

HUMAN RESOURCE MANAGEMENT - DEVELOPMENT TENDENCIES AND FUTURE PERSPECTIVES

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The dynamics with which changes are taking place in companies has led many managers to better appreciate the necessity and the advantages of comprehensive human resource management. This pressure to change has also helped to generate numerous social innovations within the field of human resource management. The call for each sub-area to play its part in increasing the value of the enterprise is setting new accents in human resource management. The main starting points for increasing the value of an enterprise lie in improving productivity, employee creativity, and motivation. The author bases his ideas on a model of the sub-functions of human resource management used at his own institute, which is subdivided into three basic categories: process functions, cross-section functions, and meta-functions. The human resource management functions discussed can have a positive impact on the above aims. Productivity, for example, is increased through personnel development and personnel placement measures. Personnel retention instruments (incentive systems) are almost certain to have an impact on motivation. Ways to influence creativity include selection measures (looking out for candidates with creative potential during the recruitment process) and personnel development measures (consciously enhancing a person's capacity for interdisciplinary thinking, practicing creative techniques).

1. INTRODUCTION

In the German-speaking world, the term used to describe this article's general subject area has changed in the course of the last decades. At first the term Personalwesen (literally: personnel system) was used. The term Personalwirtschaft (German for economic human resource activities) was also repeatedly popular. In recent times though, the term Personalmanagement or

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simply the English term Human Resource(s) Management has predominated. This term underlines the fact that the related task complex is integrated into the overall management process. The link with other management elements (such as corporate targets, strategies, planning, organization, controlling, and so on) is accentuated by this name.

The author is basing his ideas on a model of the sub-functions of human resource management used at his own institute (see Thom 2001, p. 118), which is subdivided into three basic categories: process functions, cross-section functions, and meta functions (see Figure 1).

The following briefly characterizes the individual functions and the future challenges associated with them. The author's considerations are based on subjective estimations rooted in long professional experience, and also reflect his own moral standpoint. The article does not intend to provide an in-depth analysis of theoretical approaches.

Meta function						
Strategic human resource management						
Cross-section functions	Process functions					
	Personnel controlling	Détermination of personnel requirements	Personnel recruitment	Personnel development	Personnel placement	Personnel retention
Personnel marketing						
Personnel information						
Organization of personnel management						

Figure 1. Functions of Human Resource Management

2. THE META FUNCTION OF STRATEGIC HUMAN RESOURCE MANAGEMENT

Every enterprise needs to clarify one fundamental question, namely, what its potentials for success are, and how it wants to develop them. The skill potential of employees (resource-based view) can be one such success potential (also see Prahalad/Hamel 1990). A general theory might state that whenever an enterprise is concerned with formulating strategies for the enterprise as a whole, or its individual business areas, it needs to consider what human resources it

will need to realize these strategies. To extend this further, we could suggest that when a company is working out a strategy, one of its main considerations needs to be the skills the personnel has, or will need to have. It has to be said, however – at least in regards to large Swiss companies (see Thom/Zaugg 2000a), that the human resources dimension is not always treated as an integrated element when corporate strategies are discussed.

Often, expectations regarding the harnessing and development of employee potentials are rooted in strategic considerations where the main focus has been on financial and market matters. The author believes that in the future there should be more insistence on human resource management getting the chance to be included in strategic considerations right from the start. In order to play a major role in the strategy-making process, the corresponding people (general managers, human resources managers) need to gain appropriate qualifications (also see Organization of Human Resource Management).

3. PROCESS FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The core functions of human resource management can be thought of as a process – from determining personnel requirements through to reducing excess personnel capacity.

3.1. Determining personnel requirements

When personnel requirements are determined, the following basic questions are asked: How many employees (quantitative aspect) with what skills (qualitative aspect) will be required at what locations (spatial aspect) at what time, and for how long (time aspect), in order to effectively and efficiently carry out the corporate tasks? The objective, therefore, is to plan the target staffing level. In the future, this planning task will prove to be particularly difficult. In the last few years, we have increasingly moved away from position-based thinking and are constantly re-devising ways of making the necessary quantitative and qualitative personnel capacity available.

The main uncertainty lies in the fact that for many companies the strategic horizon has shortened, making it a lot more difficult for an enterprise to plan its overall development. Apart from this interface to strategic human resource management, there are also other problems that make it difficult to calculate the net staffing requirement. One factor is the difficulty of estimating changes for certain person groups (such as resignations, choice of retirement time,

utilization of time credit), which has to do with the loyalty of the individual towards the employer (and vice versa) – which is hard to estimate – and corresponds to the growing tendency to not so much tie yourself and your career to a company, but rather analyze the development potential offered by various job opportunities.

New personnel requirements are more difficult to calculate because organizational changes (triggered by mergers or restructuring programs, for example) occur more frequently than before, and the tendency is growing. New investments also need to be taken into account, since these can also generate additional personnel requirements. These investments are closely linked to the strategic decisions of the enterprise and underline the dynamics mentioned above, or the shortening of the strategic horizon. Overall, companies will need to get used to the idea of having to cover their personnel requirements flexibly (limited contracts, leasing of staff, project-based cooperation forms, and so on). Such devices help a company avoid legal difficulties, and give it room to maneuver when it has to adjust to changed circumstances (new strategies, new framework structures, new directions in enterprise culture, etc.).

3.2. Personnel recruitment

The aim of personnel recruitment is to remove staff shortages and provide the human resources necessary for a company to perform its tasks (consideration of quality, quantity, spatial, and temporal aspects). In this area, the future will show companies getting more involved in labor market research (see Scherm 1990) in order to be able to quickly recognize the opportunities offered by the external and internal job markets. Labor market research can include a more in-depth look at the demographic development (better use of older people, early recognition of shortages of young people). Companies will also have to increasingly get to grips with a 'soft factor', which, in this context, means constantly checking the corporate image, both inside and outside the existing body of staff.

The corporate image has proved to be a decisive factor in making a company attractive on the market and determines the company's chances when it comes to gaining new personnel. These chances also largely depend on the way the corporate incentive system is set up (also see *Personnel Retention*), and whether and to what extent the current employees are satisfied with their work. When concrete instruments are chosen for personnel recruitment, companies increasingly differentiate according to target groups (e.g. managers, specialists,

younger employees, older employees) and design their instruments accordingly (also see Zaugg 1996).

In the last five years, the use of electronic labor exchanges, for example, has increased dramatically, particularly amongst the younger generation. Aware of this, companies are now heavily investing in the area of electronic recruitment (also see Zimmermann 2001). They are hoping that this will help rationalize the recruitment process and create a better fit between what the employer offers and what the employee demands for comprehensible portions of a person's professional progress. In the personnel recruitment area, there are now a vast number of specialized recruitment agencies operating outside the inner-company personnel departments (also see Thom/Kraft 2000 and Kraft 2001). If they are good, these agencies can benefit a company because they have a better knowledge of the relevant job markets. They can also help to reduce the hiring risk through pre-selection based on a requirements profile and the environment of the person to be employed.

The instruments used for selecting personnel have become more and more sophisticated. Alongside the classical instruments, the Assessment Center, in its various forms, has become particularly wide-spread. An international comparison shows that Switzerland considers the expert opinion of a graphologist a relatively important tool. The trend however, is tending more towards multidimensional support for the selection process. A single selection instrument is no longer going to be reliable enough. In regard to the organization of the last phase of recruitment (the employee introduction process), there is almost certainly room for improvement. The importance of targeted familiarization, in both a person's professional area and the corporate culture, is still underestimated. The motivation and productivity of a new employee can be lastingly improved through conscious management of the induction process, with major involvement of the respective area heads.

3.3. Personnel development

The main objective of personnel development will continue to be to achieve the best possible match between the requirement profiles of the jobs and the skill profiles of the job-holders. Based on information about individuals (aptitude, inclination), organizational units (requirement profiles), and relevant markets (employment and educational market), corporate decisions about qualification processes have to be made (also see Thom 1992).

The qualifications targeted are intended to put employees in a position to fulfill present and future requirements. To achieve this, educational measures are introduced, or on-the-job training is provided. Estimations of employee potential will become increasingly important as an information base for these measures. Do the employees have the potential for further development on a horizontal (use in other functions), vertical (higher position through increased responsibility) and intercultural (use in other cultural spheres) plane? Estimating the requirements for the different organizational units is becoming more and more difficult due to the growing frequency of organizational changes.

For a new global enterprise, although the employment market is bigger, it is not necessarily more transparent. The same applies to the education market, which is no longer comprehensible, even for major concerns with extensive internal resources for evaluating what is offered externally. In terms of educational processes, the German-speaking world is still considered extremely competitive (also see Münch, 1999 and critical remarks by Becker 1999a, pp. 152 f.). This assessment is based on existing skills and the visible reform efforts in the area of vocational training, and on the extremely broad spectrum of further education opportunities (which are increasingly modular in structure and more interchangeable).

The rapidity of technological changes has resulted in many companies and external institutions acquiring considerable competence in the area of retraining programs. In the interests of personnel employability, this competence will be something that is heavily relied on in the future as well. An increasing wealth of variety is also apparent in the area of position-related personnel development measures.

Career planning is being transformed. Alongside the classical hierarchical career paths, forward-looking employers are now offering equally attractive alternatives in the form of specialist and project paths (also see Domsch 1999). The idea is to give employees more opportunity to broaden their competence areas (subject-related, methodical, social, intercultural skills and so on) and not limit their career opportunities purely to stepping up the hierarchy. For this to work, an enterprise has to use its incentive system to encourage independence from the hierarchical position. Over the long-term, it has to make sure that the alternative career path is on an equal footing to the classical path up the hierarchy.

Personnel development is also closely connected to organization development (also see Thom/Zaugg 1995 and Becker 1999a). Since

organization development is a fundamental concept for the management of change, the activities in the area of personnel development will continue to be of key importance. The concept of knowledge management, which has been the subject of much discussion recently, and is also increasingly being implemented (also see Probst/Steffen/ Romhardt 1999 and von Krogh/Ichijo/Nonaka 2000), represents a new challenge for personnel development.

3.4. Personnel Placement

Personnel placement involves the concrete allocation of employees to the tasks that need to be fulfilled. Once again, quantitative, qualitative, spatial, and temporal aspects have to be considered. At the end of the last century, it was possible to see a tendency in relation to the profile of the workplace, which will almost certainly continue into the new century as well. At first, in the course of the industrialization process, there was a strong move towards specialization, something which led to enormous progress in terms of productivity, but had a negative impact on the motivation and employability of personnel. This led to considerations about job enlargement, and was later followed by measures to afford real job enrichment. This last stage is extended even further by the concept of empowerment (also see Hammer/Champy 1993).

For today, the objective is not just to supplement job content with dispositive elements (more freedom in questions of planning, organization, and control, for example) but also to provide employees with powerful information technology tools and encourage them, by means of qualification measures, to use new opportunities and acquire the means to satisfy the new requirement profiles through their extended areas of competence (also see Personnel Development).

An important aspect of personnel placement may also lie in the development of partially-autonomous work groups, to which the responsibility for connected task fulfillment processes is largely transferred, provided certain basic conditions and specifications are observed. This is only possible if preceded by extensive qualification measures, and if the corporate culture fundamentally supports values such as autonomy and subsidiarity.

A further important aspect of personnel placement is the temporal and spatial dimension. As early as the '90s, a strong tendency towards flexible working time systems could be seen. Although the classical forms of flexibility (flexitime, variable working hours) were still predominant, more sophisticated

concepts (such as time-autonomous working groups, annual working hours, long-term vacations) were soon to become more and more widely spread, despite the heavy demands they make on inner-company coordination (also see Blum 1999).

In the end, the willingness of companies to support more forms of flexible working time is connected with the growing problem of harmonizing the work arising with staffing capacity in a cost-effective way (also see Thom/Blum 1998). New working time models allow enterprises to make use of employee potentials that would not be available with a more rigid model (e.g. use of part-time employees with good qualifications and various roles to fulfill). The advances in the area of information technology make telework a possibility for qualified tasks as well now. This type of work raises difficult questions regarding integration in the corporate environment, integration into the corporate information flow, and realization of opportunities in the continuing career process, but because the costs for real estate, the traffic situation of agglomerations, and the new IT possibilities are weighty arguments in favor, the continuing spread (not explosion) of telework is inevitable.

3.5. Personnel retention

This process function involves the use of human resource management instruments that stimulate staff performance, and also have the potential to increase productivity. After several decades in which the discussion had gradually narrowed to a consideration of material incentives only, today, more balanced concepts have come to the fore. Even within the financial incentives, there is a lot of differentiation, while demands for performance-related pay and greater flexibility are being given far more attention than they used to be. Within the immaterial incentives, there is an increasing tendency to recognize the importance of working time, possibilities for personnel development, participation in the communication process, support and recognition from various group members, and so on.

The distinction made between extrinsic and intrinsic motivation has become generally accepted, and is likely to continue to provide inspiration to those responsible for creating corporate incentive systems in the future as well (see also Frey/Osterloh 2000). For those person groups with above-average education in particular, the incentive seems to be provided by the work itself, by the challenges associated with the work, and the chance for individual learning to take place, and these insights provide an important starting point. With a combined approach, it is important to make sure that intrinsic motivation (being

moved by the experience of achieving a task in a meaningful way) is not smothered by extrinsic incentives (specifically of a material kind).

The increasing variability of the overall pay package is oriented to various benchmarks. After looking at the achievement of the individual, on the next level up, the achievement of the team or the organizational unit is considered, and in the case of top personnel, this is followed by a consideration of the achievement of the enterprise as a whole. When appropriate benchmarks are chosen, it is important to make sure that the person in question can influence the variability of the pay by means of their own competence. A special premium will continue to be necessary for unique and extraordinary achievements, since in this case there is no basis for planning. Fringe benefits are benefits that are provided voluntarily by the employer within a certain reference period, independent of the success of the company as regards to single organizational units, or the achievement of the individual (also see Kappel/Uschatz 1992). In this area, some Swiss companies have shown enormous creativity by organizing special shopping rates, tax and legal advice, sports facilities, and so on. In the future, there is likely to be more in-depth discussion about whether these incentives can help achieve a desirable link between the performance of the staff members and the targets of the enterprise as a whole. In view of the fact that many fringe benefits are coupled to the status an employee has achieved, this incentive component promises to be the subject of much critical inspection.

Incentive components oriented to strategy, which contribute to an overall increase in the value of an enterprise, do promise to become more popular however. They are designed to encourage entrepreneurial thinking and promote innovation. The question this poses is whether companies that are not listed on the stock exchange, and therefore do not have a real stock price, allow their managers to share in the added value of their enterprise. This is probably only possible on the basis of fairly complex calculations of the enterprise value over a longer period. A question that always remains open, is the share of the value-oriented part of the payment in the overall material remuneration. One measure in creating an incentive system oriented to strategy can be to link remuneration to the achievement of strategic milestones (e.g. successfully completing a certain project phase or reaching a certain market position).

3.6. Personnel release

Personnel release (staff reduction) is understood to be the removal of personnel redundancies (again considering quantity, quality, temporal and spatial aspects). Due to the increasing dynamics of the corporate environment

and the need for more frequent restructuring, companies are increasingly having to get to grips with the complex instrument of personnel reduction. Mass dismissal remains the last resort and is to be avoided whenever possible by means of timely measures to remove personnel redundancies.

Companies have already developed a sophisticated range of instruments for direct and indirect personnel reduction. Not extending fixed-term contracts, cutting back on personnel leasing, or increased inner-company redeployment, are all measures that fall into the category of indirect personnel reduction. The use of flexible working time systems (see above) also provides ways of better matching staff capacity to the order situation.

In the last few years, the various forms of outplacement have gained considerable popularity (also see Mayerhofer 1992 and Doherty/Tyson 1993). Originally meant for a small segment of personnel only, namely the upper and top ranks, an increasing number of categories have developed for outplacement advice, extending right to group outplacement for entire organizational units. With the help of this constructive form of severance, companies are on the one hand attempting to avoid unnecessary costs (e.g. through redeployment to an unimportant position) and on the other, to retain their good image as an employer on the employment market.

Outplacement advisors cannot create new jobs, but they can better illuminate the existing range of possibilities on the relevant job markets and, in the course of individual discussions with people who have been made redundant, identify starting points for a new professional orientation which match up with the core skills of the client. In view of the continuing wave of restructuring measures, the services of outplacement advisors are likely to remain very popular in the future as well. It is also likely that other solutions related to personnel reduction will develop. One such solution might be to provide low-interest venture capital for former employees who want to become self-employed.

4. CROSS-SECTION FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The cross-section functions have one thing in common: they can have an impact on all the process functions mentioned. Here, the focus is on personnel controlling, personnel marketing, personnel information, and the organization of human resource management as a whole.

4.1. Personnel controlling

Personnel controlling supports the planning and control of all human resource management activities or the corresponding agents, and also organizes the information supply. There are now sophisticated key figure systems (ratios) within the area of personnel controlling. The individual key figures are established so that any human resource management measures that might be necessary can be undertaken. A concrete example of this is the recording of staff absences as a basis for systematic measures within absence management. These can include better organization of working time, a review of the incentive systems, the redirection of personnel development measures, or improvements in the area of inner-company communication. Since it is more easy to determine key figures today, it is also necessary to warn against using them excessively.

The relationship between a key figure and the underlying human resource management objective has to be very clear. The qualitative dimensions in personnel controlling must not be forgotten. An increasing number of companies are undertaking systematic employee surveys in order to gain valuable insights into how to begin improving their human resource management. Here, particular attention will need to be paid to the construct of job satisfaction. For practical purposes, this has to be broken down into various dimensions. A key to interpreting the results of such surveys is to be found in establishing whether the expectation level of the person questioned has changed since the last time their job satisfaction was measured (also see Bayard 1997).

When key figures (such as fluctuation quotas) are evaluated, there is a great deal of room for interpretation in relation to the influencing factors that might be deemed responsible. In many cases, we have to assume that there are multiple causes. When all is said and done, the accuracy of an interpretation can never exceed the depth of scientific understanding that has been reached about the interrelationships between the various factors. The trend is for controlling concepts to increasingly develop in the following direction: At an initial stage, cost controlling is carried out; at a subsequent stage, efficiency controlling is undertaken by comparing input values (e.g. number of hours of further education) with relevant output values (e.g. learning achievements); at a final stage, effectiveness controlling is carried out (see Wunderer/Schlagenhauser 1994 and Thom/Zaugg 2000b). With the example of further education, this last stage is the stage at which you would check whether the further education activities had contributed to a change in productivity or a change in leadership and cooperation behavior.

It is probably also safe to predict that in the course of a stronger value-orientation on the part of the entire corporate management, new approaches to human assets accounting will be developed (also see Becker 1999b). The purpose of these approaches is to determine the value of investments in human assets at a set point in time. This involves recording all expenses affecting payment which create, maintain, and increase the human performance potential (also see Wunderer/Sailer 1987, pp. 323 f.). The methodical problems involved in human resource accounting are quite considerable (also see Becker 2001). An ethical dimension also has to be considered since creating the impression that people are merely seen as goods wants to be avoided. A similar problem arises when the Personnel Portfolio concept (a system of coordinates with quadrants which show the performance (from high to low) and the potential (also from high to low) is presented. The quadrant in the area of low performance and low potential is sometimes called "deadwood". Such a term is discriminating and by no means implies that people in this group should be shown new possibilities for development.

In connection with personnel controlling, attention also has to be paid to the problems of acceptance and data protection. In many companies, personnel controlling is sadly often just seen as a rationalization instrument. This can lead to resistance on the part of the employees (when it comes to data collection, for example) or to a rejection of measures derived from insights gained in personnel controlling. The data protection problem lies in the danger that personnel controlling data will be misused. This danger increases with the complexity of the controlling system and the number of persons authorized to access the information.

Despite these problems, concepts and instruments within the domain of personnel controlling will almost inevitably gain in importance in the next few years. This prediction is based on the fact that personnel costs in the German-speaking world are very high in comparison to other countries and at the same time, the portion of the total costs taken up by personnel costs within service and knowledge-oriented societies is on the increase. The concept of the Balanced Scorecard (see Kaplan/Norton 1997) also provides excellent ways of using relevant key figures to document the strategic relevance of human resource management.

4.2. Personnel marketing

The primary aim of this cross-section function is to create favorable conditions in order to increase the attractiveness of an employer on the internal

and external employment market. This improves the employer's chances of gaining and retaining qualified and motivated personnel. The analogy to marketing lies in the fact that the current or potential employee is seen as a customer, and the workplace and all surrounding factors are viewed as aspects of the customer-oriented product.

A prerequisite for systematic personnel marketing is a solid information base. This is where connections to process functions (such as personnel recruitment) become apparent. More precisely, insights gained from research, such as labor market research, vocational research, and mobility research, become relevant. This information side of personnel marketing also benefits from knowledge gained in personnel controlling. The information side has to be counterbalanced by an action side (also see Thom/Zaugg 1994). The action side involves activities already mentioned in the section about process functions. Examples include organization of the workplace in accordance with employment market criteria, and the formation of different target groups for personnel recruitment and personnel development activities. The organization of the incentive system (see Personnel Retention) is a core factor here. In earlier times, the subject of personnel marketing was often reduced to just the one aspect – management of communication – or even just to organization of recruitment. Today, the concept is much broader and seen as an integrated element, but the communication side still plays a very important part.

We can also observe that companies have developed great creativity when it comes to their advertising image and use all kinds of written and graphical elements to present the most important aspects of their enterprise culture and personnel policy in a memorable way. Due to intense competition and head hunting on today's job markets, activities to develop an internet presence have also increased dramatically (also see Staufenbiel/Giesen 2000). In addition to its immediacy, one of the great advantages of this new medium is the scope it provides for attractively-designed background information compared with conventional adverts. The charm of the internet lies in the interaction that is made possible between the job candidate and the company. The principle of providing information that is based on fact (credibility) will doubtless be attributed even greater importance in this new communication medium in the future.

4.3. Personnel information

The new media can, of course, also be used to great advantage within the area of inner-company information. This must not lead to employees being

flooded with information, however. The principles of communication that promotes understanding (the creation of a common language between the communication partners, see Cantin 1999) need to be given even more weight in view of the easy availability of large volumes of information. The internal web world opens up new possibilities for fast information exchange. At the same time, the danger that misunderstandings will occur grows. The medium does not relieve managers of their personal responsibility for information and communication. Printed media continues to be very important. While fast information is increasingly being moved to the electronic medium, a suitably designed employee magazine can provide the necessary background information (also see Jörg 1998).

Employees are increasingly interested in background information about corporate strategy, as well as information about new organizational structures (a consequence of the growing popularity of restructuring processes, takeovers, and mergers). In large international corporations, Business Television is increasingly being used. This medium gives top-level managers the opportunity to address employees – and if necessary the entire company – directly, using verbal and non-verbal communication instruments. The coordination of external and internal communication is a further challenge within the sphere of communication organization (also see Bruhn 1995). External communication means (interviews with top managers in newspapers and magazines) have a retroactive effect on the level of information in the company and can be consciously used to influence behavior.

4.4. Organization of human resource management

The purpose of this cross-section function is to regulate the interplay (division of work and coordination) of the various agents within personnel management. These agents include internal human resource management specialists, managers at the various levels, and not least, any number of external service providers with various specialties (such as consultants for personnel recruitment, trainers, working time specialists, outplacement advisors; see Kraft 2001). A basic question concerning the internal management professionals regards their concentration, or how they are distributed across the hierarchy.

The endeavor of this person group is to have its top people form part of the corporate management body. While in Germany this question is automatically solved (as from a certain number of employees and with a certain legal form, such as stock corporation) by the Co-Determination Act of 1972 (the labor relations director is responsible for the personnel and social system and an

equally-entitled member of the Supervisory Board), there is no equivalent ruling in Switzerland.

Even in the largest Swiss enterprises (also see Thom/Zaugg 2000a), the top personnel manager is only directly represented on the Executive Board in 50% of the cases. For the most part, personnel policy is also not yet integrated into overall company policy. Often, decisions made at the corporate level are simply passed down to human resource management with an implementation order. Within the general human resource management task load, there are areas in which internal personnel experts can largely make independent decisions (e.g. labor law, social system, personnel administration, personnel information systems and – to quite a considerable extent – personnel controlling).

In other sub-areas, the line managers dominate. These areas include personnel placement, workplace organization (ergonomics), and on-the-job safety. There are many sub-areas in which there is interplay between the personnel experts and the line managers. These include the fields of personnel recruitment, personnel selection, wage and salary determination, training and further education, employee assessment, personnel release, and the disciplinary and complaints system. In areas that are central to corporate policy, the cooperation between the personnel experts and the corporate directorship is in the foreground. This includes representing the company in meetings with employers' associations, trade unions, and professional associations, but also with internal employee representatives (e.g. work councils and commissions).

Increasingly, human resource management experts are having to consider which tasks they should fulfill themselves and which tasks could be outsourced, although here the interfaces to the company itself have to be very carefully defined. Some areas of human resource management that used to be of central importance, such as wage and salary administration, are now increasingly considered to be suitable for outsourcing. Instead, conceptional considerations about personnel development (finely tuned to the strategic orientation and cultural profile of an enterprise) have become the core areas for internal experts.

Many tasks in human resource management need to be reviewed in the interests of more internal customer orientation. This raises the question as to which parts of personnel work can be organized like a service center, or even like a profit center (also see Wunderer/von Arx 1999). There seems to be growing openness towards the latter variant. There is no doubt that this organizational form promotes the entrepreneurial thinking of the agents. It is also an attractive proposition for qualified employees. Seen in terms of the

overall system, the benefits include greater transparency in the areas of cost and performance, more flexibility to meet internal demand, and the creation of a rational basis for making outsourcing decisions.

Another consideration is whether virtual personnel departments are likely to become an increasing reality in the future. In this network-like structure, employees who fulfill a secondary function as personnel experts are distributed across the entire company (both in terms of location and organization), and are supported in their work by powerful IT (information technology) tools. In addition to their human resource management tasks, these people also participate in other value-adding activities in other task fields. The virtual personnel department does not define itself in terms of spatial proximity, but rather bases its identity on competence. In an ideal case, this virtual association controls itself by means of common aims and a culture of trust (also Thom/Zaugg 2000a).

There are several obstacles in the way of a wide-spread virtualization of human resource management. For a start, there are technical problems because of incompatibilities between existing platforms in the IT area. Work in heterogeneous teams often leads to a reduction in the transparency of the overall system, and therefore, to increased coordination costs (also see Drumm 1998). The fact that communication is largely via electronic media means that important information, that can only be conveyed in a direct personal encounter, is lost. This could make it more difficult to check reliability. In particular, this concept raises the question as to how a virtual personnel department can fulfill its cultural function.

Since it is distributed across the entire enterprise (and therefore integrated into various sub-cultures), it is only partially capable of developing a departmental culture. However, it could also be argued that decentralized decision-makers from human resource management are in a position to create more common cultural elements than a central personnel office.

The disadvantages of virtualization have to be weighted against the advantages. The virtual personnel department allows fast, flexible access to significantly more resources and staff than a personnel department organized in the traditional way. The traditional department can not rapidly develop or acquire any additional capacity. Due to the decentralization of a virtual organization, the human resource management services are brought closer to the employees (internal customers) and can be better matched to their needs. Since the employees in a virtual personnel department fulfill other functions as well,

their range of qualifications increases. This adds to their employability. A comparison of the strengths and weaknesses of the virtualization concept (also see Thom/Zaugg 2000a) leads us to conclude that virtual structures in the personnel area should be implemented selectively. One could also speak of a continuum of virtuality (also see Wüthrich/Philipp 1998).

5. CONCLUSIONS

The dynamism with which changes are taking place in companies has enabled many directors to better appreciate the necessity and advantages of comprehensive human resource management. This pressure to change has also helped to generate numerous social innovations within human resource management. The call for each sub-area to play its part in increasing the value of the enterprise is setting new accents in human resource management. The main starting points for increasing the value of an enterprise lie in improving productivity, employee creativity, and motivation (also see Becker et al. 1997). The human resource management functions discussed can have a positive impact on these aims.

Productivity, for example, is increased by personnel development and personnel placement measures. The personnel retention instruments (incentive systems) are almost certain to have an impact on motivation. Ways to influence creativity include selection measures (looking out for candidates with creative potential within the recruitment process) and personnel development measures (consciously increasing a person's capacity for interdisciplinary thinking, practicing creative techniques). Creativity is also favorably influenced by the opportunities that are available within the working environment (also see Thom/Etienne 1999). The ideal scenario would be a corporate climate that promotes creativity (also see Di Renzo 2000), gives the employees room to maneuver, frees them of unnecessary bureaucracy, and takes them into work situations that are rewarding, or even empowering.

In the last decade, reflection about the ethical foundation underlying management processes has intensified (also see Steinmann/Löhr 1990 and Ulrich 2001). Considerations relating to corporate ethics are also relevant for the area of human resource management (also see Personnel Controlling). In the course of decision-making within human resource management, there are many occasions at which the ethical standpoint becomes significant. One example is the selection process, which might be carried out in a way that is demeaning for the candidates if there is no ethical foundation upon which it is based. The same applies to the way the severance process between an employer and an employee

is organized. The decision to opt for a constructive approach, such as outplacement (better: new placement), is made against the background of a certain image of man, which in turn is rooted in the basic moral values of the decision-makers. An enterprise's general moral values can find expression in the guidelines it sets up. The power of such guidelines to change behavior largely depends on the way they are conceived. The more this occurs through open discussion between managers and employees, the more the values will also be able to serve as guidelines for behavior in concrete leadership and cooperation situations. In the view of the author, questions regarding the ethical basis of human resource management instruments are likely to become more important in the future.

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UPRAVLJANJE LJUDSKIM POTENCIJALIMA - TENDENCIJE RAZVOJA I BUDUĆE PERSPEKTIVE

Sažetak

Dinamika promjena koje zahvaćaju poduzeća mnoge je managere navela da posvete veću pozornost potrebi i prednosti uvođenja sveobuhvatnog upravljanja ljudskim potencijalima. Pritisak za provođenje promjena također je pripomogao stvaranju brojnih inovacija u području upravljanja ljudskim potencijalima. Novi se naglasci u ovom dijelu managementa stvaraju i potrebom povećanja vrijednosti poduzeća obavljanjem pojedinih aktivnosti upravljanja ljudima. Ključna polazišta povećanja vrijednosti poduzeća su povećanje produktivnosti, kreativnost zaposlenih i njihova motivacija. Autor temelji svoje zamisli na modelu aktivnosti upravljanja ljudskim potencijalima koji se koristi u njegovom institutu, a prema kojem se razlikuju tri temeljne kategorije aktivnosti, i to: procesne, prijelazne i meta-aktivnosti. Ove aktivnosti upravljanja ljudima mogu pozitivno djelovati na spomenute ciljeve. Produktivnost se, primjerice, može povećati mjerama razvoja i rasporeda ljudskih potencijala. Instrumenti zadržavanja ljudi (poticajni sustavi) gotovo sigurno djeluju na motivaciju. Načini povećanja kreativnosti odnose se na mjere selekcije (tj. traženje kandidata s visokim kreativnim potencijalom tijekom procesa regrutiranja), kao i razvoj zaposlenih (tj. svjesno povećanje osobnih sposobnosti inter-disciplinarnog razmišljanja i korištenja tehnika za poticanje kreativnosti).

