

# Issues and Dynamics in Human Resource Management

By  
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**An international conference held in Germany in 1989 began to raise some critical issues which must dominate the field in the near future: the seduction of HRM as a weapon in the competitive battle for market share; effects of culture and the parameters of change; value-system conflict between capital aggrandisement drives derived from competition in an infinitely resourceful environment and the emergent collaborative norms appropriate to survival in a limited world; change in management role from sub-system optimisation to whole-system health, including the environmental and the long-term future; ethical tensions in HRM consultancy reflecting the two opposing value systems; the emergent characteristics of high-level learning systems for the organisation of tomorrow; primitive psychodynamic roots to the behaviour of some organisations under stress. [June 1990]**

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[Some reflections arising from the Gummersbach Conference on Human Resource Management in an International Comparison, April 1989 (jointly organised by Institute für Unternehmensführung, Fachrichtung Organisation und Personalwirtschaft of the Freie Universität Berlin and the Friedrich-Naumann-Foundation)]

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The business enterprise exists in the context of rapidly increasing global competition and is serviced by an increasingly levelled state of the art in technology. Any strategy therefore which enables a particular enterprise to sustain or increase its market share, to defend itself against take-over and to avoid losing ground on the competitive ladder, is bound to receive attention. **The use of Human Resource Management and Human Resource Development**, therefore becomes critical in this context. The aim is to optimise the productivity of employees while maximising their loyalty, minimising their turnover and ensuring the highest possible levels of creativity and competence in executive performance. Looked at on an inter-institutional level, the driving dynamic is one of paranoid resource struggle. The process is an attempt to optimise sub-system performance at the expense of the total system. The drive to maximise earning and market share by any given enterprise has, as its flip-side, the comparative destruction and possible even failure to survive of any other enterprise working within the same market sphere, whose performance can be out-stripped.

**The effect of culture** on the competitive advantage of the enterprise is becoming clearer. Companies reflect in their basic culture the assumptions and cultural norms of the country of origin which may be quite distinctive. Multinational corporations working across national culture boundaries have to pay particular attention to cultural divergence and diversity. Executive performance has to be optimised in each of the differentiated culture groupings. It is also becoming clear that certain cultural value systems appear to have greater capacity for economic optimisation (see for instance the intense interest in Japanese culture throughout the international business field).

**Change in a cultural system** within the economic enterprise in order to enhance its economic viability requires the reworking of social parameters not normally open to change at this level. It is the value system of the society concerned that generates the topology of the field within which human resource management has to operate. Tuning the culture of an enterprise involves intervention in the value system which may be being maintained at a societal level to which the enterprise has no access.

There is now some evidence that we are facing **changes in the value-generating systems** throughout world culture. This opens up the possibilities for change within the economic enterprise at a level previously deemed impossible. However, the direction of this trend is to produce a convergence around value systems which are quite alien to the whole ethos of the competitive economic climate. So for example, when the environment to be exploited is assumed to be infinitely resourceful, competition allows an echelon of companies or enterprises to exist within the market place, but does not threaten the survival of any. With a limited market, a limited world set of resources and increased evidence of the inter-dependence of the enterprise and its environment, optimisation of the sub-system at the expense of the whole is no longer a viable long-term business strategy. The shift from low

synergy, high competition to high synergy, high collaboration is being driven by the requirements for species survival within a sustainable environment. This development poses one of the most profound challenges to the whole business world as it calls in question the driving forces of world capitalism, whether of the individual (Western variety) or of the state (Eastern variety).

**The primary task of the business company** has long been understood as the maximising of profit by the employment of labour and technology in the transformation of raw materials into marketable outputs. It is now beginning to be seen as the set of activities by which a sector of the world population is able to survive and to improve qualitatively its standards of living without infringing those characteristics for any other members of the world community now or in the future. The ecological and environmental dimensions have to be written in at every of level of concern for the enterprise. The task management is therefore being transformed from intra-boundary optimisation to supra-boundary optimisation. No sub-system can exist as an enterprise in isolation from its total global environment. Leadership involves the collaborative management of the inter-relationships between all sub-systems within the optimisation of the total system over time. The destructive, in-fighting, highly competitive, wealth aggrandisement drives of the present economic enterprises are dysfunctional and inappropriate dynamics for tomorrow's world.

The rates of change, both internal to the business enterprise and externally within its environment are accelerating and the rate of acceleration is itself subject to acceleration. Some contexts have already been ruptured into turbulence, which at a few points has now broken down into chaos. In this situation **the evolution of learning systems** as modes of organisation able to survive under conditions of intense rapidation, turbulence and chaos, becomes in a primary concern of Human Resource Development. The need is to evolve human engineering and organisational structures most able to stay functionally operational under the expected future environmental conditions.

Some pointers toward the style of organisation best equipped to operate as a learning system were given by Gareth Morgan (Images of Organisation, Sage, London 1986) particularly in his section on 'Organisations as Brains'. The Unit for Research into Changing Institutions has developed some basic theoretical models of the **characteristics of extremely high level learning systems**, capable of sustaining functional operation in conditions of turbulence and chaos. Collaborative development, feedback and fine tuning of these designs is seen as an essential priority of work.

There is a **value system paradox** involved in the field of Human Resource Development. The discipline which is concerned with the maximising of human potential and developing the total human system is bound to find itself in acute mismatch with the ideological value system of any business enterprise which sees human resource management as a corporate weapon to be used in a game of global monopoly in which the winner takes all and the devil takes the rest. The shift in value system currently being noted within the world scene is bound to emerge at the interface between high executive business management and the Human Resource Management consultancy field. This raises the whole issue of the ethics of the H.R.D. consultant. It focuses the issue as to whether H.R.D. is being seduced into a collusional reinforcement of value systems with which it is in fact out of sympathy or whether the exercise is one of subversive infiltration, serving the process of institutional learning and value systems metamorphosis.

There were several indications of awareness of the **psychodynamics of the change process** within Human Resource Management, though no apparent ability to ground these in the biophysical dynamics which give rise to them in the first place. So for example in one major chemical company, change in the field of H.R.M. was discussed and phrases and words emerged like 'pain due to reorganisation', 'very painful', 'atomising', 'hard hitting', 'dangerous', 'heads rolling', 'insecurity'. These are typical "primal restimulation carrier words", indicating the presence of powerful emotions triggered from deep within the unconscious imprinting laid down in the traumatic transition of birth, the earliest experience of change. These restimulated emotional responses have been identified as endemic in change processes particularly under conditions of high stress, rapid transition and perceived lack of resources. Dysfunctionality within organisational change stemming from the restimulation and acting out of these primitive processes is a critical area of intervention if the change process is itself to be catalysed effectively. The dynamics of regression to pre-change patterns of behaviour, splitting into parties for and against the change, polarisation between unification and fragmentation, scapegoating, victimisation, burnout, somatising, and dysfunctional conflict between sectors of the organisation are normal in situations where the change process is dominated by the unconscious psychodynamics.

One further level of psychodynamic process began to be identified in retrospective reflection upon the processes of the conference. **The psychodynamics of any bounded business enterprise will mirror in the internal process the external or environmental psychodynamics of the global village.** In this context we perceive an intensification of the paranoid hysteric processes associated with intense resource struggle. These typically present as heightened competitiveness, a sense of attack from outside and the mobilising of internal defences generated in order to repel such an attack. The maximisation of growth at all costs reflects the paranoid assumption that there is not enough to go round and that those who have power should therefore accrete as much wealth as possible. The result is that acute survival threatening shortages occur among the least powerful, so confirming the assumptions and justifying their strategy in the first place. If the large enterprise can be viewed as an organic whole, the underlying anxieties are focused around the issue of survival in a hostile world. **The threat is of abortion or failure of the organism to implant within its environment.** It is this particular ethos that is now stimulating not the perinatal material which began to emerge in the engagement of change at a boundary, but the far more primitive and yet more common psychodynamics of implantation trauma and regression. These are beginning to become some of the most dysfunctional dynamic processes currently characterising the corporate world of the business enterprise.

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