

## **2. LITERATURE REVIEW**

### **2.1. Introduction**

The Higher Education (HE) sector in the UK is a specific context that has received considerable attention in studies of power, exploring how academic departments control the allocation of resources, but where less has been investigated regarding how administrative departments operate. This study starts to address this gap by considering in particular the role that the Personnel department plays in power structures in Higher Education institutions (HEIs). The Personnel department is perceived in much of the general literature as being low in credibility, power and influence. However, knowledge about the sources of power for the department, particularly in this HE context, is limited (Galang & Ferris, 1997; Russ, *et al.*, 1998).

This chapter reviews the literature to develop a theoretical framework that starts to address these issues. Firstly an analysis of the HEI context and the characteristics of the Personnel department within it are presented. There then follows an exploration of the definition of intra-organisational power relevant to this study, developed through the origins of strategic contingencies theory. Potential structural sources of power for Personnel are explored. Questions are then raised about possible moderators of the identified sources of power, such as the history of the organisational context and the impact of professional occupations and information technologies on power structures. Finally, the chapter concludes with a detailed summary of the research propositions and conceptual model used to take the study forward.

### **2.2. Personnel departments in HEIs**

#### **2.2.1. The HEI context**

Understanding organisational context is crucial to the study of departmental power due to the variety of symbolic and structural norms and values inherent in any system (Tyson, 1983, 1987). In this section, a closer look is therefore taken at the broad

organisational context within the HEI sector in terms of its stakeholders (in the wider public sector context), its history as a sector, the common dominant coalitions (such as internal committees and trade unions, as well as external government and sector bodies) and the current state of the sector. This approach follows the method suggested by Lundberg (1985).

At the most general level, the public sector in the UK consists of labour-intensive organisations with a high degree of dependence on outside financial resources, a strong trade union presence as well as influence from other professional groupings, subject to a political agenda and restrictions under central government objectives and statutory obligations (Kessler, *et al.*, 2000). Increasingly practices from the private sector are being adopted within this context to realise improvements in efficiency and effectiveness (Boyne, *et al.*, 1999).

Situated within the public sector, the HEI context in the UK is broad. Three forms of organisations are currently discernable in particular: the 'old' universities that were established by Royal Charter or statute, also known as 'pre-1992' universities; the 'new' post-92 universities that were former polytechnics, given the status of universities under the Further and Higher Education Act 1992; and Higher Education colleges, which tend to be smaller institutions, made independent from Local Education Authorities by the Education Reform Act 1988 and now self-governing.

Although varying patterns of size and structure can be observed between these three forms largely based on the history of the organisations, little about the differences has yet been defined empirically. When the Further and Higher Education Act 1992 first came into force, Personnel practices differed considerably between pre-1992 and post-1992 universities, particularly in terms of pay scales and bargaining arrangements (IRS 536, 1993), however little more than this has been the subject of research since. In general, the post-1992 universities are perhaps the most diverse group of institutions as they have faced the most competition to position themselves alongside the existing universities. The pre-1992 universities tend to have the strongest traditional forms of academic governance, whereas the post-1992 universities have adopted more private

sector characteristics (HEFCE 02/17, 2002), such as the head of institutions often being referred to as Vice Chancellor and Chief Executive, rather than the traditional Vice Chancellor title (although pre-1992 institutions are also increasingly adopting this practice).

Higher Education institutions are legally independent. Party politics are remote in this environment. Their governing bodies are responsible for ensuring the effective management of the institution and for planning its development. The overarching structure of HE institutions includes accountability to the educational ideals set in the institution's Charter, to students and to academic standards. It is a highly committee-based environment incorporating faculty, sub-committees, and governing bodies representing the public interest. Committees are seen as necessary in order to facilitate the demand for representation from multiple internal groups (Hickson, *et al.*, 1986). These committees legitimise political behaviour within institutions and promote participation above efficiency (Hickson, *et al.*, 1986: 227-8): *"in a firm, adequate information and adequate resources to implement a decision were the main conditions for success, but in universities adequate participation and agreement were more important."*

HE institutions are largely funded by one of four national government-sponsored funding councils: the Higher Education Funding Council for England (HEFCE), the Scottish Higher Education Funding Council (SHEFC), the Department for Education in Northern Ireland (DENI) or the Higher Education Funding Council for Wales (HEFCW). Reliance on this source of funding puts particular constraints on an institution as certain requirements and standards must be met. There are other private sources of funding that institutions are tapping into, which can provide more freedom to pursue organisational priorities, as well as additional research funding administered by research councils and other public bodies. The funding arena is thus highly competitive, resulting in departments that are able to acquire external funding resources enhancing their importance to the organisation (Lodahl & Gordon, 1973; Salancik & Pfeffer, 1974). The government has a responsibility to ensure universities and colleges are accountable for the use of public money through bodies such as the Quality Assurance

Agency (QAA), which reviews the quality of academic teaching, and the Research Assessment Exercise (RAE), which assesses research output every five years.

As within the public sector in general, there is an active industrial relations environment, with the main trade unions in the sector being: the Association of University Teachers (AUT) representing academic and professional staff predominantly in the pre-1992 institutions; the National Association of Teachers in Further and Higher Education (NATFHE) representing academic and professional staff predominantly in the post-1992 institutions; the public sector trade union UNISON representing administrative and clerical workers; Amicus (formerly the Manufacturing, Scientific and Finance union) representing technical staff and computer operators; the Educational Institute of Scotland (EIS) representing teachers at all levels throughout Scotland; the public services section of the GMB representing workers primarily in HE colleges; and the services sector of the T&G trade union representing primarily white collar staff and general workers. In the medical institutions, the professional bodies and trade unions, the British Medical Association (BMA) representing doctors and the British Dental Association (BDA) representing dentists, are also active. Table 1 summarises the membership of the various unions within the Higher Education sector over recent years (where this information is available).

**Table 1: Trade union membership in Higher Education institutions in the UK**

Union	Number of members		
	1990	1995	2002
AUT	31,845	35,458	45,277
NATFHE <sup>1</sup>	74,225	70,786	66,319
UNISON	- <sup>2</sup>	- <sup>2</sup>	41,411
GMB	5,000 <sup>3</sup>	-	4,000
MSF <sup>4</sup>	-	-	13,500
EIS	- <sup>2</sup>	1,784	1,795

<sup>1</sup> This includes all NATFHE members, not just those in Higher Education.

<sup>2</sup> Data not available as the trade union did not exist in its current form.

<sup>3</sup> Estimate provided by the trade union as actual data unavailable.

<sup>4</sup> Estimate provided by the trade union assumed not to have changed over the period in question.

Source: Certification Office and individual trade unions.

On the employers' side, the Universities and Colleges Employers Association (UCEA) is the employers' association for subscribing HEIs in the UK. National level collective bargaining takes place through the Joint Negotiating Committee for Higher Education Staff (JNCHES), established in 2001, involving all of the aforementioned trades unions (except for the BMA and BDA which were still to sign up to the agreement at the time of writing) and the UCEA. Currently pay scales for the sector are negotiated at the national level, plus for the post-1992 universities there is also a nationally negotiated model academic contract. Other terms and conditions of employment tend to be negotiated locally by the larger institutions.

The issues currently facing the sector are summed up in the government's White Paper on the strategy for Higher Education for the next ten years, delivered in January 2003 (DFES, 2003). They include:

- a recognised need for additional funding in the sector to maintain high standards;
- attempts to improve access for students including the introduction of an HE Access Regulator;
- a potential split in emphasis between research and teaching funding (raising concerns about increasing fragmentation in the sector);
- increasing staff recruitment and retention difficulties, and a pay structure which is currently being modernised but is argued still to be under-funded;
- attempts to improve teaching quality through the introduction of a new academy;
- a revision of the student means-tested tuition fees to allow students to pay fees only once they are earning over a specified threshold, with the possible re-introduction of maintenance grants where needed;
- institutions being able to determine their own tuition fee levels up to a specified maximum amount;
- and institutions being encouraged to seek alternative sources of funding, for example, from industry and through endowment funds.

Although the range of issues is wide, there is certainly one role for the Personnel department at least to make a recognisable contribution to the future success of organisations: through effective recruitment and retention policies.

Considering the overarching issue of power structures within HEIs, there have been a number of empirical studies based in the sector. These focus predominantly on the effect of department and individual power as perceived by people involved in the allocation of scarce financial resources between academic departments (see, for example, Blackwell & Cistone, 1999; Bucher, 1970; Hackman, 1985; Hills & Mahoney, 1978; Pfeffer & Salancik, 1974, 1977; Ryan, 1984a). The findings from these studies help us to understand the HE context, although the vast majority of these studies have been carried out in the USA involving academic departments only.

Much of this extant literature describes academic departments as decentralised, political structures (Bucher, 1970; Hackman, 1985; Pfeffer & Salancik, 1974); professionalised organisations with unclear goals, competitive social structures and little agreement on the nature of authority (Julius, *et al.*, 2000; Pfeffer, 1978). Descriptions of the HE context thus include “*a system held together merely by the pooled interdependence of reliance on a common pool of resources*” (Hickson, *et al.*, 1981: 177), “*poorly structured*” (Covaleski & Dirsmith, 1988: 563), and a “*politicking organization*” (Butler, *et al.*, 1977: 45). There is a predominance of knowledge workers and professionals and considerable room for self-determination by actors (Selznick, 1957).

The resultant image is of a loosely-coupled system (Weick, 1976; Greenwood & Hinings, 1988) consisting of coalitions carrying out independent tasks with localised objectives and pooled interdependence (Thompson, 1967), rather than departments reliant on each other through rational operational needs (Astley & Zajac, 1991). Departments are maintained as much for their ritual significance as for their contribution (Meyer & Rowan, 1977). Within this environment, subunits must be able to span the organisational structure to cross over distinct boundaries in the network. Coherence is achieved through the interpretation of structures and processes. The dispersion of interpretation allows interaction of competing values and interests and hence the use of power. There is also frequently tension between the professional and the bureaucrat in this environment (Hickson, *et al.*, 1986: 218): “*the professional*

*[expects] to decide what best should be done without being interfered with by administrators who do not have the same qualifications.”*

However, within this environment, the administrative departments in UK HEIs follow a model more akin to academic bureaucracies in centralised institutions (Hackman, 1985). The focus is largely on the rational, functional structure of authority, regulated by formal rules rather than informal actions. These administrative departments are tightly-coupled, carrying out complementary activities with collective objectives for the survival of the organisation (Astley & Zajac, 1991). In HEIs there are thus both political and bureaucratic models of organisation, the former focusing on conflict over goals or resource distribution, and the latter on structural sources of power (Walsh, *et al.*, 1981). There are therefore different strategies for gaining power in the different types of structure. For example, resource dependency theory highlights how power can be gained in loosely-coupled systems by avoiding dependence on others for critical resources, whereas, as will be discussed, strategic contingencies theory focuses on interdependencies between subunits in tightly-coupled environments as the sources of power for departments.

Pfeffer (1978: 208) highlights how this duality of university environments is often overlooked: *“in spite of what some writers claim about university governance, most universities have many elements of bureaucracy.”* He discusses four sources of power in universities – control of critical resources, control of or access to information, perceived legitimacy and formal authority – and argues that administrative departments largely gain power through the second of these sources, as well as their formal hierarchical position and the legitimacy they are accorded due to the regulations applicable to operating in the public sector environment. These sources are explored in this study in the context of the Personnel department.

In summary, there is a strong trade union presence in the Higher Education sector, and a history of collective pay bargaining often with enhancements of terms and conditions negotiated at the local level particularly in pre-1992 universities. HEIs are in general relatively free from government control compared to other public sector organisations.

They are funded via a council rather direct from the Treasury, and they are free to set up their own degree courses under their own Charter. Academic departments are loosely co-ordinated through a complex system of committees, and the underlying ethos behind institutions is the right to academic freedom, providing a large degree of independence within an institutionalised system. The power focus in this environment is predominantly internal rather than external due to the wide range of strategic discretion and the extent of jostling for power through competing claims for scarce resources (Butler, *et al.*, 1977). Administrative departments are however more tightly-coupled to a centralised bureaucracy and as such can sit uneasily alongside their academic counterparts. It is within such a context that the Personnel department must operate alongside the other administrative and academic departments.

### **2.2.2. The Personnel department**

Turning attention to the Personnel department, across the HEI context in general it is most often a centralised function, responsible for all aspects of personnel management, possibly with decentralised satellite sub-functions depending on the size and structure of the institution. The larger departments have a hierarchical, functional structure, with a Director or Manager, possibly a Deputy, a number of Advisors, Officers or Consultants designated to look after a certain groups of departments or staff grades, assistants to the professional posts with clerical and administrative support, plus possible experts in key areas, such as employment law, equal opportunities and information systems. Staff training and development is sometimes housed in a separate unit. Alongside the formal hierarchical structure of the department, there is frequently a complex structure of committee membership that forms the basis of the broader decision-making configuration of the organisation.

The Personnel department is an administrative function, secondary to the primary teaching and research activities of the university, which provides support to its professional community. In this environment of primarily knowledge-workers and professionals, competence and experience in people management skills vary. The extent to which the Personnel department can play a controlling role is therefore limited by the



discretion required within which professional managers work (Hope-Hailey, *et al.*, 1997). Within the HEI context, trade union relationships have obviously been a significant factor in the Personnel department's work. They have been seen as a way of the department maintaining its status within the organisation, with opportunities such as the recent changes in the bargaining machinery seen as potential ways to enhance status (Rana, 1999).

There are multiple typologies of Personnel department roles in the literature which consider the extent to which departments are either reactive or proactive – for example, Legge's (1978) conformist or deviant innovator roles – and the level of involvement in corporate strategy – such as Tyson and Fell's (1986) architect (strategic), contracts manager (operational) and clerk of works (administrative) roles, later modified by Monks (1992) to include a fourth innovative/professional role which falls between the contracts manager and architect roles – and those that combine the two dimensions – for example, Storey's (1992) change-makers (proactive, strategic), advisers (reactive, strategic), regulators (proactive, operational) and handmaidens (reactive, operational). Guest (1990) also included the unitarist/pluralist and conservative/traditional dimensions in his model of HRM roles, whilst Ulrich (1997) focuses on the people/process and future/operational dimensions of the Personnel role.

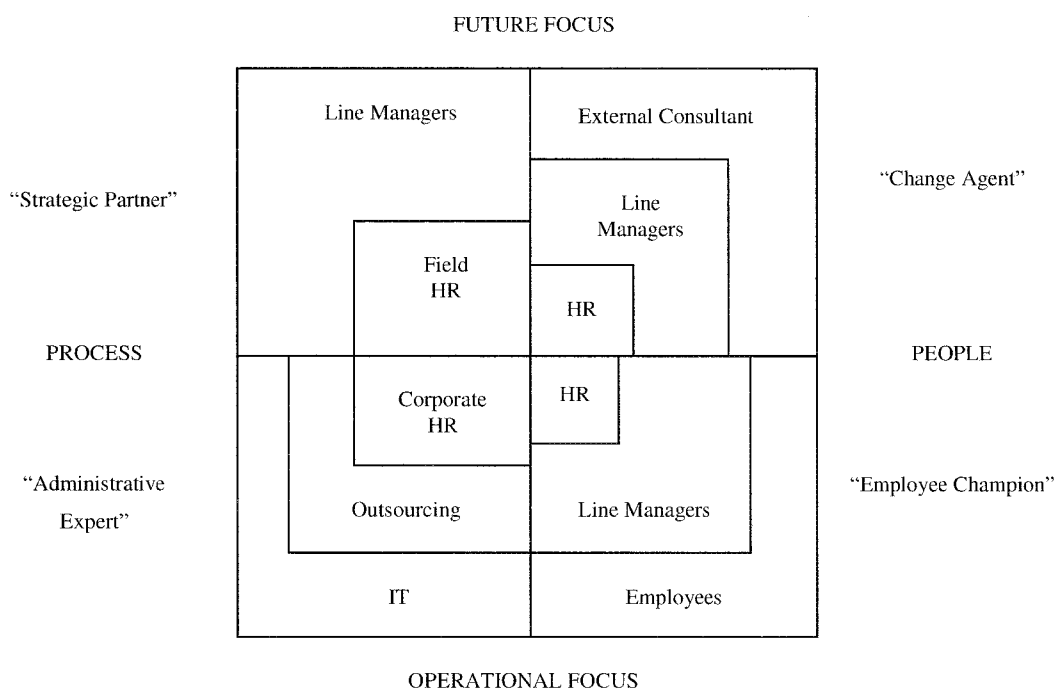
In addition to considering the content of the roles, the typology of Personnel department roles presented by Monks (1992) suggests that in stable environments, a simple model of personnel management practice will suffice. It is only in complex organisations particularly undergoing substantial change where a more sophisticated approach to practice is required. Other commentators support this linkage between the nature of HRM practices and the needs of the organisational context (Carroll, 1991; Guest, 1991). This may lead in some instances to a mismatch between the higher status goals of the Personnel department and the actual organisational goals that require a much simpler approach to HRM practice. It is also difficult to combine both the operational and strategic roles in a single department, due largely to the more pressing requirements of service delivery above strategy formulation (Beer, 1997). Beer also suggests that although senior management accept a new strategic role for Personnel, performance

criteria often remain set at the operational level. The objectives for the department thus remain poorly articulated (Tyson & Fell, 1986). However, there is a fundamental requirement of the department to have an effective administrative base (Flood, 1998). Some commentators therefore suggest that the strategic business partner role often encouraged of Personnel is not always the most appropriate to support business needs (Lepak & Snell, 1998; Torrington, 1998). Senior management must be able to interpret the range of strategic HRM activities as an appropriate fit for the organisation (Tyson, 1997).

Most recently, Caldwell (2003) has suggested a review of the models proposed by Storey (1992) and Ulrich (1997). He suggests that advisory roles offer no more to Personnel practitioners than a consultancy role lacking in real influence, administrative resource and power. The 'handmaiden' or service provider role has become synonymous with cost-efficiency issues and outsourcing. The regulator role is in decline due to the changes in the employee relations' environment, however it is also rising in importance due to increasing employment legislation. Finally, the change agent role is the one perceived by Personnel practitioners most often as being their new role, although in practice this is not necessarily being recognised. The Personnel department has been shown to be unlikely to initiate organisational change, although they are frequently invited to comment on the human resource implications of planned change at board level (Evans & Cowling, 1985; Hiltrop, *et al.*, 1995; IRS 706, 2000; Purcell & Ahlstrand, 1994). There are however some examples reported of increasing involvement in change management for Personnel (Tyson & Doherty, 1999). The level of involvement appears to be determined largely by the credibility of Personnel, organisational politics and top management choice (Björkman, 2003; Sparrow & Hiltrop, 1997).

Looking further at the HRM role model devised by Ulrich (1997), this is a useful framework for the current study as it differentiates between the role of the corporate Personnel department and other potential agents in HRM: line managers, field Personnel practitioners, external consultants, employees, outsourcing and information technology (see Figure 2). This thesis focuses specifically on this corporate role of the

Personnel department, excluding the HRM functions of other members of the organisation. The largest part of the corporate Personnel role, according to Ulrich, is the HRM Administrative Expert role, which is supported in particular by the use of information technology and outsourcing. Contrary to broader trends indicating an increasing strategic role for the department (IRS 704, 2000), traditionally in the HEI sector there has been a reliance on the operational focus (HEFCE 02/14, 2002). This leads to the department being seen rather negatively by line management as a “*bureaucratic nuisance*” (Guest, 1991: 168) due to the administrative and policing role it adopts.



Source: Ulrich (1997: 43).

**Figure 2: Shared responsibilities for Personnel roles**

Considering the other operational role, the Employee Champion, we might also expect this to be a prominent feature of the Personnel role in HEIs given the prominence of trade union relations. However, recent changes in the public sector have seen an attempt to fragment the conduct of employment relations as institutions are allocated increasing individual autonomy and management discretion (Kessler, *et al.*, 2000). The industrial

relations environment in the UK has thus been changing over the last two decades, with a very marked decline in trade union influence (Legge, 1988; Sisson, 1993; Cully, *et al.*, 1998), if not in trade union presence (see Table 1, page 18). Corporate governance has also shifted towards a strong focus on finance and management accounting (Gowler & Legge, 1983; Millward, *et al.*, 2000; Sisson, 1993). Thus, the influence of the Personnel department in general is said to have diverted away from the importance of being an Employee Champion towards the importance of efficiency considerations and financial stringency. However, some influence is expected to remain where industrial relations policy still exists (Armstrong, 1995).

A recent study of the power of the Personnel department across the public sector (including fourteen organisations, two of which were universities), identified the following current characteristics of the department's situation (Oswick & Grant, 1996):

- the instrumental role of government policy and legislation leading to widespread cost-cutting and de-bureaucratisation exercises;
- high trade union density but low trade union power leading to an emphasis on consultation rather than negotiation;
- an increasing focus on human resource management rather than personnel management, with line managers taking on more HRM responsibilities leading to a deprofessionalisation of the specialist Personnel role;
- an increase in line management's control of what Personnel should offer, focusing on its contribution to financial viability;
- and an increasing association of the Personnel department with negative activities such as reducing headcount, and line management with more positive aspects of HRM.

They conclude that the expertise and opportunity sources of power of the department are being eroded, a point which is considered further in this thesis.

Within the HEI sector specifically, little research has been carried out on the way in which the Personnel department operates in terms of its extent of devolution of personnel management activities to line management and the decentralisation of the Personnel department. As within the broader public sector context, these are important

factors in the power structure equation and will be explored as such in this study. In general terms, devolution of activities to line managers has been seen particularly as a consequence of the introduction of HRM and more individualistic employment practices (Legge, 1989a; Tyson & York, 2000). However, one of the major drawbacks for organisations taking this approach to HRM is the lack of training amongst line managers and the remaining need for a specialist Personnel function (Carroll, 1991). There is also a suggestion that devolution will have a negative effect on Personnel power, as the non-substitutability of the department is attacked (Cunningham & Hyman, 1999; Hall & Torrington, 1998). As has been discussed, in the Personnel environment of HEIs, there is still talk of a predominantly operational rather than strategic focus. Hence, it is expected that the devolution of personnel management activities to line managers will be limited.

In the tight financial constraints of the HE sector, decentralisation of the Personnel department is also expected to be limited. Non-diversified organisations tend to have large central corporate Personnel departments in which the operational role of the department is key (Purcell & Ahlstrand, 1994). As the battle between resource allocation to either academic or administrative service departments is fierce, additional administrative department spending is not to be expected. However, in institutions where the structure is particularly complex (as is often said of institutions incorporating medical schools in particular) or where an institution is split over multiple geographic sites, this may lead to decentralisation of the department for operational efficiency reasons.

The role of Personnel in HEIs thus has traditionally had a very strong operational focus. A recent and ongoing initiative by the Higher Education Funding Council of England (HEFCE) has been trying to change this situation, providing £330 million extra funding over three years for submitting HRM strategies for approval by HEFCE. The initiative was launched in 2000 largely as a result of the review of Higher Education led by Lord Dearing in 1997, and the subsequent independent review of Higher Education pay and conditions, chaired by Sir Michael Bett in 1999 (IRS 716, 2000).

The evaluation of the HEFCE initiative, 'Rewarding and Developing Staff in Higher Education', (HEFCE 02/17 & 02/18, 2002) has highlighted the following changes which are said to be occurring now in the sector:

- The visibility of Personnel and its perceived influence has been raised within many institutions, with increased understanding most prevalent at senior levels. The understanding of other senior line managers has been raised by the involvement of Personnel professionals, who have become central to the acquisition of significant external funds.
- There has been an increase in the level of professional resource within the sector. Having enough qualified staff has been crucial in the development of strategic thinking about Personnel, and the implementation of strategies once agreed.
- Many Personnel functions now play a far more central role in the planning process. However, many Personnel teams struggled to develop their strategy while meeting operational requirements.
- The ability of HEIs to manage recruitment, retention and training effectively depends not only on funding but also on their ability to gather and analyse data. Many institutions have recognised that a lack of reliable data hinders their ability to make changes and set targets.

This thesis also explores the extent to which these suggested changes are evident.

How the Personnel department operates in HEIs is thus affected by numerous contextual factors. The key features of this context as have been discussed include the stage of development of an organisation, the nature of staff employed, the strategic direction of the organisation and the organisation structure (Hope-Hailey, 1999). Flood and colleagues (1995) also argue there are additional determinants of whether an organisation will have a specialist Personnel department or not. These are explored here looking at the case of Personnel in HEIs. The characteristics of the workforce are one factor; in the HE context this means a highly professional workforce looking for independence and autonomy, as well as a high ratio of staff costs to overall costs. A further factor is the extent of decentralisation in an organisation's structure, which in the case of administrative departments in HEIs is very low except in the largest and most complex institutions. An organisation's culture is a factor, which for HE is highly

associated with a collegiate environment encouraging committee structures. The rate of unionisation is another factor, which again in HE is considerable. Labour market conditions are another highly variable factor over time, placing different degrees of necessity for professional Personnel assistance. The final factor suggested is the dominant management philosophy which defines the parameters in which a department operates. The role that Personnel can play is thus highly contingent on the role it is allowed to adopt within the organisation structure by senior management (Purcell & Ahlstrand, 1994). Given this context as a whole, the presence of a Personnel department in HEIs is highly likely.

In summary, this section has described the Personnel department in HEIs as predominantly carrying out an operational Administrative Expert role. This appears largely to be a result of the context of HEIs and the administrative support function that the department is expected to fulfil, although an initiative led by HEFCE is starting to introduce changes to the sector. This sets the scene for the research to be undertaken here. In the following sections, attention is now turned to what is meant by power in this study and how this applies to the Personnel department.

### **2.3. Strategic contingency theory perspective on power**

The study of power in general has become well-established in the field of organisation theory over recent decades, emerging from the literature on community power and politics, and particularly from the influential work of Weber (1947). However at the same time it has become overly fragmented (Astley & Sachdeva, 1984). The definition of power itself is complex and ambiguous, traditionally considered both “*a bottomless swamp*” (Dahl, 1957: 201) and “*ineradicably value dependent*” (Lukes, 1974: 26). As such, it raises debate merely by its mention (see, for example, reviews of the literature across the decades in: Clark, 1968; Clegg, 1989; Clegg & Dunkerley, 1980; Hardy, 1996; Lukes, 1974; Mintzberg, 1983; Pfeffer, 1981; Ryan, 1984b). Equally, it is a complex concept for organisational research due to its concealed nature (Hickson, *et al.*, 1981: 191): “*Organizational power can be a subterranean process, difficult to uncover,*

*involving unobtrusive structuring of the rules, and plainly visible only at crucial moments.”*

One of the most widely employed definitions of power in the literature is that of Dahl (1957) where the concept of power is described in terms of the determination of the behaviour of one social unit by another. The strategic contingencies theory of power is based on this principle but addresses the issue of structural subunit power in particular. The underlying argument is that a subunit’s power is based on its ability to control strategic contingencies for other dependent subunits (Hickson, *et al.*, 1971; Hinings, *et al.*, 1974). Power is thus seen as the other face of dependency (Clegg & Dunkerley, 1980: 444). The roots of this theory are explored below to understand how the model may usefully be applied to understand the Personnel department today in the HEI context.

Hickson and colleagues (1971: 217) adopt a dyadic orientation to power related to inter-subunit dependencies: *“in organisations, subunit B will have more power than other subunits to the extent that (1) B has the capacity to fulfil the requirements of the other subunits and (2) B monopolises this ability.”* This prefaces the strategic contingency theory propositions that intra-organisational power is determined by:

- the degree to which a subunit copes with uncertainty for other subunits;
- the extent to which a subunit’s coping activities are non-substitutable;
- and the degree with which the activities of a subunit are linked with those of other subunits (a subunit’s centrality).

This study is a distributive analysis of power (Olsen, 1978: 50), examining *“the way in which the total amount of power being exerted at any one time within a given situation is divided among the participating actors.”* There is assumed to be a fixed amount of power available, whereby power that is lost by one unit is gained by another.

Strategic contingencies theory relies, as its name suggests, on a contingency perspective on organisations. Contingency theory starts with the notion of organisations as open systems: organisations must adapt to meet the needs of the environment (Clegg & Dunkerley, 1980). The original version of contingency theory began with the work of



Lawrence and Lorsch (1967a, 1967b) who rejected the universal one-size-fits-all approach to management, arguing that the 'best' model of organisation depends on elements of the environment. Choices need to be made to determine what is best for the organisation, and hence power is an element in making these choices. Lawrence and Lorsch showed that units that were established to specialise in specific tasks were defined as being the gatekeepers to the external environment for that task. They established that in a more stable environment in which an organisation faces less uncertainty, its subunit structure and hierarchy is thus likely to be stronger.

Aldrich and Mindlin (1978) take this discussion further stating that it is the decision-makers who determine the amount of uncertainty that is perceived to exist in the organisation's environment. As environments change, changes in power occur due to a change in the capacity of subunits to cope with uncertainty (Clark, 1968; Clegg & Dunkerley, 1980: 439). Thus the power relationship between departments at any one time is dependent on the system of which they are a part. The organisation structure also influences whether or not decisions are made and who makes them (Meyer, 1972).

Perceptions are thus all important in the study of power, as measures are often subjective and differ amongst organisational members. Perceptions shape interpretation and hence influence behaviour (Pettigrew & McNulty, 1995; Ryan, 1984b). Looking to role theory (Katz & Kahn, 1978; Merton, 1957), it is important in a study of power to explore multiple perspectives of the power of any single department to ensure a range of potential stakeholder perceptions are gathered (Guest & Peccei, 1994; Tsui, 1984).

Before continuing, it is important to define what is meant by a subunit or department. The structure of organisations is said to be a result of multiple contextual factors (Woodward, 1965; Perrow, 1970), in addition to choices being made between structural contingencies (Lawrence & Lorsch, 1967b). Within these structures, there is a functional division of labour. Each resultant subunit has a brand or uniform by which it is recognised by others both inside and outside the organisation (Tyson, 1999). This recognised uniform is a potential source of power (Hickson, *et al.*, 1971: 217): "*when organizations are conceived as interdepartmental systems, the division of labor*

*becomes the ultimate source of intraorganizational power, and power is explained by variables that are elements of each subunit's task, its functioning, and its links with the activities of other subunits.*" Departments are thus formed in part by the hierarchically set context, and in part from the technical requirements of the job. These requirements are also shaped by the construction of social reality that experts within departments bring with them (Hickson, *et al.*, 1981: 161).

Notably, the majority of the organisational power literature focuses on the power of individuals as opposed to subunits, to which the work by Hickson and colleagues is an interesting exception. Emerson (1962) is one of the first to focus on the power of groups applying social exchange theory, claiming that power resides implicitly in dependency, being a property of social relation rather than of an individual unit; all units in an exchange relationship have power equal to another unit's dependence on them. Power is thus a "*relational phenomenon*" (Pettigrew & McNulty, 1995: 851). Olsen (1978: 35) further emphasises the importance of the group role: "*while interactions among subunits or organizations are carried out by individuals representing those entities, it is the collectivity that is exercising power.*" However, it is important to be clear about potential variability in individual power within the collectivity (Clegg & Dunkerley, 1980: 440): "*if one hypothesizes that a subunit is a unitary and harmonious collective, speaking and acting with one voice, then one is on a sticky wicket unless one specifies clearly that one is not proposing a consensual reification.*"

### **2.3.1. Structural sources of power**

Strategic contingencies theory focuses on the capacity for power – structural sources of potential power – rather than looking at the political process of enacting power (Fincham, 1992; Provan, 1980). As discussed in the previous chapter, *Introduction*, the roles of the structural and political models of power in organisations are complementary. The structural analysis of power focuses on the possession and control of power sources as an enabler of power, whereas the application of power concentrates on the will and skill of individuals in creating and exercising power sources (Burt, 1977;

Pettigrew & McNulty, 1995). As Hardy (1996: S3) highlights: “[power] is a force that affects outcomes, while politics is power in action.”

Strategic contingencies theory focuses on structural sources of power and is not concerned with the psychological attributes of subunit members as explanations of power differences. Some commentators see this as a weakness of the theory as it does not recognise the dynamic nature of the individual’s choice in exercising skills, knowledge and power in the work environment (Pfeffer, 1981). However, the definition provided by Julius and colleagues (2000: 1) makes clear the difference in approach to the two dimensions of power in research terms: “power [...] is defined as the potential ability to influence behaviour [...]. Politics and influence are the processes, the actions, the behaviors through which this potential power is utilized and realized.” Influence is one way in which power is perceived by others as a result of its enactment (Burt, 1977).

In the process of enactment, there are elements of power that become part of an organisation, making up the accepted routines. As Crozier (1973: 214) highlights: “no power relationship can be dissociated from the institutional system.” This institutional system is a result of historical and existing conditions and the ability of units or individuals to control these conditions (Brass & Burkhardt, 1993; Burt, 1977). This implies that in one aspect of organisational life a unit may be more or less powerful than in another aspect in which different conditions for power prevail. Thus power needs to be understood in its structural, historical context (Pettigrew & McNulty, 1995). Strategic contingencies theory does not address this dimension of power.

### **2.3.2. Dependency and power**

In the field of organisation theory, the interdependent activities of functional divisions are thus key to power relationships. As departments interact, dependencies are created within the organisation that play a role in establishing the internal structure and the power relationships within that structure (Thompson, 1967). These relationships are legitimised through factors such as competence and organisational logic and rules, creating situations of mutual dependence (Landsberger, 1961). Organisational structures

result in certain departments being defined as critical to the organisation's objectives and as such managers from these departments become considered as the elite (Woodward, 1965). Commenting on expertise dependencies, Selznick (1957: 99) emphasises: "*an executive may become the prisoner of a staff group on which he is dependent for information and specialized skills.*" By allocating specific tasks to organisational subunits, this creates opportunities for that subunit to gain exclusive access to communication channels both internal and external to the organisation (Selznick, 1957: 100). The subunit whose non-substitutable contribution to the organisation's current goals is most critical, will hence be the most influential in that organisation (Homburg, *et al.*, 1999; Kanter, 1977). Power from expertise is however limited unless it is difficult to replace (Mechanic, 1962). Exclusivity is thus one of the foundation stones of strategic contingencies theory, derived from the work of Dubin (1963: 21): "*the power residing in a functionary is inversely proportional to the number of other functionaries in the organization capable of performing the function.*"

These theories of dependency and exclusivity stem largely from Crozier's (1964) work on differential power within organisations, which encapsulates the resource dependence perspective of organisations. In his exploration of the experiences of machine maintenance workers in a cigarette factory in France, these men had immense non-hierarchical power in the organisation since they were the only ones who could repair the essential production machinery, and they were unwilling to share this knowledge. A subunit's power is thus in part derived from the dependency of other departments to have its assistance in achieving organisational goals through the application of rare resources and capabilities (Kamoche, 1994).

In a similar vein, organisational power has also been analysed from a network analysis perspective. Blau (1986), in continuing Emerson's work in setting conditions for situations of dependence, suggests that the basic principle of a network is the dependency that originates from the fact that each party has something that the others value and want. Mechanic (1962) defines this dependency in terms of a unit's location in physical and social space, combining to define the unit's centrality. This links closely with Brass and Burkhardt's (1993) study of power, which emphasises the importance of

network centrality: a certain degree of power is gained through a unit's position in the network structure relative to others. Network centrality is seen to enhance power as "*the ability to control valued resources increases as a function of proximity to the core of a system of transactions*" (Boje & Whetten, 1981: 379). Emphasising the effect of a lack of network centrality, March (1994: 144) also highlights this point: "*individuals who have wishes that lie far from the 'centre of gravity' will experience persistent powerlessness.*" The position held in a network may be part of either the prescribed formal structure or informal emergent coalitions; each dependent on each other and the outcome of processes of exchange and influence (Tichy & Fombrun, 1979). Clegg and Dunkerley (1980) describe strategic contingencies theory as a positivist exchange theory: an organisation is composed of specialised sub-units, differentiated by the division of labour, but related by a need for certainty, acquiring power through exchange. Within this framework of stratification Kamoche (1994: 36) suggests that some positions are more important than others as a result of the power of the exchange: "*it becomes evident that the Human Resource function has been treated as functionally less important than other functions such as Finance, Marketing, Manufacturing and so forth.*"

Much of the organisational power literature thus assumes that power is based on dependencies (Provan & Gassenheimer, 1994). Dependencies result from units relying on and interacting with their environments under conditions of uncertainty (Cyert & March, 1963; Thompson, 1967) in which there is "*a lack of information about future events so that alternatives and their outcomes are unpredictable*" (Hickson, *et al.* 1971: 219). Environmental uncertainty is a well-established phenomenon within organisation theory (Lewis & Harvey, 2001). The ability to deal with and potentially manipulate the sources of uncertainty of an organisation is argued to be the power base of the most critical function. This 'gatekeeper' role absorbs uncertainty between the organisation and the outside environment, or internally between organisational subunits (Galbraith, 1973; Lawrence & Lorsch, 1967a; Perrow, 1970). Such coping behaviours are a base of power for a subunit, their criticality being determined by the function represented by the subunit, and the subunit's ability to scan the organisational environment (Hambrick, 1981).

Under the framework of strategic contingencies theory, Hickson and colleagues (1971) develop the idea of departmental power arising from the ability to cope with this uncertainty in the environment by using information to forecast events to avoid uncertainty, providing information at a time of uncertainty, or absorbing uncertainty in the sense of taking action after an event to reduce its negative consequences (Daft, 1992). A pattern of communication channels is thus established, becoming institutionalised in the decision-making processes of an organisation (March & Simon, 1958). These channels supply information to individuals, but only the information that the dominant coalition wants to highlight; other information is filtered out.

Power is also contingent on the nature of the uncertainty confronting the organisation and hence on the context of any decision (Salancik, *et al.*, 1978). Different types of uncertainty require different coping strategies depending on the state of the environment, the effect of any change and the responses to change (Milliken, 1987). For example, Milliken (1987: 139) suggests a protective response is to “*surround the technical core [of an organisation] with an administrative component to buffer the production process from the effects of uncertainty,*” hence the need for an administrative support element as well as an operational element of organisations.

In summary, based on strategic contingencies theory, subunit power is defined for this study as a department being perceived to have the non-substitutable opportunity and ability to make a valued contribution to activities central to the survival of the organisation in an uncertain environment. Applications of the theory in previous studies and to the Personnel department in particular are considered in the following sections.

### **2.3.3. Previous studies applying strategic contingencies theory**

Previous studies have used the strategic contingencies model to explore power levels, covering such departments as Personnel (Legge, 1978), Information Systems (Huff, 1991; Lucas, 1984; Saunders & Scamell, 1986), Finance (Giroux, *et al.*, 1986), Marketing (Homburg, *et al.*, 1999; Jobber & Watts, 1987), college libraries in the US

(Crawford, 1997, 1998; Crawford & Rice, 1997) and the healthcare sector in Israel (Cohen & Lachman, 1988; Lachman, 1989). A summary of some of the findings follows. (A more detailed methodological summary of each study is presented in the following *Methodology* chapter.)

Huff (1991), in his analysis of Information Systems (IS) departments, concludes that although the IS department offers reduced uncertainty to other departments in terms of the provision of effective information systems, and the work is widely pervasive and complex and as such non-substitutable within the organisation, the department does not have high levels of perceived power. One reason proposed for this is the high availability of alternative IS providers external to the organisation. Two further empirical studies of the power of the IS department based on strategic contingencies theory (Lucas 1984; Saunders & Scamell, 1986) both conclude also that IS has low ratings on power and power determinants. This is attributed to these departments seldom being involved in key decisions closely related to the organisation's mission, and hence having limited control over strategic contingencies. More recent indications seem to imply that the department's power status is changing although this is yet to be shown empirically.

Jobber and Watts (1987) considered the implications of strategic contingencies theory for the marketing department. Following an empirical study, they conclude that improved information flows increase the influence of the department on the decision-making process, and hence increase the department's power. They argue that their findings support the notion that an information system forms part of the power base of an organisational subunit. However, the empirical study reported in Crawford and Rice (1997) and Crawford (1997, 1998) finds limited support for the notion that automation could be a change agent within organisations, changing structures, determinants of power or power itself. This study looked at the effect of the control of library-related information technologies on the power of libraries in liberal arts colleges in the USA, focusing on actual and perceived changes in power that were considered to be a direct result of changes in library technologies.

In the conceptual model offered by Saunders (1981), the relationship of a management information system (MIS) to power is suggested using the determinant variables identified in strategic contingencies theory. Tentative relationships are established between the effect of an MIS on the ability to cope with uncertainty, centrality and non-substitutability. Although these relationships were not tested empirically in the study, the model is presented as a basis for further systematic exploration of the impact of an MIS on power distribution.

Finally, a cross-sectional replication of strategic contingencies theory (Cohen & Lachman, 1988) followed by a longitudinal study (Lachman, 1989) looking at the healthcare sector in Israel introduced the notion of the impact of professionalism on power structures, suggesting that higher professionalism would be related to higher levels of power. Their findings show that in the particular context chosen, professionalism does not have a significant effect on power, however theoretically this raised another aspect of the functioning of power structures.

The studies reported here highlight the ability of strategic contingencies theory to analyse power sources, but often argue for the addition of complementary perspectives to address the weaknesses identified. These weaknesses of the theory are explored in more detail in the following sections to see how modification of the existing theory can help us to answer questions about the Personnel department. However, first the situation of the power of Personnel departments is considered in detail in light of the foregoing discussion.

#### **2.3.4. Sources of power for Personnel**

A number of studies particularly in the 1980s in the UK following the decline in industrial relations activity have looked at the Personnel department's influence and available sources of power, exploring what Gowler and Legge (1986: 225) call "*the gap between its [the Personnel department's] theoretical centrality and frequently experienced marginality.*" In the corporate governance environment of the ascendancy of management accounting and demise of pluralist industrial relations, Armstrong



(1995) argues that Personnel either needs to conform to this new model and provide hard financial data as required, or propose a credible alternative approach. This human resource accounting approach is a form of conformist innovation (Legge, 1978), however the accounting traditions only show limited acknowledgement of the value of intangible asset accounting (Johanson, 1999). Armstrong (1988) suggests that perhaps a deviant innovation approach constructively criticising the management accounting method would be more effective, although there is little evidence of this approach having been adopted in practice (Guest, 1991).

In addition to the influence of management accounting, other factors of the organisation's context affect power structures. A study based on six public-sector case studies (Kessler, *et al.*, 2000: 27) showed only one instance of Personnel's influence to be high within the organisation. The shape of the Personnel department was found to be highly dependent on the mission, purpose and structure of the organisation, and as changes in these factors occurred, so the department had to fit into the new model created.

There are multiple factors influencing the extent of power the Personnel department has such as those already discussed: organisation structure, organisation environment, and institutionalisation of organisational practices. Other important factors include boardroom representation, the efficiency of administrative support, the capabilities and personality of the Personnel Director, and 'corridor' power to negotiate with line management (Truss, *et al.*, 2002). Wright and colleagues (1998: 24) found that the department's extent of strategic involvement is also strongly positively related to line and senior management's perception of the effectiveness of the Personnel function. McDonough (1986) suggests that in the US this perception is very low, with the department being seen as lacking in necessary skills. The stage at which the Personnel department becomes involved in strategic decision-making, and hence also its formal hierarchical position to do this, is therefore a relevant indicator of the integration and appreciation of the function in the organisation (Buyens & De Vos, 2001: 75): *"early involvement can be important since it will be at the level of problem formulation that different actors can influence this definition and therefore also influence proposed*

*solutions for it.*” This perspective that strategic involvement is a positive attribute is strongly supported by the professional body for Personnel, the Chartered Institute of Personnel and Development (CIPD), and is widely accepted by Personnel practitioners (Hall & Torrington, 1998: 101).

There have been further studies of Personnel in various contexts looking at the question of power. One theoretical study applying strategic contingencies theory to the Personnel department raises questions of whether institutionalisation may explain the department’s continued lack of power (Legge, 1978). Resource dependency theory has also been applied to Personnel, whereby through the astute management of information, boundary-spanning roles that facilitate collaboration and dependency across subunit differentiation allow the Personnel department to portray its non-substitutability (Russ, *et al.*, 1998; Scott, 1987). It has been suggested elsewhere that where the computer is used in more sophisticated ways to manage information the image and credibility of the Personnel department is improved (Bloomfield & Coombs, 1992; Hall & Torrington, 1989). But at the same time it is acknowledged that information systems’ use and skill in this organisational community remains limited (Broderick & Boudreau, 1992; Cervený, *et al.*, 1993; Legge, 1989b; Martinsons & Chong, 1999).

Tyson and Fell (1986) summarise the sources of power of the department in French and Raven’s (1959) terms as being the capacity to reward, having expert knowledge and control over information. They argue that depending on the role the department has, these different sources of power can be drawn on to different extents. In the clerk of works role, power comes through the traditional hierarchy; in the contracts manager role power derives from legal and rational authority as well as the charisma of the individuals involved; and in the architect role, power resides in expert knowledge and being part of the dominant coalition of an organisation. The gap between the department taking on an architect rather than a contracts manager role is thus the lack of professional tradition (Tyson, 1987: 526).

Put very bluntly, yet often heard anecdotally, “*the real problem with HR is that it is seen as meddling in the work of other departments and lacking a clear purpose*”

(Kellaway, 2001: 12). Although the department has a stake in all aspects of people management, "*the [Personnel] professional has a natural monopoly in none of them*" (Armstrong, 1995: 158). The department's competence and credibility are two of the critical issues it faces (Hendry, *et al.*, 1988).

The issue of role ambiguity and the search for legitimacy has been highlighted by a number of commentators (see, for example, Guest, 1998; Hope-Hailey, *et al.*, 1997; Legge, 1978; Thurley, 1981; Torrington, 1998; Tyson, 1999; Tyson & Fell, 1986; Watson, 1977). The department's role is to provide organisations with means and inputs rather than ends and outputs leading to a lack of tangibility of its performance (Legge & Exley, 1975). Caldwell (2003) summarises these ambiguities as arising from the department's marginality, the vagueness of its boundaries particularly with line management, the difficulty of being able to demonstrate a direct contribution to the organisation, and its uneasy position standing between management and employees. These factors act as a vicious circle as the department's activities are not perceived to be significant in achieving organisational goals (Legge & Exley, 1975; Tyson & Fell, 1986). These are all issues in strategic contingencies theory terms around one determinant of power, the centrality of the department. Centrality is thus about being seen to be making a contribution to an organisation, which tends to be heightened more so by strategic than operational activities (Hall & Torrington, 1998: 68).

Looking at the history of the Personnel department's role, it was particularly during the Second World War years that standardisation of practices were becoming more prevalent than efficiency imperatives (Baron, *et al.*, 1986). This presented the department to the organisation as a function able to cope with environmental uncertainties in the bureaucratic tradition. As Tyson (1999: 49) states: "*what is valued is knowledge of how to cope with, control and direct events successfully in spite of the uncertainties encountered.*" It continued to build a reputation around legislative requirements and through negotiation expertise in handling industrial relations (O'Reilly & Anderson, 1982). However, subsequently, due to this standardisation, the policies and processes of HRM, required still today particularly to fulfil employment legislation, mean that the expertise of the department is being codified, hence eroding

that aspect of the non-substitutability of the department. The emphasis on the process of personnel management issues thus becomes more consequential than the technical knowledge (Sahdev, *et al.*, 1999; Tyson, 1983, 1999). In a similar way, the significance of industrial relations expertise has also diminished, as discussed, eroding the powerbase (Freedman, 1985). Perhaps the future role of Personnel lies in diversification and adaptability, away from a single professional base role (Guest, 1991; Tyson, 1983).

Looking at organisational hierarchy, although not explicitly addressed by strategic contingencies theory due to its pluralist stance, this forms a fundamental aspect of organisational power. More critical functions have their own department with a direct reporting relationship with the Principal Officer (Pfeffer, 1981). It is therefore important as part of the structural analysis to look at the formal reporting relationship between the head of the Personnel department and the head of the organisation.

Akin to hierarchy, the presence of the Personnel department on an organisation's board of directors is another common theme in Personnel power and influence research. The presence of a full-time Personnel director on the main board of directors makes a substantial difference to Personnel's involvement in the top-level decision-making processes (Purcell, 1994, 1995). Representation on the board is seen to confer symbolic status at least if not influence (Hall & Torrington, 1998; Truss, *et al.*, 2002). However, at the same time, board representation is said to occur in only a third of large, private-sector companies (Marginson, *et al.*, 1988; Purcell, 1994; Rogers, 2000). Others looking at a broader range of organisations put the figure at between a half and two-thirds (Brewster, *et al.*, 2001; Hall & Torrington, 1998; Millward, *et al.*, 2000; Torrington, 1998; Tyson & Doherty, 1999).

Purely being involved in decision-making, however, does not necessarily lead to power: from reviewing the literature around power equalisation through participation up to the 1970s, Hickson and colleagues (1981: 164) found that "*participation has little effect in changing the dominant distribution.*" It is the extent or mode of involvement of a department that is more indicative of power. Strategic decision-making involves a combination of both positioning the organisation and implementation of the chosen

strategic direction (Truss, *et al.*, 2002: 40). A function can therefore be involved either by providing information, making or implementing decisions (Wright, *et al.*, 1998), plus initiating discussions (Hinings, *et al.*, 1974).

Board membership alone is thus not the only means to achieving strategic influence; the relationship is much more complex (Brewster & Bournois, 1991). Having a formal board position neither necessarily impedes or increases the department's influence (Hall & Torrington, 1998). Budhwar (2000: 153) found that "*it is the connection to CEOs (who generally do not have a Personnel background) which enables them [the Personnel function] to become proactive, because the Personnel function gets more information at an early stage.*" He found three-quarters of Personnel departments surveyed were involved in corporate strategy from the outset or early in the consultation process, although only around half the departments had a place on the board. Strategic decision-making is thus a complex combination of both direct and indirect participation in formal and informal decision-making arenas (Brewster, *et al.*, 2000b): the Personnel department taking part in the process of formulation and implementation of strategies is only the most formal and direct level of involvement. At the informal level there are such events as chance corridor meetings where a direct impact on the decision-making agenda can be made. Indirect participation can also be achieved through setting the organisational climate in which decisions are made, for example through HRM policies and practices. Some commentators thus argue the use of political influence is one approach to HRM especially given the department's ambiguous position sitting between management and employees (Ferris & Judge, 1991; Frost, 1989; Guest, 1991; Tyson, 1980).

The existence of a Personnel director is a matter of choice for an organisation, rather than a function of its size, structure or strategy, although the shape of the department may be a function of the latter factors (Marginson, *et al.*, 1993). Choice is likely to be dependent on the past performance of the department and on the head of the organisation's orientation towards people management issues: "*All this suggests that the increasing involvement of the Personnel function in HRM strategy is more about business need and individuals, and less about changing the status of the function itself*"

(Hall & Torrington, 1998: 120). Purcell (1995: 73) suggests further that this impacts on Personnel's role: "*the role performed is shaped by what they are invited to do by the board and especially the chief executive.*"

The size of a department, in terms of both budget and staff, can also serve as a measure of the degree of power of a department or unit according to resource allocation models (Guest, 1991). Where resource is scarce, competition and thus power-play will be high. Size is thus "*often indicative of status as well as the extent of the work conducted*" (Timperley & Osbaldeston, 1975: 615). Across Personnel departments, there is a general perception of being under-resourced (IRS 704, 2000). Ratios of Personnel department staff to total number of employees are frequently reported in surveys of the department, with figures such as 1:57 (Rogers, 2000: 12), 1:90 (Hall & Torrington, 1998: 5) and 1:138 in the public sector National Health Service (NHS) (Guest & Peccei, 1994: 230). Van Ommeren and Brewster (1999) suggest a figure closer to 1:80 in the UK, but stress that ratios are highly dependent on the organisation size and industry sector. For example, Tyson and Doherty (1999: 25) suggest a ratio of 1:214 for professionally qualified Personnel staff to total employee headcount. One report based on the second Company Level Industrial Relations Survey (CLIRS) claims that larger departments are more likely to be involved in HRM policy matters than broader strategic management (Marginson, *et al.*, 1993). Another account claims the most influential Personnel department is most likely to exist where there is a Personnel Director, but that these departments are not the biggest (Purcell, 1994). Van Ommeren and Brewster (1999) suggest however, that where there is a Personnel Director, the department is more likely to be large.

An issue raised in the CLIRS study due to the methodology of seeking responses from both Personnel and Finance managers, was that the Finance managers saw the Personnel department to be somewhat less involved in corporate decision-making than the Personnel respondents perceived themselves to be (Marginson, *et al.*, 1993). This phenomenon of Personnel awarding themselves higher assessments than they are awarded by line management has also been observed by others (Buller, 1988; Guest, 1991; Guest & Peccei, 1994; Legge, 1988). Multiple perceptions of power abound due

to the different frames of reference being applied. For example, senior managers expectations revolve around cost management and business focus, line managers are more interested in problem-solving and the speed and accuracy of the department, whilst Personnel managers themselves are focused on being involved and meeting their clients' needs (Tyson & Fell, 1986).

Moving away momentarily from macro-level structural sources of power, in a situation of role ambiguity, it is argued that it is down to the characteristics of the individual within a department and his or her expertise rather than the department itself and its position in the formal hierarchy that can determine power (Ulrich, 1997: 249). Interview data also suggest that skills and personality are more important than the functional label (Hall & Torrington, 1998). Likewise, Balogun and colleagues (forthcoming: 3) argue that *“for internal change agents, particularly when they have no clear mandated power, interpersonal, networking and influencing skills are key”*. In a separate study, Kelly and Gennard (2001: 97) found evidence that personal relationships were also important: *“for personnel directors to have significant influence on key business decision-making they require effective relationships with key players, which are more important to the former than their formal position in the organisation.”*

The idea of individual characteristics impacting on departmental power goes beyond the framework of power suggested by strategic contingencies theory. This factor is therefore considered marginal in this study, although not ignored. It is explored later as a potential intervening variable in power structures at the political rather than structural level. This variable is also highly fragile in its role as a source of power for the department as it is specific to a particular individual, and when the individual leaves the organisation, the source of power is lost (Legge & Exley, 1975; Torrington, 1998).

The organisational context can be classified in three ways: enabling, constraining or impossible in its nature in terms of a department being able to achieve its desired status (Balogun, *et al.*, forthcoming). For example, in the HE environment populated largely by professionals, there is a substantial need for personal autonomy in which control over functions by other professionals or centralised units is not easily accepted (Walsh,

*et al.*, 1981). Likewise, where organisational units are largely decentralised, but with a core of centralised administrative functions remaining, this core is more likely to play a more advisory role to the autonomous units. Functions such as Finance and Personnel need to manage across boundaries to support line activities (Balogun, *et al.*, forthcoming). Access in these contexts to sources of power is thus made available through organisational roles. For example, the Personnel role is seen as “*designed to make the world of work seem predictable, rational and comprehensible, and therefore to make management possible*” (Tyson, 1987: 524). There are thus choices to be made between strategic and operational roles, between flexibility and integration (Hall & Torrington, 1998).

Given these general conditions for Personnel department power, some tentative assumptions about the structural sources of power of the department in HEIs can be drawn. The clarity of the Personnel department’s centrality is not expected to be higher than in other organisations due to the nature of Personnel work in general. Likewise the codification of procedures and the importance of information management are expected to be high. The employee relations’ role is expected to be diminishing due to the current trade union climate, although the need for expertise to handle matters of employment legislation will be high. Due to the financial constraints within the HE sector, it can be expected that management accounting practices are likely to dominate the operations of an institution, creating a framework within which other departments need to operate and thus limiting means of influence. The amount of resource afforded to the department, and hence its size, is also expected to be constrained. Involvement in decision-making will be facilitated through committee structures, but participation in these structures will be regulated by the strategic decisions made at the head of an institution. Devolution to line management is not expected to be high given the operational focus, however due to the highly professionalized workforce, the autonomy of line managers to take on their own responsibilities for HRM may be high.

Given this context of HEIs and their Personnel departments, it is likely that Personnel although having a significant task, will lack organisational power and hence rate poorly



on the determinants of power according to strategic contingencies theory. This leads to the first proposition for the study:

*1a: The Personnel department will be perceived as having lower levels of power compared to other HEI administrative departments.*

*1b: The rating of the Personnel department on its ability to cope with uncertainty, its centrality, and its non-substitutability will be lower than that of other HEI administrative departments.*

Power has thus been defined for the purpose of this study in strategic contingencies terms. The focus is therefore on structural sources of power for the Personnel department in the context of HEIs. The determinants of power (ability to cope with uncertainty, centrality and non-substitutability) along with indicators of level of power (position in hierarchy, involvement in decision-making, department size and perceived influence) can be used to measure Personnel department power. Perceptions of these measures will therefore form the basis of this study, taking forward the work of other commentators in this field.

Having explored the structural sources of power of the Personnel department, certain weaknesses in this approach have been highlighted and the question still remains: to what extent do institutionalised aspects of the organisational context affect the balance of power? The following section turns our attention to the factors of intra-organisational power suggested by institutional theory.

#### **2.4. *Intra-organisational power and institutional theory***

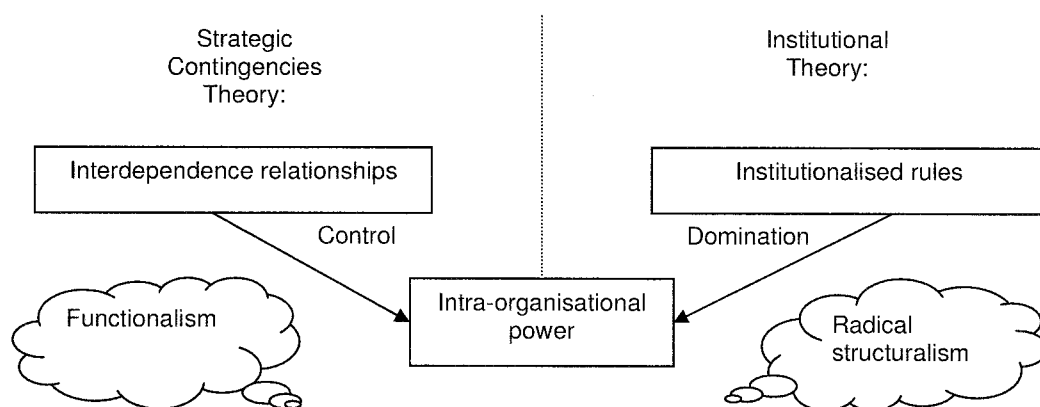
Salancik and Pfeffer (1977) describe an alternative vision of strategic contingencies theory incorporating the underlying premises of institutional theory. They acknowledge that power structures can change in response to environmental demands, but argue that powerful subunits may attempt to prevent any such change from happening. They suggest that organisational tools such as information systems may be instrumental in

institutionalising organisational power. This is part of the process of defining what is critical to the organisation and potentially obscuring the demands of the environment. It looks beyond the task environment perspective in which organisations are motivated by economic exchange considerations such as managing scarce resources and uncertainty, to the institutional environment in which organisations are assumed foremost to seek legitimacy in the wider political and legal context (Meyer & Rowan, 1977; Oliver, 1997; Sutton, *et al.*, 1994). Institutionalisation refers thus to “*the processes by which societal expectations of appropriate organizational form and behaviour come to take on rule-like status in social thought and action*” (Covaleski & Dirsmith, 1988).

Clegg (1989) also attacks the underlying positivist epistemology of the original strategic contingencies study, suggesting that its behavioural approach, a one-dimensional study of power (Lukes, 1974), does not reveal the issues either covert or latent in the organisational environment, that is, how the current power structure came about. Clegg and Dunkerley (1980) describe the study as depoliticising power as a concept, making the assumption of a power struggle, and taking for granted the organisation’s formal structure. The work by Bachrach and Baratz (1962) also critiqued this approach to studying power, arguing that power is exercised in confining decision-making to certain issues as well as actually taking part in the decision-making arena. There is no consideration of the prevailing rules of the game that may be leading to the current power structure within which the power being observed by the strategic contingencies model is being exercised (Clegg & Dunkerley, 1980); the context created by Cyert and March’s (1963) dominant coalition has not been considered. In research terms, it is the difference between cataloguing power bases and concentrating on the exercise of power (Polsby, 1960: 483).

Hickson in a later paper following on from his strategic contingencies theory work, acknowledges the attributes of power as domination in addition to control (Hickson, *et al.*, 1981). Exchange is seen as a mechanism for creating dependencies and hence differences in power, which can then be used to dominate future action. These institutionalised rules are as important in generating power as interdependent relationships (Hickson, *et al.*, 1981), and it is through decision-making that power as

dominance is observed. Figure 3 summarises the two perspectives on power: the original strategic contingencies theory and institutional theory. The diagram also highlights the different epistemological approaches required for studying power from the two sides: a functionalist approach addresses power as an issue of control, whilst radical structuralism focuses on power as domination. These epistemological discussions will be continued in the following chapter.



Source: derived from a review of the literature.

**Figure 3: Contrasting perspectives on sources of intra-organisational power**

Before arguing further for the inclusion of institutional theory in the strategic contingencies model, it is important to consider that there are multiple though interrelated variants of institutional theory. Scott (1987) classified these into three main groupings. Firstly, there is the work of Philip Selznick focusing on the adaptive process of organisation structure formation based on the importance of history, evolving over time and instilling value. Selznick’s work focuses on the dominance of coalitions within organisations, with a vested interest in exercising power to maintain their position. Power is thus sustained through action (Jepperson, 1991), with change only occurring when the capacity for alternative action exists (Greenwood & Hinings, 1996).

The other two variants are based on the work of Peter Berger. Both focus on how common understandings are created across organisations to maintain stability and

legitimacy (DiMaggio & Powell, 1991). The first sees institutionalisation as the creation of a socially-constructed social order but still a product of history. The other variant focuses on the importance of symbolism, examining normalising paradigms in society (Dreyfus & Rabinow, 1983), and how organisations conform to their environment due to mimetic, normative or coercive pressures (DiMaggio & Powell, 1983). This latter variant is also termed neo-institutional theory, and focuses predominantly on the social construction of myths and rituals in complex, loosely-coupled organisations (Selznick, 1996). Its focus is therefore on the outcome of the institutionalisation process rather than the process itself as in the work of Selznick (DiMaggio, 1988). Such routines and myths can thus persist without active support (Powell, 1991).

Building on the institutional theory perspective, Tsui (1990) reports that dependency on, control of and competition for critical resources are important contingencies for subunits. Organisations react to pressures of conformity and legitimacy in their environments (DiMaggio & Powell, 1983), resulting in organisations “*incorporating elements which are legitimated externally, rather than in terms of efficiency*” (Meyer & Rowan, 1977: 348). Therefore, building a power base from a role of marginal legitimacy is a considerable task. As legitimacy increases, so do resource and survival opportunities for the organisation in a self-serving cycle (Blau, 1986; Galang & Ferris, 1997). Legitimacy can be a result of interdependencies or a socially-constructed phenomenon (Meyer & Rowan, 1977). Power acquired enables subunits to control the allocation of scarce resources, hence perpetuating their position of power (Salancik & Pfeffer, 1974). Changes in the distribution of power become increasingly difficult as shared beliefs within the organisation institutionalise the existing levels of influence of functional subunits (Boeker, 1989). Hence ahistorical, efficiency explanations of management practices are challenged by historical studies examining the institutional factors influencing the construction of what is considered as efficient (Dobbin, *et al.*, 1993).

The institutionalised context constrains organisations in terms of their choice of domain of activity, appropriate structures and processes, and the setting of efficiency and effectiveness criteria (Hinings & Greenwood, 1988). Focusing on the HE sector, in

institutional theory terms we might expect to observe isomorphic pressures due to the environment in which institutions operate. For example, coercive isomorphism may come from central government intervention, normative isomorphism through professional associations and trade unions working within the sector, and mimetic isomorphism as institutions try to adopt private sector practices (Kessler, *et al.*, 2000).

In the following sections, the discussion of institutional theory and its impact on power structures is taken further, focusing specifically on three factors affecting the Personnel department in HEIs: organisation history, professionalism and information systems.

#### **2.4.1. Organisational history and power**

Looking within an organisation as opposed to across organisations, the original conception of institutional theory considers past history in terms of key events and individuals (Selznick, 1996: 271): “*institutional theory traces the emergence of distinctive forms, processes, strategies, outlooks, and competences as they emerge from patterns of organizational interaction and adaptation.*” Selznick (1957: 16) considered the institutionalisation process in the university environment, describing it as “*something that happens to an organisation over time, reflecting the organization’s own distinctive history, the people who have been in it, the groups it embodies and the vested interests they have created, and the way it has adapted to its environment.*” He argues that the more leeway there is for goal setting in an organisation, the more developments can be influenced.

Specific to the HE environment, this means that because of a lack of clarity of goals, internal forces and historical adaptation have great precedence. This leads to the situation in which institutionalisation is a greater source of value than instrumental utility (Selznick, 1957). Organisational contingencies and problems are defined through the actions of power holders resulting in extending a subunit’s power “*beyond its utility to the organisation for its survival*” (Pfeffer & Salancik, 1978: 235). Contrary to resource dependency theory, this weakens the link between an organisation and its environment, resulting in an imperfect relationship between organisational uncertainty

and the distribution of subunit power. The strategic choice of individuals within organisations determines the direction taken (Buchanan & Boddy, 1983; Child, 1972).

In the earlier description of the HE sector it was emphasised that there are three types of institution in terms of their historical background: pre-1992 universities, post-1992 universities and HE colleges. These labels represent the history of an institution in institutionalised terms. They give an indication of an institution's traditional focus, be it purely academic or more vocational as was the previous perceived split between universities and polytechnics. Likewise, these institutions were used to dealing with different trade unions, having different funding structures and different bodies regulating them. These founding conditions are important for the organisation's future structures (Eisenhardt, 1988). They affect the role and perception of the Personnel department in these different types of HEI due to the different organisational cultures. Today, this divide is starting to focus more on distinguishing between institutions that have a research or teaching focus, although for many institutions this focus is not yet clearly established. Therefore, for the purpose of this study, looking at how the history of institutions may affect power structures, the three-way divide is applied.

Looking to the Personnel department in historical terms, state intervention is cited as being responsible for the bureaucratisation of personnel management practice, forcing organisations to comply with statutory obligations regarding employment practice (Baron, *et al.*, 1986). Likewise, standards and norms across sectors of industry have developed over time regarding employment, particularly when centralised trade union bargaining was at its height. The professional body for Personnel practitioners, the CIPD, has also had a normative influence across the profession, setting standards for certification and providing education, training and networking opportunities for members. In mimetic terms, it may be the Finance department that has influenced the Personnel department most, with the emphasis on management accounting practice across organisations (Armstrong, 1995). It is through the networking and education activities of Personnel practitioners that these practices spread, increasing isomorphism amongst organisations.

When focusing on Personnel department power, although strategic contingencies theory is able to shed light on potential power sources, it is clear that there are strong elements of institutionalisation that affect the department's situation. A common issue for Personnel is that HRM is omnipresent by nature and hence the department is confronted by a difficulty in demonstrating success in organisational terms, constantly undermining its authority (Legge, 1978, 1995). Consequent to the lack of authority, the organisation as a whole denies the department information and support, leading to low levels of credibility and an inability to demonstrate success, in turn contributing to diminished authority (Carroll, 1991; Galang & Ferris, 1997). The department's reputation based on past performance thus becomes institutionalised within the organisation. The attitudes of top management are thus highly relevant to whether Personnel is then perceived as competent to contribute to organisational performance (Galang & Ferris, 1997; O'Reilly & Anderson, 1982; Tyson, 1999).

This section has considered how the history of an organisation affects power levels and their determinants. In the context of strategic contingencies theory modified by institutional theory, this leads to the second proposition for this study:

*2a: The Personnel department will be perceived to have different levels of power depending on the historical status (pre-92 university, post-92 university or HE College) of the institution in which it is based.*

*2b: The Personnel department will be rated differently on its ability to cope with uncertainty, its centrality, and its non-substitutability depending on the historical status (pre-92 university, post-92 university or HE College) of the institution in which it is based.*

Thus contingency theory attempts to explain reasons for change and formation of structures, however, institutional theory starts to address the issue of inertia in the change process (Boeker, 1989). As Homburg and colleagues (1999: 12) highlight: "*one of the fundamental observations of institutional theory is that social systems do not change as rapidly and as continuously as their environments*". Organisational routines

increase institutionalisation based on the codification of rules, the length of time a task is performed by a subunit, and the embeddedness of the task in the organisation's routines (Zucker, 1987). For Personnel, one particular area of institutionalisation, the professionalisation of an occupation, is a source of organisational routine and an area for constant debate. The discussion is continued here in the following section.

#### **2.4.2. Professionalism as power**

*“The formal structure of an organization is a statement of which problems a decision-making game should be about, and who should play, institutionalizing the rules and dealing the opening chances”* (Hickson, *et al.*, 1986: 191). This quotation suggests the importance of the formal organisational hierarchy to intra-organisational power. Hierarchical authority related to specific roles and positions is one of the strongest institutionalised sources of potential power (Blau, 1986; Brass & Burkhardt, 1993). It provides access to information, people and resources (Mechanic, 1962). One of the outcomes of hierarchical authority is thus membership of particular decision-making bodies, which in turn set the agenda for the organisation (Scott, 1987: 508): *“rules themselves are important types of resources and [...] those who can shape or influence them possess a valuable form of power.”* No account is taken in the model by Hickson and colleagues (1971) for the possible effects of this previous power of a subunit on its subsequent power (Lachman, 1989; Legge, 1989b).

The impact of hierarchical power is however not straightforward. Within the hierarchical structure there is a tension between the power inherent in formally allocated positions and the expertise and influence of professionals holding these positions. For example, involvement in decision-making bodies is often facilitated by expert knowledge in addition to hierarchical position (French & Raven, 1959; Lawrence & Lorsch, 1967a, 1976b). Perrow (1961), for example, argues that the dominant coalition of an organisation holds its position based on its professional or skill base rather than through the rational hierarchical structure. Looking this time to neo-institutional theory, this time considering how symbols and routines are constructed across organisational



boundaries rather than the impact of historical actions within an organisation, the impact of expertise and professionalism can be observed.

The activities of professional functional groupings make up part of organisational routines through coercive, normative and mimetic influences (Oliver, 1997). Common practice is socially constructed by networks of professionals, which are part of the wider organisational environment (Dobbin, *et al.*, 1993). Thus professional bodies control the selection and socialisation of new recruits and the conditions for holding a position (Powell, 1991). The extent to which professions control common practice and decision-making across organisations institutionalises the power that they hold due to legitimacy from among other means professional certification (DiMaggio & Powell, 1983; Greenwood, *et al.*, 2002). The gatekeeper role of the professional is thus to transform data in their area of expertise into useful information to reduce uncertainty for others, rendering the unpredictable more routine. This results in a dependency between organisations and professionals, reducing the extent of control available to the organisation alone (Timperley & Osbaldeston, 1975). This system of expertise thus potentially detracts from the power available through hierarchical authority (Mintzberg, 1983). This is also recognised in the knowledge-based view of the firm; the power base of management is said to rest more with its relative level of knowledge as opposed to its hierarchical position within the organisation (Sveiby, 1997).

Professions can thus monopolise an occupation, contrary to the principles of bureaucratic organisations and competitive markets (Freidson, 2001). This monopoly can lead to economic advantage and social recognition for professionals through the restriction of the supply of practitioners (Larson, 1977). Professions are able to monopolise an occupation if the discretionary specialisation of the work is high: in other words, tasks require judgement to be exercised to perform them correctly, and this expertise cannot be standardised and codified (Freidson, 2001). This in turn affords a certain level of status to professional workers.

The role of the professional body is instrumental in defining the body of knowledge and enhancing the professionalisation of a field (Tolbert, 1996; Tyson, 1999). Professional

associations increase institutionalisation in organisations through: creating opportunities for internal interaction between members; presenting an external image that provides a form of legitimacy; reinforcing values through the creation of shared meanings; and reproducing behaviours through prevailing practices and routines (Greenwood, *et al.*, 2002). Lounsbury (2002) explains this phenomenon of institutionalisation through the role of professional bodies in establishing belief systems leading to governance of a field and a legitimated body of specialist expert knowledge. Abbott (1988) also emphasises strongly this political nature of professional activity, however, he clarifies that the extent to which a profession has an impact on institutionalisation is dependent upon the degree of organisation. For example, it is suggested that “*professional communities such as law and accounting are highly organized as communities – association membership may be mandatory, association participation is extensive, and formal interaction and communication are highly developed*” (Greenwood, *et al.*, 2002: 74). Organisation thus provides legitimacy and creates dependency between professionals and their clients (Van Hoy, 1993).

Power in organisations is thus largely determined by the assessed stature attributed by colleagues independent of formal hierarchical status (Bucher, 1970; Pettigrew, 1973; Prasad & Rubenstein, 1994; Watson, 1977). The ascribed status position in the formal structure may be secondary to the achieved status position in the informal structure (Prasad & Rubenstein, 1994). Power is highest when the expert is involved in a key decision-making process that is crucial to the survival of the organisation, such as in the case of Crozier’s (1964) maintenance workers. Similarly, individuals or subunits working in an area little understood by other areas of the organisation create a level of dependency between experts and non-experts irrespective of hierarchical status within the organisation structure (Meyer, 1972).

However, Crozier (1964: 165) emphasises the dangers of expert power and professionalisation in terms of its self-defeating nature: “*as soon as a field is well covered, as soon as the first intuitions and innovations can be translated into rules and programs, the expert’s power disappears.*” These parameters can equally be applied to the power of a subunit that has been formed especially because of its expertise in a

particular function that is of value to the organisation, to act as a gatekeeper to resources (Freidson, 1986). This function becomes the sole source of power of the subunit and when the expert knowledge or skill becomes codified and widely known, the original expert subunit is in danger of losing its non-substitutable position within the organisation (Astley & Sachdeva, 1984).

Another risk of deprofessionalisation comes from the rising education level of the clients that the profession serves: in the case of Personnel, largely line management. Improving levels of management education increasingly mean that the principles of HRM are widely known outside of the Personnel department (Freidson, 1986; Sisson, 1993). Indeed the trends towards human resource management rather than personnel management encourage devolution of HRM responsibilities to the line (Armstrong, 1995). Information technology is also facilitating the process of information standardisation; opening up access and removing some sources of control whilst potentially building others (Sisson, 1993). Finally, there are other factors which can undermine the professionalism of an occupation, such as a loss of public confidence and trust, financial pressures, state intervention and standardisation of procedures by employing organisations (Freidson, 2001). These factors of professionalism and deprofessionalisation are considered in detail with respect to the Personnel department in the following section.

#### ***2.4.2.1. Personnel professionalism***

Having discussed the role of professionalism in institutionalising routines and symbolic authority, the question remains how this applies to the Personnel department. There is a debate in the literature as to whether Personnel can actually be defined as a profession (Timperley & Osbaldeston, 1975; Watson, 1977). There are in fact two models of professionalism suggested in the literature: the trait model and the control model (Legge & Exley, 1975; Preece & Nicol, 1980). The trait model focuses on the specification of the attributes required by an occupation to be classified as a profession. The control model is located in the broader issue of societal power relationships, in which a profession is able to determine the needs of its clients and the services it will provide to

meet those needs. This dichotomy is particularly evident in the Personnel field: should the department emphasise its specialist expertise in HRM theories and practice or its ability to help an organisation achieve its goals when these two principles are in conflict?

Considering first the trait model of professionalism, in order to be classified as a profession, and hence a “*successful occupation*” (Freidson, 1986: 33), various constant criteria must be met in addition to local contingent factors. These constant criteria include: a community with a strong sense of identity; common standards of entry and performance; an ethical code of conduct; a distinct body of knowledge and a set of core competencies; and a requirement for training and certification (Abbott, 1988; Freidson, 1986, 2001; Johnson, 1972; Lounsbury, 2002; Millerson, 1964; Squires, 2001; Timperley & Osbaldeston, 1975; Tolbert, 1996; Watson, 1977). These factors are collectively seen as “*the pursuit of occupational or professional status as a mechanism for an improved economic or bargaining position*” (Timperley & Osbaldeston, 1975: 608).

Personnel practitioners have been trying to create a sense of being a profession for decades (Yeung, 1996). As early as the 1960s, Personnel specialists were seen to be fighting for the status of being full members of the management team (Anthony & Crichton, 1969). Losey (1997: 147), speaking then as an official of the Society for Human Resource Management (SHRM - the personnel management association in the USA), states, rather boldly that “*human resource management is a profession.*” He justifies this by arguing that there is an established body of knowledge that can be taught, learned and tested, and that there is an ethical code of conduct. However, other commentators in the USA, Ulrich and Eichinger (1998: 1), claim that “*HR must become more professional.*” They argue that further study needs to be conducted into the body of knowledge that defines the discipline and into the definition and gaining of competencies. Ulrich (1997) also makes the point that the future of the Personnel profession lies in the definition of essential competencies and clear roles for practitioners.

The definition of professional provided by Gibb (1994) in the UK includes an important differentiating element: the requirement to be certified in order to practise. However, organisations in the UK do not make membership of the Personnel professional body (the CIPD) a requirement for employment, nor are the guidelines of the CIPD accepted as binding (Sisson, 1989).

Considering now the control model, professionalism in terms of the control of strategic accessories cannot be applied directly to the Personnel department (Brewster, *et al.*, 2000a). For example, it is difficult to say that Personnel work is fundamentally associated with a “*transcendent value*” (Freidson, 2001: 122) such as truth or justice, as it straddles the fine line between supporting both employee and management needs. The culture of an organisation is stronger in influencing the values of Personnel practitioners than are any professional values (Tolbert, 1988; Tyson, 1979, 1983; Tyson & Fell, 1986). Because line managers are involved in the management of human resources and have their own theories on how best to manage, it is also difficult to see the level of exclusivity required for HRM to be a true profession (Purcell & Ahlstrand, 1994; Thurley, 1981). It is therefore difficult for Personnel to take on a deviant innovator role through professionalism via control (Legge & Exley, 1975). The department needs to build a frame of reference of trust for the profession as perceived by others in order to gain credibility and authority (Sparrow & Marchington, 1998).

The trait model of professionalism is much more widely applied to the Personnel field than the control model: “*the evidence indicates that personnel managers are reluctant to adopt the role of company conscience and prefer to demonstrate technical competence in managerial performance*” (Guest, 1982: 39). However, there is confusion in the field and as a result, the definition of professionalism is varied: “*the professional phenomenon does not have clear boundaries. Either its dimensions are devoid of a clear empirical referent, or its attributes are so concrete that occupational groups trying to upgrade their status can copy them with relative ease*” (Larson, 1977: xi).

When examining extant studies of the status of Personnel departments, the measures of professionalism used are very broad. They include factors such as whether there is a Personnel department, the number of professional staff it comprises, whether Personnel has a place on the board, whether it uses state-of-the-art techniques, and the department's involvement in corporate decision-making (see, for example: Chow, 2003; Svetlik & Ignjatovic, 2003). These issues go beyond the base criteria for an occupation being termed a profession, and consider more the 'professional ethic': the skills and knowledge needed to achieve work tasks in a more general sense (Tyson & Fell, 1986: 65).

One study has shown that in the particular context of the NHS there is no evidence to support a relationship between a Personnel department having more qualified professional staff and being perceived as more effective, which challenges the professional model (Guest & Peccei, 1994). The study suggests that the professional model of Personnel which has been advocated in this context may not necessarily be the best approach for the department to pursue. This also raises the issue of the extent of professional sophistication required at different levels within the Personnel department in order to meet the needs of the organisation (Hendry, *et al.*, 1988). In another study of a wider range of organisations however, higher qualification levels of Personnel practitioners were associated with environments where trade union activity was high or the effect of employment legislation strongly felt (Beaumont & Deaton, 1986).

Going back to Weick's (1976) terminology, the Personnel profession itself could thus be termed as loosely-coupled in the sense that it is still highly contestable whether it is a profession or not. In a constraining environment in which it is difficult for any profession to be accepted by other professional workers, this may make the task of appearing to have achieved the status of a professional occupation all the more problematic.

In summary, based on the broad professionalism literature, it is expected that the extent of power of a functional subunit will be related in part to its professionalism. Therefore,

in order to explore the extent of organisation within the Personnel profession, this provides the third proposition for the study:

*3a: The Personnel department will be perceived to have more power where it has a larger professional element than Personnel departments in other institutions with a smaller professional element.*

*3b: The Personnel department will be rated higher on its ability to cope with uncertainty, its centrality, and its non-substitutability where it has a larger professional element than Personnel departments in other institutions with a smaller professional element.*

The arguments around professionalism are thus not explored fully by strategic contingencies theory, yet they potentially add a vital aspect to the conditions for intra-organisational subunit power. This is clearly important for the situation of the Personnel department in HEIs. In the Administrative Expert role, it has also been suggested that information systems are a significant factor, as well as being an important source of institutionalisation of organisational information flows. These remaining factors and their impact on the Personnel department are explored in the following section.

### **2.4.3. Information as power**

The Personnel department in its Administrative Expert role relies on the processing of information within the organisation (Buyens & De Vos, 2001: 83): “*it [Personnel] has an important contribution to make at the level of implementation and information delivery.*” Lundberg (1985: 109) describes the department as a “*conduit*” of information to top management. The possession, control and skilful use of information have long been regarded as sources of power in organisations, being critical resources for coping with organisational uncertainty (Barry, 1989; Brass & Burkhardt, 1993; Hickson, *et al.*, 1971; Pettigrew, 1972, 1973; Pettigrew & McNulty, 1995; Pondy, 1977; Wamsley & Zald, 1973; Watson, 1977). Attempts have thus been made to develop strategic contingencies theory to explore how an information system affects horizontal

distributions of power among departments (Crawford, 1997, 1998; Crawford & Rice, 1997; Hedberg, *et al.*, 1975; Saunders, 1981, 1990). These studies have emphasised the moderating effect of information systems on both the determinants and level of power of subunits.

Information systems are related to intra-organisational power because they collect and manipulate information used in decision-making (Markus & Pfeffer, 1983). Dependence between units arises through this management of information to carry out corporate tasks (Hoogervorst, *et al.*, 2002: 1252): “*intense interdependencies and interconnectedness of organizational tasks and functions require that knowledge be shared and integrated.*” Information technology, which facilitates this cross-functional and intra-functional integration, can increase power at the local level due to the provision of comprehensive, immediate and relevant data via a management information system (Kouzmin & Korac-Kakabadse, 2000).

In recent years, the effect of computerised information systems has been acknowledged as important in the field of organisation theory (Hoogervorst, *et al.*, 2002). Automation can change the administrative structure of an organisation (Meyer, 1972), with the extent of computer use being associated with degrees of centralisation and formalisation (Zeffane, 1989). Its impact is however contingent on factors of organisation size, culture and existing structure (Burnes, 1989). Research into the long-term socio-technical effects of information systems on power structures in organisations is thus complex (Barry, 1989; Pfeffer & Leblebici, 1977). As Williams and Wilson (1997: 917) highlight, there are multiple potential consequences of IS use for power structures: “*to the extent that GSS [Group Support Systems - e.g. email] reduce uncertainties; confer ability to cope; create linkages and dependencies among subunits; enable access to information, persons, or other organizational resources; and alter communication and participation patterns, power and influence are likely to be affected.*” Information systems can thus create or reinforce meanings in organisations, mobilising values and norms as a process of institutionalisation (Doolin, 1998).



Galbraith (1973: 4) acknowledges the importance of information processing requirements and capacities as critical variables in the design of organisational structures and hierarchies: “*the greater the amount of uncertainty of the task, the greater the amount of information that has to be processed between decision-makers during its execution.*” This encourages organisations to adopt a structure that minimises uncertainty in the environment and maximises information processing capabilities. Information systems can be designed to impact on power structures by controlling information flows and communication between organisational members (Pettigrew, 1972). Hence they may be used either to perpetuate or modify existing decision-making processes, removing elements of decision-making away from human input and new political influence (Bariff & Galbraith, 1978). Equally, information systems may either adapt to the organisational structure, or be adapted by it (Burkhardt & Brass, 1990).

Examining an information system gives an insight into one aspect of how an organisation values different types of explicit information in its decision-making processes. Information systems can thus take on a symbolic role in organisations in which power derives from the ability to influence attitudes and beliefs about the legitimacy of decisions made using information systems (Bloomfield & Coombs, 1992; Feldman & March, 1981; Markus & Pfeffer, 1983). Inevitably, an organisation’s attention is focused on the information that is regularly collected and stored, and its mere existence gives a symbolic impression of importance (Pfeffer & Salancik, 1978). This information controls the attention and potentially the behaviour of organisational members. Information is therefore not a neutral resource: “*the more important a problem is, the more important it becomes to have information about the problem, and the more important are those who control or gather the information*” (Pfeffer & Salancik, 1978: 77). In strategic contingencies terms, the information held is a source of power as it has the ability to enable organisational members to be gatekeepers to coping with complexity and uncertainty in their environment (Barry, 1989).

Based on these arguments, information systems have the ability to reshape or perpetuate power distributions, and hence a subunit is expected to collect, manage and control the supply of information that enhances its own value in organisational decision-making,

whilst maintaining expert non-substitutability (Barry, 1989). Additionally, other subunits must realise that this subunit has the information needed to resolve organisational problems. This develops the situation of dependency between subunits and consequently a power relationship. When an information system has been installed, if tasks become more integrated as a result, departments become more interdependent. Through this route, a subunit accrues power through the performance of an essential task for the dependent party that cannot easily be performed by others (Saunders, 1981).

As mentioned, the existing structure of the organisation has a role to play in the power distribution created by information systems (Collins, *et al.*, 1999). If the organisational hierarchy is strong, the content of and access to information systems throughout the organisation is likely to be controlled by the most senior levels of the organisation (Pfeffer & Salancik, 1978). This control limits the extent of power available for subunits to acquire, as the information structure becomes institutionalised and information systems themselves are set up based on past contingencies. Where information becomes more widely available to all organisational members through the use of computerised systems, the power of subunits, which at one time were the gatekeepers to certain information, may be eroded over time as non-substitutability decreases.

Burkhardt and Brass (1990) argue also that the timing of adoption of information technology is a moderator of the power and influence of actors: the early adopters of new technology increase or reinforce their power and network centrality to a greater degree than late adopters. However, Pfeffer (1981) argues that stability rather than change is typical of the distribution of power in organisations, and that whilst technological change may provide the opportunity for a redistribution of power and organisational structure, it does not guarantee it.

Given the importance of information management to Personnel's work, the impact of information systems on organisational power discussed here is now considered in relation to this department.

#### ***2.4.3.1. Personnel and information systems***

There is a link between the use of information systems and the primary role of the Personnel department (Monks, 1992; Tyson & Fell, 1986). The more innovative and sophisticated the department's role is, the broader the scope of use of IS needs to be to prepare statistics and budgets for the organisation. In the traditional administrative role, IS is only used to a minimal extent with much of the routine administration being collected and analysed in paper systems. As the role of Personnel departments in HEIs has in the past often taken on this more traditional role, minimal use of IS is perhaps to be expected.

Despite the importance of information to the Personnel department role, Personnel specialists are not known for grasping this new technology. They have often not been involved early enough in the process of information system implementation to do anything other than react to human and organisational problems as they emerge (Clegg & Kemp, 1986; Legge, 1989b, 1993; Mumford, 1983). In the UK, the Personnel department has been slower than other subunits to computerise, (Cervený, *et al.*, 1993; Rogers, 2000). Referring back to the introduction of computers, there were already comments being made about the passive and reactive role of Personnel departments in the introduction of information systems, despite the fact that justification for investments in many technological solutions was to reduce labour costs or improve productivity (Legge, 1989b). It is acknowledged that HRM considerations during information technology (IT) implementation were however being incorporated particularly through the role of line management if not through the Personnel department (Legge, 1993). Some three decades later, similar issues of low IT skill and usage amongst Personnel departments are still being raised (Broderick & Boudreau, 1992; Dunivan, 1991; Martinson & Chong, 1999). Human Resource Information Systems (HRIS) often focus on efficiency at the expense of creativity, possibly due to the ambiguity of the Personnel role (Martinsons, 1997; Tansley & Watson, 2000).

Armstrong (1995) highlights the danger that where Personnel does not engage with this new technology, this may mean that line management take over the role of HRM

information provision at this level. In HEIs, Personnel systems have been given a lower priority than financial and student systems (McManus & Crowley, 1995). There is however a suggestion today that systems are becoming increasingly sophisticated and Personnel user skills are improving in the HEI sector albeit starting from a low base level (HEFCE 02/18, 2002). There is also evidence that information technology will become an increasingly important aspect of the Personnel role in the future (Sparrow, *et al.*, 2003). Increased use of information technology can lead to improved timeliness and service levels, better sharing of data to maintain relationships, and increased management satisfaction with Personnel (Lepak & Snell, 1998).

This section has thus argued that the extent of power that the Personnel department has is related in part to its ability to manage information flows through the use of computerised information systems. This provides the fourth and final proposition for this study:

*4a: The level of power of the Personnel department will be perceived to be higher where there is more sophisticated use of Information Systems (IS) to support service delivery, compared to Personnel departments in other institutions using IS in a less sophisticated manner.*

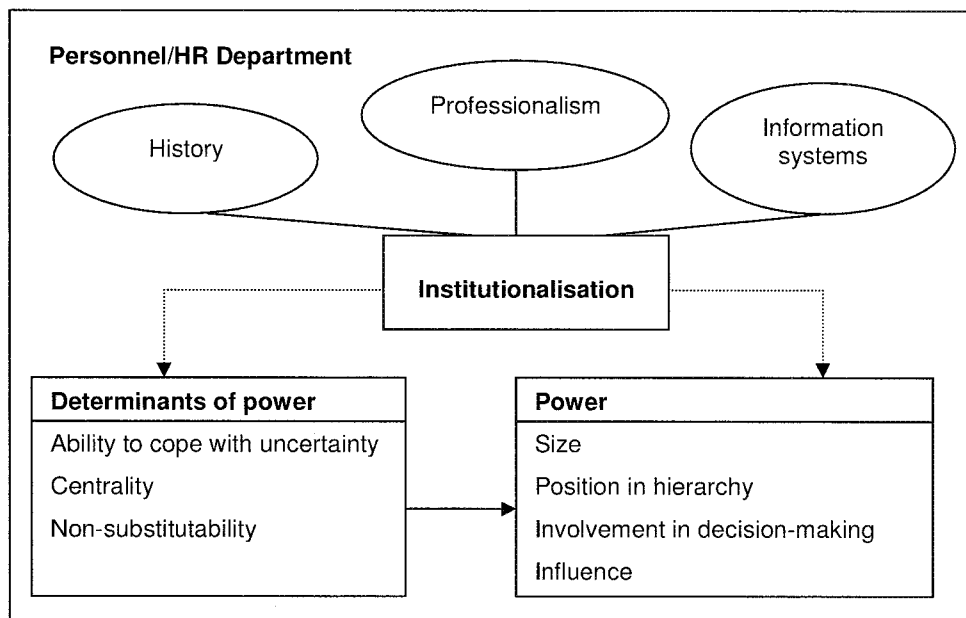
*4b: The more sophisticated the use of Information Systems (IS) to support service delivery, the higher the Personnel department will be rated on its ability to cope with uncertainty, its centrality, and its non-substitutability compared to Personnel departments in other institutions where IS is used in a less sophisticated manner.*

In summary, information, and particularly the control of information flows, is a significant variable in the institutionalisation of power structures in organisations. As the computerisation of this variable has increased, so the potential scope of its impact has grown. When analysing sources of intra-organisational power, information systems are a vital factor in the power structure equation. However, as we can see from the example of the Personnel department, the use of information systems, like power, is itself subject to other moderators belonging to the realms of institutional theory.

This section concludes the review of the literature and the definition of the research propositions. These propositions are now summarised in the form of a conceptual model for the further progression of the study.

## 2.5. *Research propositions and conceptual model*

Having explored the fields of literature around the Personnel department in the context of HEIs, departmental power, and the impact of factors of institutionalisation such as organisational history, occupational professionalism and information systems, the research propositions for further study have been derived. Presenting the propositions graphically leads to the conceptual model displayed in Figure 4. Here, the power of the Personnel department is argued to be determined by the specific determinants of power identified, however, both the determinants of power and the level of power indicators are moderated by factors of institutionalisation including organisational history, professionalism and information systems.



Source: review of the literature.

**Figure 4: A conceptual model of Personnel department power in UK HEIs**

This model is now explored further to answer the research questions:

*What is the perceived level of power of the Personnel department within Higher Education Institutions (HEIs) in the UK relative to other administrative support departments?*

*To what extent do the following factors of institutionalisation in the HEI context affect the power of the Personnel department: (a) organisational history, (b) professionalism and (c) the use of information systems?*

## **2.6. Summary**

This chapter has reviewed the literature on the power of departments within organisations, highlighting the implications for the case of Personnel departments in the context of the HE sector. It has suggested that strategic contingencies theory is a useful starting point to explore the intra-organisational power of the Personnel subunit, but that any such study must go further to address the inherent weaknesses of this theory. Institutional theory has been proposed as an important contribution to the model as it goes beyond the static picture of structural power to try to understand how the current situation of power has arisen. This includes looking at historical contextual factors, the effect of professionalism and the use of computerised information systems. The resulting discussion produces a more complete theory for exploring Personnel department power.

In the following chapter, some of the extant studies mentioned earlier that have applied strategic contingencies theory and the impact of institutionalisation in different contexts are explored further, along with a detailed description of how the research is to be undertaken in order to investigate the propositions presented.