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Personnel and Human Resource Management

Abstract

The basic endeavor of this discipline has not changed over the years: it has sought “to contribute to organizational success by assuring that the right numbers of the right people are in the right places at the right times doing the right things in the right ways.”

Keywords

personnel management, human resource management, research, practice

Disciplines

Benefits and Compensation | Labor Relations | Performance Management | Training and Development

Comments

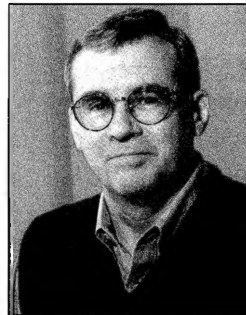
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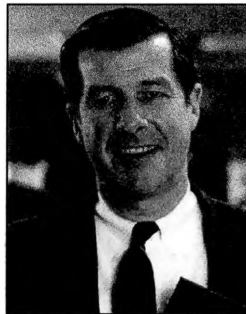
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The basic endeavor of this discipline has not changed over the years: it has sought "to contribute to organizational success by assuring that the right numbers of the right people are in the right places at the right times doing the right things in the right ways."



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Lee Dyer and Walton E. Burdick

PERSONNEL AND HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT HAS EVOLVED FROM humble origins early in this century to a complex amalgam of strategies, policies, programs, practices, and relationships that, to varying degrees, prevail in all employing organizations. The field's broad mission has remained basically unchanged for many years: to contribute to organizational success by assuring that the right numbers of the right people are in the right places at the right times doing the right things in the right ways, and feeling reasonably good about it all. But this fails to capture the true essence of the field, let alone the nuances and vagaries.

This essay offers one interpretation of the field's journey: where it has been, where it is, and where it is going. The journey is organized chronologically. For each of five major periods of development, a description and analysis of the forces pushing and tugging at the field are offered, along with the resulting actions and activities. In such an exercise, as Galbraith (1978) has said, unlike in fiction and the theater, there is no harm in a premature disclosure of the plot: in less than one hundred years, and particularly during the latter half of the century, the field has made amazing progress, both practically and academically. But there is no room for complacency. Many new challenges lie ahead.

Emergence: The Formative Years

It all began about 1800 B.C. But the field as we now know it had its origins in the Industrial Revolution. Early practitioners were the foremen who hired, fired, and supervised the workers under their control. The first specialists were the "welfare secretaries" hired by the more humane or paternalistic owners and managers of the time to soften some of the harsher edges of life in and around the developing factories. The first formal personnel department (called the Labor Department) was established in 1902 at the National Cash Register Company. While others soon followed (Miner and Miner, 1985), the field began to take shape during and immediately after World War I.

The stimulus was a propitious confluence of economic, political, and intellectual developments. Most important, perhaps, were the production demands and labor shortages that developed during the war. The federal government played a role, on the one hand, by pressuring industry for output and, on the other, by providing considerable assistance in the form of research and training programs. Intellectual fodder came from several sources (Kaufman, 1993; Miner and Miner, 1985). Most notable and most enduring were the precepts of scientific management promulgated and disseminated by Frederick Winslow Taylor and his followers. Other contributions came from industrial

psychologists, mostly in the military, in the form of psychological testing and from the pre-Hawthorne human relations movement which emerged in the 1920s as an antidote to scientific management. Industrial democracy also caught on during the 1920s; assiduously non-union, it spawned the infamous employee representation plans and, more broadly, the enduring notion of welfare capitalism.

With a *raison d'être* and adequate intellectual ammunition, personnel departments sprouted widely during the First World War. Manufacturers of war supplies were required by law to have such departments during the war. Their successes apparently led firms during the 1920s to decide that such specialization might also help them attain higher productivity, lower labor costs, better employee morale, and freedom from unionization. And, indeed, labor productivity did rise about 26 percent between 1919 and 1926, while unionism languished (Kochan and Cappelli, 1984).

Personnel Administration: Its Principles and Practices, by Tead and Metcalf, and *Employment Methods*, by Nathan W. Shefferman, cracked the textbook market in 1920. The field's first journal, *Personnel*, appeared in 1919, followed by *Personnel Journal* in 1921. The Industrial Relations Association of America (IRAA), an organization comprised largely of personnel specialists, was formed in 1920. The National Personnel Association (later the American Management Association) began in 1922. In the early 1920s, a handful of universities, most notably the Wharton School at the University of Pennsylvania, formed units primarily dedicated to research and training in personnel management. The field was on a roll.

But, alas, the Great Depression rained on the parade; as business dried up, unemployment reached 25 percent of the labor force, and government's attention turned elsewhere. Welfare capitalism collapsed in a wave of speed-ups, wage cuts, and layoffs. Personnel matters were shoved to the back burner. Nascent personnel departments, suddenly confused about mission and with little financial support, struggled to hold on.

Exhibit 1. Agenda of the Personnel Round Table, 1944

- Definition of Personnel Administration—...the objective...is to attain maximum individual development, desirable working relationships between employers and employees..., and effective molding of Human Resources as contrasted with physical resources.
- Functions—staff and line.
- Setting up Professional standards.
- Should a Personnel Director start at the bottom (operations)?
- Requirements for entrants into the Personnel field.
- Minimum requirements for University Personnel work.

Source: Fred E. Lee, *Personnel Round Table, 1942–1992: Fifty Years of Human Resource Leadership* (The Round Table, 1992), p. 10.

Labor unions saved the day for many of these departments. Worker interest in unionizing, heightened by the Great Depression, took flight with the passage of the National Labor Relations (or Wagner) Act and the formation of the Congress of Industrial Organizations (CIO) in 1935. Between 1930 and 1940, union membership tripled to about 30 percent of the nonagricultural workforce. Organizing activity, strikes, and violence escalated. Employers turned to specialists to help ward off the unions or, failing that, to negotiate and administer collective bargaining agreements.

Reincarnation meant bifurcation: personnel and labor relations. A 1940 survey by the National Industrial Conference Board found that 80 percent of the responding firms had a labor relations department; over one-half of these were independent of personnel units (Kochan and Cappelli, 1984).

World War II brought renewed production pressures and labor shortages, and the federal government once again became deeply involved in personnel and labor relations matters—simultaneously exerting control and fostering innovation. The War Labor Board contributed significantly to the development and institutionaliza-

tion of wage and salary administration. The War Manpower Commission stimulated the spread of management and executive development, as well as the immensely popular Training within Industry program. Personnel research once again flourished in the military; major advances were made in testing, learning and training, and industrial engineering. With government support, labor unions gained further legitimacy, and employers and unions (with the exception of the United Mine Workers) collaborated to keep the war machine humming. One outcome of this collaboration was the introduction of so-called fringe benefits, designed in large part to skirt wage controls.

Personnel and Labor Relations, Dale Yoder's seminal text, appeared in 1938. The Personnel Round Table, an organization of influential senior personnel executives which is still in existence, began meeting in 1942. Exhibit 1 (opposite) shows the first formal agenda of this prestigious group. The preoccupation with definition, function, professional standards, and entrance requirements clearly reflects, progress notwithstanding, the still fledgling nature of the field as the war was winding down.

Ascendancy and Struggle: The Postwar Years

Maturity came during the postwar years. The economy soared and John Kenneth Galbraith's technostructure began to form, fostering ever-larger concentrations of specialized and professionalized employees (Galbraith, 1978). Wartime controls on personnel and labor relations activities faded into memory (save wage and price controls during the Korean conflict), while the knowledge and experience that had accumulated during the war years infused the field (Baron et al., 1986).

Personnel departments, some already well placed, consolidated and enhanced their positions. A survey done in the early 1950s found that about 70 percent of the responding firms considered the personnel/industrial relations function to be as important to organizational success as production, marketing, or finance (Bureau of National Affairs, 1952). The overt action was in labor relations.

Labor Relations

Unions had 35 percent of the nonagricultural workforce in the fold by war's end, and they were primed for action (Kochan et al., 1986). This posed a problem for many employers who, seeing nothing but good times ahead, felt there was much to lose from potential labor unrest and instability. As they had before the war, corporate executives again turned for solace and solutions to a growing cadre of labor relations specialists.

Resistance ensued. Lost time due to strikes reached unprecedented levels in the mid-1940s (Kochan et al., 1986). But, eventually, bowing to the inevitable, or as some prefer, pursuing peace at any price, unionized employers tacked. Strategies of managed adversarialism, or mutual accommodation, nascent during the war, were rekindled and expanded. By the time of the AFL-CIO merger in 1955, what came to be known as the New Deal system of labor relations was essentially institutionalized in such key industries as automobiles, steel, clothing, textiles, and rubber.

The system proliferated and codified a number of previously scattered practices: seniority-based promotion and layoff procedures, cost-of-living adjustments, annual improvement factors, health and other insurance plans, pension plans, formal disciplinary procedures ending with third-party arbitration. As these practices coalesced with the prevailing work system—a clear division of labor between management and workers and narrowly defined and constrained jobs (vestiges of scientific management)—the industrial model of human resource management emerged (see the left side of Exhibit 2, page 66) (Osterman, 1988). As this model was extended to non-union employees in the same firm as well as in others, it eventually became the dominant paradigm of the field (initially for purposes of emulation, and later excoiation).

This was the era of the labor relations specialists. By nurturing the New Deal system, they sealed a common bond with established labor leaders. Simultaneously, they earned the deep appreciation of corporate high commands by delivering the much-coveted labor peace.

Exhibit 2. The Industrial and Salaried Models of Personnel Management

<i>Industrial model</i>	<i>Content area</i>	<i>Salaried model</i>
Job simplification. Management directs, other employees do. Clear definition of responsibilities.	Work system	Job enlargement. Management directs in supportive way, other employees do. Moderately flexible job descriptions. Cooperation at workplace.
Employees as moderately fungible and highly expendable. Clear job ladders. Flows based on seniority.	Staffing	Employees as somewhat fungible and moderately expendable. Moderately flexible career paths. Flows based on merit.
Minimal investment. Mostly on-the-job. Job-based.	Development	Moderate investment. Both off- and on-the-job. Job- and some career-based. Social as well as job skills.
Pay based heavily on job and some seniority. Cost-of-living adjustments. Benefits mixed (unionized are high, non-unionized modest).	Rewards	Pay based somewhat on job and heavily on merit. Benefits moderately generous.
Unionized: Formal disciplinary procedures with third-party arbitration. Non-union: Little emphasis on employee relations.	Labor/employee relations	Non-union. Moderate emphasis on employee relations, especially communications.

Completing the circle of power was their unique capability to interpret and administer the increasingly complex contract provisions and labyrinthian work rules they had been party to creating. In the survey cited above, over 80 percent of the responding firms viewed contract negotiations as a critical personnel activity (Bureau of National Affairs, 1952). Surveys during the 1950s showed a significant shift in the titles of top functional officers—out with “personnel” and in with “industrial relations” (Yoder and Nelson, 1950–59).

Personnel Management

Not that rigor mortis had set in on the personnel side. Non-union employers were hardly indifferent to the prospects of stability, if only to stay non-union, or to issues of productivity and labor costs. To these ends, three major approaches were apparent in the postwar period. The first, aimed primarily at stability, was simple spillover; that is, the aforementioned practice of extending collectively bargained terms and

conditions to non-union employees. The second was the introduction of merit and equity principles primarily among salaried employees. Personnel practices (e.g., performance appraisals and merit grids) were codified and control over their implementation and administration was centralized in personnel departments. This approach, much like spillover, created an ongoing need for specialized knowledge and skills in policy and program design, as well as the ability to manage a web of bureaucratic rules and procedures, less binding than collectively bargained contracts, but often only slightly less labyrinthian.

The third, more innovative approach to personnel management during the period emerged by courtesy of theorists and researchers associated with the post-Hawthorne human relations movement. Here the focus was on employee motivation and satisfaction (or the elimination of the more severe manifestations of dissatisfaction such as alienation and anomie). The road to Nirvana led through a network of (in retrospect rather mild) work system reforms involving various combinations of job enlargement, enhanced workplace cooperation, and supportive social structures. Thus, to the standard personnel prac-

tices of the time was added an arsenal of new techniques: job design, supportive supervision, employee communications, human relations training, and the like. Over time, in some organizations, selected features of the human relations approach were merged with basic concepts of merit and equity into what might be called the salaried model of personnel management (see the right side of Exhibit 2). It's fair to say, however, that this model was neither as tightly constituted nor as pervasive as the industrial model mentioned earlier (Osterman, 1988).

Academic Developments

In the academy, labor relations flourished in an unprecedented and unparalleled way following World War II. Institutional labor economists and, to a lesser extent, industrial sociologists and anthropologists made quantum leaps, often through large-scale interdisciplinary studies, toward a better understanding of labor unions as organizations, the process of collective bargaining, shop floor relations, and the influence and effects of unions on employees, employers, and the economy. Active scholars of the time constitute a virtual who's who of the field: John Dunlop, Clark Kerr, E. Wight Bakke, Richard Lester, Lloyd Reynolds, Neil Chamberlain, among many, many others.

This intellectual ferment was stoked and sustained, in part, by the formation of multidisciplinary industrial relations schools at such major universities as Cornell, Chicago, Minnesota, and California all in 1945 as well as Illinois (1946), Rutgers (1947), and Wisconsin (1948) (Kaufman, 1993). Also important was the founding of a sustained professional alliance of more or less like-minded scholars, the Industrial Relations Research Association (IRRA), in 1948.

Personnel management fell under the tent of the industrial relations schools, as well as the IRRA, notwithstanding their definite tilts toward labor relations. Most of the schools, for example, included the topic in their core curricula and as a possible major or minor field of study. Many also offered such related courses as human relations and industrial psychology (Estey, 1960). Comparable courses began to be offered in an expanding number of business schools. Additional textbooks appeared. *Personnel Psychology*, later a major outlet for research

in the field, began publication in 1948. But with all of these developments came an undercurrent of uneasiness. Critics panned personnel management courses, textbooks, and much of the literature of the time as basically lacking academic respectability primarily because of their "atheoretic, cookbookish [and] practitioner flavor" (Kaufman, 1993: 68).

Partial redemption came in the 1950s (as suggested above) through the adaptation and adoption of behavioral science theories and research emanating from the human relations movement and students of employee motivation and morale, leadership, and group dynamics. The roster of contributing luminaries is once again long: Elton Mayo, William Foote Whyte, Kurt Lewin, Rensis Likert, Abraham Maslow, Douglas McGregor, and Chris Argyris—among a host of scholars. But very few of these individuals were directly identified with personnel management, so the field garnered only modest stature.

Thus, by the late 1950s, in academia as in practice, labor relations was riding high, while personnel management was in the midst of an identity crisis. The former had an integrating theory, the New Deal system of labor relations, masterfully codified by John Dunlop (1958), whose ruminations, it has been noted, saw no role for personnel management. Collective bargaining had, by and large, spawned the ubiquitous industrial model of personnel management. Notwithstanding the emergence of the salaried model, personnel management as a field was basically a collection of programs and activities: recruiting, selection, training, compensation, supervision, communication, and employee relations. All served useful objectives and some were even backed by disciplinary-based models and supported by empirical results. But, overall, the field lacked a broad perspective (let alone theory) as to either purpose or approach (Mahoney and Deckop, 1986).

Pathways to Professionalization: The 1960s and 1970s

Much changed during the next twenty years. Seemingly overnight, the federal government, historically preoccupied with labor relations, emerged as a major influence on the practice and study of personnel management. Less dramatically, but no less significantly, non-union employers seized the initiative from their unionized counterparts and, over time, yet another approach to personnel management, the investment model, emerged to claim legitimacy as an archetype for the field. By the mid- to late 1970s, the field had developed sufficiently to encourage a serious push for professionalization.

The Legal Challenge and Response

This socially tumultuous time produced a flood of legislation: Title VII of the Civil Rights Act (1964), the Age Discrimination in Employment Act (1967), the Equal Pay Act (1963), Executive Order 11246 (1967), and the Occupational Safety and Health Act (1970). Between 1960 and 1975, the number of laws and regulations administered by the U.S. Department of Labor tripled from 43 to 134 (Dunlop, 1976).

The significance of these statutes hit home in the 1970s. Highly publicized consent decrees and court decisions requiring sizable cash settlements began to raise the collective consciousness. By the mid-'70s, personnel professionals fully recognized government regulation as a major force for change in the field (Janger, 1977).

Little wonder. Equal employment laws in particular applied to virtually all employees and affected the full range of personnel decisions. They transformed the notion of equitable treatment from a policy aimed at organizational stability and union avoidance to a major matter of social responsibility and legal compliance. Brand-new concepts—disparate and adverse impact, differential validity, goals and timetables, affirmative action planning, and many more—captured the field.

Personnel departments learned, trained and monitored the actions of managers and supervisors, and, in the end, usually assumed responsibility for their firms' compliance. By the mid-'70s virtually all large and medium-sized companies had established specialized units within their personnel departments to handle equal employment opportunity and affirmative action (EEO/AA) (Janger, 1977). Specialized professionals, many with strong analytical skills, emerged. Substantial sums were invested in computerized personnel information systems to collect, store, and manipulate the mounds of data needed to produce the required reports. Suppliers of requisite information, data, and advice, including a host of academic researchers, came to constitute a small industry.

The extent to which this activity enhanced the employment status of women and members of minority groups is a matter of considerable debate. It clearly represented a major change in the study and practice of personnel management; but again, the extent to which it served to enhance the organizational stature of the field is also a matter for debate. With the exception of those in the particularly socially conscious and legally vulnerable companies, most corporate executives of the time probably viewed the swirl of activities and significant dollar outlays as primarily reactive and defensive and generally peripheral to the business at hand.

More central, if less obvious, perhaps, was the emergence of an alternative to the industrial and salaried models of personnel management that to this point had, at least implicitly, dominated so much of the thinking in the field.

Evolution of a New Model

The new model was pioneered by a small band of highly visible companies characterized by varying combinations of high-tech products, protected product markets, substantial size and rapid growth, advanced process technologies, large numbers of knowledge workers, no unions, and paternalistic managements (often the firms' founders) (Foulkes, 1980). Exemplars included IBM, Hewlett Packard, Digital Equipment Corporation, Eastman Kodak, Johnson & Johnson, Procter and Gamble, and Delta Airlines.

Why a new model in these firms at this time? Explanations center on five factors: need, opportunity, management philosophy, a changing mindset, and an accumulating knowledge base. With respect to need, experience (and some research) suggested that the traditional approaches to personnel management (the industrial and salaried models, as well as the probably more pervasive piecemeal efforts) were ill suited to the management of highly educated technical, professional, and managerial employees who were entering many firms in ever-larger numbers. Further, the leading companies were generally prosperous and unconstrained by collective bargaining contracts, and thus free to experiment.

Management values in these firms emphasized trust and the personal growth of employees, a mutuality of interests between employers and employees, and a desire for harmony rather than conflict in the workplace. Holders of these basic beliefs, as a matter of faith, saw management as best positioned to promote their promulgation without, as the phrase went, "third-party interference."

Perhaps most important, however, was a subtle shift in managerial mindset concerning the role of personnel management. Innovators began to view the field less as a collection of largely discrete, basically reactive, and often marginal activities, and more as a potentially proactive system for managing a workforce toward the accomplishment of important company goals—quality, product innovation, and customer service (Mahoney and Deckop, 1986). While the basic concepts and practices developed selectively and slowly, the essence of the new model was sufficiently clear to be both documented and emulated by the end of the 1970s (e.g., Foulkes, 1980; Peters and Waterman, 1982).

This model, elsewhere labeled the investment model (Dyer and Holder, 1988), differed considerably from its predecessors (compare the description in Exhibit 3 with those in Exhibit 2). In its emphasis on discretion over control, through moderately enlarged or enriched jobs, the investment model was similar to the salaried model, but contrasted with the industrial model. But while the salaried model focused primarily on enhancing employee motivation, the investment

Exhibit 3. The Investment Model of Personnel/Human Resource Management

<i>Content area</i>	<i>Investment model</i>
Work system	Job enlargement. Management directs in supportive way, other employees exercise moderate discretion. Somewhat flexible job descriptions. Cooperation at all levels.
Staffing	Employees as highly fungible and not expendable: careful selection with flexibility backed by job security pledge. Very flexible career paths. Flows based on merit. (Reliance on contingent employees to support job security pledge.)
Development	Major investment. Both off- and on-the-job. Job- and career-based. Heavy emphasis on socialization and long-term view (continuous learning).
Rewards	Pay based some on job, heavily on merit. Benefits very generous.
Labor/employee relations	Non-union. Heavy emphasis on employee relations: communications, voice, due process, employee assistance, work-family.

model focused instead on employee development. Thus, there was the assumption of lifetime careers with the company (replete in some instances with no-layoff policies), accompanied by heavy investments in employee socialization and development and a long-term view of pay. Morale, a major concern, was fostered by extensive employee communication across the organization, the adoption of formal grievance mechanisms, and unquestioned leadership in the employment of women and members of minority groups.

The genesis of the investment model often rested with influential firm founders, but personnel executives, managers, and professionals

were clearly instrumental in its evolution and implementation. The model drew personnel departments deeply into relatively familiar waters such as selection and training, as well as into some previously uncharted seas, most notably systems thinking, but also such specific personnel activities as career management, personnel planning, the use of symbolic rewards, attitude surveys, and non-union grievance procedures.

The Declining Influence of Labor Relations

Unions and labor relations thrived in several key industries and companies during this time, but on balance their influence waned. The proportion of the nonagricultural labor force in the fold dropped from 31 percent in 1960 to 27 percent in 1970 and to around 22 percent by 1980. Collective bargaining was not characterized by change. A survey taken in the late 1970s showed that the primary preoccupations of labor relations specialists were stability and union-management cooperation (i.e., the status quo), not the pursuit of productivity improvements or cost controls through workplace experimentation (Freedman, 1979). Not that this was irrational behavior. Experimentation meshed with neither their competencies nor their personal values. Further, the newer models (or pieces of them) were sometimes used expressly for union-avoidance purposes and thus were anathema to the labor leaders with whom these specialists had to deal.

But the times were changing. And for a variety of reasons, both controllable and uncontrollable, the dominant era of the New Deal system and the unionized version of the industrial model—and their champions—came to an end.

Related Developments

In the 1960s, for reasons now obvious, many industrial relations departments reverted to using the term “personnel,” while in the 1970s some switched to “human resources” (Janger, 1977). By whatever name, these departments grew very rapidly. Employment in personnel

and labor relations jobs, according to Department of Labor estimates, quadrupled between 1960 and 1980, from about 98,000 to around 390,000 (Yoder and Heneman, 1979). Whether they grew commensurately in influence, as noted earlier, is a matter for conjecture. A survey taken in the early '80s indicated that line managers were coming to exercise renewed control over both personnel and labor relations matters (Freedman, 1985).

Nonetheless, most of the major roles played by today's human resource functions were in place and largely institutionalized in the larger, leading-edge firms by 1980. At various levels, personnel executives, managers, and professionals were serving as consultants or advisors to their line counterparts with respect to policies, programs, and day-to-day decision making. Staff specialists, in particular, were designing (or redesigning) programs and working with line managers to facilitate their implementation and administration. Personnel managers and professionals were carrying out a control role, monitoring for consistency in policy and program application in pursuit of fair and equitable treatment of employees (sometimes referred to as an employee advocacy role) and complying with EEO/AA guidelines or goals. Some had wrested from finance fiduciary control over increasingly complicated pay and benefit plans. And, finally, hordes of (mostly) clerical employees were processing the mounting mounds of paperwork generated by and for the extant bureaucracies (Berra and Blitstein, 1979).

Not surprisingly, university courses expanded apace (Yoder and Heneman, 1979). Theory and research in the field underwent, in Kaufman's terms, “a significant metamorphosis” (1993: 121). The volume exploded. Much of this work fell under the rubrics of industrial psychology, organizational psychology, and organizational behavior, but major contributions were also made by academics who were explicitly identified with the field. (Even the major contributors to the burgeoning literature are far too numerous to list.) Behaviorally based textbooks, such as *Personnel/Human Resource Management* (Heneman et al., 1980), appeared toward the end of the period. By the late '70s, there were some 150 journals that specialized in or frequently

contained personnel-related articles; nearly one-half of the “central” 75 had come into being since the mid-’60s (Herman and Lloyd, 1979).

As this period drew to a close, then, the field was displaying an air of self-confidence and an abiding concern with professionalization. In an article appearing in *Fortune* in 1976, personnel managers were labeled “the new corporate heroes” (Meyer, 1976). That same year the American Society of Personnel Administration’s Accreditation Institute was established in part to develop and administer standards and exams whereby practitioners, consultants, and educators could attain certification in the field. Soon thereafter an entire volume of the *ASPA Handbook* was devoted to *Professional Personnel and Industrial Relations (or PAIR)* (Yoder and Heneman, 1979). Accolades and accreditation notwithstanding, however, the field was less than fully prepared for what the ’80s and early ’90s had in store.

Reorientation and Experimentation: The 1980s to the Mid-1990s

With the emergence of the globalized information-age economy came major adjustments for American business. Firms of all sizes and types were forced to rethink their operations, including their human resource (né personnel) policies and practices, from the ground up.

The flurry was fired by intensified global competition at home and abroad, increasingly sophisticated and demanding customers, the rapid deregulation of several major industries (airlines, railroads, trucking, banking, and telecommunications), and a virtual explosion of information-based technologies (Quinn, 1992). While some sought refuge in asset shuffling, protectionism, and even reregulation, companies increasingly undertook the tough task of corporate revitalization. Products and services were recast and repositioned to establish a clear competitive advantage, or otherwise scrapped. New products and services were fashioned, produced, and delivered—from concept to cash—in record times. The big bureaucracies, so carefully constructed during the postwar era, were torn asunder: restructured, delayed, and downsized. Business decisions were driven down and out “closer

to the customer.” Reengineering became the rage (Hammer and Champy, 1993). Creative organizational forms—shamrocks, networks, spider’s webs, and starbursts—were contrived (Handy, 1989; Quinn, 1992). Manufacturing and even service firms invested billions to develop and learn to run (or learn they couldn’t run) a host of scintillating new process technologies: computer-aided design and manufacturing (CAD/CAM), computer-integrated manufacturing (CIM), and robotics.

At every turn the turmoil challenged existing models, programs, and practices of human resource management. The responses were many and varied, and largely piecemeal (Osterman, 1994).

Piecemeal Responses

Downsizing was perhaps the most prevalent response. Companies cut employees by the thousands (some by the tens of thousands), often in wave after wave. Estimates vary, but it appears that about 85 percent of the *Fortune* 500 (as well as many smaller firms) got into the act at some point, collectively shedding maybe as many as nine million employees between the mid-’80s and the mid-’90s (Cameron, 1994). Both new and news was the fact that a large number of these (some say 30 to 40 percent) were white-collar employees, including large numbers of middle managers. Often these purges were ill conceived, poorly executed, and unsuccessful—“dumbsizing” was one wag’s description (Baumohl, 1993). But as it became clear that recurring restructuring (if not downsizing) was the new wave (in one survey 100 percent of the responding firms anticipated future layoffs, even as some would be hiring), companies came to be more “surgical” in the choice of targeted employees and more attuned to the needs of both victims and survivors. Still, notions of employer and employee loyalty and lifetime careers with a single company, so basic to the investment model, seemed increasingly anachronistic.

Similarly, companies came to rely on ever-larger numbers of so-called contingent employees (part-timers and temps), not only in

clerical and blue-collar jobs, but also in professional and managerial positions (Christensen, 1989). In some instances, these employees were simply shifted from regular to contingent status (e.g., long-term employees were induced into early retirement and then retained by contract to do special projects). Observing the changing mix of regular and contingent employees, Charles Handy (1989) foresaw the emergence of what he called shamrock organizations—a small professional and managerial core conjoined on the one hand by a sizable cadre of contingent employees and, on the other, by a substantial contractual “fringe” consisting of both individuals and organizations (which, in turn, might also be shamrocks).

There was also widespread experimentation with alternative forms of work design aimed at improving productivity and quality and reducing cycle times. Most often these experiments leaned in the direction of greater employee involvement in work-related decisions, sometimes on an individual basis (through job enrichment) and sometimes in the form of group- or team-based work (see Appelbaum and Batt, 1994, appendices A and B, for summaries of studies that document these efforts). In the mid-’80s about one-third of surveyed firms reported recent experiences with employee involvement programs; ten years later the figure was closer to 70 or 80 percent (Lawler et al., 1992; Osterman, 1994).

Cost concerns led to pay freezes and even pay cuts (making the stagnating standard of living a major political issue in the early ’90s). There was a resurgence of contingency-pay plans: incentives, gain sharing, and profit sharing (Tully, 1993). Skill-based pay emerged, often in conjunction with team-based work designs. Employees (and retirees) were increasingly called upon to assume a greater portion of benefits costs, especially with respect to health insurance and medical care. Retirement plans based on defined contributions (e.g., 401K plans) became increasingly common, while defined benefits plans declined in number, effectively shifting some (and sometimes all) costs and virtually all investment risks to employees (Broderick and Gerhart, 1995).

The extent to which these and other moves were necessary or effective will be debated for a long time. But, bit by bit, as various changes chipped away at existing models of human resource management, concerns emerged. Some worried over the cumulative economic and psychological effects on employees. Others saw the various activities as basically reactive and, overall, as too disjointed to be effective in enhancing competitive advantage. Downsizing and employee involvement, for example, were described as “trends on a collision course.” Attempts at work system redesign often flopped in the face of employee resistance engendered, in part, by fears of job loss (Dyer, 1993; Kochan and Osterman, 1994).

Proponents of more strategic responses emerged (Walker, 1992). Persuaded that neither piecemeal approaches nor the extant models (industrial, salaried, and investment) were right for the new realities, they searched for alternatives. Two were brought forward: the involvement model and the high-flex model (see Exhibit 4, opposite).

Two More Models (Now Called Strategies)

The involvement model—also known as the commitment model (Walton, 1985)—traces back to the human relations movement, but gained new life under the persistent prodding of influential academics such as Edward Lawler (1986, 1992). Primary goals were improved productivity and quality, as well as more satisfying work for employees. The focal component, as the name suggests, was employee involvement through enriched jobs, often in the form of semi-autonomous or autonomous work teams. But this alone was not sufficient. The model also called for a climate of high trust and mutual commitment, bolstered by high selection standards, employment stabilization (originally meaning employment security, but later softened to mean layoffs as a last resort), extensive investments in training and development, motivationally oriented variable pay, flexible (but comprehensive) benefit plans, extensive communication across the organization, and due process procedures (even in non-union settings).

The high-flex strategy was less well developed. The primary goals were speed (rapid product development, instant responsiveness to

Exhibit 4. The Involvement and High-Flex Models of Human Resource Management

<i>Involvement model (strategy)</i>	<i>Content area</i>	<i>High-flex model (strategy)</i>
Job enrichment/semi-autonomous or autonomous work teams. Management and other employees as partners in performance improvement. Very flexible or no job descriptions.	Work system	Autonomous, multifunctional, temporary teams with project focus. Minimal hierarchical distinctions. No job descriptions.
Employees as highly fungible and moderately expendable. Very careful selection. Moderately flexible career paths. Contribution backed by moderate job security pledge.	Staffing	Employees as highly fungible and highly expendable ("rampant free agency"). Very careful selection. Few career paths. Flows based on skill needs and merit.
Major investment. Both off- and on-the-job. Heavy emphasis on problem-solving interpersonal skills. Continuous learning.	Development	Joint responsibility of company (to provide opportunities) and employees (to assume responsibility). (Assumed that most would be extra-organizational.)
Pay based a little on job, mostly on individual and/or group performance. Some skill-based pay. Benefits moderately generous.	Rewards	Pay based mostly on team and organizational results—highly variable (high risk/high rewards). Benefits moderately generous.
Unionized: Labor-management cooperation. Non-union: Moderate emphasis on employee relations.	Labor/employee relations	Non-union. Moderate emphasis on employee relations.

customers) and innovation. Modeled on strategies found in small, high-tech firms, investment banking firms, and some consulting firms, the model had a distinct professional and managerial tilt. Metaphors such as "freelance economy" and "rampant free agency" reflected a reliance on market forces rather than institutional arrangements to foster an environment rich with opportunity but also commensurate risks. Work was done primarily by autonomous, multifunctional teams made up of specialists assembled for particular purposes or projects and disbanded as the tasks were done (a sort of a floating craps game of temporary teams). Selection standards were very high. Organizational attachments could be long-term, but more likely would not be (employees were seen as, and were encouraged to see themselves as, "marketable portfolios of competencies"). Training and development, often informal, was a joint activity with the company providing the opportunities and employees assuming responsi-

bility for keeping themselves on the cutting edge (who would provide the resources was less clear). Risk-based variable pay was based on individual contribution, as well as on team and organizational performance (e.g., profit sharing); earnings could be well above or below market rates depending on results. Benefits were relatively modest in value (reflecting the temporary nature of employment) and employee relations activities were minimal.

While bits and pieces of these two models were prevalent, neither was widely diffused by the mid-'90s (Dyer and Kochan, 1995; Kochan and Osterman, 1994). While superior organizational results could be expected from bundling human resource activities in synergistic sets (as opposed to implementing the pieces helter-skelter), little progress had been made toward clarifying the synergies or ascertaining the

organizational environments in which these (or, for that matter, other) models would be most likely to deliver the goods (Dyer and Kochan, 1995; Dyer and Reeves, 1995).

Legal and Labor Relations Developments

The legal environment of the '80s and early '90s was relatively benign. No new federal legislation relevant to human resource management appeared until late in the period when Congress passed the Plant Closing Act (1988), the Americans with Disabilities Act (1990), the Civil Rights Act of 1991, and the Family and Medical Leave Act (1993). While these laws (particularly the ADA and CRA) were potentially significant, they had, not atypically, only relatively modest effects in the early going.

Meantime, implementation of earlier legislation had become fairly routinized. Considerable progress had been made in the employment, promotion, and pay of women and, to a lesser extent, members of minority groups (although the layoffs didn't help). Emerging areas of focus for human resource managers were age discrimination (many older employees had been caught up in the downsizings and sued) and sexual harassment (attributable in part to increased public awareness generated by the Anita Hill–Clarence Thomas congressional hearings).

Union membership was down to around 15 percent of the nonagricultural labor force by the mid-'90s, due in part to major layoffs in many heavily organized industries. Driven by cost concerns, corporate managements consolidated control over labor relations matters and pushed for, and often attained, significant concessions on wages, benefits, and work rules. While many union leaders were skeptical about, and even openly hostile towards, employee involvement programs, experimentation with employee involvement was nearly as common in organized firms as in unorganized ones (Osterman, 1994). Further, experiments in the former were at least as successful

and enduring as those in the latter, and perhaps more so (for a listing of some of the more visible cases, see Appelbaum and Batt, 1994: 94–95). A small number of companies—Xerox, Corning, and Saturn—were the most notable—formed active partnerships with their unions which clearly constituted viable alternatives to the New Deal system of labor relations and resulted in perhaps the most successful and visible examples of actual applications of the involvement model of human resource management.

International Developments

Globalization brought challenges with respect to managing an increasingly internationalized workforce. It was necessary for U.S. multinationals not only to develop policies and practices to deal with expanding numbers of expatriates (whether Americans or third-country nationals—e.g., German managers working in France), but also to adapt other policies and practices to cope with cultural and legal exigencies in an expanding number of often less familiar countries around the world. International human resource management was a rapidly expanding and increasingly strategic aspect of the field (Dowling et al., 1994).

Ethnocentric (strong corporate control with key domestic and overseas jobs being held by Americans) and polycentric (weak corporate control in favor of more autonomous local operations run by host country nationals) models of organizing internationally gave way to more complicated forms: regiocentric (strong regional control and frequent movement of personnel within but not across regions) and even, in a few cases, geocentric (worldwide integration of operations with free movement of personnel around the globe). Through practice, great strides were made with respect to the selection, acculturation, development, compensation, and repatriation of expatriates in ways that would contribute to the key leverage points of these models. The failure rates of Americans in overseas operations, for example, declined markedly during the period and probably approached the historically lower rates experienced by home country nationals of firms headquartered in other developed countries (Dowling et al., 1994). But other areas, such

as identifying non-U.S. managers and executives for top corporate positions and successfully attracting and integrating them into these positions, continued to be significant problems for many firms.

More broadly, a persistent and basically unresolved issue pertained to the appropriate balance between integration and differentiation: to what extent should human resource policies and practices be standardized around the world to attain strategic control and foster the global leveraging of diversified businesses? To what extent, and how, should they be varied to adapt to local environments and conditions? (Pucik, 1992). The drift was in both directions—greater integration with respect to broad policies (e.g., employee involvement, merit-based pay increases, and promotions) with considerable local autonomy as to how these policies were implemented within various countries. Experimentation was very much the rule, perhaps even more so than on the domestic side. Perhaps this is why, in the mid-'90s, international human resource management continued to be characterized as a subfield still in its “infancy” (Dowling et al., 1994).

The Human Resource Function

Under pressure, top managements expected more from their human resource functions. “Value added” became a watchword. Increasingly, these functions were under the gun to demonstrate contributions to corporate success in excess of their considerable costs of operation.

Some writers (e.g., Schuler, 1990) suggested that human resource managers would be unable or unwilling to shed their insular preoccupation with professionalization and rise to the business challenges. Scenarios were envisioned in which top managements looked after human resource strategy and policy, consulting firms designed programs that line managers delivered, accounting and legal departments watched over fiduciary and legislative matters, and human resource departments slowly withered away.

Prognostications of demise were by and large erroneous (or premature). But many human resource functions did undergo slow, sometimes tortuous processes of metamorphosis, essentially mirroring what was going on elsewhere in their firms (see, for example,

Galbraith et al., 1993: chaps. 3 and 9). To a greater or lesser degree these functions

1. Refocused their missions, basically from an inside-out (program-driven) to an outside-in (customer-driven) focus.
2. Reoriented, or reconfigured, their activities. The (by now) more traditional roles (program design and administration, etc.) were reframed in terms of customer needs for quality and efficiency. A previous role, that of change agent, was resurrected and renamed from organizational development (OD) to organizational effectiveness (OE), to reflect a specific emphasis on business results. And a new role, strategic business partner, was added, reflecting the need for human resource executives and managers to serve as integral members of top management teams to devise and implement congruent business and human resource strategies (Dyer and Kochan, 1995).
3. Downsized. Corporate downsizings often hit human resource departments particularly hard (notwithstanding the addition of new responsibilities and roles). In an attempt to do more with less, technology (and later reengineering) were invoked; certain activities—e.g., benefits administration, payroll, and even aspects of staffing and training—were increasingly outsourced to vendors and consulting firms.
4. Restructured. The permutations were many, but basically corporate headquarters were decimated, while separate specialized units were set up to do expert consulting corporate-wide (on such matters as designing staffing, training, and compensation programs, and effectuating change) and to provide transactional services which had not been outsourced (e.g., benefits counseling, governmental reporting), sometimes on a fee-for-service basis (a process known as in-sourcing). Business unit teams (sometimes permanent and

sometimes temporary) were formed to diagnose needs, do in-house consulting, and (as necessary) contract with specialized units for assistance.

5. Retooled their remaining personnel. Refocused, reoriented, downsized, and restructured departments required new sets of competencies: business knowledge, change management skills, computer skills, and a global perspective. The more obsolescent and recalcitrant managers and professionals were outplaced. Replacements were hired (e.g., many top human resource executives, some from line functions, were brought in from outside). Development programs were initiated, often in conjunction with professional associations and universities.

The dust has yet to settle. By the mid-'90s, the diversity in the missions, roles, sizes, and shapes of human resource functions was probably greater than had been the case for many years (Dyer and Kochan, 1995). Looking at those functions that were leading-edge and had successfully made the transition "from backroom to boardroom," from cost center to contributor, the bottle seemed well over half-full. Homing in on the certainly larger group of wannabes and nonstarters, however, it looked at least half-empty.

Other Developments

Human resource management was offered as a concentration or major field of study in well over two hundred universities by the late '80s (Kaufman, 1993). Most of these programs were behaviorally oriented, although a few, including the one at Cornell's ILR School, had added a macro, or strategic, component as well. The field was awash in textbooks, some of which (including the two coauthored by ILR faculty—Milkovich and Boudreau, 1994, and Noe et al., 1994) also incorporated elements of the strategic perspective.

Theorists and researchers routinely produced a seemingly endless flow of articles and books on human resource management issues and

activities. Operationally and behaviorally oriented research was both more voluminous and better than that with a strategic perspective, although some progress was made on the strategy front (compare, for example, the review done by Dyer and Holder in 1988 with that done by Dyer and Kochan in 1995). Much of the research was done under the auspices of dedicated research centers which sprang up at a few major universities. One of the first and largest of these was the Center for Advanced Human Resource Studies (CAHRS) at the ILR School, which was formed in 1987 and by the mid-'90s had evolved into a research partnership involving over fifty corporate sponsors from around the globe.

Major strides were made in labor (or industrial) relations theory during the '80s, reflecting in large part a concern with the causes and consequences of the dramatic decline in the fortunes of organized labor (Kaufman, 1993). *The Transformation of American Industrial Relations*, by Kochan, Katz, and McKersie (1986), was a seminal contribution. Notably, the model developed by these authors, unlike that of John Dunlop a quarter century earlier, featured a prominent if not always flattering role for human resource management.

The Human Resource Planning Society, a professional organization with a decidedly strategic bent to its programs and journal, *Human Resource Planning*, was formed in the late '70s and flourished in the ensuing years. The American Society of Personnel Administration (ASPA), which formed and nurtured an international chapter, changed its name to the Society for Human Resource Management (SHRM) in 1989. In the face of the many major corporate transformations and the accompanying human resource activities, including outsourcing, consulting firms proliferated and, largely, prospered.

But storm clouds were on the horizon. A major survey of nearly three thousand line and human resource managers, academics, and consultants from around the world, for example, foresaw a fair amount of unfinished business (IBM/Towers Perrin, 1992). The respondents projected sizable gaps between where firms were in the early 1990s and where they would need to be by the year 2000 on a number of high-priority human resource goals and activities, as well

as on a number of key capabilities of human resource functions (e.g., influence with line managers). Rather than reflecting dissatisfaction with the current state of the field, these concerns reflected the rapidly changing nature of the world economy and the endemic challenges this change would pose for human resource management moving toward the twenty-first century.

The Challenges Ahead: Toward the Twenty-first Century

Viewed from amidst the turmoil, what are these challenges? What will the responses be?

The Business of Business

Competitiveness, all now know, is a moving target. World class today is barely adequate tomorrow and beyond redemption just a few days after that. In a world of increasingly finicky customers, rapidly moving technologies, and competitors impinging from all sides, corporate life is a perpetual series of ever-shorter sigmoid curves; the continuous challenge is to muster the will to chart a new and proper path before the current one has run its course (Handy, 1994). Windows of opportunity close quickly and forever.

In such a world, organizational structures form and reform in pursuit of paradox: enough stability to operate successfully now coupled with adequate agility to anticipate and meet the needs of tomorrow (Meilich, 1997). Large-scale bureaucracies will survive, for there is routine work to be done on a mammoth scale, although increasingly less as more tasks are automated and outsourced. Smaller, less formally structured firms will survive as well, in part by scrambling for the work being outsourced. But the shorter-range future favors federalized structures: configurations of relatively small and flat, highly autonomous units located near or with customers, suppliers, or partners around the world, and centered upon even smaller and flatter corporate cores, with the various locations being linked via software and fiber optics as necessary (Handy, 1989; Youngblood, 1997). Further out on the time and conceptual horizon are virtual organizations, tempo-

rary marriages of convenience between two or more independent companies (possibly even competitors) designed to mix and match core competencies to exploit specific business opportunities and then dissolve as quickly as they were formed (Goldman et al., 1995; Preiss et al., 1996). It is in these federalized and virtual organizations that much of tomorrow's human resource work will be performed.

This work will be critical. For these fluid and flexible high-tech wonders run primarily on brainpower—the raw material of human resource management. Thus, the expectation calls for more and grander experiments, implemented in piecemeal fashion perhaps, as now, but increasingly attuned to broader strategies. The result will be even more variation in human resource models or strategies, not only across but also within firms. The industrial model will continue to fade in popularity, enduring primarily among the rapidly declining population of blue-collar employees in heavy manufacturing and in some service firms. Similarly, the salaried model will decline in use, lingering among managers in traditional bureaucracies and, perhaps, the core components of federalized firms. Where it exists, this model will be refined to reflect a freer flow of managers in and out at various organization levels, more truncated careers, greater individual responsibility for personal development, and more variation in earnings with a greater proportion of pay at risk (Dyer and Blancero, 1992). The investment model, the paradigm of the 1960s and 1970s, will fade from memory, made increasingly untenable by flattened hierarchies and unprecedented organizational mobility.

The involvement model is the prime candidate for growth. Some of the diffusion will occur in the model's milder forms—the lean production model, which is already the dominant paradigm in the auto industry worldwide (MacDuffie, 1995), and the job involvement model (Lawler, 1988), especially in smaller manufacturing firms and various service sectors (e.g., retail banking, fast food). Diffusion of the milder forms may be slowed by a number of powerful organizational (Pfeffer, 1994) and institutional (Kochan and Osterman, 1994) obstacles, not

the least of which is the nagging issue of employment security. The rapid spread of the more potent versions of involvement—semi-autonomous and autonomous work teams—is more certain, especially among the rapidly growing cadre of technical and professional employees in high-tech federalized and virtual organizations. Here power is not delegated, employees already have it. To eschew the full involvement of knowledge workers in these settings is to suboptimize the unique contributions they are equipped to make, and to risk losing them to competitors. Further, among such employees employment security is largely a nonissue; they will have it precisely because they neither need nor care about it (Handy, 1989; Lawler, 1996).

The high-flex model will spread as well. It fits some federalized and most virtual organizations. But it will be less prevalent and less flexible than the enthusiasts hope or the critics fear, and is unlikely to become the dominant paradigm, ruminations by the business press notwithstanding. Its application will be concentrated among highly specialized technical, professional, and perhaps managerial employees in certain segments of very high-tech industries (e.g., small software firms, joint ventures in some aspects of telecommunications, and perhaps health care) and in the growing number of professional service firms (many of which will be contractors serving as the third leaves of shamrock firms). By and large these employees will be telecommuters who meet only occasionally in virtual offices. Wider diffusion of the model will be hampered by the inherent conundrum mentioned earlier: the model provides little incentive for organizations to develop employees and little wherewithal and time for employees to do the job themselves. In addition, the model's high risk, even with the prospect of high reward, probably will not appeal to large numbers of knowledge workers, especially as they age.

So, developing synergistic models (whether these or others) and fitting them to extant circumstances will continue to be major challenges. So will the human side of change. The point is obvious, but often overlooked. Reengineering has foundered on the rocks of em-

ployee, and especially managerial, resistance, a point only recently addressed (Champy, 1995). Similar fates have befallen flexible manufacturing systems and widespread applications of robotics. So-called "soft" or "digital" manufacturing, a high-tech version of socio-technical system design, may prove capable of melding technology and people on the plant floor.

The Influence of Labor Unions and Public Policy

Labor unions seem unlikely candidates for resurrection in the foreseeable future, recommendations of the prestigious Commission on the Future of Worker-Management Relations (aka the Dunlop Commission) notwithstanding. So they will continue to be relatively minor players in the formation and diffusion of human resource management models or strategies. There will be exceptions, of course, where the unions are firmly entrenched, but even here the nature, even the basic tone, of these variations is uncertain. Currently, each action in the direction of labor-management cooperation and innovation—Saturn, for example, and more recently Levi Strauss—appears to be offset by an equal and opposite reaction involving hostility and pitched battle, as in Caterpillar, for example, and more recently United Parcel Service. As unstable as this pattern of labor relations and, more broadly, human resource strategies seems, it is difficult to see the balance tipping either way anytime soon. In this domain, then, perhaps uniquely, the uneasy status quo is the most likely path forward.

Government, through evolving public policy, could be a major player, but this seems unlikely. Employers favoring the two emergent human resource strategies—involvement and high-flex—will, as noted earlier, increasingly bump up against a number of external as well as internal obstacles to their diffusion. As a result, they may be tempted to turn to the government for assistance in building a supportive infrastructure: training and development for current and displaced employees, job search programs for displaced employees, national (i.e., other than employer-based) health insurance, and truly portable pension arrangements. Corporate pleas for government assistance are not unique; but a positive government response of the

magnitude required certainly would be inconsistent with the emerging political climate of the country.

Alternatively, employers may continue to improvise until they arrive at balanced versions of these or other human resource strategies that provide acceptable, if not optimal, payoffs for various stakeholders, including employees (Kochan and Osterman, 1994). Or, under pressure for short-run financial returns and basically unfettered by labor unions and government regulation, they may well continue to shift costs and risks to their employees without commensurate payoffs. Then it would be employees rather than employers who would be most likely to seek legislative remedy. This might take the form of assistance with training and job search. Or, it might take the form of legislation assuring employees a meaningful role in corporate strategy and policymaking. This could mean easier access to unionization; but, apparently more in line with prevailing tastes and occupational structures, would more likely involve some form of European-style works councils (Freeman and Rogers, 1994). Once again, though, it is far from clear that government would go along.

The most likely alternative is a low-key, relatively neutral, and basically facilitative role for government in the diffusion of human resource strategies: sponsoring research, conducting learning forums, and providing technical assistance. This policy, combined with enforcement of existing laws and regulations at more or less current levels, will mean that, in the short run anyway, the government's influence on the practice of human resource management will be relatively mild and basically in the form of assistance rather than pressure.

The Human Resource Function

Human resource functions will become increasingly critical to organizational success. This judgment was the consensual view of the three thousand respondents to the IBM/Towers Perrin (1992) survey. Nearly 90 percent saw the function playing a critical business role in the year 2000, up from about 70 percent in 1991. A self-serving prognosis? Perhaps on the part of the majority of respondents who were human resource managers, academics, and consultants active in the

field. But even among the 533 line managers who participated in the study, 85 percent saw a critical role for the function, up from 68 percent in 1991. This suggests that leading-edge functions will continue to evolve, while an increasing number of the wannabes and recalcitrants will begin to accelerate the pace of change. Over time, the variability in missions, roles, sizes, and shapes will ameliorate.

In particular, more human resource functions will embrace the strategic business partner and change agent roles—50 to 75 percent of them in the year 2000 (compared with 20 to 40 percent in 1991) according to the IBM/Towers Perrin (1992) survey. Those functions that rushed to these roles in the early '90s will find themselves, first, continuing to work on implementation and, second, searching for new and more efficient ways to deliver on the more traditional roles, especially those of program design and administration. There may be a resurgence of interest in the employee advocacy role if new human resource strategies engender significant employee resistance or backlash (Ulrich, 1997).

Value added and cost control, doing more with less, will be emphasized. Human resource functions will increasingly focus on their firms' ultimate customers (not just their internal customers), with human resource services being part of the product package, as is already the case, for example, at G.E.'s Power Systems Division. Top human resource executives and managers will continue to form partnerships with line managers to codetermine comingled business and human resource strategies and to tackle the daunting challenge of continuous change. Traditional activities will be reengineered for greater efficiency, or insourced or outsourced on a fee-for-service basis, processes made easier by a fairly rapid spread of technology (*fairly* rapid because of a perennial shortage of funds to invest in hardware, software, and training). Human resource departments will become flatter, more flexible and team-oriented, and leaner (IBM/Towers Perrin, 1992). Continual skills rebalancing and downsizing will result in ongoing, although relatively modest, layoffs or outplacements.

Careers in human resource management will become more diverse. In larger firms, the number of human resource positions will decline in relative terms, while the opportunities for upward mobility will shrink markedly. Expanding medium-sized and smaller companies will be sources of employment, but they, too, will offer only rather truncated opportunities for upward career mobility. Greater growth will occur outside corporations among the contractor component of the shamrocks: consulting firms, service providers, and university-based executive development programs. Many of these positions will be part-time and most will be temporary.

Requisite competencies will vary by venue (e.g., Blancero et al., 1996). According to executives in transforming human resource functions, up to one-half of the extant managers and professionals in these organizations lack the knowledge, skills, or attitudes necessary to succeed in the years ahead, a conclusion also supported by the respondents to the IBM/Towers Perrin (1992) survey. And there will be little money to invest in extensive training. This void may well be the function's Achilles heel in the years ahead. This prospect has already engendered a lively competition (and some partnering and joint venturing) among consulting firms, professional organizations, and universities in a search for fast and relatively inexpensive ways to document and develop key competencies among those in various aspects of the field.

The Infrastructure

Pressures for more service and lower costs will plague the field's infrastructure: consulting firms, service providers, professional associations, and universities. Efficiencies will be sought, even around the conduct and dissemination of research.

The traditional division of labor in research will remain: consulting firms and professional associations will continue to do most of the short-term surveys and benchmarking studies. Universities will

concentrate on the more in-depth research, increasingly through an expanding number of research centers and institutes and often through project-oriented partnerships—virtual organizations to study virtual organizations.

These partnerships will produce research that is increasingly strategic, applied, focused on outcomes (e.g., competitiveness and quality of working life) rather than activities (e.g., staffing or compensation). Studies will be larger-scale, experimental, interdisciplinary, and global. They will be concerned with both content (i.e., the components of human resource models and their fit with extant environments) and process (i.e., the organizational and institutional factors that facilitate and inhibit the diffusion of appropriate models and change) (Kochan and Osterman, 1994; Pfeffer, 1994).

University curricula and courses, under ever-tighter budgets, will experience little expansion, although they will continue to change in content, as usual lagging behind the evolution of the field. University-based executive education activities will flourish, driven by an increasing demand for lifelong learning, a desire to exert greater influence over practice, and the need for revenues, and facilitated by the adoption of technologies to deliver distance learning. Resource concerns will drive the formation of learning networks involving universities and corporations, and perhaps consulting firms and professional organizations as well. These networks will speed the translation and dissemination of research results in formats useful to practitioners in the field, helping to make their work a little less faddish and, perhaps, more effective.

Tensions will emerge. Partners in research and learning ventures will struggle to separate areas of cooperation from areas of competition. There will be squabbles over money. University researchers, under the gun to produce products and revenues, will feel pressure to sacrifice the independence, objectivity, and deliberateness that are their stocks in trade. Professionals, driven by management's concerns, will clash over priorities with those adhering to multiple stakeholder models. Eventually, and inevitably, these tensions will boil over.

Assumptions, theories, models, and strategies will be increasingly questioned. Prevailing priorities, approaches, and institutional arrangements will come under serious challenge. And, thus, will the field continue to evolve into the next millennium. ■

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