational effectiveness. Personnel management activities were largely separated from those concerned with industrial relations, and a clear professional philosophy did not exist.

### **Stage Three (mid-1970s–late 1990s)**

#### **HRM and SHRM**

During the 1970s, the majority of Australian organizations found themselves in turbulent business and economic environments, with severe competition from US and European organizations and emerging Asian markets. The influences of the ‘Excellence’ theories (e.g. Peters and Waterman) were beginning to affect the management of employees, together with increasing cost–benefit pressures.

At the same time, the professional association (IPMA) and training institutions (TAFE and the universities) were becoming more sophisticated in their approaches, incorporating the ideas of the ‘excellence’, leadership and Total Quality Management (TQM) theories, with more recent developments such as Kaplan and Norton’s (2005) ‘Balanced Scorecard.’ During this period, the IPMA held a number of international conferences, initiated relationships with the Asia Pacific region, developed minimum criteria for practitioner accreditation (the 1987 rule) and a journal for academic and practitioner discussion ( Human Resource Management Australia , later re-titled Asia Pacific HRM , and still later the Asia Pacific Journal of Human Resources ).

Personnel management was becoming human resource management, representing a change towards the integration of personnel functions, strategically focused on overall organizational effectiveness. Significantly, the use of the term ‘human resource management’ was first noted in Australia in these years, (Kelly, 2003) reflected in the formation of the Australian Human Resources Institute to replace the IPMA. It was enhanced by industrial relations changes, including award restructuring and enterprise agreements, increasing employment legislation, and economic realities such as declining trade with Britain and Europe and increasing opportunities in the Asia Pacific region. (Ogier, 2003)

In essence, human resource management recasts ‘employees’ as ‘human resources’ who are vital organizational ‘assets’, possessing knowledge, skills, aptitudes and future potential; and who therefore require integrated and complementary management strategies (through, for example, human resource planning, job design, effective attraction and retention techniques, performance management and rewards programs, occupational health and safety systems) in order to assure their individual and collective contributions to the achievement of organizational goals and objectives.

According to Taylor (2011) this transition of personnel management to human resource management signaled not just new rhetoric, but also significant new thinking on the part of managers. Donkin (2001) neatly sums up the result as follows:

“...Like an improved soap powder with a biological ingredient, HRM, equipped with something called strategy, promised a new set of tools and measures to reward, motivate and organize employees in the re-engineered workplace...”

For a generation, managers had been seriously constrained in terms of how they approached the people-related aspects of their activities (Taylor, 2011). Now they had an opportunity to take control and create approaches that were appropriate for their own organizations’ particular circumstances. HR strategies were developed, new individualized pay arrangements introduced, formal performance appraisal systems established and competency frameworks defined. Employers also seized the opportunity to employ people more flexibly, establishing more part-time and temporary jobs, outsourcing ‘non-core’ activities to external providers and abolishing long-established lines of demarcation which determined where one group of workers’ duties ended and another’s began.

At the same time, new methods of relating to workers had to be established to replace union consultation and negotiation arrangements, so there was the spread of a range of new involvement and communication initiatives along with a preference for single-table or single-union bargaining in circumstances where trade unions retained an influence. In short, HRM can largely be explained as a response on the part of organizations to a newfound freedom to manage their workforces in the way that they wanted to. Fewer compromises had to be made, allowing decisions to be made and strategies to be established which operated exclusively in the long-term interests of organizations.

Building upon previous developments, this stage represents the integration of personnel management and industrial relations and HRM into a coordinated and strategic approach to the management of an organization's people, signaling the eventual birth of strategic human resource management (SHRM) (Nankervis et.al (2011) . SHRM can be perceived as a 'macro' perspective (e.g. strategies and policies), whereas HRM represents more of a 'micro' approach (e.g. activities, functions and processes). SHRM adds the extra dimension of the alignment of the goals and outcomes of all HRM processes with those of their organizations as a whole though both are intertwined. SHRM also provides practitioners with renewed confidence to perform their activities as an integral component of organizational success (Cengage, 2010).

The current discipline of Human Resource Management (HRM) casts a radically different image from its ancestor, Personnel Management (PM). The main differences between HRM and PM are shown in the table below:

**Differences between Personnel Management and Human Resource Management**

<b>Factor</b>	<b>Personnel Management</b>	<b>Human Resource Management</b>
<b>Time and planning perspective</b>	Short term, reactive, ad hoc , marginal	Long term, proactive, strategic, Integrated
<b>Psychological contract</b>	Compliance	Commitment
<b>Employee relations perspective</b>	Pluralist, collective, low trust	Unitarist, individual, high trust
<b>Preferred structure/system</b>	Bureaucratic/mechanistic, centralized, formal/defined roles	Organic, devolved, flexible roles
<b>Roles</b>	Specialized/professional	Largely integrated into line Management
<b>Evaluation</b>	Cost minimization	Maximum utilization (human asset accounting)

**Source: Adapted from 'Human Resource and Industrial Relations', Journal of Management Studies, 24 May, p. 507**

**Stage Four (Beyond 2000)**

**The present and future of Human Resource Management (HRM)**

While it is difficult to predict the nature of HRM in the future, there are strong indications that its theory and practice will be continually transformed as a consequence of globalization, new technology and associated fundamental changes in the nature of work and jobs. These external and internal pressures and their possible impacts on organizations, employees and overall employment conditions is what informs the continuing evolution of HRM as a contemporary discourse as well as the need for continuous innovation on the part of HRM professionals and thinkers.

Some observers of HRM theory and practice (Patrickson and Hartmann 2001; Weisner and Millett 2003; Bartlett and Ghoshal 2003; Zanko 2003; Lansbury, Kitay and Wailes 2003; Losey, Meisinger and Ulrich , 2006; Boudreau and Ramstad 2009) suggest that the implications of global economic forces such as the shift to low inflation economies, widespread tariff reductions, and the growth in multilateral and bilateral free trade agreements (e.g. Australia–Singapore, New Zealand–Singapore, Australia–New Zealand, Australia–US, APEC) demand more attention towards international HRM models.

In addition, the globalization of business means that HR professionals will need to be more proactive in relation to such issues as business ethics, corporate governance and the management of employees' work–life balance. Communication and information technology changes such as the digital revolution, satellite links, cellular telephone networks and high speed fibre optic cables (Hunt, 2003) will require the adoption of strategic international or global HRM models implemented through radical new approaches to HRM strategies, structures, organizational cultures, HRM practices and employment relationships as a whole. As Erwee (2003) explains:

. . . in the competitive process of globalization and complexity, it is becoming critical to manage sustainable multinational organizations more effectively by using Strategic Human Resource Management (SHRM), and to link this with strategic needs in the larger organizational context. . . . However, (they) must also work within the confines of (their) local environment as well as a range of laws, politics, culture, economies and practices between societies.

Human resource thinkers such as Ulrich, Huselid, Lepak & Snell, and Collins imply that the ‘new’ HRM will either specialize in HRM ‘value management’, ‘strategic partnering’ and establishing the HR ‘architecture’ for organizational success, or will combine such ‘macro connections’ with the devolvement or outsourcing of traditional HR processes respectively to line managers and external HR consultants (Kramar, 2003).

Ulrich (2006) has suggested that the survival of HRM demands that HR professionals are perceived to add value to four key stakeholders in organizations, namely:

- a) employees who want competence and commitment
- b) line managers who want to make strategy happen
- c) key customers who want to buy more products/services; and
- d) investors who want the stock price to go up.

This will involve the formulation of HR strategies for the business, the workforce and the HR function itself. The theme of ‘partnership’ between senior managers and HRM specialists is echoed by HR professionals and by their general managers. Chris Georgiou, HR Director, AGC and Westpac Financial Services, suggests that ‘to be effective, you need to partner with the business very closely and that means not necessarily just understanding the business but really participating at the business level’ (Rance, 2000). John Cooper, a partner at Freehills consultancy, goes further, emphasizing that ‘HR needs to make sure it is a critical part of the decision making processes that go with the new technology and the strategies to globalize’ (Willcoxson, 2003). Boudreau (2009) reinforces this notion, asserting that ‘HR must extend its focus from the services it provides to the decisions that it supports’, as ‘like finance and marketing, the HR function helps the firm operate within a critical market . . . the market for talent’.

In similar vein, Dowling and Roots (2009) suggest that strategic HRM should now become concerned with ‘finding the pivotal areas where optimization and increased performance may be attained . . . the new science of human capital’. Associated imperatives include requirements for HR professionals to demonstrate a deep understanding of their organization’s business environment, the industry challenges and opportunities, and the ways in which HR programs deliver human capability for the business to compete, the nurturing of more creative organizational cultures and the development of appropriate HR metrics, and the formulation of organizational ethical codes. These imperatives for transparency and accountability have only been strengthened following the 2009 global financial crisis (Holdsworth & Lundgaard, 2009; Wilson, 2009; Wilson, 2009).

### **Milestones in the History, Evolution and Development of Human Resource Management**

Arising from the synthesis of literature available on this topic (Taylor, 2011; Nankervis et.al, 2011; History of Human Resource Management, 2010; Kelly, 2003; Ogier, 2003.), the history, evolution and development of HRM can be summarized as presented in the table below:

<b>Period</b>	<b>Time</b>	<b>HR Factors/Issues/Characteristics</b>
Pre World War II	2000BC – 1000BC	Mechanisms for selecting tribal leaders; recording and dissemination of knowledge about safety; health, hunting and gathering of food; use of employee screening techniques by the Chinese; use of the apprentice system by the Greek.
	1700 – 1900	Emergence of Scientific Management Theory as management philosophy of the time; start of industrial revolution that led to replacement of cottage industries by large factories; rise of large workforce occasioned by immigrant workers; introduction of personnel function mainly for keeping workers records; rise of middle level supervisors; maximum exploitation of workers; increase in child labour; widened gap between workers and supervisors; poor working conditions; rise of labour unions to agitate for workers rights; expansion of personnel function to include welfare and administration mainly in UK and USA.  Rise of motivation practices occasioned by the Hawthone studies, various attempts at employee satisfaction begin to be

	1920 – 1930	implemented such as better wages and good working conditions.
Post World War II	1945 – 1960	The Human Relations Movement shaped the management ethos of the time; emphasis on employee productivity through various motivation techniques; emphasis on welfare issues; emergence of job description which improved recruitment and selection; emergence of compensation and evaluation strategies; official recognition of trade unions in various countries mainly in UK and USA; emergence of collective bargaining for increased employee welfare; enactment of a significant number of employment laws; emergence of computer technology and use in record keeping; emergence of job analysis; expansion of the personnel function to include recruitment, labour relations, training, benefits and government relations divisions; first HRM software Comprehensive Occupational Data Analysis Program (CODAP) developed in the USA mainly for job descriptions and assigning roles; advancement of computer technology to include payroll, inventory and accounts.
Social Issues Era	1963 - 1980	The Civil Rights Movement shaped the management thinking of the time; the civil rights act (1964) brought in affirmative action, abolished all forms of discrimination and ushered in equal employment opportunity; transition from personnel management to human resources management; increased computerization of the HR function for accuracy, speed, storage and reporting of HR data; development of Human Resource Information System (HRIS); increased trade unionism led to better working conditions and terms of employment; adoption of various laws on occupational health and safety, retirement benefits and tax regulation; emergence of employee participation in management decision making, increased employee training and empowerment;
Cost–Effectiveness Era	1980-early 1990s	Increased automation of the workplace to boost production; shift from employee administration to employee development and involvement; emphasis on efficiency and effectiveness through adoption of technology; emergence of hard and soft HR approaches; emergence of employee return on investment debate; is an employee an unnecessary cost to be minimized/eliminated or a vital resource to be developed?
Technological Advancement Era	1990 – present	This era is shaped by increasing forces of globalization, rapid change occasioned by tremendous technological breakthroughs and pressure for increased efficiency; cut throat competition characterize all industries; emergence of Strategic HRM; emergence of business process reengineering strategies; recognition of intellectual capital; increased strategies for recognition, rewards, motivation, greater awareness of the HR role as a strategic business partner; emergence of improved strategies for attracting, retaining, development and engagement of talent; emergence of workforce evaluation methods such as balanced scorecard, performance appraisal techniques ; emphasis on contribution of HRM to competitive advantage; Human resource planning techniques; diversity management; talent management; emergence of e-HR; e-training, e-recruitment, telecommuting,

		flexible work arrangements, virtual teams; work life balance; social media currently informs transformation of HRM; improved networking; influence of mass media; ethics; green economy; new world order.
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### Human Resource Management as a Contemporary Issue

In essence, HRM differs from earlier personnel management models in relation to its focus, its principles and its applications. HRM can be simply described as the convergence of three factors – human beings, resources and management – where human beings have the actual and potential resources (knowledge, skills and capabilities) that can be harnessed through effective management techniques to achieve short- and long-term organizational goals as well as personal needs. Thus, the focus of HRM today is on the effective overall management of an organization’s workforce in order to contribute to the achievement of desired objectives and goals. All HR processes (e.g. recruitment, human resource development, performance appraisal, remuneration) are seen to be integrated components of overall HRM strategies hence the strategic nature of contemporary HRM. According to Beer et.al (1985), the Harvard model suggests that Strategic HRM strategies, policies and processes fall into four broad areas:

- a) Employee influence and involvement. This is the extent to which employees are encouraged to share their ideas and participate in organizational consultation and decision-making procedures;
- b) Human resource flow. All HRM functions are involved in employee management (e.g. HR planning, job design, recruitment and selection, performance review, termination etc)
- c) Rewards systems. The monetary and non-monetary ways by which staff are recognized;
- d) Work systems. Includes consideration of the ‘fit’ between employees and their workplaces (e.g. technology, workplace design, teams etc)

The model further suggests that a strategic approach to HRM strategy, policy and processes fundamentally reflects management choice about how employees are managed – a choice about the nature of the employment relationship, including the ‘psychological contract’ between employees and their employers. As this model indicates, the principles on which HRM theories are based are generally broader and more managerial in their emphasis than personnel management. The central principle is, of course, the effective utilization of employees in order to enable the achievement of organizational objectives. Thus, the entire ‘resource’ of the employee should be tapped (i.e. physical, creative, emotional, productive and interpersonal components) in order to achieve this goal. In contemporary organizations, the emphasis may be more on the ‘intellectual capital’, ‘knowledge worker’, or on ‘emotional intelligence’ than on manual or physical skills. These issues are integral to the management of the contemporary ‘knowledge worker’ and will keep shaping the theory and practice of Human Resource Management, moving forward.

Contemporary HRM theories also recognize that the human resource, unlike financial or technological ‘resources’, cannot be manipulated or ‘exploited’, and that it requires complex and sensitive management in order to fully realize its potential. Variations of HRM theory emphasize different aspects of management of the employment relationship, reflective of diverse national or industry environments (Nankervis et.al (2011).

All HRM theories are, however, essentially managerialist in their emphasis on the management of the workforce and accountability to ensure the achievement of desired objectives and goals. Thus, HRM practitioners are seldom perceived as employee ‘advocates’ except when such activities are necessary to assist the achievement of the organization’s goals. As Ken Gilbert, Head of Mercer Consulting’s human capital business explains, “Aside from the need to survive, one of the biggest challenges organizations face . . . is managing competing workforce pressures – the need to contain employment costs versus the ability to maintain levels of engagement and productivity for when the market upswings. . . . Doing both simultaneously is the new challenge (Gettler, 2009)

The imperatives of contemporary HRM theory include such principles as efficiency, effectiveness, productivity, labour flexibility and competitive organizational advantage. Baird and McGrath-Champ (1999) suggest that HRM concepts represent the strengthening of managerial prerogatives. Patrickson and Hartmann (2001) summarize its dominant strategic emphasis as ‘productivity enhancement, cost minimization and work intensification. Some other HRM observers note that recent trends in the nature of employment (such as casualisation, more flexible conditions and changes to industrial relations systems), and the various impacts of technology and globalization, together with innovative HR practices such as rightsizing, outsourcing and ‘offshoring’, present serious challenges and opportunities to the future of HRM.



As Gandossy et al (2006) observe, the workforce is in the midst of an unstoppable and dramatic transformation. In the coming years, organizations will confront challenges related to demographic trends, global mobility, diversity, work/life issues, technology changes and a virtual workforce. Competition will be global; capital will be abundant; leaders will be developed swiftly; and talented people will be keen to change jobs frequently. These changes will influence how work is performed, where it is performed and what skills are required. While other resources will be abundant, the most important resource of all – talent – will become increasingly scarce. Organizations must ask themselves: Are we prepared for this global workforce revolution? Do we have the right strategies in place?

### Conclusion

Beginning with a very humble start as ‘people management’ in the 1700s, (earlier developments acknowledged) Human Resource Management has evolved to become an indispensable academic field as well as an important function in the management of organizations. The functional areas that constitute the current outlook of the Human Resource Management field include:

- a) Human resource policy
- b) Human resource planning
- c) Human resource information management systems
- d) Knowledge management
- e) Ethics, governance and (sometimes) corporate social responsibility
- f) Work and job analysis, design and evaluation
- g) Recruitment and selection
- h) Diversity management
- i) Career management
- j) Employee and management training and development
- k) Counseling, discipline and termination/separation
- l) Performance and quality management
- m) Remuneration and benefits
- n) Industrial relations management
- o) Financial management of employee schemes and overall accountability and evaluation
- p) Occupational health and safety.

Indeed, Human Resource Management (HRM) is a complex and rapidly changing field of practice in industry and academia. Despite its comparatively recent developments, and drawing upon both overseas and local influences, HRM is a crucial factor in the success of all organizations. Beginning in the 1700s as a series of functions, often neither integrated nor based upon solid conceptual foundations, the modern Strategic HRM is a dynamic specialization in the process of refining its philosophies, practices and overall contributions to organizational effectiveness in response to external influences, including economic, demographic, legislative and social changes, as well as its own history,

HRM is adopting a strategic approach to the management of human resources for corporate benefit. As with other professions, HRM confronts a number of difficult issues and dilemmas concerning ethics, roles, practices and the nature of its professional associations. Further development of Strategic HRM will eventually resolve these issues in creative and effective ways. This ever evolving nature of Strategic HRM is what informs its study as a contemporary issue.

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