

‘Change or hold: reexamining HRM to meet new challenges and demands’: the future of people at work: a reflection on diverging human resource management policies and practices in Dutch organizations

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As a consequence of continual change pressures on everyday organizations, a gradual but noticeable shift is taking place in the way managers and employees view the employment relationship. Expectation patterns between both parties are starting to diverge into what seems to be new forms of managing people, based on different assumptions regarding their importance in the (knowledge based) economy. Traditional differences in employment expectations between superiors and their subordinates, between higher and lesser educated and between intrinsically and extrinsically motivated employees, are currently making place for differences between younger and older knowledge workers and for diversity and professionalism. In this article, HRM is contrasted against two emerging approaches towards the management of people, which are currently subsets of HRM, but gaining momentum as potential replacements for HRM. First, we identify ‘Transaction-based Management of People (TM)’ in which the employment relationship mirrors that of a financially driven exchange relationship, similar to transaction economics. We refer to the second approach as ‘Professional-based Management of People (PM)’ in which the nature of the employment relationship reflects the recognition of people in organizations as ‘true’ professionals who know best what constitutes superior business performance. These approaches have been empirically examined by means of a representative survey among Dutch directors and managers.

Keywords: employment relationship; human resources management; professionals management; transaction management

Introduction

Over the past 20 years, the meaning and significance of what most organizations now call human resource management (HRM) has changed considerably. What originally started out as an ideology and in some respects even as an ‘inspired promise to people’ (Guest 1989; Tissen 1991; Clark 1993; Vloeberghs 2004; Reilly and Williams 2006), has since evolved to become a ‘business as usual’ component of the management of organizations and according to many, one managers cannot do without. From a comprehensive focus on people, the field of HRM has changed from being an attractive concept to an ‘umbrella’ part of management, involving various approaches ranging from talent based selection and human resources development to competency based performance appraisal and reward systems. Underlying this increasing variety of principles, policies and practices of HRM an overall and fundamental employment transition can be observed from *job security to work*

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security. As a result, people are generally no longer as loyal as they used to be, nor are their companies. Full and ongoing flexibility combined with 'savvy' personal employability have become core issues for modern organizations and people (Van der Heijde and Van der Heijden 2006), leading to a lesser mutual dependency. Consequently, both are searching for a more direct link with successful performance. Although alternatives to HRM – such as TM and PM – are still in their infancy, they appear to be capable of developing into a trend, particularly because of this directness. Their rise seems not only to stem from organizational needs, but particularly from two categories of workers who represent a different ability to perform than those common in traditional organizations: both *young people* (Boschma and Groen 2006; Hira 2007) and *professionals* (Maister 1997; Kwakman 2007; Weggeman 2007) have different capabilities to offer in terms of direct performance, but also demand a different employment relationship.

A brief review of HRM

It has been more than 20 years since the concept of HRM was introduced in organizations. Originally HRM was introduced to provide an ideological ('warm') answer to the 'no-nonsense' pressure managers exerted on organizations and people during the 1980s. Later HRM took on a more distinct character when the importance of skills development and skills utilization were recognized by managers. In parallel to this, the process of professionalizing organizations also began to take on a more poignant form. At present, HRM is viewed as being a widely accepted, integral and vital part of organizations. To the extent criticism of HRM exists, this focuses mostly on the HRM department itself. In spite of decades of – often successful – performance improvement the overall perception of managers of HR remains a critical one. Overall, the HR-function seems not to have been sufficiently capable of wrestling itself from its administrative image. The current deployment of technology towards e-HRM confirms the mechanical view of HRM which inadvertently stimulates a particular point of view of management, saying that HRM services are better off being outsourced than developed and maintained in-house. The latter is often viewed as being an extremely slow, theoretical and inadequate process. In some respects the 'end of HRM' seems to be near (Tissen and Lekanne Deprez 2006a).

One of the basic building blocks of HRM involves the notion of reciprocity or 'mutuality' in the employment relationship. On the one hand, employees seek job-security by establishing a long-term employment relationship and offer their efforts, loyalty and endurance in return. On the other hand, the organization takes the interests of its employees into account and offers them a platform for personal identification, development and fulfillment, within the overall framework of organizational goals and objectives. In this context, HRM can be defined as follows:

The entire system of principles, policies and practices which focuses on optimizing the performance and potential of people in organizations, with a view to achieving a dynamic balance between the personal interests and concerns of people and their economic added value.

In the recent past a wide range of studies suggested a positive relationship between HRM and the performance of organizations (including Guest 1989; Clark 1993; Paauwe and Richardson 1997; Guest 1997; Gelade and Ivery 2003). The majority of this literature is increasingly regarded as being outdated. It is viewed as 'first generation' research in which the importance of HRM is recognized, yet little or no attention is placed on what is known as the causal process between HRM and the functioning of the organization. Other research (including Kluijtmans 2004; Boselie, Dietz and Boon 2005; Paauwe and

Boselie 2006; Hesketh and Fleetwood 2006; Liu, Combs, Ketchen and Ireland 2007; Paauwe 2007) has shown that the lack of causality between HRM and the functioning of organizations lies at the heart of the perception that HRM is actually no more than an umbrella concept, which organizations may interpret freely, for their own specific purposes and practices. To the extent that mainstream causality in HRM exists, recent history has shown that only human resource development (HRD) plays a direct role in organizational performance (Harrison and Kessels 2003; Poell 2006; Knijff 2007; Schramade 2007). Here the issue of 'enforcing' performance versus its evolutionary development has since been settled in favor of the personal responsibility of people and their individual commitment to high performance. Due to the risks that unsatisfactory or poor employee performance can represent for managers, lead times in personal development have also become shorter. In many cases, there is just not enough time for the ongoing development of people to higher levels of expected performance. Even current interpretations of HRM seem all to be about generating income and less about people (Harding and Rouse 2007; Philips and Philips 2007).

The changing employment relationship

One of the main reasons for the emergence of (potentially) mainstream alternatives to HRM arises from the growing need in organizations to manage different generations. This not only relates to the so called rise of Millennials (Heskett 2007), but also to an increasing awareness of how diverse generations regard the employment relationship. Society at large, and in particular young people, values long-term employment relationships less than ever before. A significant number of young people appear to be willing and able to derive satisfaction from an entirely different employee relationship than their 'confined' peers many years ago, a reality type of relationship, primarily based on real-time performance and rewards. This, growing, category of employees (Boschma and Groen 2006; Hira 2007; Gravett and Throckmorton 2007) places less importance on formal career, identification and development opportunities, since they believe that individual advancement can best be achieved on the basis of individual strengths and convictions, than by relying – or be dependent – on a single organization. These young people are also referred to as Millennials. Nothing seems to offset managers more than the topic of managing those born from the 1980s onwards.

It's strange for me to say, 'I'm a millennial,' because I don't think of myself as being part of a greater mindset tied to a specific date range. However, I am a millennial, and I do fit, in large part, the description of a millennial. I am ambitious but not overly committed. I prefer to work as a consultant because I am not chained to one company. I am a problem solver by nature, and I want to get immediately down to the problem solving. I'm not interested in meaningless titles, mine or anyone else's, and I'm not willing to enslave myself to attain a position with a great title and no depth of purpose. I don't want the appearance of success. I want the integral satisfaction of succeeding. I want to make a lot of money, but only if I have time to spend it, and I'm more interested in health care and vacation than bonuses that I'd have to work too much to get and work too much to enjoy. My family and my pursuit of knowledge for knowledge's sake are more important to me than any particular job, with any particular company. I have confidence in myself, my marketability, and my ability to put my nose to the grindstone when it is necessary. I'm interested in being as efficient and productive as possible, but not every second of every day, and not under someone else's thumb. (Heskett 2007)

Whether or not young people will continue and be able to think and work 'their' way once they too have become older is more or less irrelevant: first, because of the pool of young people continuously re-entering the labor market; and second, because 'their' way of thinking rubs off on older people, feeding the thought that today's older employees

actually do not think any differently about work and life than their younger counterparts. For example, some employment contracts already offer the opportunity to older employees to retain a temporary employment status at times under conditions that are considered appropriate, yet not permanent.

Another reason to assume the emergence of alternatives to HRM has its origins in the structural increase of the educational level of people in organizations leading to a growing group of employees that consider themselves to be *professionals* (Maister 1997; Tissen and Lekanne Deprez 2006a; DeLong, Gabarro and Lees 2007; Kwakman 2007; Weggeman 2007). This can lead to a different form of people management, as is commonly seen in the professional services sector of the economy, such as accountancy, law and consultancy firms. The way organizations in this sector put the professional skills of employees at the core of their management, can be transferred to organizations outside the sector. This would lead to the recognition of all kinds of employees being professionals, who derive pride and satisfaction out of their contribution, while at the same time seeking continuous personal and professional development, improvement and (self) renewal.

Transaction-based management of people (TM)

This approach is based on the assumption that the essence of the relationship between people and organizations may best be typified as that of an exchange relationship, preferably one that can be expressed in financial terms. TM is defined as follows:

The entire system of strategies, policies and practices that focus on the optimization of the exchange relationship between people and organizations, whereby the employment relationship and the exchange relationship are expressed primarily in financial terms and maintained on the basis of rational choices.

The increasing popularity of transaction-based management of people results from the feeling many people share that living and working have become transient concepts. Commitment between people and organizations only occurs if and when 'parties' represent clear and measurable 'value' to one another. From this point of view, performance and pay (Vinke 2007) are the single most important variables of an employment relationship. TM positions itself in line with the Anglo-Saxon 'high performance' culture, in which the saying 'possession is nine-tenths of the law' represents an important point of departure for how individuals interpret the employee relationship and loyalty. Moreover, they adopt this stance because both parties are increasingly aware that (high) performance is usually temporary in nature. Hardly anyone is meant to be and remain a 'high performer'. But, just as with football players, people that perform well usually have a good idea of what their market value is in order to derive maximum benefits from their position. In practice, transaction-based management of people is mirrored in the popularity of option and bonus schemes, widely used as alternatives to increasing base pay and related salary items. Under the transaction-based approach, performance appraisals are accepted as a daily 'poll-like' phenomenon, replacing formal reviews 'once or twice' a year, which are regarded as outdated and bureaucratic. Work is inherently flexible and adjustable, without any constraints. Working hours are usually left up to the individual's discretion, to everyone's great pleasure. 'Job-hopping' – a favourite pastime of many – does not arise from a need for personal or professional development, but from the point of view of market capitalization. The work done by HRM departments is reduced to the legal – contractual – core of the employment relationship and – more specifically – to paying people for results.

The transaction-based approach is currently gaining in relevance and attention, now that organizations must achieve maximum flexibility in order to (continue to) compete

with up-and-coming economies such as China and India, countries which are increasingly capable of employing highly educated and high-performing employees at comparably low cost (Lekanne Deprez 2004). The TM-based approach runs parallel to organization theory and practice, in which gradually the transition is taking place from traditional 'organizations' as we all know them, to what can be regarded as 'organizings' (Tissen and Lekanne Deprez 2006b; Tissen 2007; Tissen, Lekanne Deprez, Burgers and Halmaans 2008). Organizings are tightly regulated partnerships of people who – depending on their professional qualifications – are allowed to 'come in and out' to create moments of value around technology to which they have been given exclusive access, where access is defined in time and performance. Work comes in (knowledge) packages which need to be addressed, shaped, structured and reshaped in such a way that money can be made and/or costs saved. 'Show me the money' becomes a common request (Philips and Philips 2007).

The professionals-based approach to people (PM)

This approach is based on the intrinsic ability of people to continually want and be able to perform and to show it. The approach finds its origin in the growing population of adequately educated, 'complete and competent' employees who are capable of fulfilling their duties in a highly skilled professional manner and who know how to continue doing so as 'self-navigators' (Lekanne Deprez and Tissen 2002). This increasingly large 'elite' can already be found in the knowledge-intensive sectors of the economy, such as accountancy, consultancy and law firms, yet no longer limits itself to these organizations. As most modern organizations are to an increasing degree being defined as knowledge-intensive organizations, all organizations can be considered to be knowledge organizations, irrespective of the question whether or not physical products and/or services are 'manufactured'. We define the professionals-based approach as follows:

The entire system of strategies, policies and practices which focuses on managing people through their professional expertise and experience, the intention of which is to optimize these to the benefit of both organization and professional.

The essence of PM lies in the recognition that professionals not only possess a great deal of expertise, but are also quite capable of working with knowledge as a core part of their work and to derive value from it. From a professional's point of view, knowledge does not represent something vague or even alien, but something which can be grasped, understood and steered, in a natural, sometimes even routine way. This view coincides with the view that the effective management of professionals lies in the ability of organizations to focus and concentrate the (mental) space of professional workers. Professionals need to be provided with an organizational and managerial context which prevents them from being distracted from the core of their work and supports them in staying 'tuned'. Modern organizations provide professionals with a homely feeling, a challenging context and appealing conditions to transform personal value into business value, while at the same time acting as reliable and stable employers. By doing so modern organizations successfully dissolve the 'them and us' feeling common in many traditional organizations and underlying the TM-based approach.

The differences

Table 1 highlights some of the differences between HRM, TM and PM, with the overall purpose to indicate the plausibility of these three concepts actually constituting separate

Table 1. Main differences between HRM, TM and PM.

<i>Focus on people</i>	<i>HRM</i>	<i>TM</i>	<i>PM</i>
Core	People as 'potential' resources	People as 'capital' resources	People as 'proven' resources
Employment	Value based	Revenue based	Performance based
Contract	Based on progress (grow or go)	Based on returns (do or die)	Based on effort (in or out)
Position	Tenure	Trim	Track
Mindset	Loyalty (mutual)	Streetwise (negotiated)	Pride (natural)

ways of managing people and their occurrence – as such – in organizational practice. In Table 1 a number of general aspects and criteria often referred to in HR literature are used to contrast HRM against TM and PM. A brief glossary of terms, also for use with Tables 2 and 3, is provided in the Appendix.

When using a managerial viewpoint, the differences between HRM, TM and PM can be characterized as in Tables 2 and 3. These serve to indicate a degree of operationality of both TM and PM as compared with HRM.

Table 2 presents the differences between HRM, TM and PM in terms of their essence, that is in terms of the way managers view people in relation to performance and the role and know-how of HR in support of such performance. Under the HRM concept, people are generally regarded as potential assets that really matter to a company, not just to drive and deliver performance. Often investments in human resources are significant, but difficult to measure (Philips and Philips 2007). Money is spent as an integral consequence of the people oriented way of working of managers. Under the TM concept workers are viewed as 'discardable' once they have outlived their economic purpose. People are 'interchangeable'; that is, they are forced to leave an organization or are removed from the job when they are finished or no longer fulfil pre-agreed tasks. Under the PM concept workers are seen as professionals capable of delivering high performance in complex, challenging and changing assignments and tasks, based on proven competencies and track records. Within the PM concept managers adopt a knowledge-based view on people. Knowledge is seen as distributed across individuals to be reassembled and reconfigured in various ways to make organizations perform better (Tissen, Andriessen and Lekanne Deprez 1998).

Within the HRM concept the HR role is a core function, but less impactful. HR is often visibly located: as the HRM department. Within the TM concept HR is a core issue, but not necessarily staffed by HR professionals. The role of contract law impacts the work and performance of HR more than general HR practices do. Under the PM concept HR forms a core focus of general management. HR forms a cornerstone of individual managerial

Table 2. Main differences in viewing the role of people and of people management in organizations.

	<i>HRM</i>	<i>TM</i>	<i>PM</i>
View on workers as:	Potential assets	Disposable assets	Proven assets
Managers are:	People oriented	Result oriented	Knowledge oriented
HR role is:	Core function	Core issue	Core focus
HR know-how:	In-house	Interim solution	Insourced

performance. It is regarded as 'their' way to improve the professional level and results of the added value being delivered, one which cannot and should not be delegated to a staff function.

The latter refers to an important issue in HR, namely on how relevant HR know-how is obtained. Under the HRM concept this is considered to be the responsibility of the HR department itself. However, as already said, this expertise isn't often clear and the ability of an HR department to act independently is often limited, thus inhibiting HR from being recognized experts. Know-how under the TM-concept mostly concerns contractual – legal – knowledge, which can be insourced on a 'need to have' basis. Under the PM concept, HR know-how is of strategic and policymaking importance, to be acquired 'externally' via professional networks and/or consultancies.

In practice

Table 3 presents a brief overview of how key HRM activities can differ in practice depending on the concept in use.

Table 3. Main differences in the operational management of people.

	<i>HRM</i>	<i>TM</i>	<i>PM</i>
Selection	On fit	On specifications	On affiliation
Appraisal	On expectations	On results	On recognition
Development	On potential	On immediacy	On challenge
Rewards	On tenure	On achievement	On merit
Exit	On durability	On demand	On void

Within HRM *selection* takes place on the implicit assumption that a 'balance' should exist between employees' personal interests and their (expected) short and long-term economic potential. Within the TM concept selection takes place on the basis of instant performance needs and on what is minimally needed and/or required to deliver results. Within the PM-concept, selection takes place on the basis of the proven expertise and 'pride' of professionals – their craftsmanship – to deliver added value according to pre-specified norms, values, standards and formats.

Within HRM *performance appraisals* generally take the form of open-minded discussions and competency-based performance assessments, involving both short-term as well as long-term demands and needs. Within TM performance appraisals are based on pre-determined and 'fixed' targets and deliverables. Only the results count in terms of the mutual relationship. Within PM performance appraisals are based on recognition and mutual respect, which serve as psychological inputs to explore new levels of added value.

Within HRM, the *development and training* of people focuses on optimizing individual and group competencies from an abilities point of view. Employees, as well as managers, are facilitated to acquire and improve job-related competencies and are provided with structured opportunities to individually and collectively develop themselves. Within TM the training and development of people is focused on and limited to the instant requirements of the job. For example, no upgrading of job-related competencies and training will be provided by the employer, insofar these do not reflect a direct need. For the development of non job-related competencies, the TM-employee is dependent on his or her personal initiative and budget. Within PM, the training and development of professionals is ongoing and integral, reflecting an ongoing need and requirement to

further expand the knowledge-base and expertise of individuals and the organization at large. Training sessions, professional development, peer reviews and customer evaluations are all intended to provide feedback to professionals in order for them to remain capable of fulfilling complex, challenging and changing assignments.

Within HRM *rewards* are based on relative static reward structures and standardized pay scales. Incentive schemes are generally based on future expectations regarding education and training and on pre-planned career development. Employees within TM work according to 'pay for performance'. Their level of base pay is important to both parties, but bonuses and other individual incentives form the key drivers of the employment relationship which is result based. Within the PM-concept rewards are seen as a comparative means to recognize employees as value adding professionals, but of varying degrees and impact.

Within the HRM concept, employees commonly seek a long-term relationship, which ends on retirement or a voluntarily *exit*. The relationship is mutually expected to stay in tact as long as an employee's goals match the (strategic) goals of the organization and vice-versa. Under TM the exit of employees follows the supply and demand curve of organizations. Exit can be initiated by both 'parties' at any time and moment depending on whether mutually agreed upon promises and results are insufficiently, not at all or no longer met. Within the PM concept employees leave an organization when they intuitively or factually reach individual and organizational limits in added value ('grow or go'). Additionally, professionals will only leave an organization when they experience insufficient space – personal and formal – to perform and develop themselves.

Research design

As a separate management concept consisting of a distinguishable body of knowledge and an established empirical practice, HRM is at present the only discipline that satisfies the requirements. It is likely that TM and PM occur in practice, but probably only to serve as 'accents' of HRM. For example, TM would be easily recognizable in many Anglo-Saxon-oriented business practices, while PM can be commonly seen in the (international) Professional Services Sector.

In order to provide more insight into all three concepts, a survey was conducted among 1,637 Dutch-based managing directors and (senior-) managers of private organizations. Of these, 165 responses led to useable replies (10%), considered to be a statistically acceptable response level. The respondents' personal characteristics, such as age, gender and the distribution among the lines of business, also did not differ significantly from the total population. Therefore, there are no signs that the sample is not representative. Furthermore, the sample size of 165 is satisfactory to execute factor analyses. The ratio of the sample size and the number of items also lies sufficiently above the threshold of 10.

In the survey, for each management concept, a distinction was made between eight characteristic criteria: compensation; innovation; loyalty; development and training; perception of mutual expectations and obligations between employer and employee; performance; appreciation; and work security. When determining these criteria we made use of an overview article of Boselie et al. (2005). Criteria were measured on a 5-point Likert scale, where (– –) means that the proposition did not correspond at all and (++) means that the proposition fully corresponds with the current situation in the organization interviewed. The perception scale, compensation scale and development and training scale resulted from a modification of existing scales (Mamman, Sulaiman and Fadel 1996; Dabos and Rousseau 2004; Morgan and Muhlau 2006). See Table 4 for an example of questions relating to loyalty.

Table 4. Example questions for the criterion loyalty.

<i>Loyalty</i>	-- <i>Does not correspond at all</i>	-	±	+	++ <i>Fully corresponds</i>
Employees are dedicated workers and are not looking for a job elsewhere					
Employees only stay with the organization for a limited amount of time					
Loyalty of employees is achieved through the identification of professionals with the area and level of expertise required to achieve optimal performance					

As is shown in Table 5, we used keywords in order to indicate which questions are related to which management concepts and criteria. For instance, the management concepts HRM, TM and PM correspond to 28, 21 and 30 questions respectively. The combination of the management concept HRM and the criterion Innovation, among others, is measured by three survey questions. In total, all eight criteria were measured through 79 questions, each of which is related to one of the three different management concepts.

Research findings

For each criterion a factor analysis model was formulated, in combination with the relevant management concept. Using this model, the various questions were summarized for one criterion to one or two latent factor(s), which characterizes that particular combination of criterion and management concept. Our analyses resulted in one single latent factor for the factor models relating to the criteria innovation, loyalty, development and training, performance, appreciation and work security. For each factor model, the latent factor always provided a more than satisfactory explanation for the variance among the corresponding questions (more than 50%), leading us to conclude that the six relevant criteria lend themselves very well to being measured with the aid of the questions from the survey. The factor models for the criteria compensation and perception each contained two separate latent factors. For this reason, we split the compensation criterion into two sub-criteria. The perception criterion was also split into two sub-criteria.

In total, we ran factor models for eight criteria and three management concepts. For each of the eight criteria we obtained at least three factors, namely for the management concepts HRM, TM and PM. This resulted in a total of 29 factor models (Table 5). The explained variance of the 29 factor models can also be found in Table 5. The associated factor loadings are not mentioned in this table in order to avoid confusion. However, all factor loadings are larger than 0.7. From this table one can draw the conclusion that the explained variance of the factor models is sufficient (more than 50%). By means of these 29 factor models, we can compare the three management concepts by using the eight criteria.

With the aid of the factor scores for the eight criteria, we also examined each criterion to find the correlations between these factor scores in the three different management concepts HRM, TM and PM. Table 6 shows the correlations between HRM and TM, HRM and PM, and TM and PM for each of the eight criteria. Using one or two stars, an indication is provided whether there is a statistically significant correlation between two management concepts with respect to one criterion at a 5% or 1% level. The statistically insignificant correlations are not shown in the table.

Table 5. Factor analysis for each criterion in combination with the relevant management concept.

	<i>HRM</i>	<i>TM</i>	<i>PM</i>
Compensation	Component 1 Tenure, Education level (Explained variance = 65%) Component 2 Responsibility, Extra effort-compensation (Explained variance = 57%)	Component 1 Leave-demands, Compensation-competition (Explained variance = 75%) Component 2 Pay for performance, Extra effort-no compensation (Explained variance = 61%)	Competences, Added value, Skills (Explained variance = 58%)
Innovation	Break-through patterns /processes, Recognition ideas, Stimulate talent (Explained variance = 74%)	Perform in function, No challenges (Explained variance = 68%)	Own initiative, Develop new products/services, Network for knowledge, Network for creativity, Network for innovation (Explained variance = 62%)
Loyalty	Long-term relationship, Protect image, Dedicated, Balance (Explained variance = 48%)	Limited amount of time, Loyalty-financial terms (Explained variance = 61%)	Identification, Professional challenge, Complex projects (Explained variance = 57%)
Development & training	Human potential, Career path, Personal development (Explained variance = 62%)	Focused on job responsibilities	Supporting roles, Expert Training, Personal capabilities, Opportunity orientation, Networks (Explained variance = 51%)
Perception	Component 1 Welfare, Stability, Interests of its employees, Commitment (Explained variance = 54%) Component 2 Effort, Effort results (Explained variance = 61%)	Component 1 Specific time period, Specific responsibilities, Specific and clearly defined tasks, Only tasks paid for (Explained variance = 58%) Component 2 Effort-financial	Highest standards, Support & challenges, Active networks, Accept increasingly challenging standards, Professional development (Explained variance = 50%)
Performance	Result orientation, Co-operative performance, Continuous improvement (Explained variance = 64%)	Financial benefits, Financial compensation (Explained variance = 70%)	Professionals determine and lead performance, Professional excellence, Job satisfaction* (Explained variance = 52%)
Appreciation	Individual-economic value, Recognition (Explained variance = 63%)	Performance	Profession/area of expertise, Knowledge, Expertise (Explained variance = 65%)
Work security	Personal goals*, Goals parallel, Development space (Explained variance = 65%)	Component 1 Contractual performance*, No promises from organization, No promises from employees (Explained variance = 66%) Component 2 Flexibility	Grow or go, Employability (Explained variance = 62%)

Notes: 1. Because of a lack of space we have used keywords to describe the questions of our online survey; 2. The outcome of a factor analysis shows which questions belongs to which factor. In some cases there are two factors. We refer to these with the terms 'component 1' and 'component 2'; * = Because of a low factor loading it isn't included in the explained variance.

Table 6. Correlations between the different management concepts.

Criterion	Management concept		
	HRM-TM	HRM-PM	TM-PM
Compensation	HRMf1-TMf2: -0.35** HRMf2-TMf2: 0.314**	HRMf2-PM: 0.344**	TMf2-PM: 0.364**
Innovation	-0.581**	0.675**	-0.408**
Loyalty	-0.254**	0.207**	0.209**
Development & training		0.734**	
Perception	HRMf1-TMf2: 0.214** HRMf2:TMf1: 0.358** HRMf2-TMf2: 0.251**	HRMf1-PM: 0.479** HRMf2-PM: 0.289**	TMf1-PM: -0.168* TMf2-PM: 0.37**
Performance	0.327**	0.170*	0.330**
Recognition		0.281**	
Work security		0.306**	

Notes: * correlation is significant at 0.05 level (2-sided); ** correlation is significant at 0.01 level (2-sided); The abbreviation 'f' behind a management concept stands for 'factor'.

A statistically positive correlation indicates that the criterion (for example, loyalty) is equally important for the two corresponding management concepts (for example, TM and PM). From the information given in Table 6, we can conclude that the eight criteria are valued in the same way within the HRM and PM management concepts. In addition, the Performance criterion plays the same role in all three management concepts.

A statistically negative correlation for a criterion for two different management concepts indicates that this criterion is viewed differently within these two different management concepts. One also sees in Table 6 that the innovation criterion fulfils a different role within TM than it does within HRM and PM. It also appears that the loyalty criterion functions differently within TM and HRM. Within HRM, there is more focus on compensation, innovation and loyalty than there is within TM.

Noticeable differences between TM and PM become clear at the item level, where innovation and perception are concerned. Within the TM concept employees are solely expected to perform well in their function and not contribute to change or renewal. Furthermore, under this criterion employees are not challenged to come up with new ideas or even innovations. Within the PM concept this is quite the opposite. Employees are expected to take change initiatives and make use of their professionalism and networks (in or outside the organization) to promote knowledge, creativity and innovation.

TM and PM also differ regarding the way mutual expectations and obligations are perceived. Within the TM concept employees work for a defined period of time and effort. Their work is also limited by specific and clearly defined tasks. Organizations have a completely different viewpoint regarding performance under the PM concept. Through PM, organizations offer (semi-)customized support to professionals in order for them to achieve the highest standards in their profession/area of expertise.

When examining the HRM and TM concepts at item level, a number of differences within the criteria compensation, innovation and loyalty become clear. The HRM and TM concept show a recognizable difference in their approach towards compensation. Under the HRM concept the organization offers employees a fixed salary, based on tenure and education. Under the TM concept, on the contrary, the organization offers its employees rewards based on individual performance.

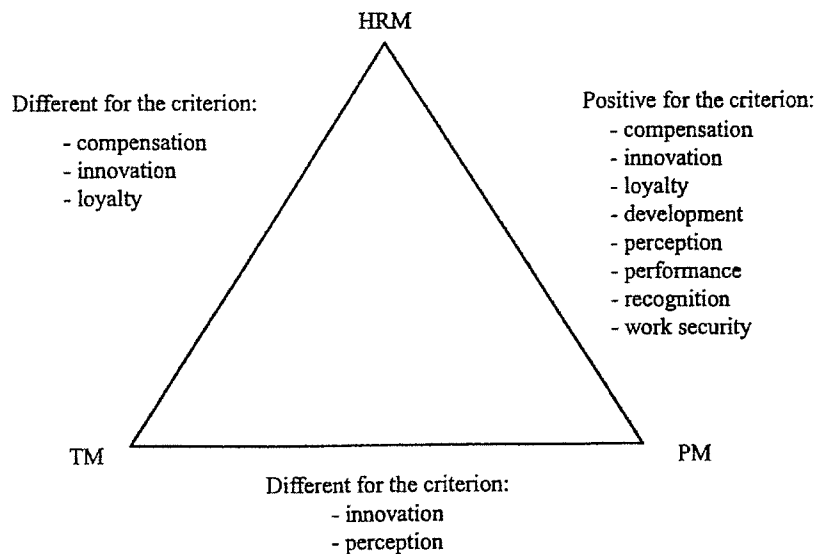


Figure 1. Positive, negative or no correlation between HRM, TM and PM.

The HRM and TM concept also differ regarding loyalty. Organizations that follow the HRM approach achieve loyalty by means of a balance between what they stand for with regard to people and offer them as well as expect from them in return. Under this concept employees strive for a long-term employment relationship, are loyal to the organization and protect the image of the organization they work for. Under the TM concept employees stay for a limited amount of time, while their loyalty is only expressed in financial terms.

Figure 1 provides a systematic overview of the differences and similarities between the three different management concepts with regard to the aforementioned criteria. In this figure, it becomes apparent how great the differences are between TM and PM. On the other hand, there is a high degree of similarity between HRM and PM.

Summary and conclusions

In this article, HRM is considered within the context of a structurally changing human environment and – subsequently – of changing employment relationships, leading to two potential alternatives to HRM. We refer to the first approach as ‘Transaction-based Management of People (TM)’ since the essence of the employment relationship reflects that of an economic exchange relationship. We have named the second approach ‘Professional Management of People (PM)’ since this emphasizes the personal expertise of professional employees as a point of departure for continuous performance improvement. We provided an empirical comparison of the differences between HRM, TM and PM, based on eight criteria. Our research clearly shows that aspects of innovation and perception of mutual obligations and expectations have a distinctly different meaning within the TM and PM concepts. Our research also shows that compensation, innovation and loyalty are viewed differently within the TM concept than within the HRM concept; more importance is attached to these in HRM than in TM. The HRM and PM concepts follow a similar approach to all of the eight criteria studied. This research does not show whether or to what extent the mentioning of ‘the end of HRM’ in modern literature, can be supported. The data do not show any signs of this being true. Furthermore, no clear conclusions can be drawn as to whether these emerging approaches have the potential to follow HRM as distinct concepts *in their own right*. However, the research does indicate

that TM and PM actually occur in practice not only as accents of HRM, but as separate bodies of knowledge gradually growing in importance.

Acknowledgement

With our sincere thanks to Prof. Dr R. de Hoog (University of Twente, The Netherlands) for his insightful comments and support.

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Appendix

Glossary of terms

Related to Table 1

Potential resources:	the reservoir of extra performance capabilities of people in the future
Proven resources:	the ability of people to perform according to standards
Capital resources:	the ability of people to turn performance into monetary value
Value based:	an 'indefinite' employment contract reflecting the importance attached to people as long-term resources
Performance based:	a 'defined' employment contract, based on professional standards, performance and development
Revenue based:	an 'open' employment contract based on direct performance and results
'Grow or go':	indicates the requirement for continuous professional development
'In or out':	an indicator of the requirement to perform
'Do or die':	an indicator of the requirement to show results
Tenure:	an indicator of the degree of job security
Track:	the development and career path of professionals
Trim:	the degree of fit between expected and actual performance
Loyalty:	the (perceived and actual) long-term commitment of individuals to one organization
Pride:	the personal degree of joy of individuals in their performance potential and capabilities
Streetwise:	the capability of individuals to negotiate optimal rewards

Related to Table 2

Potential assets:	the degree to which employees are seen as reservoirs of extra performance capabilities based on their individual competencies
Disposable assets:	the degree to which employees are seen as exchangeable against one another
Proven assets:	the degree to which employees are seen as having a track record of actual performance of employees
People oriented:	the degree of attention towards the wellbeing of employees
Results oriented:	the degree of attention directed towards the (required) performance of employees
Knowledge oriented:	the degree of attention paid towards knowledge as a key performance indicator
Core function:	the HR position fulfilling a key role in management
Core issue:	HR aspects requiring management attention once they occur
Core focus:	HR concerns (structural and incidental) requiring management focus and attention
In-house:	function belonging to the core competencies of an organization
Interim:	function can be fulfilled on a temporary – needs be – basis
In-sourced:	functional knowledge provided by third parties on a procurement basis

Related to Table 3

Fit:	the degree to which the employment relationship holds, promises and remains to be of value to both organization and individual
Specification:	the formal performance and result requirements underlying the employment relationship
Affiliation:	the degree of preference of professionals to join one organization, while not joining another
Expectations:	the level of performance which needs to be achieved
Results:	the measurable outcome of individual efforts/performance
Recognition:	the psychological award for professional performance
Potential:	the extra performance an individual can achieve in the future
Immediacy:	the direct fulfillment of 'on the job' training needs
Challenge:	the extra demands placed on individual performance
Tenure:	the (contractual) long-term employment relationship
Merit:	the recognition of long-term performance

*Appendix – continued**Related to Table 3*

Durability:	the duration of the employment relationship
Demand:	the call of both parties to end employment
Void:	the emptiness experienced by professionals once a misfit occurs between actual performance and opportunities/ challenges
