



**DCU Business School**

**RESEARCH PAPER SERIES**

PAPER NO. 17  
1997

**Roles in Personnel Management from  
Welfarism to Modernism:  
Fast Track or Back Track?**

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ISSN 1393-290X

# **ROLES IN PERSONNEL MANAGEMENT FROM WELFARISM TO MODERNISM: FAST TRACK OR BACK TRACK?**

## **INTRODUCTION**

This paper is the result of research into and reflection on the roles carried out by those who are responsible for managing the 'people' function within organisations. Whether these incumbents are called personnel or HR managers is not necessarily important; it is however critical to give recognition to the complexity of the task that faces those who have to take responsibility for this function. This paper raises two inter-related issues. First, in what sorts of activities do personnel managers decide to invest time and energy? Are the old reliables of recruitment, training and employee relations the key tasks of the 1990s or are other issues more important? Second, does the hard, often unseen, and usually unrecognised work that is put into personnel tasks necessarily result in an end product which is visible and attributable to the personnel manager?

The paper considers this issue by tracing the various roles that personnel managers have undertaken at the various stages of the development of the profession. The paper begins by considering the roots of personnel management and then moves on to discuss the various descriptions which have been proffered for what personnel managers do and what they should do. The paper then considers the nature of personnel activities before discussing areas which seem to offer the prospect of reward for the expenditure of time and energy.

## **THE DEVELOPMENT OF PERSONNEL MANAGEMENT IN IRELAND**

### **1940s and 1950s: The Welfare Stage**

It is difficult to pinpoint exactly when personnel management first appeared in Ireland. Barrington (1980:90) indicates that a personnel function had been established in the civil service after the First World War, but its official recognition in the private sector is probably best dated from the setting up of an Irish branch of the Institute of Labour Management, the forerunner of the Institute of Personnel Management (IPM), in Dublin in 1937. The meetings of the Institute of Labour Management were held in the recreation hall attached to the Jacob's Biscuit Factory and were attended by a small group of individuals, mainly women, who acted as welfare supervisors in Dublin factories such as Wills, Maguire and Patersons,

Williams and Woods and Jacob's. These companies had strong Quaker traditions and were concerned with the health and well-being of their employees.

The early history of these meetings of the Institute indicates some of the issues which concerned this small group of welfare workers. In *Labour Management* (May, 1940: 76-77), the publication of the Institute, it was reported that 'Mr. Julian Rowntree (of Associated Chocolate Company, Dublin) spoke on "co-operation in Industry" and recommended that employees should be given scope in running their own recreation sub-committees, and encouraged in the use of their leisure time'. He also put forward proposals for a works council on which all levels of management and workers should be represented. Factory inspectors were highly prized as speakers in these meetings and health issues were of particular interest (*IPM News*, March 1987: 3).

Two issues are worth consideration from this brief description of the early years of the Institute of Labour Management. The first is the concern with employees' welfare. To what extent has this concern diminished over the years and to what extent should it be considered a central part of the personnel manager's job? The old 'tea, towels and toilets stereotype' (MacKay, 1987: 10) is one that most personnel managers are undoubtedly pleased has long since disappeared. But what has replaced this role of what could broadly be described as 'looking after' employees? Certainly there is evidence of concern for employees in the proliferation of employee assistance and wellness programmes. These include health screening, stress counselling and in some cases a rehabilitation component for those with alcohol or drug-related dependency problems. However, the question must be asked whether such programmes are delivered simply because of their cost effectiveness - absenteeism and labour turnover are the expensive outcomes of sick or stressed individuals - or because there is a genuine concern for the quality of working life experienced by employees?

The second issue which emerges from an analysis of the foundations of personnel management is its dominance in the early years by women. A full analysis of the implications of this situation can be found in Legge (1995: 21) who suggests that

this early identification of personnel management activities with *female* welfare activities in a patriarchal society, inevitably meant that the function

would carry a legacy of being of low status and unimportance, at least in comparison to central male activities, such as production, finance and so on.

This appears to have resulted in difficulties for both men and women intent on careers in personnel management. For men there was the worry of developing a career in a profession with a female image. However, for many men this dilemma was resolved by the industrial relations focus which was to emerge in the 1970s in which bargaining and negotiating with trade unions became very much a male preserve and one with a much more dynamic image. For women the incursion of men into personnel management has created long-term problems. Research in both Britain (Long, 1984; Legge, 1987; MacKay, 1986) and Ireland (Canniffe, 1985; Monks, 1993) suggests that women are not as successful in their careers, at least as measured by career progression, as their male counterparts. Canniffe's interviews with women working in personnel suggested that women were sidelined into the administrative and record keeping function or seen as 'agony aunts' whose role involved solving the personal problems of employees and as a consequence they were passed over for the more general aspects of personnel, including negotiating experience. Monks' study of 103 personnel practitioners (50 men and 53 women) found that there were more men than women in the top and senior management jobs and fewer men in the junior management jobs. In addition, men earned significantly more than women.

### **The 1960s: Growth and Development**

Personnel management grew slowly in the 1950s and 1960s in Ireland; then as now the fate of personnel function was inextricably entwined with economic developments. In 1969 the *Report of the Public Services Organisations Review Group* was published and this described personnel as comprising:

all activities concerning the provision, development and welfare of staffs from their recruitment, through training, performance appraisal, career development, promotion, remuneration and general welfare to retirement and superannuation. (p. 149)

This definition contains the list of activities which are still widely described, albeit in different language, in most personnel management textbooks. The notion of the personnel manager as responsible for employees, if not precisely from the cradle at

least to the grave, is embedded in this perception of the nature of personnel management activity.

### **The 1970s: The Industrial Relations Era**

Personnel management grew steadily during the late 1960s and early 1970s. A survey by the Irish Management Institute (Gorman et al., 1974) estimated that the number of personnel managers working in firms with over 20 employees increased from around 100 to about 400 between 1964 and 1973. Throughout the 1970s this growth continued so that by 1981 there were an estimated 770 private sector firms with a designated personnel office (*Report of the Commission of Inquiry on Industrial Relations*, 1981: 39). The main areas of activity associated with the personnel function were outlined in a submission by the IPM to the Commission:

- (i) manpower planning; recruitment and selection;
- (ii) employee evaluation, training and development, career development promotion etc.;
- (iii) remuneration and benefits;
- (iv) industrial relations (i.e. policy and practices in relationships with unions and union representatives, procedure agreements covering recognition, disputes, grievances, redundancy, etc.; negotiations with full-time officials and with shop stewards);
- (v) employee communications and consultation;
- (vi) organisation development (i.e. organisation and job design, various approaches to securing higher employee involvement and motivation, opinion surveys and survey feedback, etc.);
- (vii) personnel administration - contracts, attendance, turnover, medical and welfare facilities, safety at work, employee performance indices etc.

The importance given to industrial relations is evident in this submission document. For many personnel managers this was their major activity - 'the heart of the job' (MacNeill, 1980: 57) - as they faced the disputes of the 1970s. In addition, they were involved in absorbing and interpreting the vast amount of labour legislation that was passed during this time. Yet, although the smoke filled rooms and long nights of negotiation were the life blood of some personnel managers, the IPM's submission document revealed that personnel management could vary considerably from company to company: 'from carrying major responsibility for all aspects of an

organisation's human resources' to a 'negotiator on trade union claims, or, in a more paternalistic mode, a purveyor of welfare services to employees' (*Report of the Commission of Inquiry on Industrial Relations*, 1981: 47). This variation in activity was also noted by the IMI who considered that the number of organisations producing personnel strategies was 'infinitesimal', while the Federated Workers' Union of Ireland suggested in its submission that the majority of organisations in Ireland were characterised by:

- a) management incompetence in the area of human relations and industrial relations;
- b) low priority for personnel matters in management policies;
- c) the lack of management authority of personnel officers.

The Commission itself noted that there was 'still some tendency on the part of management to regard the personnel function as peripheral to the other more central concerns of the enterprise' and recommended (p. 285) that:

All enterprises of a significant size should formulate explicit and comprehensive personnel policies. Company boards should seek to complement such policies by carrying out annual audits of their personnel and industrial relations systems.

In addition, the Commission recommended that where there was a formal personnel function that this should 'be represented directly at board level in companies which have executive directors and at senior management level in companies which do not' (p. 286).

### **The 1980s: Cost Cutter**

By the 1980s, personnel departments were well established in Irish organisations. A survey by Murray (1984: 21) of 141 manufacturing firms found that 74 per cent had a personnel function and that the status of the personnel function appeared confirmed with many personnel managers having access to top management decisions. Surveys of personnel practice in Ireland during this time (Shivanath, 1986; Keating, 1987; Murray, 1984; Monks, 1992) indicated that personnel managers were engaged in a wide range of tasks, but that recruitment and selection, training and development and industrial relations were the major responsibilities.

The economic difficulties of this decade are reflected in the themes of the IPM's annual conferences. In 1983 this was 'Survival Management'; in 1984 it was 'Job Loss: the Price of Being Competitive'; in 1985: Social and Political Change: the Implications for Personnel Management; in 1986 'The Uncertain Future'; and in 1987 'Meeting the Challenge'. The uncertainties of this time are also reflected in the training courses offered by the IPM: canteen costs, profits by people, absenteeism, remuneration, pensions and employee insurance claims.

### **The 1990s: Strategic Planner and Business Manager**

The 1990s have seen attention turn to the roles that the personnel practitioner might play as business manager and human resource specialist, these roles involving an active contribution to 'competitive advantage'. Again it is useful to analyse the recent IPM and, since 1995, Institute of Personnel and Development (IPD), conferences to see the reiteration of this theme. In 1991 the conference was 'Personnel Priorities for the Nineties' and the literature advertising this conference suggested that 'modern personnel management has a critical role to play in the strategic management of an enterprise, be it in the public or private sectors...attention will focus on how to achieve and maintain a competitive advantage while operating in a rapidly changing and volatile business environment' (*IPM News*, 1991). 'Horizons for Change' was the focus in 1992 with the objective

to highlight the fact that we are entering an era of unprecedented opportunity for personnel management to emerge as the critical strategic function within modern Irish business... the personnel function must create a market driven strategy which recognises that people are central to business success. At the same time it must establish an innovative industrial relations environment which will reconcile the needs of business with the changing expectations of employees (*IPM News*, 1992: 1).

In 1993 'Global Competition: the Personnel Contribution' was the conference theme and in the opening address the chairman suggested that:

with more and more global competition, the personnel professional of today must focus on change and be capable of inspiring and maintaining a culture of cost competitiveness, quality and customer satisfaction, together with

much closer linkage of personnel policies to the business needs of the organisation (Kennedy, 1993:1).

In 1994 the conference debated 'People - the Ultimate Competitive Advantage' and suggested that it was:

an exciting, challenging and rewarding time to be involved in personnel management. Exciting, because personnel management is now emerging as the critical strategic function and challenging because personnel professional must develop from being 'the resolvers of inevitable conflict' to become the champions and implementors of change. On the evidence to date, there is every reason for optimism as the function rises to the occasion and assumes greater strategic responsibilities...They [the conference speakers] will show how we must jettison much of the current thinking on organisational theory and people development, and in turn embrace a philosophy which advocates total flexibility and calls for loyalty and commitment from a work force which can no longer be guaranteed job security or even rewarded with promotion. (IPM, 1994).

The problem of commitment emerged again in the 1995 conference 'No Finish Line'. As the director of the IPD wrote in the introduction to the conference: 'How do you convince employees of the need for ... change when it effectively means ending a traditional relationship that offered lifelong employment in return for loyalty and commitment?' In the most recent conference, 'HR in Transformation', the implications for the HR function of these major changes were the focus of debate. The chairman's address (Brennan, 1996:1) suggested that

we [those who work in the human resource profession], above all professionals, must be the keepers of that Holy Grail of competitive success: the need to constantly and relentlessly seek to improve and change if we are to survive in the long term...It is no longer enough to possess the competencies traditionally associated with Personnel or Industrial Relations. They were driven by being reactive, interventionist, confrontational, tactical and disciplinary...We need to become proactive, supportive, co-operative, strategic and flexible.

While the rhetoric of the conference publications suggest the personnel manager as playing a vital role in strategic decision making, the reality suggests that this is not as widespread as personnel managers might like. Evidence from the Price Waterhouse Cranfield study (Gunnigle and Moore, 1994) indicates that about half the respondent companies ( $N=194$ ) reported personnel involvement from the outset in the development of corporate strategy, but in the remainder of the firms, personnel involvement was confined to a consultative role (25 per cent) or implementation role (12 per cent), with 11 per cent indicating exclusion from strategy formulation.

### **ROLES FOR PERSONNEL MANAGERS: CONTINUITY OR CHANGE?**

The historical analysis of the development of the personnel management role raises several critical issues. Is there a dominant role in Irish organisations in the mid 1990s? Do the roles which have developed over time co-exist or have some disappeared? Are some roles better than others and, if this is the case, better for whom? Can and should personnel managers link personnel policies and business needs, can they be 'proactive, supportive, strategic and flexible'? What tasks should they undertake?

A superficial analysis of the situation suggests that there has been a great deal of continuity in personnel management over the years and that the issues that have concerned the personnel manager and the personnel profession have remained remarkably constant, although perhaps portrayed using very different language. Thus, the tasks of personnel management as outlined in the *Report of the Public Services Organisations Review Group* (1969) and the *Report of the Commission of Inquiry on Industrial Relations*, 1981) are little different from those which are to be found in contemporary textbooks. The search for status and acceptance at board level was an issue which perturbed the IPM in the late 1970s as well as today. Even the job advertisements of the 1960s, although couching their requirements in very different terms, appear to seek candidates with similar intentions (see figure 1). In order to comprehend these elements of continuity and change, it is necessary to turn to models of personnel management practice which have been put forward as mechanisms for explaining and understanding the variety of roles undertaken by the personnel practitioner.

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mechanisms for explaining and understanding the variety of roles undertaken by the personnel practitioner.

### **Models of Personnel Management**

There have been many attempts to understand the roles performed by personnel managers. In Britain there have been studies by Legge (1978), Watson (1977; 1986), Tyson and Fell (1986), Guest (1990) and Storey (1992). In Ireland there is work by Shivanath (1986), Gunnigle (1990; 1996) and Monks (1992/3). There are similarities between these authors: although writing at different times and in varying contexts, they establish the diversity of personnel practice and the variety of roles carried out by personnel managers. The work of Tyson and Fell and Storey in Britain and the work of Monks in Ireland is briefly explored.

Tyson and Fell (1986) use an analogy drawn from the building profession to identify three styles of personnel management: the 'clerk of works', the 'contracts manager' and 'the architect'. In the 'clerk of works' model the personnel manager is involved in basic routine administration and welfare provision to employees. The 'contracts manager' is focused on industrial relations activity. The main tasks are the 'interpretation of existing agreements and contracts' and the main achievements lie in 'the pragmatic resolution of day-to-day problems' (p. 24). In the 'architect' model, 'managers at senior level take business decisions in the light of the consequences for the management of people'. A 'creative role' is expected from personnel specialists who initiate policy changes in partnership with line management. The personnel manager 'regards himself as a business manager first and a "professional" personnel manager second' and looks for 'business opportunities to exploit through the people employed in the enterprise' (p.26).

#### **Figure 1: Extracts from Job Advertisements for Human Resources Specialists**

*Institute of Personnel Management Digest, 30 October 1967*

##### **Personnel Manager**

The Personnel Manager will be responsible directly to the Managing director for devising and implementing a personnel policy with particular reference to recruitment and training. However, he will also be extensively involved in management decisions affecting the general direction of the Company and must therefore combine a commercial awareness and profit consciousness with his specialised knowledge. (p.xi)

### **Management Development**

The successful applicant, who will report to the Joint Managing Directors, will be responsible for advising the line management of his company on all matters concerning the career development of staff and for providing the necessary assistance and persuasion to ensure that effective development takes place....Applications will be considered not only from personnel specialists in this field who must have had experience of administering modern development schemes and who are accustomed to relating their activities directly to the company's Operational Plans, but also from engineers, currently in line management, who recognise in this post the opportunity to develop their own abilities in preparation for top general management posts within the Group in the future. (p.vii)

*Irish Times*, Friday 13 September 1996

### **Human Resources Specialist**

....You will maintain specific global information standards and ensure ongoing systems integrity after implementation.

Applicants must have HR functional experience, excellent PC skills and strong communication, people and organisational skills. You will be assertive and must be able to motivate people to accomplish aggressive objectives within defined time constraints. Extensive travel within the European region as well as to the US is expected. European language skills, in particular German, will be a distinct advantage.

### **Remuneration and Benefits Manager**

Coupled with being a good communicator, you will have excellent analytical skills, in addition to a demonstrable strategic perspective in relation to the development and implementation of policies.

The models identified by Tyson and Fell have also be found in Irish organisations (Shivanath, 1986; Monks, 1992/3). Monks, from a study of 97 Irish organisations, identified four types of personnel practice: traditional/administrative, traditional/industrial relations, innovative/professional and innovative/sophisticated. The traditional/administrative is similar to the 'clerk of works' identified by Tyson and Fell (1986). The personnel practitioners described their roles as 'housekeeping' and 'policing'. In the 'traditional/administrative' function, the roles were those of 'firefighting' and 'containment' and 'conflict resolution'. The 'innovative/professional' model is not described by Tyson and Fell; in this model, the personnel practitioners appear to have moved away from the traditional approaches to personnel practice

and were concerned to dismantle the problematic elements of their current practices. Their roles were those of 'expert', 'change agent' and 'consultant'. One personnel manager described the situation:

We're moving from an industrial relations/administrative/record keeping function to a more structured, streamlined, up-front approach. We're playing a role in the organisation and we're involved in major demands and decisions'. (Industrial relations manager, manufacturing company).

In the 'innovative/sophisticated' model, personnel managers were carrying out roles which can be described as those of 'business manager', 'consultant', 'facilitator', 'policy developer' and 'expert'. In all these organisations personnel issues were integrated into strategic plans and personnel was represented on the board. Personnel managers were proactive and had adopted recruitment, appraisal and training measures which were designed to ensure the commitment and performance of their staff. There were widespread communication and involvement programmes in place. This model can be compared to the 'architect' role suggested by Tyson and Fell (1986) and bears many of the hallmarks associated with HRM.

### **Personnel Management and Ambiguity**

There is evidence that there are a variety of roles for personnel practitioners, but the carrying out of these roles appears to be a difficult and complex activity. For example, Watson (1986: 180-183) lists six sources of ambiguity in the personnel management. The first stems from the caring versus controlling elements in personnel work. The caring element emerges from the welfare roots of the profession and can be at odds with the need 'to control or manipulate the labour force'. Watson suggests that 'to watch a personnel manager operating over a period of time is to go through a process of constantly wondering whether one is seeing the wielding of an iron fist in a velvet glove or a velvet fist in an iron glove'. Other ambiguities arise from the nature of personnel authority: personnel managers find themselves in an advisory role to line managers, but yet this advice, particularly where it relates to legal matters, simply has to be taken so that 'there is frequent ambiguity as to whether recommendations from personnel departments are in fact recommendations or are orders disguised as advice'. Linked to this issue is the nature of the personnel manager's expertise: 'the personnel manager is meant to be an expert in personnel management while personnel management is something that

all managers do'. At one and the same time the personnel manager has to indicate evidence of his or her expertise, or risk being ignored as having any value to the organisation, and yet avoid taking all responsibility for their staff away from line managers. Much the same argument can be applied to the value of the personnel department to the organisation: 'personnel work is often a matter of dealing with the unique, the subjective and the intangible, none of which is measurable'. In addition, many of the 'expectations, orientation and wants of the employee constituencies, with which the personnel function is especially concerned, are frequently unclear and the information about these which the personnel specialists must collect to carry out their functions will inevitably be inadequate and ambiguous'. Finally, ambiguity arises in the implementation of the procedures, systems and techniques which have been carefully designed by the personnel specialist. For Watson, 'all personnel procedures contain the seeds of their own destruction' as they are subject to modification and reappraisal by individuals and groups.

### **Threats and Opportunities**

The ambiguity attached to the personnel function leaves it, perhaps more so than any other function, in a vulnerable position within the organisation. If personnel management in its widest sense can be undertaken by any manager, is there a need for a specialist department staffed by expensive individuals? This is an ongoing debate which has extended from Drucker's (1961) dismissal of personnel work as 'largely a collection of incidental techniques without much internal cohesion' which as a 'hodgepodge' hardly warranted a special department, to current perceptions of 'personnel management without personnel managers' (Flood, Gannon and Paauwe, 1996). For those organisations without personnel departments, advantages were low overhead costs, flexibility, line management responsibility and tailor made packages: line managers could devise their own appraisal systems. However, there were several disadvantages: a lack of synergy, with no opportunity to learn from other specialists; inefficiencies, as every unit had to invent its own personnel system; lack of structure, as issues were dealt with in an ad hoc manner; no uniformity in conditions of employment and remuneration which impeded the exchange of personnel among units; line managers pressed for time with the additional range of activities; and arbitrariness due to the lack of procedures and systems (Flood, Gannon and Paauwe, 1996: 215-216).

While the wholesale closure of the personnel department is unusual, there is evidence of the personnel territory 'being invaded, sold-off, subdivided and put under lease to consultants, sub-specialists and line managers' (Tyson, 1987: 530). The use of consultants for personnel work is widely established (Garavan and O'Dwyer, 1987; Flood, Gannon and Paauwe, 1996; Storey, 1992). Accountants also appear poised for a takeover bid: 'management accountancy, just as much as personnel management can claim to possess a means of motivating and assessing the performance of individuals and groups (Armstrong, 1988: 25). In addition, business managers and line managers have become 'key players on employment issues' (Storey, 1995: 14). These take-over bids may in part stem from the inability of many personnel specialists to take part in the major events which have taken place within organisations over the last number of years. The research literature is littered with evidence of the limited involvement of the personnel function in initiatives such as technical change (Daniel, 1986), information technology ( Legge, 1989) and quality programmes (Monks, Buckley and Sinnott, 1996).

### **MANAGING THE EMPLOYMENT RELATIONSHIP: THE PSYCHOLOGICAL CONTRACT**

Given the increasing pressures on the personnel specialists for 'cost effective' behaviour resulting in 'high quality' and 'competitive advantage' for the firm, in what tasks should they engage? The old way of managing the employment relationship, through a welfare or industrial relations approach, although extant shows signs of wear and tear. The newer human resource focus may have offered much but can deliver in only the most specific of circumstances. In addition, HRM has been described as 'amoral and anti-social, unprofessional, reactive, uneconomic and ecologically destructive' (Hart, 1993: 29). Hart argues that HRM needs to be

exorcised from mainstream personnel management to enable this emergent profession to reassert its purpose in providing a moderating influence on managerialism, and a catalytic force for genuine innovation in workplace relationships, seeking out new synergistic systems and structures within which organisations can operate.

One possible source of livelihood for the personnel manager may lie in the management of the psychological contract. Although the term 'psychological contract' has been in existence for some considerable time, it has recently received renewed attention. It can be defined as encompassing 'the actions employee believe

are expected of them and what response they expect in return of the employer' (Rousseau and Greller, 1994: 385). Thus, there is a set of expectations held by the individual employee that specifies what the individual and the organisation expect to give and receive in the working relationship (Rousseau and Parks, 1993).

Evidence from some recent research suggests that the psychological contract as it was previously interpreted is rapidly changing. The 'old' contract was generated in a period of full employment, with its notions of stability and predictability. Employees could expect promotion and rewards in return for hard work and commitment. Such expectations are frequently undermined in an era of downsizing, delayering, mergers and acquisitions, and good performance can no longer guarantee job security. Recent studies of managerial employees (Herriott, 1995; Holbeche, 1995; Mirvis and Hall, 1994) are summarised by Sparrow (1996). Four very different types of mindsets are identified:

- 'Flexers' understand the nature of business changes and are prepared to accept sideways moves or flexible working patterns.
- The 'ambitious' understand the implications of these changes but can still see personal progression for themselves.
- 'Lifers' essentially hanker after a guarantee of security, believe that experience and length of service are a legitimate basis of reward and are unimpressed by performance related pay.
- The 'disengaged' have begun to exhibit withdrawal behaviour ( a desire to leave voluntarily or seek early retirement or redundancy).

These different mindsets result in seven different career responses (Sparrow, 1996). Managers will 'get ahead' by pursuing power and influence and engineering openings for themselves; 'get secure' by finding what they hope is an unobtrusive role in the organisation; 'get balanced' by rebalancing work, life commitments and relationships so that loss of employment is not damaging; 'get free' by creating autonomy and marginal organisational membership; 'get even' by ensuring that the organisation (or certain members of it) pay a price for what they see as the injustices done to them; 'get high' by moving to the centre of events and becoming totally

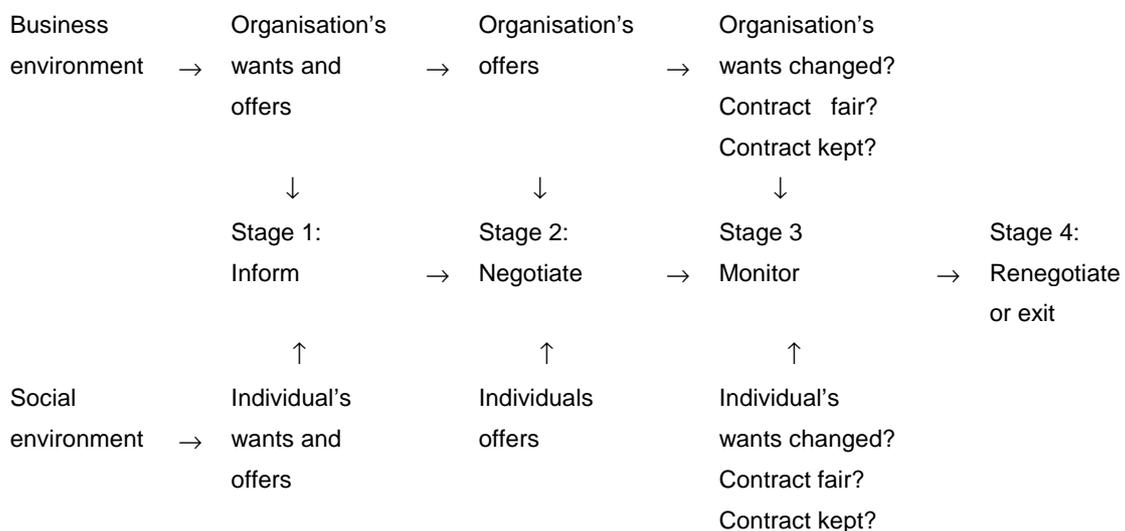
absorbed in work; or 'get out', deciding that this is no longer the life or organisational culture for them.

Combinations between the four mindsets and seven responses mean that HRM managers face a complex task in matching employee expectations. Careers are becoming more complex and an individual may have many different careers and a variety of expectations from those careers. Thus, Herriott and Pemberton (1995: 33-34) suggest that

personnel professionals must be capable of working with increasingly individualised needs, while simultaneously retaining a strategic perspective. It is the process management skills of HR that will be key to making the dialogue workable.

Herriott and Pemberton suggest that this 'psychological contracting' can be seen as comprising four stages (see figure 2)

**Figure 2: The Four Stages of Psychological Contracting**



Source: Herriott and Pemberton, 1995

The notion of the psychological contract is not new; neither are many of the tasks that are required of the personnel manager in managing this contract. Thus, the stage one ('inform') elements in the Herriott and Pemberton model requires HR managers to ask whether employees know what is expected of them now and in the

future, whether they know how the business is going and whether senior managers know what employees are thinking. For example, do the recruitment and induction systems convey a realistic expectation of what is required of the employee? High labour turnover, particularly in the first few months of employment, may be due to unrealistic job expectations created by personnel managers in an effort to hire suitable staff. These communication and information systems need to be supported by performance appraisal and employee feedback mechanisms. The 'negotiate' stage of the contract involves considering the needs of employees, for example in relation to training and development. Do training programmes meet individual as well as company needs? What does each individual expect from the training course? As far the 'monitor' stage is concerned, does the organisation monitor events to consider the impact on various groups of changes which are made within the organisation. For example, quality programmes have given more autonomy to operatives, but what impact has this had on supervisors and managers?

As there may be limited benefits to the introduction of across the board schemes, personnel managers may have to consider more individualised types of programmes, such as those proposed by Herriott and Pemberton (1995) (See figure 3).

Certainly there is evidence that psychological contracts are fragmented and that the old distinctions between skilled/unskilled, full/part-time, male/female are not longer justified as measures of differences between employees (Sparrow, 1996). Indeed, Sparrow suggests that this shift in the nature of the contract may represent a shift in the nature of motivation itself: 'the presumed links between commitment, participation, satisfaction, motivation and performance become submerged as part of a culture shock process'. In these instances, 'much of the recommended HRM toolkit (lifestyle-directed time patterns such as annualised hours, sabbaticals, incentivising tools such as cafeteria benefits and performance-related pay and developmental tools such as potential identification workshops and mentoring' is found wanting. Sparrow's research in the banking industry suggests that there are two possible strategies for the HR function in managing these changing contracts. It may be possible to 'build in flexibility to the HRM package (through cafeteria benefits, increased PRP and multiple career paths in order to offer a menu to line managers which they align to their staff'. Second, it may be possible to 'focus and differentiate HRM systems (i.e. break them up) so that different designs are used for each

internal labour market'. However, as Sparrow points out, that both these approaches require a rethinking of the unitary assumptions underlying HRM and will require 'leadership, not just facilitation, from HR professionals'.

**Figure 3: The Deals of 2005**

<b>Contract</b>	<b>Individual offers</b>	<b>Organisation offers</b>	<b>Risks</b>
Development	Flexibility Continuous added value Commitment, not dependence. Innovation	Security Employability Use of skills core to organisation's purpose. Continuous development	Exploitation of security needs. Life's imbalance. Insufficient security to allow for risk taking. Generality of skills will reduce their market value.
Autonomy	Ready access to specific skills. Experience gained in a wide range of organisations. High performance with low management	Autonomy to exercise skills. Freedom in how individuals work. Challenge. Experience that increases employability.	Performance delivery undermined by inadequate resources; poor management or organisational politics, culture. Constraints on how they work.
Lifestyle (part-time)	Flexibility in matching demand and resourcing. Performance levels to match customer expectations. Performance levels of full-time employees.	Willingness to balance work and other role demands	Pay and conditions exploitation. Lack of career development.

Source : Herriott and Pemberton, 1995.

The need to rethink HR practices in order to manage the psychological contract reinforces the fact that HR practices can be seen as 'communications that influence the psychological contract and employee commitment' (Guzzo and Noonan, 1994:448). Guzzo and Noonan argue that 'much of the information employees rely on to assess the extent to which their psychological contracts are fulfilled comes from the HR practices of their employer' (p. 452) and that 'commonplace HR practices are loaded with communicative value'. They cite research (Schneider, Wheeler and Cox, 1992) which has found that HR practices in selection, training, performance appraisal, pay and benefits 'were among the organisational practices most strongly related to interpretations of the climate for customer service'(p. 456).

Evidence from research in Ireland suggests that there is a need for personnel managers to understand that there are a range of psychological contracts in existence. Research into the career progression of chartered accountants (Monks and Barker, 1995) indicated that there were differences between men and women in the values that they placed on work and its rewards. A study of PRP in an Irish company (Kelly and Monks, 1996) indicated that there were considerable differences between managers in their acceptance of a PRP scheme. These differences lay in their differing views of money as a motivator and of the links between pay and performance. Yet the managers were treated in the PRP scheme as if they held the same values and sought the same types of rewards. A study of the impact of quality programmes on the HR function (Monks, Buckley and Sinnott, 1996) indicated that although most personnel systems (recruitment, training, induction, appraisal) had intensified as a result of quality initiatives, there had been very limited attempts to review reward structures. Yet, huge changes are demanded of employees in the implementation of such initiatives; failure to acknowledge these changes in the way in which individuals are rewarded may have long term consequences which prove detrimental to the overall success of a quality programme. The study also indicated communications within organisations had improved as a result of the quality programmes (Buckley, Monks and Sinnott, 1996). However, the increased focus on communications had also led to an expectation that further improvements were possible. The challenge for personnel managers is how to manage this process.

## **CONCLUSIONS**

This paper has explored the roles carried out by personnel managers. The analysis has revealed that many of the challenges facing the personnel practitioner have

remained constant and the need to manage the employment relationship, no matter the terminology that is used to describe this relationship, is one which is central to the personnel role. The management of the psychological contract as a critical issue for the 1990s may represent for the personnel profession a return to its roots. The need to understand the process of motivation and to translate this into appropriate personnel systems are tasks which are underpinned by an understanding of the employment relationship. While the specialist skills involved in the maintenance and development of this relationship were once considered critical to the carrying out of the personnel role, they may have been lost in the rush to participate at board level and to get involved in strategic decisions where only hard facts and figures are recognised. The management of the psychological contract will not negate the business acumen gained by personnel managers in their fight for boardroom representation; rather it is the combination of business and behavioural skills that should result in greater opportunities and greater acceptance for the specialist role that personnel managers can play.

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