STRATEGIC HUMAN RESOURCE MANAGEMENT

DR ISAAC CHANETA

Preface

This book is intended both to be descriptive of Strategic Human Resource Management (SHRM) and its key constituent ideas and to be analytical of the approach and its ideas. It is intended that the reader leaves the volume not only better informed about what SHRM is, but better able to evaluate SHRM and to understand it. This approach requires us to consider the concept or approach of SHRM carefully and critically; not to tear it apart for the sake of it, but to assess how robust and impressive it is in terms of its constituent ideas and assumptions. This activity, however, which starts in this chapter, may not be all that easy. This is partly because SHRM is an elusive target, characterized by a diversity of meanings and ambiguous conceptual status (Hales 1994:54). Therefore, we must spend some time looking at how SHRM has been defined and how it has been employed. But this is also difficult because SHRM may be not only diverse and ambiguous, it may also be contradictory – it may contain elements, or depend on assumptions, which are themselves inconsistent, pulling in different directions.

Furthermore, SHRM as an approach has much in common with other approaches to organizational restructuring, such as a focus on internal marketing (Hales 1994). Because of the variety and complexity of approaches to SHRM, it is important to have some understanding of how SHRM is defined and used. It might seem that a discussion of the nature and merits and provenance of the ideas and assumptions inherent in approaches to organizational restructuring such as SHRM is simply academic.

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTION

Human resource management (HRM) is the managing of people within the employer-employee relationship. It involves the productive use of people in achieving the organization's strategic business objectives and the satisfaction of individual employee needs. As HRM seeks to strategically integrate the interests of the organization and those of its employees, it is much more than a set of activities relating to the coordination of an organization's human resources. HRM can be a major contributor to the success of an enterprise because it is in a key position to affect customers, business results and ultimately shareholder value. Likewise, ineffective HRM can be a major barrier to employee satisfaction and organization success. HRM is either a part of the problem or part of the solution in gaining the productive contribution of people like other functional managers in marketing, production or finance HR manager is responsible for performance. His/her position exists first and foremost to help achieve the strategic business objectives of the organization.

STRATEGY

Thompson and Strickland (1987) define strategy as the direction in which the organization intends to move and establishes the framework for action through which it intends to get there. It involves a consistent approach over time and reflects the

organisation's approach to achieving its objectives. The purpose of the strategy is to maintain a position of advantage by capitalizing on the strengths of an organization and minimizing its weaknesses. In order to do this, an organization must identify and analyze the threats and opportunities present in its external and internal environments. To this end, organizations need to develop strategies to deal with these external influences if they are to avoid a reactive short-term approach to management. Similarly, internal influences such as the quality of an organisation's human resources, its degree of management expertise and its structure and culture can each be a source of strength or weakness. Strengths in HRM, for example, will allow an organization to better attract, retain and motivate quality employees. therefore, HRM strategies need to be developed as an integral part of an organisation's overall strategy. Maxwell (1990) states that strong leadership believes that human resources are the most important asset of the organization. HR professionals must be willing to stand up and take the leadership role themselves.

STRATEGIC MANAGEMENT

Thompson and Strickland (1987) define strategic management as the process whereby managers establish an organisation's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances and undertake to execute the chosen action plans. The aims of strategic management are to help the organization achieve a competitive advantage- the special edge that permits an organization to manage environmental influences better than its competitors and to ensure long-term success for the organization. This is done by giving managers consistent guidelines for action and by

allowing the anticipation of problems and opportunities. The process of strategic management involves strategy formulation and strategy implementation.

STRATEGIC ORGANISATION AND STRATEGIC HRM OBJECTIVES.

Because they define the main issues to be worked on and determine policies and priorities, Strategic HRM objectives must accurately reflect the strategic objectives and values of the organisation. Schuler, Galante and Jackson (1992) indicate that organisations can improve their environment for success by making choices about HR planning, staffing, appraisal, compensation, training and development and labour relations that are consistent with and support the corporate strategy. This means that HR objectives, policies and plans must be integrated with the organisation's strategic business objectives. When this happens, HRM becomes a true business partner in boosting the organisation's competitive advantage by helping achieve strategic objectives and employee growth.

HR objectives, policies and plans must be judged by how well they help achieve the organisation's strategic business objectives. Without such a strategic view, HRM will remain a set of independent activities, lacking in central purpose and coherent structure. It will be reactive rather than proactive in shaping a relationship between the organization and its employees. It will fail to optimize opportunities for the organisation's survival and growth. HRM must shed its non-strategic bureaucratic baggage or die unmourned.

As SHRM objectives must be in harmony with the organisation's overall aims, HRM must support the achievement of those SHRM objectives. An organization which has set profit improvement as a strategic business objective, for example, may need strategic HRM objectives producing reduced labour costs (improved employee performance, reduced headcount). These objectives, in turn, necessitate action plans for specific HR activities such as developing performance linked reward systems to promote employee motivation and productivity, appropriate training progammes to maintain and enhance employee competence and an appraisal and exit programme to accurately identify and remove poor performers.

Strategic HRM objectives can be linked to strategic organizational objectives such as:

- **_Cost containment_**. HR objectives and activities will focus on cost reduction via reduced headcount, improved expense control, improved productivity, reduced absenteeism and labour turnover.

STRATEGIC APPROACH TO HRM

Many factors affect HRM. Whether from the organisation's external or internal environment, the impact of a particular influence must be identified and considered by the HR manager. HRM does not operate in a vacuum. It is influenced by and in turn influences factors such as changes in technology, laws, social values and economic conditions which exist outside the organisation, as well as internal factors such as the organisation's objectives, strategy, culture and structure. All of these have a significant

influence on the organisation's HRM objectives, strategies and action plans. Equal employment legislation, for example, has had a particular impact on the way organisations acquire, develop and reward human resources. Similarly Bramble (1996) found that government intervention has had a significant impact on industrial relations. An integral Strategic HRM therefore involves analyzing environmental influences to identify those factors which inhibit the organisation and those which help achieve its objectives. An analysis of the strengths and weaknesses of the HRM function can also identify those positive and negative characteristics of HRM which help or hinder the achievement of strategic objectives. Such analysis includes the quality of human resources available to the organisation. If an organisation is to grow and remain competitive, its HR objectives and strategies must achieve the best alignment or fit between external opportunities and threats and the internal strengths and weaknesses of the organisation. The strategic approach generates more informed and purposeful HR management. Articulating the organisation's mission or purpose, its objectives and its strategies help direct the setting of HRM objectives and strategies. In turn, when applied to specific HRM activities such as recruitment and selection, the HR manager can better appreciate which specific action plans are required to support HRM and organisational strategic objectives. Organisations that adopt HRM strategies and practices consistent with the demands of their internal and external environments should out-perform organisations that adopt less well-matched strategies and practices.

CONCLUSION

The current climate of economic turbulence, savage competition and pressure for increased productivity has led to a need for HR managers to adopt a strategic approach, to be part of the top management team, to be involved in corporate planning, to develop business know-how, to become bottom-line oriented and to develop a mission for HRM. HRM activities such as job analysis must be part of a coordinated effort to improve the productive contribution of people in meeting the organisation's strategic business objectives. Inability to do so means that the organisation will ultimately stagnate and fail. Organisations must manage their employees quite differently if they are to successfully compete in a world where human resources are the competitive advantage.

REFERENCES

- Armstrong M. and Long P. (1994.) The Reality of SHRM, Institute of Personnel and Development, London.

- Bannister B. and Bennett R. (1995) Managing Human Resources in Hong Kong, Pitman, Hong Kong.

- Bramble T. (1996) Strategy in Content: The Impact of Changing Regulatory Regimes on Industrial Relations Management, Asia Pacific Journal of Human Resources, Vol. 34 No.3.

- Clark R. (1992) Australian HRM – Framework and Practice, 2nd Edn. Houghton Mifflin, Boston.

- Deery S. and Walsh J. (1990.) Industrial Relations, Contemporary Analysis, McGraw, Sydney.

- Gardner M. and Palmer G. (1997.) Employment Relations, Macmillan, Melbourne.

- Kanter R.M. (1983.) The Change Masters, Counterpoint, London.

- Nankervis A.R. and Compton R.L. (1994.) Reading in Strategic Human Resource Management, Nelson Melbourne.

- Thompson A.A. and Strickland A.J. (1987.) Strategic Management: Concepts and Cases. 4th Edn. Business Publication, Plano, Texas.

- Stone R.J. (1991.) Reading in Human Resource Management, Vol.1, John Wiley and Sons.

CHAPTER 2

FROM PERSONNEL MANAGEMENT TO STRATEGIC HUMAN RESOURCE MANAGEMENT

Introduction

In recent years a significant amount of literature on personnel management has been critical of the roles of the organisations. A widely held perception is that the function is confined to a reactive, fire-fighting and administrative position that it fails to be relevant to the aims of the organisation. The usual prescription is that personnel management should remedy this by becoming involved at strategic level. There has been a trend towards replacing the term personnel management by HRM and, as a separate occurrence, the term HRM is also, primarily in the UK, being given a different meaning associated with specific management activities and values which have been gaining attention. There is also the emergence of a concept of strategic human resource management (SHRM). There are also signs that the personnel management role is being eroded as responsibility for certain activities formerly delegated to it are being returned to line management in a redefinition of management's responsibilities for managing people. The personnel management function lacks strategic relevance because it is locked into a mainly administrative role (Rowland and Summers, 1981). There is a potential conflict in its relationship with line managers because human resource management is a dimension of all managerial roles. Recent research findings suggest evidence of a shift in responsibilities for many aspects of personnel management away from the function and

towards line management (Storey, 1992). There are reports that a rapidly changing environment for business which has been resulting in globalization and a need for competitiveness has been causing management to bring a new focus to bear on how human resources are organized and managed. Literature review revealed two distinct strands and these were that: There was:

- quite widespread use of the term "human resource management", frequently referred to by the abbreviation (HRM); and

- an emergence of the term strategic human resource management.

Human Resource Management

This period is characterized by the expansion of necessary personnel functions for the post-war (after the Second World War) economy; a gradual move from specialist to more general approaches; the adoption of theories including scientific management, behavioural science and human relations. This period (after the Second World War) also marked the resurgence of unionism. Unions focused on pay and work conditions issues, forcing further expansions of personnel activities to include industrial relations considerations. The influences of the excellence theory are merely affecting management of employees. Excellence Theory was proposed by W. Deming (1878) and was effectively applied in Japan and United States industries after the Second World War. It advocates the following principles of management:-

- creation of consistency of purpose towards the product of service management.

- validation of quality statistically;

- adoption of arbitrary numerical goals; and

- removal of barriers.

TQM has been applied in some Australian organisations to aid in their competitive strategies. However, the rigidity and procedure –driven approach of TQM has been criticised by some academics and practitioners.

Stages of Development from Personnel Management to HRM and SHRM

Wayne Cascio (1989) divides the development from Personnel Management to HRM and SHRM into three (3) distinct phases:-

Stage One – 1900 – 1940s Welfare and Administration

Stage Two – 1940s- mid 1970s welfare, administration, staffing and training personnel management and industrial relations;

Stage Three – mid – 1970s – 1990s HRM and SHRM.

Major features of each developmental stage are discussed below:

Stage One: Welfare and administration (1900-1940s)

Personnel functions were performed by supervisors, line managers and early specialists (e.g. recruitment officers, trainers, welfare officers) long before the establishment of a national association representing a "profession" of personnel or Human resource

management.   Scientific Management of J. Taylor (1856-1915), through job design structured reward systems and "scientific" selection techniques, helped the refining of the personnel management practice in the recruitment and placement of skilled personnel employees. Behavioural Science added psychological testing and motivational systems, while management science contributed to performance management programme.

Prior to the Second World War in 1945, personnel management functions were largely fragmented and often conducted by line managers as part of their overall management responsibilities.

During this period, society was generally stable, though disrupted by the First World War and the Great Depression. Unemployment was low until the 1930s when labour became readily available for employers. Trade unions were active largely focusing on issues of pay and working conditions. Personnel functions were mainly restricted to administrative areas (e.g. wages/salary records, minor disciplinary procedures and employee welfare activities).

Stage Two: Welfare, administration, staffing and training (1940s-mid 1970s)

The Second World War referred to above, had significant repercussions on both those that stayed behind particularly on business and the labour market. During the Second World War, not only was there a scarcity of labour for essential industries such as munitions and food but there was also a corresponding increase in problems and

performance of existing employees. Many more women had become involved in all areas of industry, to replace their husbands and brothers who were in the military service. Financial, social and family pressures began to hinder productivity and output of such employees and they became increasingly harder to recruit. When the war ended, returning soldiers flooded the labour market, often with inadequate work skills. Employees were spurred on by government initiatives and their own post-war in a developing economy. Welfare services for employees were seen by some employers as a means of attracting and maintaining employees and ensuring their continued productivity. Training courses were launched to equip practitioners with the necessary skills. Many more organisations began to employ specialists to conduct recruitment, training and welfare activities, removing these functions from line managers.

This stage is characterized by the expansion of necessary personnel functions for the post-war economy; a gradual move from specialist to more general approaches; the adoption of theories including scientific management, behavioural science and human relations. This period marked the resurgence of unionism. Unions focused on pay and work conditions issues, forcing further expansions of personnel activities to include industrial relations considerations. Although personnel activities expanded, they were largely separated from those concerned with industrial relations and professional philosophy did not exist.

Stage Three: Human Resources Management and Strategic Human Resources Management (mid 1970s – 1990s)

This period was characterized by fierce competition in the world labour markets. The influences of the "Excellence" theory referred to earlier were beginning to affect management of employees. Personnel management transformed into human resource management, in 1970s, representing a change towards the integration of personnel functions, strategically focused on overall organisational effectiveness.

Unlike previous periods, this stage represents the integration of personnel management and industrial relations into a coordinated and strategic approach to the management of an organisation's employees and this led to the development of Strategic Human Resource Management (SHRM). SHRM can be perceived as a "macro" perspective (e.g. strategies and policies), whereas Human Resources Management represents more of micro approach.

STRATEGIC HUMAN RESOURCE MANAGEMENT

A number of commentators have argued that the concept of Strategic Human Resource Management (SHRM) has evolved as a bridge between business strategy and the management of human resources (Schuler and Walker, 1990: 7). Human Resource strategy is a set of processes and activities jointly shared by human resource practitioners and line managers to solve people – related business issues. Wright and McMahan (1992) define SHRM as the pattern of planned human resource deployment and activities

intended to enable an organisation to achieve its goals. Most developed countries started using it in the 1990s. SHRM has both a vertical and a horizontal dimension in that not only are HR practices in the 1990s linked to the organisational strategy under SHRM but the practices themselves should be strategically linked to ensure that they are promoting the same goals. Thus the distinguishing feature is that SHRM adopts a more macro perspective while HRM adopts a micro perspective.

The fact that SHRM has emerged at all, indicates that there is some qualitative difference between HRM and SHRM. SHRM is regarded as the overarching concept that links the management and the individuals within the organisation to the business as a whole and to its environment. In this way, the essential features of SHRM can be summarised as follows:

1. There is an explicit linkage of some kind between HR policy and practices and overall organisational environment.

2. There are organising schema linking individual HR interventions so that they are mutually supportive.

3. Much of the responsibility for the management of human resources is cascaded down the line.

Key Elements of Strategic Human Resource Management thinking

At the most general level, there are four key elements:

- First, those internal processes of organisational change are caused by processes of external environmental change. This argument projects ultimate responsibility for SHRM and the consequences of SHRM action outside the

organisation, away from management and onto the environment. This justifies all SHRM initiatives in terms of rational, productivity benefits.

- Second, that under these new environmental pressures (competition, technology, clients' demand etc.) management must develop new and appropriate strategies to defend or advance corporate interests. So environmental challenge requires strategic response.

- Third, this strategic response in turn requires organisational response. If the organisation is to be capable of achieving or delivering the new strategy, it will be necessary to design and implement changes in any or all aspects of the human resource structures and system. Thus, SHRM is represented as developing corporate capability to deliver new organisational strategies.

- Fourth, the SHRM approach assumes that organisational change is driven by managers' perceptive and informed understanding of the need for, and the principles of organisational change.

SHRM RESPONSES

It has been argued that during the 1980s management had increasingly reacted to the environmental developments by attempting to improve organisational performance both by increasing the efficiency of organisational operations in terms of processes and costs and by improving organisational effectiveness in terms of their strategic objectives – for example customer satisfaction, quality, innovation etc. It is these various organisational measures that are frequently identified as the component elements of SHRM. Organisations have made and are making a number of different types of changes in HR

systems and structures, which are commonly identified as aspects of SHRM. These changes are commonly aimed at the efficiency, performance, quality and flexibility of labour.

In the early days of SHRM, management efforts centered on increasing flexibility; they have recently moved to increasing work output through re-engineering and downsizing, but flexibility remains a valued objective. A recent analysis of manufacturing organisations within the UK, for example, job design, training and payment systems, can be seen to be part of a new distinctive pattern for the organisation of manufacture.

A number of different characteristics are covered by the expression "flexibility": numerical flexibility, which is the ability to adjust the number of employees in response to varying demand; functional flexibility, which is the ability to use the skills of the work force in varying ways in response to demand; and financial flexibility, which means adjusting wages to demand and to performance. The notion of the 'flexible firm', developed by Atkinson (1985) at the Institute of Manpower Studies, offers one view of the elements seen as necessary to be able to adjust quickly and readily to market changes. The flexible firm, which exhibits the four sorts of flexibility described above, may also operate flexible employment practices whereby workers are divided into 'core' or full-time, reasonably secure workers and part-time workers with less advantageous conditions.

Recently it has been argued that while many typical SHRM initiatives are indeed concerned with achieving flexibility, this does not imply the upgrading of skills nor investment in technology. Flexibility can be and has been achieved by the flexible use of relatively unskilled labour and the use of external resources ('outsourcing') and the deployment of semi-autonomous business units operating as profit-centres.

Also of importance, are work changes which, again borrowing from the Japanese, attempt to overcome the classic disadvantage of the traditional, scientific management forms of work organization: low levels of worker motivation and commitment resulting in poor-quality work and insignificant creativity and poor balance of the flow of work through the assembly process. The Japanese shop-floor system of work organization, through quality circle programmes, 'empowers' workers so that, in groups, they become involved in aspects of management decision-making such as quality and problem-solving, and in management decisions on tools, materials handling layout and improvements. This system seeks to make every worker a quality inspector, to be responsible for continuous change and improvement and through 'just-in-time' production process. These methods, particularly just-in-time material flow systems, quality circles and team working, have been applied in the UK and hailed as a revolutionary break-through with previous practice, and a crucial stage in the achievement of competitive levels of quality and efficiency.

Another significant area of change, which also reflects the pursuit of flexibility but on an organizational level rather than at the level of work design, is the move among many

organizations towards types of structure which achieve the twin goals of accountability of management decision-making and sufficient management controller designed decision - making. This is attempted by decentralization, reduction of bureaucracy, reduction of layers of management and thus the separation of parts of the business into accountable business units, autonomous within a structure of financial controls and corporate policy. These developments have not only occurred within the private sector. The Post Office and the National Health Service have also been exposed to decentralization and division into profit-responsible divisions. These developments represent an effort to achieve an optimum relationship between the corporate centre and operating companies. Goold and Campbell (1986), in a study of 17 multi-divisional UK firms, identify three types of centre—operating company relationship. Each of which is empirically apparent and each of which solves some problems and raises others (Storey and Sisson 1993: 80—6).

A similar sort of development is the move towards formal and explicit service level agreements between service departments and their internal customers. For example, within local authorities discrete divisions may now be required to install service agreements formally specifying what each division agrees to supply to its internal customers. For external services they are required to arrange for competitive tendering as usual. Interestingly, one result of this move is to increase the quantity of bureaucratic paperwork, with the details of each interdepartmental relationship being formally specified.

For some years, it has been widely maintained that an important element in organizational change — possibly the most important element — is an organization's

culture. This refers to the symbolic, normative aspect of organizational life which, culture proponents argue, is a fundamental determinant of employees' behaviour and attitudes, and specifically of their sense of commitment and enthusiasm. Culture can be defined as: 'the taken for granted assumptions, beliefs, meanings and values enacted and shared by organizational members' (Gowler and,Legge 1986: 19). The concept of culture is to draw attention to the role and importance of the irrational aspects within organizations, seeing the organization as a source of primary social relations and as a significant shaper of fundamental social values.

Some key sources: theories of work design

A major source of SHRM ideas and assumptions is the concern to enhance organizational performance by two sorts:

1. Performance improvement measures: measures that increase employee involvement and commitment;

2. Measures that improve organizational efficiencies.

Much SHRM literature, and arguably some SHRM activity, is concerned with improving not simply the quantity but also the quality of employees' efforts — to achieve a movement from employee comp1iance to employee commitment. Williamson (1984) argues that organizational performance is improved when 'perfunctory co-operation' is replaced by 'consummate cooperation', i.e. when employees stop merely fulfilling the basic formal contractual requirements and start showing mutual loyalty and commitment to the enterprise and its goals. Concern with improving the nature of employees' attitude and commitment to their employing organization has a long history in management thinking. Indeed it is probably the oldest and most basic management concern —

inevitably, since management attempts to control and direct and maximize the work and output of employees, SHRM has always been recognized as having significant implications for employees' attitudes. The link between work design and employee attitude and behaviour has been the focus of considerable research and management attention.

A long tradition of analysis of job design principles and their implications has a number of key elements which are fundamental to SHRM thinking. First, the notion that shop-floor staff would produce better quality work and be more committed to their employer if their jobs were designed to allow greater skill and autonomy has a long pedigree, for example, in the Quality of Working Life Movement (QWLM) and in job enrichment programmes. Even during the period when bureaucracy and Taylorism were widely regarded as the twin pillars of industrial organization — principles which had much in common in their emphasis on regulation, specification and control — there were those who argued against them, sometimes on moral grounds, sometimes on the basis of efficiency. Indeed, the approach (QWLM) actively undermines such control by subjecting employees to a regime which is so insufferable that they become alienated from the work process, the product and the employer. It thus achieves some types of control, over work speeds and output for example, but sacrifices others, over quality and employees' attitudes and commitment. Ford (1986) says that: 'Machines do not give us mass production. Mass production is achieved by both machines and man. And while we have gone a long way toward perfecting our mechanical operations, we have not

successfully written into our equations whatever complex factors represent man, the human element' (Ford, quoted in Littler and Salaman 1986: 91).

The costs of this QWLM were quickly appreciated. But employers, noting them and attempting to develop solutions, were unable to escape from the limited thinking which produced the initial problem. Davis et al.(1972), found that practices were consistent with the principles of scientific management minimizing the dependence of the organization on the individual and minimizing the contribution of the individual to the organization. By adhering to the very narrow and limited criteria of minimizing immediate cost or maximizing immediate productivity, it (scientific management) designs jobs based entirely on the principles of specialization, repetitiveness, low skill content and minimum impact of the worker on the production process. Management then frequently spends large sums of money and prodigious effort on many programmes that attempt to:

1   counteract the effects of job designs;

2   provide satisfaction, necessarily outside the job, which the job cannot provide; and

3   build on the satisfaction and importance of the individual which the job has diminished.

But others saw that a better solution was to design jobs in ways which allowed inherent satisfaction, and which thus encouraged creativity and commitment (the QWLM). This approach is a major forerunner of the principles of current SHRM. Those who argued against bureaucracy and against Taylorism/Fordism (psychological growth theories) argued that both were wrong, not because they were stifling and were inhumane

21

(although many thought this), but because they were inefficient, either absolutely, or at least under conditions where quality, responsiveness, flexibility and innovation were important.

The SHRM movement — at least the 'soft', humanistic approach — includes values and assumptions derived from writers who questioned the efficacy and morality of Taylorist work forms. But, as Guest (1987) has noted, the use of these 'psychological growth theories' underpinning SHRM tend to 'sit comfortably' with the 'individualist, anti-union stance of employers, combining to provide a coherent anti-union or at least non-union strategy' (Guest 1990: 388). Also while some SHRM thinking stresses the importance of maximizing the commitment of employees to their organization, there has been relatively little attention paid to the precise means whereby such commitment might be achieved, except by reference to the mobilization of 'culture change' programmes.

The second theme of work design analysis, concerns the importance of relationships at work. Within SHRM, work and employment are frequently seen as a major focus of social relationships and personal-identification. This is particularly obvious in the emphasis on team work and on organizations as sources of meaningful work-based cultures. This emphasis on the social aspect of work — on work as a source of social relationships — derives largely from the 'human relations' movement, whose approach, based on the famous studies undertaken by the Western Electric Company at the Hawthorne Works in Chicago from the 1920s to the early 1940s, concluded that work attitudes (satisfaction, frustration, tolerance of supervision etc.) were strongly influenced

by social relationships at work, particularly by the existence, membership and culture of the work group. This 'social man' was discovered to supplant the 'economic man' of Taylorism.

Human relations proponents argued that within work-based social relationships or groups, worker behaviour, particularly productivity or co-cooperativeness with management, was thought to be shaped and constrained by the worker's role and status in a group. Other informal sets of relationships might spring up within the formal organization as a whole, modifying or overriding the official structure of the factory, which was based on purely technical criteria such as the division of labour.

The human relations movement bequeathed to SHRM the suggestion that workers had significant social needs that could be satisfied at work, and the idea that if satisfied, these needs could be used to influence the workers' attitudes and behaviour. This has had a major impact on the importance attached to team work in SHRM thinking. The two key advantages of team work from a management perspective are that it encourages the flexible use of labour with team members covering for and replacing one another; and that it replaces management discipline with peer pressure — loyalty to one's colleagues.

The third element concerns the role and possibility of choice of work and organizational structures — a key SHRM idea. SHRM, and the QWLM on which it draws, have both been influenced by the work of the Tavistock Institute. The researchers there identified the advantages, in terms of output and morale, of self-managing groups with a degree of autonomy. The Tavistock studies have been used to argue that work design principles are not determined, but can be chosen and that achieving the right form of work design

(enhanced work group autonomy and responsibility) increases benefits for the organization and the employees. This finding underpins much of the empowerment literature. It suggests that it is possible for management to allow a degree of autonomy, and under the right conditions for workers to use their autonomy 'responsibly' in the services of their contribution to the organization's goals.

This leads us to the fourth element of job design studies that is influential in SHRM: the conceptualization of the nature of the relationship between organizations and their employees. Taylorism, and to a lesser degree bureaucracy, define the relationship between employee and organization explicitly in terms of a clear contract of wages paid in return for measured effort or output. Taylorism thus represents the managerial equivalent of the instrumental worker who defines work entirely in terms of financial rewards. An obvious outcome of this approach is that both parties have an interest in minimizing their part of the exchange and maximizing the contribution of the other side. This view thus leads to, or reflects, a notion of the employment relationship as inherently competitive or conflictive. However, approaches to work design that argue the importance of allowing employees discretion and responsibility, and insist that staff will react to greater trust by increased commitment, and will react positively to enriched jobs and empowered roles, assume, at least implicitly, a high degree of shared interest between employer and employee. They argue that what is good for the employee is good for the organization; that conflict, if it occurs, is pathological and deviant— i.e., that there is little, if any, need for trade unions to mediate between staff and employer. Furthermore, they not only assume this, they assert it.

The distinction between the consensus and conflict view of employee/organization relations is important because, clearly the workplace is a place of co-operation and commitment, of conflict and consensus. And while the SHRM movement on the whole, if not exclusively, argues that organizations and their staff share interests (so that to benefit staff is to benefit the organization and vice versa), it is obvious that major grounds for conflict between employers and employees exist and are inherent in the fact that .organizations are hierarchical and inegalitarian. This has a number of implications. SHRM may offer more effective way of organizing staff and structuring jobs but it will not eliminate conflicts within employing organizations, which may surface in ways that disrupt SHRM initiatives. Also, if SHRM is based upon a consensus view of essential harmony, it will be vulnerable when competitive pressures force decisions on wage increases, redundancies or increased output which run counter to this message. Another possibility is that within a conflict scenario some staff may regard typical SHRM.

Conclusion

This chapter has explored some of the basic questions that arise in any consideration of SHRM — namely, what are the empirical developments that have been seen to constitute the phenomenon, what are the key elements of these developments that make them essential to SHRM and, finally the ideas which inform SHRM and their origins. The chapter has charted a journey from actual developments in the world of organizations, to structures and systems of ideas inherent in the approach to organizational restructuring known as SHRM, to the key relationships between environment, strategy and

organizational capability and finally to explore the origins of the key theoretical ideas and

assumptions on which SHRM approaches are built.

References

Beaumont, P. B. (1993) *Human Resource Management*, London: Sage, 20—38.

Child, J (1972) '*Organizational structure, environment and performance*: The role of

Strategic choice', Sociology, vol. 6, no. 1, 1—22.

Drucker, P.f. (1954) *The Practice of Management*, New York: Harper.

Guest, D. E. (1987) '*Human resource management and industrial relations'*, journal of

Management Studies, vol. 24, no.5, 503—21.

Legge, K. (1988) '*Personnel management in recession and recovery*", Personnel Review,

vol. 17, no. 2.

Pettigrew, A. (198) '*Introduction: Researching strategic change' in A. Pettigrew (ed.)*.

The Management of Strategic Change, Oxford: Blackwell, 1-14.

Storey, J. (1992*) Developments in the Management of Human Resources*, Oxford:

Blackwell.

CHAPTER 3

TOWARD AN INTEGRATIVE VIEW OF STRATEGIC HUMAN RESOURCE MANAGEMENT.

INTRODUCTION

The critical role of human resources in the strategic management process has recently been recognized by both the business and academic communities. While the concern for the strategic use of human resources has grown, the quest for advances in this direction has been fraught with two major problems.

First, personnel researchers have, in the past, been extremely narrow in their focus. Personnel management is a field full of specialists in which researchers concentrate in distinct areas such as selection, training, compensation or performance appraisal. This orientation was justified given the constraints of early employment problems in organization that created the field of personnel management. However, the downside of this perspective comes in that most human resource researchers have a limited understanding of how other activities within the firm interface human resource management (HRM). Zedeck and Cascio (1984) point out that HRM issues are part of an open system, and research is theoretically bankrupt unless placed in the broader context of organizations. Clearly, a generalist's view of HRM would be helpful for integrating employment activities with other organizational functions within the firm.

The second problem inhibiting integrative research is that organization theorists typically have limited knowledge about specific human resource practices. While theorists have

often discussed in general issues such as compensation and performance appraisal, they seldom examine the technical aspects of each human resource function (e.g., behavioural versus results- oriented performance appraisal techniques, or achievement versus aptitude selection tests). The result of these two problems is that there is a clearly distinguishable gap between the research undertaken in the area of strategy and its counterpart in HRM. In addition, there has been virtually no effort to conceptually bridge these two areas in research.

A Sub-functional View of SHRM

The research and writing on human resource strategy clearly reflects the evolution of the HR function, as the structure and focus of HRM results directly from the problems confronting it. Early writers divided the HRM function into sub-functions (e.g., selection, appraisal, compensation and training) and then discuss how each of these sub-functions could be used to support the strategic business plan. For example, Galbraith and Nathanson (1978) were the first to explicitly discuss the concept of human resource strategies within the context of strategic management. These authors stressed the importance of fitting various human resource activities into the strategies and structures of the organization. In their discussion of how human resources fit into strategy implementation, they set forth the first conceptualization of human resource strategies, breaking them up into four basic sub-functions: Selection, Appraisal, Rewards, and Development. This framework stemmed from the traditional sub-functional structure of the HR department.

Fombrum, Tichy, and Devanna (1984) followed Galbraith and Nathanson's (1978) breakdown, discussing "strategic selection," "strategic rewards," and "strategic development," as important components in the overall SHRM function. Similar conceptualizations of human resource strategies have since been used. While all have viewed human resource strategies as functionally based (e.g., selection, appraisal, etc.), they have stressed the need for integrating HR activities across these sub-functions.

Beer, Spector, Lawrence, Mills and Walton (1984), however, were the first to provide an alternative framework for viewing HR strategy. They stated that to view the strategic management of human resources in this way, reflects the traditional structure of the personnel function. They speculated that these subdivisions of the HRM function evolved in this way because each sub-function was created in answer to some specific employment problem. The conclusion to be drawn from this is that the predominant perspective of human resource strategies is one in which the human resource function is broken up into its various sub-functions, and each sub-function then has the responsibility of organizing its activities to support the organization's strategy. This has resulted from the evolution of the HR problems, and as those problems change, the structure and focus of the HR function changes, too.

Linkages between Human Resource Management and Organisational Strategies

Several types of linkages between HRM and organisational strategies have been identified as follows:-

a) **Accommodative:** Human Resource strategies simply follow organisational strategies by "accommodating" the staffing needs of the already chosen business strategies.

b) **Interactive:** A two-way communication process between Human Resource Management and corporate planning in which Human Resource Management contributes to and then reacts to, overall strategies.

c) **Fully Integrated:** The Human Resource specialist is intimately involved in the overall strategic process in both formal and informal interactions, a real reflection of strategic human resource management in practice.

The ideal linkage is, of course, where HRM and organisational strategies are fully integrated with each other and where the Human Resource specialist has direct reporting and communication relationships with the highest levels of management in the organisation (Nankervis, Compton and McCarthy, 1999). Some recent United States researches suggest that the link between senior managers, Human Resource specialists and line managers is best achieved when the human resource practitioners adopt roles (i.e. a partner in strategy execution …….. and administrative expert …… an employee champion ………. And a change agent.

SHRM: Strategy, Structure, Culture and Policy

As discussed earlier, the theoretical practice of SHRM depends on the alignment between HRM and business strategies and outcomes. Determinants of the choice of

HRM strategies will include the required scale of change to achieve organisational objectives, together with the appropriate style of management to effect the desired change. The choice HRM strategy is directly determined by the scale of change required for the organisation to maintain its productivity and competitiveness and the most effective style of management to these objectives.

In all cases, HRM strategies may include macro-organisational change (e.g. recruitment and selection, performance management, remuneration systems e.t.c.).

Relationships between culture, strategy and structure

The relationships between organisational culture and structure are problematic. This leads to a posed question – does a nature of an organisation's structure hinder or assist the proposed business strategies or do the strategies themselves determine the appropriate structure of the organisation? Current initiatives of enterprise and individual agreements, organisational reviews and imperative for more effective and efficient production methods, seem to suggest that strategies are infact changing the nature of organisational structure. As example of this, the drive towards improved productivity and efficiency in many organisations (strategy) has involved the removal of middle management levels, the formation of semi-autonomous work groups and increases in management spans of control (structures).

Changes to the strategy and management skills have inevitable effects on organisational behaviour (culture) and significant staffing applications (e.g. recruitment, training e.t.c).

Through organisational restructuring, the trend away from hierarchical structures towards learner and meaner, customer-focused frameworks, has occurred in some countries e.g. Australia over the last decade. In both Human Resource Management theory and practice, the notion of "flexible firm-model" has persisted in order to achieve labour economies of scale, and to enable organisations to be more responsive to the demands of the internal and external environments.

The "Flexible firm" model

An outcome of these pressures on organisations, has led to the development of "flexible firm" model which tries to incorporate cultural and structural change towards enhanced labour flexibility, a crucial element in enhancing competitiveness and productivity. Storey and Legge (1915) suggest that productivity is enhanced by the following three types of flexibility:-

a)   Numerical flexibility -   different numbers of employees at different times, meet with peaks and troughs of business (e.g. hotels, airports, factories, banks). This can be achieved either by altering hours of work or by employing casuals and contract employees during peak periods. This approach radically alters the structure of work-teams.

b)   Functional flexibility-   multiskilling and reduction of demarcation between jobs, radically alter the job structures.

c)   Distancing -   extensive use of sub-contractors by organisations brings structural change.

All these features of "flexible firm" suggest a radical restructuring of traditional organisational structure. The increasing casualisation of the work-force, in certain sectors of the economy e.g. hospitality, together with increased contracts at the expense of full-time employment, suggests that this model is gaining increased importance as a strategic structural solution to a Human Resource Management issue.

Organisational culture and Human Resource Management

Numerous sociologists and industrial psychologists have conducted studies into the characteristics of national culture, religious culture and organisational culture. Hofstede (1985) defines culture as the collective programming of the mind which distinguishes the members of one group or society from those of another. Other writers simply define it as the customs, beliefs, practices, traditions, values, attitudes e.t.c. Most cultures have norms rules which control the behaviour of societal members. Overall then, organisational culture includes such aspects as values, beliefs, work systems and practices, expectations and limitations on employee behaviour. Cultural issues in

organisations might include dress code, punctuality, formal and informal relationships between supervisors and subordinates.

Organisational culture is influenced by a number of factors including the company's history, present management's leadership styles, structure, the nature of products or services, industrial relations activities and above all, national culture. Culture may develop to enhance business strategy. Culture-change can be managed by the choice of appropriate Human Resource Management policies and practices in the realms of employee influence, human resource flow, rewards systems and work systems.

All Human Resource functions from work/job design through to recruitment, selection, training, career, salary administration processes, help to reinforce or develop organisational cultures. Cultural change can result from innovative Human Resource Management approaches to all these functions in an integrated and strategic programme. Thus, the Human Resource specialists have a major role to play in ensuring that an organisational culture conducive to the achievement of overall strategic objectives is developed and maintained.

Organisational and Human Resource Management policy

Walker (1992) says policies are guides to action in an organisation. They reflect management philosophies, principles and strategies. Policies are developed to carry out chosen strategies and that they reflect cultural and structural realities. Policies may be

formulated in order to modify organisational culture. However, policies may be prevented by structures of the organisations or external pressures (legislation awards economic or social factors).

The Harvard Model (1985) suggests that all Human Resources Management policies fall into four (4) areas namely:-

- employee influence and involvement;

- human resource flow;

- rewards systems;

- work systems.

Employee influence and involvement

Motivational theorists such as F. Herzberg and A. Maslow, emphasise employee needs for autonomy and self direction. Some companies in USA and Scandanavia provided working examples of involved work - groups determining their own job designs and work processes. Trade Unions in Australia have begun to demand more employee-involvement in many organisational activities. Occupational health and safety legislation, generally requires consultative committees at all work-places but organisational policy may discourage such employee or union-involvement. To this end, many Australian organisations are reviewing their policies to the nature of employee-involvement as a result of industrial relations initiatives being driven by trade unions.

Human Resource flow

Policies in this area are on recruitment, selection, appraisal, promotion, job security and retrenchment and employment contracts. In other words, it is the movement (flow) of employees into, around and out of the organisation. Central to Human Resources Management, such policies send messages to existing, new and departing employees about job security, productivity and teamwork expectations, employee and organisational commitment. Thus, some firms may choose to frame policies indicating high organisational concern for their employees (e.g. promotion on merit, appraisal linked to career management/succession planning). Others would prefer to keep employees on the "edge" lacking job security (employment contracts rather than permanency) performance-based-remuneration etc. The choice will depend on the nature of the organisation and its expectations.

Rewards Systems

Most powerful message to employees is delivered through rewards, for example, recognize superior outcomes or merely reflect the minimum requirements. Appraisal schemes based on direct financial rewards of bonus, often send the wrong messages to employees-quantity rather than quality which is the criterion. However, in some cases e.g. sales or production, they may prove very effective. Human Resource policy-makers need, therefore, to frame such policies in appropriate ways to reflect desired organisational outcomes.

Work Systems

Policies in this area include job design, physical environments, technical and information skills requirements. Messages send encompass fundamental Human Resource issues such as the coordination between employees and their tasks, management concern for employees and overall organisational efficiency in appropriately arranging tasks. Thus, the important function of Human Resources specialists is to frame policies that will both achieve organisational outcomes and ensure employee satisfaction, in association with other policies.

Conclusion

The integrative view of SHRM presented here, can serve as a useful heuristic for aiding in our understanding of how human resources can be managed strategically. The purpose was not to show the invalidity of the sub-functional view of SHRM, but to show the need to effectively integrate the various HR sub-functions to support the organization's strategic business plan. Thus, the integrative view of SHRM should not replace, but should be combined with the sub-functional view in order to more fully understand SHRM. It is hoped that this integrative view of SHRM will allow researchers and practitioners to better understand the role of human resources in organizations. If so, it will become possible to more effectively integrate the human resources function with the organization's strategic plan, and to more productively align the variety of human resource practices to achieve organizational aims.

REFERENCES

Anderson, C., C, Crowell, S. Sponsel, M. Clark, and J. Brence. 1983. "Behaviour
Management in the Public Accommodation Industry: A Three Project
Demostration." *Journal of Organizational Behaviour Management 4: 33-36.*

Anderson, C., C. Crowell, J. Sucec, K. Gilligan, and M. Wikoff. 1983. "Behaviour
Management of Client Contacts in a Real Estate Brokerage: Getting Agents to
Sell More". *Journal of Organizational Behaviour Management 4:67-96.*

Galbraith, J. and D. Nathanson. 1978. Strategy Implementatio: *The Role of Structure
and Process. St. Paul, MN: West Publishing.*

Guest, R. 1982 "The Sharonville Story: Worket Involvement at a Ford Motor Company
Plant." *New York: Pergamon Press.*

Jackson, S., R. Schuler, and J. Rivero. 1989. "Organizational Characteristics as Predictors
of Personnel Practices." *Personnel Psychology 42:727-786.*

Kanter, R. M. 1983. "Frontiers for Strategic Human Resource Planning and
Management." *Human Resource Management 22:9-21.*

Katz, D. and R. L. Kahn. 1978. The Social Psychology of Organization. *New York:
John Wiley and Sons.*

Schuler, R. S. and S. E. Jackson. 1987. "Linking Competitive Strategies with Human

      Resource Management Practices." *Academy of Management Executive 1:207-219.*

Thompson, J, 1967. Organization in Action. *New York:McGraw-Hill.*

Weick, K. 1979. The Social Pychology of Organizing. Reading, MA: Addison-Wesley.

Zedeck, S. and W. Cascio. 1984. "Psychological Issues in Personel Decisions." *Annual*

      Review of Psychology 35:461-519.

CHAPTER FOUR

LINKING THE PEOPLE WITH STRATEGIC NEEDS OF THE BUSINESS

There really shouldn't be any mystery about the word strategic in the phrase *strategic human resources management.*

According to Horace Parker (1990) strategic human resources management is about getting the strategy of the business implemented effectively. For Bill Reffett (1990) strategic human resources management means getting everybody from the top of the human organisation to the bottom doing things that make the business successful.

The viewpoints of the academics, although stated in slightly different terms, echo the same themes. A composite definition from this source states that; strategic human resources management is largely about integration and adaptation. Its concern is to ensure that:

- human resource management is fully integrated with the strategy and the strategic needs of the firm;

- HR policies cohere both across policy areas and across hierarchies; and

- HR practices are adjusted, accepted and used by line managers and employees as part of their everyday work.

Together, these viewpoints suggest that SHRM has many different components, including policies, culture, values and practices. The various statements also imply what strategic human resource management does, (i.e., it links, integrates, and it) cohere across levels in organizations. Implicitly or explicitly, its purpose is to more effectively utilize human resources vis-à-vis the strategic needs of the organisation.

While all of this helps in the identification of the general purview of the subject, it does not provide a framework for melding together the separate components as defined by the practititioners and academics. The purpose of this is to provide a model for just such integration, forming a basis for further research as well as more effective practice.

THE 5-P MODEL

According to Schuler (1992), 5P MODEL of strategic human resource management is shown in various HR activities with strategic needs. Viewed this way, many activities within the five "Ps" (HR Philosophy, Policies, Programmes, Practices and Processes) can be strategic.

One benefit of the 5-P Model is that it shows the interrelatedness of activities that are often treated separately in the literature. This separate focus, perhaps necessary for research purposes, tends to understate the complexity of how HR activities influence individual and group behaviour. Thus by using the 5-P Model, we may gain greater understanding of this complex interaction. Another benefit of the 5-P Model is that it highlights just how significant the strategy-activity link can be.

Before discussing the individual components of the 5-P Model, however, there is need to consider the element that sets it all in motion.

Table 4

Linking Strategic Business Needs and SHRM Activities

ORGANIZATIONAL STRATEGY
Initiates the process of identifying
strategic business needs and provides
qualities to them

INTERNAL CHARACTERISTICS

EXTERNAL CHARACTERISTICS

STRATEGIC BUSINESS NEEDS
Expressed in mission statements or vision
statement and translated into strategic
business objectives

STRATEGIC HUMAN RESOURCES MANAGEMENT ACTIVITIES

Human Resources Philosophy Expressed in statements defining Business values and culture	Expresses how to treat and value people
Human Resources policies Expressed as shared values Guidelines	Establishes guidelines for action on people related business issues and HR programs
Human Resources Programmes Articulated as Human Resources Strategies	Coordinates efforts to facilitate change to address major people related business issues
Human Resources Practices For leadership, managerial, and operational roles	Motivates needed role behaviours
Human Resources Processes For the formulation and implementation of other activities	Defines how these activities are carried out

Strategic Business Needs and SHRM ACTIVITIES

As in Table 4 above organizations define (or redefine) their strategic business needs during times of turbulence. As such, these needs reflect management's overall plan for survival, growth, adaptability and profitability. Internal characteristics (e.g. culture, the nature of the business) as well as external characteristics (e.g. the state of the economy, critical success factors in the industry) may well influence the definition of needs. But the biggest factor affecting strategic HR management is not a particular characteristic so much as it is experience with this mode of planning. HR managers who have never before been asked to meld human resource activities with strategic needs, will find that the process takes time, persistence and a detailed understanding of the needs that have been defined. In fact, linkage between human resource activities and business needs tend to be the exception even during non-turbulent times. When such linkages do occur, they are usually driven by the organization's effort to formulate and implement a particular strategy.

To trigger specific actions, the business needs are generally translated into more actionable statements, called *strategic business objectives*. The objectives are:

- Committed bottling organisation;

- Uncompromising dedication to quality;

- Development of talented people;

- Focus on growth;

- Quality business plans.

For other organizations, these are called *business vision statements*. By calling them strategic business objectives, an organisation believes that the statement conveys a more specific element, starting with an influence on HR philosophy.

HUMAN RESOURCES PHILOSOPHY

This is a statement of how the organisation regards its human resources, what role the resources play in the overall success of the business, and how they are to be treated and managed. This statement is typically very general, thus allowing interpretations at more specific levels of action within an organisation. A firm's HR philosophy can be found in its *statement of business value.* For example, one of the four value statements used describes the company's philosophy of what employees mean to the company and how they are to be managed:

- people are mature, responsible individuals who want to contribute;

- people hold themselves to high standards of integrity and business ethics;

- they are responsible stewards of the land and the environment;

- our work environment is based on mutual respect, personal satisfaction , and growth opportunities for everyone,

- people recognize that teamwork , cooperation, and a clean, safe, well-maintained work-place are essential to fulfilling customer commitments; and

- continuing education is an ongoing commitment that involves everyone.

Instead of using the terms HR *philosophy* or HR *values* to describe how human resources are regarded, treated and managed, some organizations use the term cultured. That is, to

say a created culture recognizes the importance placed on people, and what builds trust and cooperation."

HUMAN RESOURCES POLICIES

All of these statements provide guidelines for action on people-related business issues and for the development of HR programmes and practices based on strategic needs. The term HR Policy, as used here, does not mean HR Policy Manual. While a policy manual may contain statements of general guidelines, employees often perceive the manual as a "rule book" prescribing very specific actions permitted in very specific situations.

People-related business issues are those that affect the immediate and future success of the business and involve people. Flowing from the strategic business needs, they may include the need to hire skilled workers, the need to improve worker productivity, or the need to reduce health care costs. Other people-related business issues include the need to develop a top cadre of international managers, the need to have and adaptable and skilled workforce under changing environmental conditions, and need to reduce excessive turnover of younger, talented individuals who are blocked by the limited number of traditional promotion opportunities.

Communication in an international environment is difficult even under the best of circumstances, as any diplomat knows. The overlay of 150 potentially different national

cultures, makes it likely that some level of misunderstanding on almost any topic will occur on a regular basis.

In the early 1980s it was clear to almost every manager that expectations for individual performance standards varied from country to country. For example, in Eastern Europe it was acceptable for a manager to meet his quota and take the rest of the day off. In Germany, however, managers expected continuous improvement and a more demanding standard, thus, the company needs a simple yet direct and culturally flexible tool to develop more consistency in managing performance. The answer turned out to be something called instant feedback – a device that any sophisticated human resources executive would have called too simple and unstructured to work globally. Stated simply, the principle of instant feedback says that if you have a problem or an idea about any aspect of the business, or about an individual's performance, then the organisation demands that you raise the issue appropriately and discuss it maturely. Over time, instant feedback became the connecting link in a chain of feedback systems designed to improve and maintain high level of personal performance.

Instant feedback works amid cultural diversity because the focus is always on how to improve business performance, not on cultural-specific behaviour. Some would argue that this method is nothing more than effective communication directed at solving performance problems, and while total cultural neutrality is not possible, instant feedback says, in effect, "It doesn't really matter *how* you do it, as long as you do it."

This instant feedback example also illustrates the impact of organisation structure on strategic HR management. Pepsi – Cold International refers to its globally dispersed organisation structure as "mature decentralization" and consider this structure as a key to success in global markets. Essentially, mature decentralization means that as many decisions as possible, be made in the field, as close to the consumer as possible.

Despite the emphasis on decentralization there is need for operating units globally integrated and cooperative. The human resources challenge is to assure that a level of trust and open communication prevails so that needed resources, regardless of their source, can be brought to bear on a given problem. Common business objectives and human resources practices are certainly critical in this. But in the face of diversity globally, cooperation is also accomplished by:

- identifying values that support the objectives of the business, the organisational structure, and the needs of the individual employee; and
- developing a set of shared understandings concerning individual performance that flows from the values that shape the human resources practices.

HR PROGRAMMES

Shaped by HR policies, programmes represent coordinated HR efforts specifically intended to initiate, disseminate and sustain strategic organisational change efforts necessitated by the strategic business needs. These efforts may begin at the top of the

organisation and filter down, or they may begin elsewhere. They may even begin in two places at the same time.

HR programmes can be initiated, disseminated, and sustained for many types of strategic organisational change efforts. These efforts, however, have several elements in common. First, they receive their impetus from the firm's strategic intentions and directions. Second, they involve human resource management issues that require a major organisational change effort to address. They also share the reality of having strategic goals against which programmes effectiveness can be measured.

A number of generic questions help to identify the fundamental issues for these types of programmes:

- what is the nature of the corporate culture? Is it supportive of the business?

- will the organisation be able to cope with future challenges in its current form?

- what kind of people and how many will be required?

- are performance levels high enough to meet demands for increased profitability, innovation, higher productivity, better quality and improved customer service?

- are there any potential constraints such as skill shortages or HR problems?

Programmes formulated are associated with the *term HR strategies.* This makes sense because, after all, HR strategies are essentially plans and programmes to address and solve fundamental strategic issues related to human resources management. For this

reason alone, HR strategies and HR programmes are used interchangeably in the framework here.

HUMAN RESOURCES PRACTICES

One useful way to approach this component of HR strategy is from the framework of roles. Generally speaking, the roles that individuals assume in organizations fall into three categories: leadership, managerial and operational. In each case, behaviour associated with a given role should support strategic needs. The following examples illustrate this concept.

Leadership Roles. These include establishing direction, aligning people, motivating and inspiring individual, and causing dramatic and useful change. Leadership roles are defined and measured with statements like these:

- Demonstrate honesty and ethical behaviour in business transactions;

- Show a high degree of personal integrity in dealing with others;

- Avoid wasting time or resources;

- Strive for continuous improvement in all you do; and

- Demonstrate confidence in yourself as a leader.

Managerial Roles. Basically, these are the traditional roles of planning, directing, delegating, organizing and coordinating. Here are some examples:

- Make sure that objectives are clearly understood.

- Level with people on what is not negotiable.

- Give appropriate orientation to people on new assignments.

- Deal effectively with performance problems.

- Give people the information they need to be successful.

- Give developmental performance feedback in a timely manner.

- Give people the freedom they need to do their jobs.

- Give co-workers the opportunity to try out their new ideas.

- Encourage appropriate collaboration on work assignments.

- Encourage people to participate when appropriate.

Again, managers use self-assessment and assessment from employees and peers to gauge how well they are playing the roles.

HR Processes

This area deals with "how" all the other HR activities are identified, formulated, and implemented. Thus, it is a significant strategic human resources management activity. The process for establishing the leadership institute (for the Grand Union Company) and the HR programmes was accomplished through a great deal of interaction among the director of strategic education and the line managers.

> The trump card in closing the deal (to establish the Leadership Institute and the HR programmes) was to involve the executives at various levels of the organisation in the planning stages.

This process of involvement (formulating leadership institute) is not aimed solely at helping executives and HR people understand the organisational change strategy. It also provides opportunity for others to 'buy into" the change process. Moreover, involvement

is in itself consistent with the aims of the programmes and the strategic business needs. That is, in executives' participation in change, helps orient these individuals toward giving their employees more participation and involvement in devising tactics to meet strategic business needs. On the other hand, to the extent that suggestions, commitment and executive willingness to change are not necessary, the need for a participatory HR process diminishes. These situations are increasingly rare, however, as employees at all levels continue to call for empowerment, ownership and participation.

Thus, HR processes seem to vary along continua of extensive participation by all employees to no participation by any employees. Two continuua could be used to differentiate between the formulation and implementation stages: e.g., high participation/involvement during formulation, but low involvement at implementation. But it appears that there is a need for consistency across these two process dimensions.

This need for consistency becomes evident across *all* the strategic human resource management activities. This need arises because all such activities influence individual behaviour. If they are not consistent with each other, i.e., if they are not sending the same messages about what is expected and rewarded, the organization is likely to be an aggregation of people pulling in different directions. This is hardly a situation for the successful implementation of strategic business needs.

Recognizing this need for consistency then, is an important component. This need, along with an awareness of the other aspects of strategic human resource management,

translates into a greater need to be systematic. Strategic human resource management requires consistency and a systematic orientation.

CONCLUSION

The concept presented here proposes that the framework of strategic human resource management is made of all activities affecting the behaviour of individuals in their efforts to formulate and implement the strategic needs of the business. This rather broad concept carries several significant implications.

First, successful efforts at strategic HR management begin with the identification of strategic business needs. If these needs are important to the success of the business, and if strategic human resource management can be instrumental in meeting these needs, then these needs should be systematically analysed for their impact on human resource management activities, including, HR philosophy, HR policies, HR programmes HR practices, and HR processes.

Another implication is that, because all employees are affected by strategic human resource management, participatory processes may help cement the link between strategy and HR practices. HR management then developed practices to cue and reinforce role behaviour. While a participatory process may not always be necessary, there is mounting evidence that employees respond favourably to it when it is an option.

A third implication is that strategic human resource management depends upon a systematic and analytical mindset. While the effectiveness of this approach has yet to be formally measured, indicators such as market share, profitability, and productivity suggest a fair amount of success. A fourth implication is that HR departments have a significant opportunity to impact their organizations' efforts to successfully launch strategic initiatives. This argues strongly for HR's participation in the formulation of strategy-if for no other reason than to get a head start on the systematic analysis of what the strategic needs of the business are vis-à-vis HR.

A final implication relates to the formal study of strategic human resource management. As practitioners do their work, HR academics have a significant opportunity to observe organizations in transition, a real-life laboratory for learning.

REFERENCES

- Bolt F. 1989 Executive Development: A Strategy for Competitiveness, New York, Harper and Row.

- Chase R. B. and Cummings T.G. 1990 Services Management Effectiveness, San Francisco, Jessey-Bass.

- Cooke R. and Armstrong M. 1990 The Search for Strategic HRM, New York.

- Ferris R. and Napie N. K. 1990 Strategy and Human Resources Management, Cincinnati, South-Western.

- Foulkes F. K. 1986 Strategic Human Resources Management, Englewood Cliffs, Prentice Hall.

- Schuler R. S. 1992 Working Through Diversity: Human Resources Management, New York, Guilford Publications.

- Parker H. 1990 Strategic Education at Forest, Seattle, Washington.