

CHAPTER 1

Introduction

During the first decade of the twenty-first century, human resource management (HRM) thinking and practice have evolved in significant new directions. Issues and approaches that were previously seen in many organisations as being peripheral have moved to centre stage as HR agendas have been adjusted to take account of developments in the business environment. Hence we have seen much more interest in work–life balance issues, in HR ethics, partnership agreements and in the formal evaluation and measurement of HR practices. Ideas developed in the 1990s have moved from ‘fringe’ or ‘fad’ status to occupying a pivotal role in many organisations’ HR strategies. This is true of employer branding, the use of balanced scorecards, the fostering of positive psychological contracts, the provision of flexible benefits and the range of activities collectively comprising ‘e-HR’. Older, more-established approaches have been reconfigured and often relabelled to make them fit for purpose in the contemporary world. *Workforce planning* has thus been reinvented as *talent management*, *pay administration* has metamorphosed into *total reward management*, *equal opportunities* has become *diversity management*, while terms such as *coaching*, *mentoring*, *competencies* and *business partnering* have been accorded specific definitions in our professional vocabulary. We have also seen the emergence of some genuinely new areas of research and practice, such as strengths-based performance management, formal strategies aimed at fostering well-being and happiness at work and the evolving employee engagement agenda. At the same time we have seen a substantial increase in the amount of regulation to which the employment relationship is subject, the emergence of skills shortages across a range of occupations and additional pressure both to intensify work and to increase levels of employee commitment. Last, but not least, we have seen the development of a situation in which the need to adapt, evolve and restructure is a constant presence in many organisations. Whereas change used to be episodic in nature, it has for many become endemic, with major implications for the way we carry out HRM.

There are two major purposes behind this book. The first is to focus on these major contemporary issues and ideas in HRM, to explain their significance, assess some of the research that has been carried out into them, debate their advantages and

disadvantages and seek to understand their implications for HR practice. In addition, the book aims to explore *why* this apparently diverse range of unconnected ideas and practices have come to prominence in recent years. While the bulk of the later chapters are focused on the key recent developments and emerging issues themselves, the early part seeks to put forward a coherent explanation for their rise rooted in an analysis of key, longer-term trends in the HR business environment. Not only does an analysis of this kind enable us to explain why the HR agenda has evolved in recent years in the way that it has, but it also provides a good basis for thinking usefully about its likely future direction. It is this feature which makes the book distinct from others. By focusing on the future as well as the present, it aims to help prepare you for a future career in HRM. In short, an attempt will be made to answer the following question:

- What will be the major issues and problems that are likely to shape HR work during the coming 20 years?

LEARNING OUTCOMES

The objectives of this chapter are to:

- place contemporary developments in HRM in historical context
- explain how current HR priorities differ from those that prevailed 20 or 30 years ago
- put the case in favour of the proposition that we are seeing the emergence of a distinct new era in the evolution of people management practice
- discuss the major environmental constraints that increasingly influence HR practice in organisations
- assess the likely future direction of HRM practice
- set out the key questions that are likely to dominate HR thinking and debate over the next 20 years.

WORKFORCE WAKE-UP CALL

2006 saw the publication of a book of articles by a variety of writers, consultants and researchers working in the field of HRM called *Workforce Wake-Up Call: Your workforce is changing, are you?* Addressed to a senior management audience, the book looks at key trends in the contemporary business environment and makes judgements about how the world of work and people management is likely to evolve and change in the coming decades in Western industrialised countries. In their introduction the editors sum up the key messages. Their conclusion begins as follows:

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? (Gandossy et al 2006: xxiii).

Questions

- 1 How far do you agree with the view that in the future all the resources that organisations draw on will be ‘abundant’ with the exception of talent? What arguments could be advanced against this point of view?
- 2 Why should leaders be developed any more swiftly in the future than they are now?
- 3 Why should people be any keener to switch jobs in the future than they are now?
- 4 Thinking about your own organisation, how relevant are these points? What might be ‘the right strategies’ to adopt in order to prepare for the future?

CONTEMPORARY TRENDS: TOWARDS A NEW HR?

Throughout its history the profession or management function – now commonly titled ‘human resource management’ (HRM) and previously known as ‘personnel management’ – has evolved in definable new directions every 20 or 30 years (see Torrington et al 2011: 10–14). In its earliest incarnation more than 100 years ago, it was focused primarily on improving the welfare of workers in factories, down mines and on docks and shipyards. Some employers began to realise that they could secure greater loyalty, commitment and productivity if they looked after the interests of their workforce by providing a healthy, safe workplace and by providing paid holiday, sick pay and even subsidised housing. Between the two World Wars – as professional, white-collar work became more common and as the state welfare system started to develop – the focus shifted to improving efficiency with the application of scientific management and organisation design principles of the kind advanced by F.W. Taylor and Henri Fayol. Organisations became more bureaucratic and mechanistic, with clearly defined grading

structures and a preference for recruiting people at a relatively young age with a view to promoting them over time. Workforce planning, occupational pensions and extensive staff rulebooks were introduced, as management became less personal. The profession then shifted gear again after the Second World War, as the trade union movement grew in strength, requiring personnel managers to negotiate new initiatives and to manage often difficult industrial relations disputes.

The last major change occurred in the 1980s with the emergence of the term *human resource management* signalling not just new rhetoric, but also significant new thinking on the part of managers. At the time much effort was expended debating what exactly 'HRM' was and how it differed from 'personnel management' – a debate that was never really satisfactorily concluded before the mainstream research agenda moved on to focus on establishing how and to what extent HR practices contribute to the achievement of organisational performance (see Guest 1987, Legge 1995, Sisson and Storey 2000). In retrospect, however, it is possible to see the evolution of HRM in the 1980s and 1990s very much as a response on the part of management to the sharp decline in trade union membership and influence that occurred at that time as a result of regulatory changes, increased individualism, the decline of traditional industries and the growth of the service sector. Over quite a short period of time managers found themselves firmly in the driving seat and in control of the direction of people management in their organisations. Particularly important was the demolition during the 1980s, at least in the private sector, of the established national-level collective bargaining system. Terms and conditions were no longer set for employers by a body negotiating with unions on their behalf for a whole industry. Bargaining was decentralised, and in many cases gave way altogether to a situation in which pay and conditions were determined by management without any need to negotiate with anyone at all. Power thus shifted sharply in many organisations towards management, high levels of unemployment and low levels of employment security reducing both the ability and willingness of employees to resist. 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 organise 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. Now they had an opportunity to take control and shape approaches that were appropriate for their own organisations' particular circumstances. HR strategies were developed, new individualised 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 we saw 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 organisations 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 organisations.

The question that researchers and commentators are now starting to ask is whether or not, 30 years on, we are beginning to see the evolution of another new pathway in the historical development of 'people management'? Can we yet announce the arrival of a distinctly new era with any confidence, and if so, how can it be characterised and what should it be labelled?

The answer is that a credible argument can be put in favour of the proposition, but that it is too early to conclude with great confidence that we are entering a period which is clearly distinct from the 'HRM era' described above. Much will depend on the fate of the world economy over the next few years. At the time of writing (early 2011) the UK economy, along with those of most countries, is slowly recovering from a deep recession. As a result, we have seen a reversal of some key trends in HRM practice and thinking which had taken root and become established during the boom years of the 1990s and 2000s. If things follow the pattern of the two recessions we witnessed in the early 1980s and early 1990s, we will see a return to economic growth fairly quickly and a reasonably swift resumption of the earlier, established long-term trends. If this turns out to be the case, it is likely that we will soon be able to herald the arrival of a distinctly new period in the development of HRM. Alternatively, and much less agreeably, recessionary conditions could last for much longer, perhaps even leading to a prolonged period of sluggish economic performance as occurred in the 1930s. Were that to be the case the key recent long-term trends that established themselves 30 years ago would reverse. This might well herald a new direction in the development of people management, but it would in all likelihood simply point to the re-establishment of the kind of approaches first brought into being in the early 1980s and labelled 'HRM'.

However, let us assume for now that the first prognosis turns out to be fulfilled, that the economy recovers reasonably swiftly and that the long-term established trends in our business environment resume again. If this turns out to be the case, it will soon be common for HR thinkers and leaders to proclaim the establishment of a clearly defined, new trajectory. It is on this premise that some of the thinking behind this book is largely based.

The term *the new HRM* has been adopted by some in recent years to describe collectively some significant recent developments in professional thinking and practice. It is commonly used in the HR press and has also now found its way into books and articles authored by academic writers (see Price and Walker 1999, Bach 2005, Boroughs et al 2008). There is little coherent agreement about what

the term means but it is a convenient label for a new trajectory which retains many features of HRM as established in the 1980s, yet is fundamentally distinct in key respects. More pretentious terms which could well end up being used in the academic community might be 'post-HRM' or even 'HRM 2.0' (both have been used from time to time), but for the purposes of this chapter we will stick with 'new HRM' simply because it has already been used quite widely.

So what is it that distinguishes 'the new HR' from HRM in the form it was established during the 1980s and 1990s? The short, concise answer is that the new HR operates under significant constraints of a type that were not present when HRM originally emerged and became established during the last two decades of the twentieth century. Three are of particular significance:

- 1 **Tight labour markets:** The first eight years of the new century saw labour markets tighten very considerably. While the supply of would-be employees remained larger than the demand for them in one or two areas of work and in some areas of the country, skills shortages emerged in most industries and began to dominate the HR agenda before recessionary conditions arrived in 2008 and the economy began to contract. Recruitment and retention thus moved to the top of the agenda in most HR departments as organisations struggled to source the people they needed. Importantly, the evolution of tight labour markets meant that skilled employees who were dissatisfied with their work, their organisations or, most commonly, their managers, could find alternative work with some ease. In a tight labour market this reality gives employees a degree of power and hence influence over the nature of managerial decisions which affect them.
- 2 **Regulation:** Since the 1990s the amount of regulation governing the employment relationship in the UK, as well as in other EU countries, has increased very markedly. Areas of employment which were completely free of regulation prior to this period, such as age discrimination, have been regulated for the first time, while others, where light-touch approaches were the norm previously, are now far more closely regulated. Disability discrimination and maternity rights are two prominent examples. As a result the number of employment tribunal claims lodged each year has increased very significantly indeed, reflecting an increased propensity on the part of aggrieved employees to seek redress in the courts.
- 3 **The nature of the jobs we do:** Increasingly in recent years demand for labour has been focused on higher-paid, higher-skilled jobs of a professional, managerial or technically sophisticated kind. Job-holders in these roles are well educated and typically have greater knowledge about their work than the people who manage the organisation. As a result, if they are wise, managers are required to take account of their employees' views and have increasingly found it necessary to involve them in decision-making. Moreover, because there is much truth in the saying 'knowledge is power', professional and managerial staff are well placed to resist attempts by managers to impose decisions on them with which they disagree.

In addition, there is another form of constraint which has had an impact, although as yet it has been of a good deal less practical significance than the first three:

4 Ethical awareness: Consumers, investors and job-seekers, particularly those who are from the younger generations, have started demonstrating both increasing awareness of ethical matters and also a willingness to take ethical considerations into account when making decisions about what goods and services to buy, where to put their savings and which organisations they seek to work for. As a result, organisations have begun to embrace ‘corporate social responsibility’, have actively sought to develop a reputation for ethical conduct and have tried to associate leading brands with ethical values. In the main the nature of ethical awareness has focused on green matters and on fair trade, but there are significant examples of concern spreading into the HR field, notably in respect of the working conditions established by multinational corporations operating in developing countries.

We will look in detail at these developments, as well as others in the business environment which are shaping the contemporary HR agenda, in Chapters 2, 3, 4 and 5. For now it is simply necessary to establish that together their impact has been to constrain the freedom of manoeuvre enjoyed by HR managers, thus restricting the extent to which decision-making can be taken uniquely in the interests of organisations and their shareholders. As a result there has been a change in what is generally considered to constitute ‘effective HR practice’. In the 1980s and 1990s the dominant idea was that the prime role of the HR manager was to develop HR strategies which aimed to help ‘deliver’ the organisation’s strategic objectives. The starting point was thus a clear understanding of the organisation’s aims and priorities. An HR strategy would then be developed and implemented, organisational strategy being ‘translated’ accordingly into HR practice. There is nothing at all wrong with this approach – and in Chapter 13 you will find examples which set out the thinking behind it – but it can only be the focus of professional HR practice in circumstances in which managers are free to implement such strategies without substantial constraint. In other words, there is an assumption behind it that putting the defined HR strategy into practice will be unproblematic. During the first decade of the twenty-first century it became increasingly apparent that this is by no means the case. Constraints of the kind set out above have loomed ever larger, acting singly or in combination to restrict the capacity of the HR function simply to deliver objectives which underpin the organisation’s long-term strategy. Major compromises are increasingly required.

We can therefore usefully conceptualise the distinction between the HRM era and that of ‘the new HR’ as being concerned with the priorities of the HR function and of HR work. Helping to deliver organisational objectives remains present in the ‘new HR’, but there are more fundamental matters to focus on first. Key is the need to ensure that the organisation has at its disposal the human resources it needs in order to function at all. Effective recruitment, retention and employee development are thus the prime concerns. The staff, once assembled, then have to

be motivated and encouraged to perform at the highest achievable level. Thirdly, the function needs to manage the employment relationship (when seen from the perspective of both employer and employee) in an efficient and fair manner. Such is necessary if it is to gain and maintain a reputation as an effective, and indeed an ethical, manager of people.

As a result of the need to manage HR with these constraints, we are seeing the development of thinking and of approaches which are clearly different from those associated with HRM in the 1980s and 1990s. The most striking and significant is the increased tendency of HR functions to use language and ideas associated with customer relationships when talking about employees. It has for example become common for HR managers to refer to employees, as well as to line managers, as 'our internal customers', the implication being that the purpose of a well-run contemporary HR function is to provide a service to a client group which specifically includes employees. Moving on from this we are seeing a pronounced increased interest in undertaking staff attitude, satisfaction and engagement surveys, the purpose being to measure and track over time the perceptions of employees towards the organisation and its managers. Signs of growing dissatisfaction are then investigated and action taken to try to secure improved ratings the following year. HR practices are becoming increasingly employee-focused in other ways too. We can point, for example, to increased interest in and use of 360-degree appraisal systems in which staff are involved formally in providing feedback on performance to their peers and bosses. Further evidence comes from the increased use of self-managed teams, of flexible benefits systems which allow employees to determine the make-up of their own pay packages and of payment systems which link remuneration to the achievement of objectives which are agreed ahead of time between managers and staff. Finally, and most interestingly of all, HR managers are increasingly borrowing ideas long used by colleagues in the marketing function and applying them to the labour market. Employer branding is the most prominent of these (see Chapter 7), but we can also point to job sculpting (designing jobs around the preferences and qualifications of individuals) and to approaches which 'segment' staff into groups and design employment experiences around their perceived needs and aspirations.

One way of summing up this group of trends in HR practice is to argue that 'the new HR' is as concerned with effectively competing in the labour market as it is with supporting the efforts of the organisation in competing in the product market. It has to be – because if it does not, it will not deliver to the organisation the pool of human resources necessary to enable it to function at all.

RESOURCE DEPENDENCY THEORY

It is helpful in this context to draw on the ideas that underpin 'resource dependency theory' (see Hatch 1997). Adherents of this theory focus on the extent to which organisations rely on a variety of different 'sources of dependence', the main examples being labour, capital, raw materials, knowledge, plant and equipment, and a market for their products and services. These sources

of dependence vary in terms of how critical they are to the organisation's success or survival and in terms of how scarce they are at any one time. The more critical and scarce a source of dependence becomes, the more attention the organisation must pay to it in order to ensure that it can continue to benefit from its supply, and the less freedom of manoeuvre managers enjoy in carrying out their job. Hence where an organisation is heavily reliant on one or two large customers, it is in a situation of high resource-dependence. Customers are relatively scarce and each is utterly critical to the organisation's future. Satisfying those customers becomes a priority. By contrast an organisation which has many thousands of customers is in a wholly different position. Customers are neither scarce nor, as individuals, critical. If one is dissatisfied and takes their business to a competitor it is a matter of concern, but it is not hugely damaging to the organisation. In such an environment individual customers inevitably have less power over how the organisation manages its relationship with them. The same analysis can be carried out in respect of access to financial capital (the more critical and scarce the more influence the provider of the capital has over the organisation), raw materials and any other potential source of dependence.

Resource dependency theory is useful as a means of explaining recent developments in HR because of these concepts of 'criticality' and 'scarcity'. In short, we can plausibly argue that in recent years, until the recent recession reversed trends somewhat, employees (as a source of dependence) became both more critical and more scarce. They became more critical because the jobs we are looking to fill increasingly require people who are more skilled, highly educated and experienced. Each individual's contribution to the achievement of the organisation's objectives is thus more significant. When they leave they are harder and more costly to replace with a satisfactory successor, not least because they walk away with a great deal of knowledge in their heads which it is going to take a successor some time to build up. The departure of such employees is thus damaging to the organisation, and indeed doubly so if they go on to work for a competitor and to deploy their knowledge and experience against the interests of the organisation. In short, the more skilled, qualified and experienced job-holders are required to be, the more critical each is from an organisation's perspective.

Over the long term, too, employees have become increasingly scarce. While this trend was interrupted to a degree by the onset of recession, there is no question that over a long period now many labour markets have become steadily tighter. Mainly because the skills that are in most demand are more specialised and higher-level in nature, the size of potential applicant pools has declined. Hence, in recent years we have seen a great deal of overseas recruitment, the development of a 'war for talent' between organisations seeking the best-qualified staff, the growth of headhunting agents and many examples of organisations seeking to position themselves in the labour market as 'employers of choice'.

In short, the first years of the twenty-first century saw a situation develop in which employees have started to become both increasingly critical and increasingly scarce, ratcheting up the degree to which organisations are

dependent on securing their services. Arguably this can be seen as a fundamental change and is central to any understanding of 'a new HR'.



CRITICAL REFLECTION

Think about the recent experience of your own organisation. How far is it true in its case to state that employees are becoming 'increasingly critical' to its operations? How far is it true to state that would-be employees are becoming increasingly scarce?

FUTURE AGENDAS

Above I argued that we have seen a clear and decisive move towards 'a new HR' in recent years as a result of the rise of a knowledge-based economy, of tighter labour markets, increased regulation and increased ethical awareness. The big question for the future is, will this be sustainable? Is the 'new HR' as we have defined it here to stay for the long term, or are the trends that have brought it into being likely to cease, slow down or reverse direction?

The answer depends in part on the extent to which the economy is able to recover fully from the recent downturn. If recovery is strong and the longer-term trends are re-established, the answer will be 'yes'. If, by contrast, we enter a lengthy period of international depression, with high levels of unemployment for many years, a contraction in international trade and reduced demand for human resources, the answer will be 'no'. In these circumstances HRM will have to alter its orientation, but it will be in a wholly different direction from that of 'the new HR' as defined in this chapter.

It is important to introduce this caveat at the start of this section to make it clear that this book is not intended to be a work of prophecy. Its purpose is not to set out a vision of the future of HRM that *will* be fulfilled. Instead, one of its core aims is to speculate in an informed manner about how the future of HRM in the UK is most likely to pan out if these acknowledged, long-term trends in our business environment do continue to develop along their established lines in the future.

In the above discussion about 'the new HR' a number of these key contemporary trends were introduced. Each of those discussed so far is further explored in the chapters which follow, along with an assessment of its likely future impact on HRM. However, one further contemporary trend of major significance has not yet been discussed. It will form the focus of Chapter 2, but needs to be introduced at this stage as it is fundamental to any credible assessment of the future direction of HRM. This is increasing competitive intensity.

Over a long period now, in both the public and the private sectors, organisations have been faced, year on year, with increased competition from other providers. This trend is partly due to the globalisation of world economic activity, partly due

to the rapid advance of technological developments in recent years, partly due to government policy aimed at increasing 'competition and choice', and partly due to increased customer expectations and a greater willingness on their part to switch suppliers or brands when they are unhappy with the quality or price of the product or service they are receiving. Moreover, it has not just been customers who have become increasingly demanding. The situation has been exacerbated by the increased tendency of shareholders to demand higher and faster returns on their investment. Markets for capital have become much more competitive as well as markets for goods and services.

The result is a situation in which organisations are obliged to compete harder in order to survive and prosper, leading to a situation in which pressure is placed on employees to work much more productively and efficiently. Aside from intensifying work in this way, increased competitive intensity has other significant effects too:

- Employers are required to rationalise, restructure and reorganise much more frequently. Mergers, demergers, acquisitions, sell-offs, outsourcing and downsizing exercises are thus more common than in the past. This means that HR managers are having to focus more than they did in the past on the effective management of major change episodes.
- Increased competitive intensity has brought with it increased volatility. As a result business is a great deal less predictable than it used to be. The time horizons in which we can plan with any degree of certainty have declined, while insecurity has become a good deal more common.
- The harder we are required to compete for business with others, the more important good HRM becomes. This is because those organisations which are most effective at recruiting, retaining and motivating a committed and productive workforce are better able to compete successfully than those who are less effective in these areas.
- A greater premium is placed on efficiency. Cost control becomes more important the more intense the competitive environment because price is one of the most significant determinants of which organisation secures business.

When thinking about the likely future evolution of HRM over the coming 10 to 20 years we need to take account of increasing competitive intensity alongside the further development of the other key trends we have identified, such as tighter labour market conditions, increased regulation of the employment relationship, the changing nature of the work we are employed to do and the rise of greater ethical awareness. The central argument of this book is that it is the *interplay* of these various trends that will determine the future character of the HR function in organisations, of HR priorities and the key problems that future HR professionals will have to grapple with.

So what does this kind of analysis suggest will be the key preoccupations of HR managers as the next two decades unfold? What will be the major professional issues that they will have to try to resolve? The following are likely to be the

major questions that will need to be addressed and hence the defining issues faced by HR managers in coming years:

1 How can an organisation compete for staff when its labour markets are tightening and its environment is increasingly resource-constrained?

This may very well turn out to be the most significant question faced by HR managers in coming decades. What may develop is something of a 'perfect storm' in which people with the required skills and experience are in ever shorter supply, but at the same time due to increased competitive intensity organisations are less and less able to respond by paying recruits higher salaries.

2 How can an organisation become more flexible and responsive to change while also successfully recruiting, retaining and motivating committed employees?

This is another fundamental issue that could very well preoccupy HR managers in the years ahead. On the one hand, a capacity for flexibility is going to become increasingly significant in order for organisations to compete successfully in volatile and unpredictable market conditions. On the other hand, maximising flexibility is incompatible with the need to mobilise and motivate a highly committed workforce because it brings with it insecurity. Yet the nature of the work that we will increasingly be carrying out in the future will require committed staff.

3 How can an organisation compete effectively, often in international markets, while also gaining and maintaining a reputation for high standards of ethics and legal compliance in its dealings with employees?

This is another difficult issue to resolve. Increased competition makes it harder for organisations to survive and prosper. There is a need to keep a lid on costs and sometimes considerable temptation to cut corners in order to secure business. The extent to which it is possible to duck and dive sufficiently in order to maintain a competitive position while also adhering to high standards of employment practice – defined in ethical and legal terms – is questionable, particularly when international competitors are not required to maintain the same standards.

These three questions are not at all easy to answer. Moreover, of course, they can be answered in a number of very different ways. For these reasons they are likely to form the basis of the major professional debates in HRM that will evolve over the next few years. This book will not provide any easy answers, but readers will hopefully find it useful as a guide to the underlying issues and to some of the tools, techniques, ideas and theories that may be the basis of possible solutions.

CASE STUDY



Since the early 1980s the highly influential UK-based management guru Charles Handy, along with many others, has been predicting the arrival of a world of work in which most jobs are of a temporary nature. He has argued that in the future most people will progress through 'portfolio careers', moving from short-term assignment to short-term assignment, sometimes employed, other times in the capacity of a self-employed person. Long-term, stable employment for a single employer will become rare.

Handy's view has been much criticised in recent years, largely because he was predicting that these developments would be with us by the turn of the millennium. In practice, of course, the predictions proved to be faulty, making Handy and his

ideas an easy target for critics. Long-term employment remains a reality for many, self-employment has become more common but is very much the preserve of a small minority, while job tenure rates have remained stable for many years. Handy himself, however, remains unrepentant and convinced that given time his vision of the future will turn out to be accurate.

Questions

- 1 Which environmental trends discussed in this chapter are compatible with Charles Handy's predictions and which are not?
- 2 To what extent do you agree with Charles Handy that portfolio careers will one day be the norm in countries such as the UK? Why?

KEY LEARNING POINTS



- Recent years have seen the emergence of a range of new ideas, practices and priorities for HR managers that have no obvious apparent coherence.
- It is possible to argue that we are witnessing the evolution of a distinct new stage in the historical development of people management practice. Some writers and commentators have adopted the term *the new HR* to describe this trajectory.
- The new HR is characterised by a need to manage within and around environmental constraints such as tighter labour market conditions, increased regulation and the rise of ethical awareness on the part of organisational stakeholders.
- A further key contemporary business trend which is affecting HR practice is increased competitive intensity.
- It can be plausibly argued that the key professional debates that will dominate the next 20 years in HRM will derive from the interplay between these various environmental developments.



EXPLORE FURTHER

Stephen Bach's introductory chapter in the 4th edition of his book *Managing human resources: personnel management in transition* (2005) provides a useful explanation of thinking about the key current trends in HR practice.

Bach, S. (2005) *Personnel management in transition*. In S. Bach (ed.) *Managing human resources: personnel management in transition*. 4th edition. Oxford: Blackwell Publishing.

You will also find a number of useful articles on long-term developments in HRM in *Reinventing HRM*, edited by Ronald J. Burke and Cary Cooper (2005).

Burke, R.J. and Cooper, C. (eds) (2005) *Reinventing HRM: challenges and new directions*. London: Routledge.

Lynda Gratton's recent book entitled *The shift: the future of work is already here* (2011) is an enjoyable and accessible read about environmental developments and how they will shape the experience of work in the future.

Gratton, L. (2011) *The shift: the future of work is already here*. London: Collins.

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