

Extension Material 2.1

Personnel management: origins and influences

The origins of the approaches to people management that we now call personnel management and human resource management (HRM) can now be understood to lie in the trend towards specialization in the people management function as organizations and their environments became more complex and demanding. (Note that the uppercase versions relate to specialized management activities and responsibilities, often associated with specialized departments. The lowercase versions relate to the technical function associated with employing and managing people, and the associated generalized and diffuse management responsibilities.) In the latest edition of their book, Torrington et al. (2005: 11) explain that the origins of Personnel Management can be seen as an expression and outcome of the work of nineteenth-century social reformers and Quaker employers, such as Cadbury, Rowntree, and Boots, whose concerns for the well-being of employees led to the creation of the first specialist personnel management role—the welfare officer. Such people were employed by owners of mills and factories to provide basic canteen facilities, social activities, and occupational health services for their workers. The motivation for what, at that time, were original and innovative practices is usually expressed in terms of the employers' religious beliefs or their commitment to social justice, although a complementary, if not alternative, explanation might be that a concern for the well-being of workers made 'good business sense', in that it helped to build positive working relations, and a loyal and healthy workforce.

Over the course of the twentieth century, as the first personnel departments emerged in larger organizations, welfare officers became an integral part of this growing specialist management function and were still in existence even as late as the 1960s and 1970s. Interestingly, the origins of the Chartered Institute for Personnel and Development can be traced back to this concern with employee welfare, with the formation in 1917 of the Central Association for Welfare Workers, which led, in 1924, to the establishment of the Institute of Industrial Welfare Workers Incorporated.

The demise of welfare officers and of the welfare movement can be seen to be linked to the emerging post-war welfare state, which removed the need for individual organizations to provide traditional welfare services to their workers, but also to developments in occupational health and safety, which absorbed part of the role of the welfare officer. The First World War gave a boost to this fledgling management function through the army's use of more systematic selection methods. The Second World War provided further encouragement and focus to this development, as the wartime use of psychometric testing and specialized training techniques spilled over into civilian life.

But at least as important to the growth of personnel management as were these societal and organizational changes was the impact of scientific management and the work of writers such as Frederick Taylor and Henry Fayol. The emphasis they gave to an essentially rational approach to management in general and to the management of employees in particular, covering such areas as organizing, planning, work measurement, training, and the use of financial incentives, led to a much more detached and 'scientific' approach to work and to the control of workers. The 'industrial engineer' began to replace, or at least challenge, the welfare officer as the operationalized expression of what personnel management was becoming. The emergence of the 'manpower planner' and the use of quantitative resource planning models in the 1970s represented a further step forward, at least chronologically, in the evolution of this specialized management function.

The re-emergence of trade unionism in post-war Britain gave personnel management—the status of which was officially recognized in 1946 with the formation of the Institute of Personnel Management—a new focus and direction. The so-called 'challenge from below', expressed through strikes and other forms of industrial conflict, represented a direct threat to management authority and control: a threat that, in more extreme cases, was ideologically, rather than materially, based. At the forefront of this struggle for control over much of the country's manufacturing and heavy industries were the industrial relations officers, whose job it was to negotiate wage increases, to develop effective consultative and communication strategies, and to address emerging issues, such as equal pay and union rights at work. But their main role was, through the process of negotiation, to engage with shop stewards and full-time union officials to establish a level of stability and order that allowed production to continue. The defining characteristic of personnel management in the 1970s and 1980s—certainly as far as manufacturing, heavy industry, transport and communications, and parts of the public sector were concerned—was the struggle for influence and control between trade unions and management. The institutions of industrial relations and the conflict that was generated as a result of this struggle for control, rather than relationships at the individual level, defined the agenda of those involved in personnel management until the legislative changes introduced by the Thatcher government and the effect of economic recession began to change the external context of employment in the 1980s. These combined to undermine significantly the collective power of trade unions and, with the rise of HRM, to re-emphasize the importance of individual employee relations.

One final development influencing the practice of personnel management in this period was the growing importance of training. As is the case today, Britain's relatively low skills and productivity levels were factors affecting economic competitiveness, and this resulted in governmental intervention through the Industrial Training Act of 1964, which created a network of Industrial Training Boards (ITBs). The system of levies and grants through which the ITBs sought to encourage companies to address skill deficiencies meant that organizations had a financial interest in developing training programmes. The 'game' at the time was to ensure that the value of training grants received from the ITBs was at least as much as the cost of levies, which were based on a fixed proportion of the company wage bill. Training officers grew in number and influence largely because the system of grants and levies provided a financial incentive to train employees and managers. Once this institutionalized system ended, the number of trainers fell dramatically, with predictable consequences for the level of commitment given to training.



REFERENCE

Torrington, D. et al. (2005) *Human Resource Management*, 9th edn, Pearson.