

# Strategic Human Resource Management: Defining the Field

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## The significance of Strategic Human Resource Management

Strategic Human Resource Management (SHRM) has been, and remains, one of the most powerful and influential ideas to have emerged in the field of business and management during the past twenty-five years. Policy makers at government level have drawn upon the idea in order to promote 'high performance workplaces' and 'human capital management'. Within business corporations, the idea that the way in which people are managed could be one of, if not *the* most crucial factor in the whole array of competitiveness-inducing variables, has become a widely accepted proposition during this period. Many management consultancy firms – both large and small – have built substantial businesses by translating the concept into frameworks, methodologies and prescriptions. And, not least, academics have analysed, at considerable length, the meaning, significance and the evidence base for the ideas associated with SHRM.

The central idea – broadly stated – is that while for much of the industrial age, 'labour' was treated as an unfortunate 'cost', it became possible to view it in an entirely different light; as an 'asset'. Economists and accountants routinely classified labour as one of the main 'variable costs'. Accordingly, procedures and managerial systems were aligned with this view. Labour was seen as plentiful and dispensable.

Little thought was given to its recruitment, little investment was made in its development, and the modes of 'industrial discipline' were based on direct command and control mixed occasionally with the strictures of performance related pay. 'Hire and fire' was a common term. In these circumstances, conflict was expected and industrial relations officers were employed in order to negotiate 'temporary truces' (otherwise known as collective agreements). These were considered successful if they delivered compliance with managerially-prescribed rules.

Salaman, Storey and Billsberry

Progressive labour management in the decades before SHRM was based on productivity bargaining (Flanders, 1964) which periodically 'bought-out' accumulated customs and practices which impeded productivity. Government industrial relations policy in the mid-twentieth century was built around the idea of joint regulation: the accommodation of interests between the 'two-sides' through mutual respect and collective bargaining.

But, in the 1980s, a number of large companies began to change the rules of the game. New concepts, new logics and new aspirations emerged and many of the previous ones fell out of favour. Employers such as British Airways began to talk in terms of wanting not simply compliance but 'commitment'. Faced with severe competition they were prepared to dispense with employees who were not prepared to 'commit' to the new agenda of customer service. They spent unusual sums on staff training, staff development and 'culture change'. At the same time, Jaguar, the luxury car maker introduced its programme for 'winning hearts and minds'. General managers, rather than industrial relations officers and personnel managers, began to set the agenda. They started to drop the language of compromise and of customary practices and instead talk about 'customers first' and the 'needs of the business'.

The wider economic and political contexts, of course, also played a part though they were by no means deterministic. Heightened competition from Japan and other Far-Eastern economies resulted in factory closures and huge job losses in the USA and in other western economies. Reaganomics and Thatcherism established a free-market climate; de-regulation and privatization were making a difference to patterns of thinking.

Taken together, there occurred a wholesale shift in thinking and in practice relating to people-management over a period of some twenty-plus years. Perhaps not surprisingly, while some observers expected rapid transformation, others were sceptical and academics frequently detected as much 'continuity' as change. Many expected HRM and SHRM to be transient.

Depending how one interprets the contours it is still possible to construct images of rather different landscapes. One stance would be to note that the past two to three decades have been as marked by subcontracting and the loosening of employment contracts as they have moved towards human asset-management. In recent months, the 'gangmasters' who buy, sell and deploy labour, much of it comprised of workers not legally-entitled to work, and under conditions reminiscent of the nineteenth century let alone the twentieth, have captured the headlines more than HR Directors. Short-term contracts, temporary work, call-centre employment, off-shoring and the like have all challenged the simple idea of an unproblematic transition and progression to a more sophisticated, high-value-added, high-performance workforce, high-commitment management, employment nirvana.

Yet on the other hand, it can also be argued that while the contingent workforce has grown, this evidences the 'hard' version of SHRM (the willingness

to treat human resources as other resources and not to be fettered by long-standing practices). Alongside this, employment management in the core (and it has also been noted that short-term contract labour has remained at around 7 per cent of the workforce) is now routinely conceptualized in terms of SHRM assumptions, frameworks and logics rather more so than in terms of the erstwhile industrial relations paradigm of the 1960s–1980s. The intervening period has seen a whole series of movements (in theory and practices) which are easily interpreted as expressive of, or even re-workings of, the SHRM framework. Key examples include: the learning organization, the resource-based view of the firm, the celebration of the importance of ‘knowledge workers’, investment in people, high performance work systems and so on. Perhaps most important of all, whether fully realized in practice or not, the idea that it is sensible for an organization in the public or private sector to view its people management in a *strategic way* is nowadays conventional wisdom.

So, given this pattern and climate of change at multiple levels, how should strategic human resource management be defined?

## A definition of SHRM?

There is a fundamental paradox at the heart of any attempt to define or otherwise engage with SHRM. Despite, or possibly directly because of, the important role SHRM plays in theories of, and attempts to describe, understand, critique and change organizations and theories of organizational structures and functioning, it is virtually impossible to define SHRM. There is no such thing as SHRM because SHRM is not a unitary phenomenon but a collection of phenomena. It consists of very diverse phenomena: prescriptions, models, theories and critiques.

### Categories of SHRM

Broadly speaking, the SHRM literature can be divided into two categories.

The first consists of work which is concerned with identifying and seeking to understand the features of organization that are regarded as determinants of organizational performance. The task is to identify key causal connections and to assess their impact on the capability of the organization and on the behaviour, attitudes, and skills of staff. This line of work can itself be further differentiated into two forms. On the one hand, there are the academic, research-based analyses and assessments of the factors which may influence levels of performance (selection processes, competences, types of training, changing structural forms, various employment strategies, the resource-based view and so on). And on the other hand, there is the consultancy literature

Salaman, Storey and Billsberry

which advocates particular 'solutions' and seeks to sell their merits to managers.

The standard academic literature seeks to identify and understand the role and impact of the organizational measures (structures, processes and so on) that are installed as a result of consultant recommendation or as a result of other influences. Singularly and together, these measures are claimed to impact positively on organizational performance. Therefore they merit attention.

The second type of SHRM literature, which is less well developed than the first but of equal importance, is directly related to, but stands apart from, this prescriptive literature. Rather than focusing directly on how organizational performance can be improved through capacity-building or staff management processes, it focuses on the *ideas underpinning* prevalent practices.

Moreover, difficulties of definition arise because SHRM changes over time; it is a moving target. Authoritative and dominant views of what constitutes sensible and effective programmes of organizational change, are themselves highly changeable. Conceptions of the organizational factors or processes, which are seen to determine high levels of organizational success, vary over time: for example, culture change, process re-engineering, management competences, knowledge management, and transformational leadership. That said, a good case could be made that these changes are more apparent than real, and that underlying the shifting interest in culture change, competences, leadership and so on is a set of unchanging and probably unresolvable core organizational and management issues and problems.

None the less, the above difficulties notwithstanding, it is possible to say something about the underlying ideas that have caught people's imagination. Moreover, statements have to be made because those managers who seek to mobilize others (including other managers) need to be able articulate the big idea. It has been noted that the idea of strategic human resource management can be regarded as a 'discursive formation' and that when exponents talk about SHRM, they are broadly referring to an understood set of interconnecting propositions. Within the confines of this approach, SHRM has been defined as follows:

A distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques. (Storey, 2001: 6)

It should be noted that this is not *our* definition but rather the encapsulation of the meaning-making of strategic actors. That point has not always been understood.

Another approach to 'defining' SHRM is to treat the task as the demarcation of an academic field of enquiry and/or a general field of practical activity. This

is essentially what Boxall and Purcell (2003) do when they describe how their definition 'allows for a wide variety of management styles' (p. 3). They go on to state 'Human resource management (alternatively employee relations or labour management) includes the firm's work systems and its models of employment. It embraces both individual and collective aspects of people management. It is not restricted to any one style or ideology' (p. 23).

Both approaches are legitimate. It is a reasonable ambition to seek to construct an analytical framework with hypothesized causal connections and with an open-model which allows for multiple and variegated choices about how to manage work (and often, indeed, multiple choices are made for different groups within the same firm). This endeavour is in effect designed to define the field. But it is equally legitimate, albeit a different ambition, to seek to explore the meaning and implications of a more specific mode of approach to managing labour – of the kind that came to prominence in the 1980s. Boxall and Purcell acknowledge this point, but this distinction between the generic and the particular meanings of SHRM, which has been noted from the very outset of the debate, seems periodically to trigger misunderstanding.

### **Underlying forces**

How and why the content of SHRM is so diverse and why it changes over time are themselves important issues. If SHRM is a repository of the ways in which academics, consultants, senior managers and other authorities think about and attempt to change organizations – and how some of them at least think about and evaluate these theories and prescriptions – then an understanding of how and why SHRM changes is important because these changing ideas are highly significant. They affect how organizations are changed, and how they perform; they affect how employees are treated, they affect security of employment and they affect the nature of employment. They also affect us as individuals, influencing how we see ourselves and our relationships. SHRM prescriptions, theories and practices mediate between the public and the private, defining the relationship between biography and history. Although SHRM initiatives are frequently presented by their proponents as simply technical matters – means of improving organizational performance – they frequently owe their appeal and influence to their affinities with larger political ideological forces.

Since SHRM ideas are so influential in defining and constituting both organizations and individuals, and the relationship between the two, these ideas require searching, critical, attention. One of the curiosities of the SHRM field – at least as defined by some critical academic contributors – is the propensity of those with responsibility for organizational efficiency (managers, civil servants, governments) enthusiastically to embrace ideas about and prescriptions for organizations and management whose appeal seems to be based more on the attractiveness of their promises than the quality of their logic,

Salaman, Storey and Billsberry

assumptions or any basis in research. It is crucial that those interested in these ideas, as HR practitioners or managers or academics, thoroughly evaluate and understand them. Central to this evaluation is the exploration of their appeal.

Sometimes this conviction of the obvious and inherent good sense of a popular and appealing approach to organizational change arises from extra-organizational factors – from wider societal and political ways of thinking or ideologies, or from societal values and established ways of thinking. A number of examples can be cited ranging from the rise to prominence of ideas of ‘excellence’ in the early 1980s (Peters and Waterman, 1982) which represented a ‘discovery’ of a home-grown American formula for management, ideas of ‘enterprise’ and ideas around the importance of ‘leadership’. For instance, Guest (1992) charted how the appeal of ‘excellence’ owed its success and appeal to, among other factors, the ways it resonated with basic American values. The success of Peters and Waterman’s book which advocates management’s exploitation of values within the corporation itself rests on the authors’ ability to exploit the values held by the book’s reader.

Similar analyses have been conducted into a range of recent popular management fashions and fads. These include studies of management gurus (Clark and Salaman, 1998); Business Process Re-engineering (BPR) (Grint, 1994); corporate culture (Jeffcutt, 1994); the management of innovation (Storey and Salaman, 2005); and individual management inspirationalists such as Steven Covey (Jackson, 1996). An example of how the advocates of new approaches to organization seek to position the proposals in terms consistent with the values of the audience can be taken from the writing of Hammer and Champy, who are the most well-known and most influential advocates of Business Process Re-engineering. For example, they argue quite explicitly that ‘reengineering capitalises on the same characteristics that traditionally made Americans such great business innovators: individualism, self-reliance, a willingness to take risks, and a propensity for change’ (Hammer and Champy, 1993: 3).

Peters and Waterman’s (1982) book on excellence launched a huge number of programmes aimed at culture change within organizations; that is, organizational change programmes and training and development initiatives aimed at changing employees’ attitudes. The appeal to management was obvious and strong: that culture change could solve the primary organizational problem – the problem for which Henry Ford ninety years ago devised his particular brand of paternalism with the \$5 a day promise for committed workers: the problem of worker attitude. Enormous sums were spent by organizations on culture change initiatives because managers were persuaded of the sense and value of Peters and Waterman’s recommendation, regardless of the many and manifest deficiencies of the research on which the book was based and the coherence and strength of the argument they advanced.

Integral to the appeal of culture change programmes was their claim to be able to solve one of the most basic management problems: how to ensure that employees are committed to the objectives of the organization as set by senior

management. Currently, the favoured solution advocated to help deal with this problem is 'leadership'. The amount of attention paid to and money invested in, leadership over the past decade is extraordinary. As Storey has noted, the literature and the courses on leadership have grown exponentially (Storey, 2004: 3–7). He observes:

more telling than the absolute numbers (of publications on leadership) is the apparent increase in attention to the theme over recent time. A search of the Ebsco site which indexes and abstracts published articles on business and management, reveals a phenomenal trend. During the two-year period from January 1970 to the end of December 1971 there were just 136 published articles, according to a search using the defaults field. During the equivalent period ten years later (1980–1) the number had doubled to 258. But in the two-year period 1990–1 the number mushroomed to 1,105 articles, and even more remarkable was that the result for the equivalent two-year period a decade later (2001–2), which revealed an astonishing 10,062 published articles – an average of 419 per month. (2004: 4)

Meanwhile, organizational expenditure on leadership development in the USA is estimated at £45 billion in 1997. In the UK and Europe, leadership is central to the European Foundation For Quality (EFQM) management framework and other quality assurance models. Central government has launched the National College of School Leadership, the health service has a leadership programme, and the Department of Trade and Industry and other government departments launched a heavy-weight report on 'Leadership: The Challenge For All'.

Then there are the omnipresent ideas about 'managing change'. Management thinking and decisions about the management of change are influenced by the ideas and practices about necessary and desirable organizational change and training and development that are popular, prevalent and pervasive at the time. This is an important area for research. Too little is known – although much is assumed and asserted – about the models and assumptions underlying managers' decisions on and choices of, organizational structures and logics. Two researchers have argued, for example, that in reality a great deal of organizational change is driven not in fact by rational analysis of organizational problems, but by the availability of attractive 'solutions' for which managers then find the problems (Brunsson and Olsen, 1993). Frequently, the appeal of SHRM ideas at the organizational level arises from their connections with higher level societal and political ways of thinking which supply authoritative support. The apparent 'truth' of the recommended SHRM proposals arises from the power of these higher-order ideas, which supply legitimacy and make normal, proposals for change at the organizational level and in due course at the individual level as well.

Salaman, Storey and Billsberry

A good example of this is supplied by the notion of 'enterprise'. Enterprise is central to many of the most important forms of organizational change (and is significant as a rationalizing authority in a number of chapters in this collection). It is central to the assault on bureaucracy; it legitimizes de-regulation and privatization of public services and it underpins policies of empowerment and teamwork. Enterprise is an idea which operates on three levels: economic/political, organizational/institutional, and technologies of the self or individual (Rose, 1990a; b). Originally a term applied to economies and to organizations, it emerged as a dominant theme of Conservative Government ideology in the 1980s and 1990s as a key component of the advocacy of economic liberalism and the advocacy of market forces, and remains fundamental to the Labour Government of today (Keat and Abercrombie, 1991). It is one of the attractions of the notion of enterprise that it allows connections between these individual, institutional and political levels: 'enterprise links up a seductive ethics of the self, a powerful critique of contemporary institutional and political reality and an apparently coherent design for the radical transformation of contemporary social arrangements' (Rose, 1990a: 6).

So, enterprise exemplifies a number of key features of SHRM thinking and practice. First, it shows how ideas that are dominant at a societal/political level are also highly influential at the organizational and ultimately individual levels. For example, the chapter by Storey (in this volume) reveals how notions of 'enterprise' (and neo-liberal conceptions of market forces) are powerful determinants of organizational restructuring. And the chapters by du Gay et al. and Townley show how the notion of enterprise as an organizational value impacts on the individual.

The second feature of SHRM illustrated by the emphasis on enterprise is the way in which this dominant value becomes not only associated with, and supportive of, a series of projects at various levels (restructuring, decentralization, the move to SBUs, the installation of PRP, of management competences and so on), but also associated with and supportive of, the critique or assault on organizational forms and processes which are defined as un-enterprising. Hence, enterprise 'rules-in' and makes normal and acceptable some organizational forms, processes, relationships and logics, while it 'rules-out' others. Enterprise is inherently associated with, and required and legitimated by, reference to the pervasive and dominant critique of bureaucracy at the organizational and societal levels. The much-maligned bureaucracy is framed in opposition with virtuous enterprise which permits only one outcome. Bureaucracy 'is reduced to a simple and abstract set of negativities contrasted with an equally simple and abstracted, but positively coded, set of entrepreneurial principles' (du Gay, 2004: 44). Within this enforced polarity, the stronger and more pervasive the critique of bureaucracy, the greater the acceptance of the importance of enterprise at organizational and at individual levels.



The field of SHRM in our view is therefore constituted by a series of diverse influences: overarching societal/political discourses within which certain sorts of organizational initiatives appear natural and sensible; consultants' prescriptions which appeal because of their affinities with pervasive values and ideologies; and managers' underlying models and assumptions.

The role of the discipline of SHRM – and therefore of this volume – is to identify these influences and assess their impact; it is to evaluate and assess. In a way that parallels the recent emergence of interest in the cognitive aspects of organizations – especially the cognitive aspects of strategy development and environmental analysis – this approach to SHRM focuses on the nature and origin and influence of the ideas underpinning SHRM initiatives. Furthermore, students of SHRM must not only avoid merely accepting passively the recommendations and prescriptions of those authorities who advocate SHRM initiatives, they must assess their provenance and assumptions and evaluate them in practice. Students of SHRM must also explore and evaluate how these work in practice and with what consequences, which is a major feature of this volume.

## Receptors and interpreters

But there is another crucial stage in this sequence of the design (or advocacy) of SHRM initiatives and their application and evaluation: it is also important to understand the processes whereby available and dominant SHRM proposals are understood, translated and assessed by senior decision-makers within organizations. This key step is often overlooked. Much SHRM literature simply assumes that senior managers understand and accept the proposals for organizational change advocated by the various authorities who propound them. But this is to ignore the crucial role of *managers' own theorizing* about organizations – the way they seek to understand the relationship between proposals for change and organizational effects – and their models of organization. These issues are explored in some depth by two chapters in this collection: those by Schwenk (Chapter 4), and by Salaman and Storey (Chapter 5).

Against this backcloth, as students of SHRM we have two main tasks – both of which are represented in this volume. We must identify and understand the processes whereby the field of SHRM is defined and constituted (and the processes whereby senior managers make sense of these propositions); and we must address the specific proposals and projects which in our view are the more interesting, important, and possibly, effective. Of course in executing this second task we too are defining the field: neglecting some areas of activity, emphasizing others. This collection does not represent the whole field of SHRM: it represents our view of it and our assessment of some of its most important issues and areas.

Salaman, Storey and Billsberry

Much of this volume is dedicated to presenting and assessing the various diverse projects which constitute SHRM initiatives or the theory underpinning SHRM initiatives. These chapters represent the ways in which those who study SHRM initiatives and theories attempt to make sense of and assess these initiatives.

This volume is organized into four main parts. The first of these is a collection of chapters which illustrate the critically detached assessment of SHRM; that is, the approach which we described above as focusing on the ideas underpinning the theory and the practice. The second part addresses the subject from the point of view which has been predominant in recent years; namely the evaluation of the impact of SHRM on performance. The third part then turns to another major theme; the newly emerging forms of organization and of relationships. The standard assumption in much discourse of a singular employer with a directly employed workforce is coming under increasing challenge. The SHRM implications of the changes are explored in this part of the book. Finally, in the final part of the volume we attend to three key sub-themes of contemporary practice: ethics, change management and performance management.

In summary, we suggest that SHRM can best be understood in relation to wider political, economic and social movements; in relation to major shifts in ideas and their underlying cultural contexts; and in relation to daily experimentation by managers and workers as they seek to try-out the theories of 'professional theorists' and of practitioner-theorists. It is in these multiple ways that knowledge of the field of SHRM slowly emerges.

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SHRM: Defining the Field

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