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TOWARD A STRATEGIC PERSPECTIVE OF HUMAN RESOURCE MANAGEMENT

Working Paper 87-08

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Chapter to appear in L. Dyer (ed.), Human Resource Management: Evolving Roles and Responsibilities, ASPA/BNA Handbook of Human Resource Management, Vol. 1 (Washington: Bureau of National Affairs, 1988).

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ACKNOWLEDGEMENTS

The authors thank James A. Craft and George T. Milkovich for their helpful comments on an earlier draft of this chapter.

The research for this chapter was carried out with the support from the U.S. Army Research Institute, contract SFRC 3 MDA 903-87-K-0001. The views, opinions, and/or findings contained in herein are those of the authors and should not be construed as an official Department of the Army policy or decision.

INTRODUCTION

The current decade has brought yet another transformation in the practice and study of human resource management (HRM). The field, for better or for worse, has discovered, and indeed begun to embrace, a strategic perspective. The intellectual energy currently being invested in discussions of the nature, extent, and desirability of this development is a clear indication that something of significance is afoot. Understand it or not, believe in it or not, like it or not, strategy is well on its way to becoming an important paradigm behind much of what HR professionals do and think.

How is this paradigm different from earlier ones that have driven the development of the field? While observers differ on the details, there is a fair amount of agreeement on the critical distinctions (Mahoney and Deckop, 1986). These organize around four major themes: level, focus, framework, and roles:

> Level: Since strategies involves decisions about key goals, major policies, and the allocation of resources, they tend to be formulated at the top. This contrasts with the design and implementation of personnel programs or activities (e.g., training sessions or job evaluation plans), usually done by middle-level personnel specialists, and the day-to-day administration of policies and programs, usually carried out by line managers at various levels assisted by middle- to lower-level personnel generalists (Tichy, Fombrun, and Devanna, 1982).

<ins>Focus</ins>: Strategies are business-driven, and the focus is on organizational effectiveness; thus, in this perspective people are seen primarily as resources to be managed toward the achievement of strategic business goals. The more traditional perspective emphasizes HR outcomes (e.g., performance, turnover, job satisfaction) or, more often, programs or activities and tends to view people, or at least their behaviors and attitudes, as ends in and of themselves (Mahoney and Deckop, 1986).

<ins>Framework</ins>: Strategies by their very nature represent unifying frameworks which are at once broad, contingency-based, and integrative. They incorporate a full complement of human resource goals and activities designed specifically to fit extant environments and to be mutually reinforcing or synergistic. This is quite different from the usual approach which treats personnel programs or activities more or less in isolation, both from their environments and from one another.

<ins>Roles</ins>: As the foregoing suggests, strategy-making is generally the responsibility of line managers, with personnel playing a supportive role. Traditionally, in HRM the role of line managers has been downplayed in deference to the personnel function and the professionals who staff it (Beer, Spector, Lawrence, Mills, and Walton, 1984).

While it is impossible to say just how thoroughly the strategic perspective has permeated HRM, the available evidence suggests a movement in the making. Certainly, it has made deep inroads into the professional journals, particularly those that are practitioner oriented and even more particularly those that are aimed at HR planners (see, for example, any recent issue of Personnel Journal, Human Resource Management, or Human Resource Planning). Several recent books on HRM (Beer, et al, 1984; Fombrun, Tichy and Devanna, 1984; Foulkes, 1986; Lawler, 1986) have a strategic focus. There has been a little published research (for reviews, see Dyer 1984, 1985), and more such work is underway (DeBejar and Milkovich, 1985; Schuler and Jackson, 1987(b)).

The topic of strategy has become obligatory at major meetings where HR professionals gather to talk shop. An increasing number of HR consultants are hawking their recently acquired strategic expertise. A few companies -- IBM, G.E., Hewlett Packard, Eli Lilly, Marion Laboratories, Lincoln Electric, and United Parcel Service (UPS), for example -- have garnered considerable status as a result of their strategic approaches to HRM. Still others -- Chaparral Steel, New United Motors Manufacturing, Inc. (NUMMI), Motorola, Federal Express, and (perhaps unfortunately) People Express -- have more recently generated considerable publicity for their efforts along these lines. Many others are no doubt making more quiet forays into the strategic waters. Certainly, this view is supported by the available surveys (Heidrick and Struggles, 1984).

What lies behind this flurry of activity? Much can be attributed to business necessity. The past ten years have been particularly challenging for American business. In the rush to competitiveness a great many firms have been forced to rethink and recast their basic business strategies. As a consequence, all organizational resources, including human resources, have come under close scrutiny. While in many cases this initially led to piecemeal (and sometimes draconian) responses, over the longer run it has also apparently encouraged at least a few firms to engage in a deeper level of thought and action. For some, the natural outcome of this introspection has been a more strategic approach to the management of people.

On its own, the force of business necessity may not have turned the tide, but it has been aided and abetted in a couple of important ways. First, this decade has witnessed a steady erosion in the influence of factors which traditionally have given HR professionals much of their raison d'etre. In particular, the labor movement has continued to lose much of its punch and, most notably at the federal level, both the promulgation and enforcement of laws and regulations have withered. For some, then, strategy has come to be viewed a means, and indeed a particularly convenient and salient means, of filling this vacuum. Further, the time and resources thus freed have been available to pursue this not altogether unattractive possibility sometimes (as noted) with considerable success.

A second facilitative force, never to be underestimated, is the pervasive bandwagon effect. Certainly one result of the aforementioned activity is to generate yet more activity. If strategy represents the cutting-edge, what company, what HR professional wants, or can afford, to be left behind?

Thus primed by a fortunate confluence of events and fueled by a steady stream of exhortatations, success stories, and insecurities has the strategic perspective rapidly worked its way into the consciousness of the HR community, and by extension many line managers.

The purpose of this chapter is to pause and reflect on these developments. Initially this involves a further exploration of the concept of strategy and its offshoot, strategic HRM. From there, attention turns to a fuller analysis of the evolution of events that have brought us to where we seem to be; here the major message is that the current interest in strategy is neither accidental nor particularly unwarranted, but rather a natural and perhaps even predictable progression of the field. From this point, at the risk of seemingly imposing order on chaos, the chapter takes an in-depth look at three specific strategic types which appear to be especially well formulated and successful. This is done not to tout these particular approaches, but to provide specific examples of what is actually going on. Following this, notice is taken of the evolving role of the HR function and HR professionals in organizations adopting a more strategic perspective. Finally, the chapter closes with a bit of speculation about what lies ahead and draws some implications for practioners and students of HRM.

STRATEGIC HUMAN RESOURCE MANAGEMENT

Broadly, strategies indicate the goals that key organizational decision-makers intend (or hope) to accomplish and, to some extent at least, how they intend to accomplish them. In large companies strategies occur at three levels: at corporate, within divisions or strategic business units, and within various functions (Schendel & Hofer, 1979). The first indicates the businesses an enterprise intends to pursue, the second how it intends to compete in each of these businesses (e.g., by becoming a low cost producer or a highly innovative product developer), and the third the contributions each major function (e.g., marketing, manufacturing, and research and development) is expected to make to each business's competitive strategy. Obviously, all three types of strategies (hereafter collectively referred to as business strategies) often contain HR issues and implications.

Strategic HRM consists of three major tasks. The first, which occurs during the formulation of business strategies, is to assure that extant HR issues and implications are fully considered as various alternatives or proposals are weighed. The second, and subsequent, task involves the establishment of HR goals and action plans -- that is to say, HR strategies -- in support of the business strategies being pursued (Dyer, 1983). And the third, and final, task is to work with line managers as principal clients to assure that established action plans are indeed implemented.

To carry out the first task, each potentially serious strategic proposal is assessed in terms of its feasibility and desirability from an HR perspective. Feasibility is judged by determining: (1) whether or not the numbers and types of key people required to make the proposal a success can be obtained on a timely basis and at a reasonable cost (or those no longer needed can be reallocated or released quickly and cheaply enough) and (2) whether or not the behavioral expectations (e.g., retention rates and productivity levels) assumed by the strategy have some reasonable chance of being met (Schuler, 1987).

Making these judgments, as Figure 1 suggests, requires an extensive knowledge not only of the business strategies under consideration, including any implied or stated changes in the organizational environment (i.e., structures or technologies), but also of any constraining factors in the organization's internal or external environments. When judging a proposal to grow a business significantly through ongoing new product development, for example, it would first be necessary to determine who the key personnel are (e.g., researchers, process engineers) and then to estimate how many the strategy would require (this, of course, necessitates assumptions about their productivity). Next attention would turn to the internal supply of the relevant talent and, allowing for likely turnover, an estimate of their probable availability when needed. If shortfalls are indicated, the resort is to external labor markets to determine how likely it is that the anticipated deficiencies could be made up through external hiring on a timely and affordable basis. (For more on this type of HR planning see Chapter II of this volume.)

Figure 1 about here

Simultaneously, the matter of desirability is addressed. Here the implications of strategic proposals are examined in terms of sacrosanct HR policies or conditions. A strategy of rapid retrenchment, for example, would be called into question at a company with a full employment policy if it were unclear that the required employee dislocations could be accomplished without layoffs. Or a proposal that calls for rapid increases in productivity would be flagged in many companies if the heightened pressure on employees might cause morale problems and a propensity to unionize. Or a strategy dependent on a new technology involving previously unused chemicals would be contraindicated if there was a chance of possibly serious health risks to employees.

Desirability, even more than feasibility, is a judgment call. But, again, the same basic information is required: a thorough knowledge of the business proposal, including its organizational and technological implications, and a data base of existing and expected conditions in the organization's internal and external environments (for specifics on analyzing the latter, see Chapter III of this volume).

When an investigation suggests that a particular proposal is potentially infeasible or undesirable from an HR perspective, it is rethought. This does not mean, of course, that it is necessarily scrapped or even altered. Other more compelling and thus overriding considerations may outweigh HR concerns (adverse business conditions, for example, have recently led to layoffs in some companies -- e.g., Kodak, Control Data, and Data General -- which previously had touted themselves as full employment companies). But, even when HR concerns do not carry the day the analyses that were conducted can still be useful during the next major task in strategic HRM, the formulation of a supporting HR strategy.

This, as previously suggested, involves decisions concerning major HR goals and the primary means that will be used to pursue these goals. While HR goals and means are necessarily situation specific, a generic set of areas that might be considered is presented in Figure 2 (the goals are in the inner circle and the means in the two outer ones). These areas are defined in Exhibits 1 and 2.

Figure 2 and Exhibits 1 & 2 about here

HR goals define the main issues to be worked on. Not surprisingly, they derive primarily from the content of the business strategy, although often they are tempered by what is known about other relevant environments (refer again to Figure 1). To cite an example, many businesses these days are striving to become lower (if not the lowest) cost producers. This typically requires, among other things, reducing labor costs which, in turn, often translates into at least two types of HR goals: higher performance standards (contribution) and reduced headcounts (composition). For some it may also translate into a third and fourth: maintaining employee quality (competence) and morale (commitment) especially as the organization begins to cut back on employees. Whether the latter two issues, in particular, would be of concern might be influenced by such outside factors as the labor market availability of replacement talent (in case of a subsequent upturn) or the threat of unionization.

With HR goals in place, HR strategists are left with the chore of deciding on means. Two matters are at issue. One involves priorities, which ultimately are reflected in resource allocations, and the other major policies. Priorities are necessary since few organizations can, or would want to, put equal emphasis on all the program areas described in Exhibit 2. Major policies provide guidance to those who design the specific programs or activities that underly the HR strategy.

To a large extent HR goals determine priorities and policies, although there is certainly some latitude in the decision-making process. A company in search of high levels of routine performance from its employees, for example, might emphasize the reward activity with a policy of offering high levels of contingency based pay (e.g., through incentives, bonuses, or gainsharing plans). Another company, more interested in inducing initiative, creativity, and flexibility, however, might put its money on work system design with an emphasis on employee participation (e.g., through job enrichment or self-managing work teams).

The general rule (not universally ascribed to) is: the tighter the external and internal fit, the better the strategy. In the present context, external fit refers to the degree of consistency between HR goals on the one hand and the exigencies of the underlying business strategy and other relevant environmental conditions on the other. Internal fit refers both to the extent to which HR means follow from HR goals and other relevant environmental conditions and to the degree of coherency or synergy among the various HR means. In some companies these conditions are clearly met rather well, while in others they obviously are not.

One in which they are is Chaparral Steel (Forward, 1986). A so-called mini-mill, the company's business strategy is to outdo the majors and the importers through niche marketing, product innovation and low prices, made possible by a very flat and flexible organization structure, the continuous introduction of state-of-the art production technologies, and tight cost controls.

Chaparral's HR strategy, which has evolved over time, features the following goals: (1) high performance standards (a constant drive to do "better") and expectations of initiative and creativity from all employees (contribution); (2) minimal management (4 layers), minimal staffs, some slack at lower management levels (for flexibility), lean headcounts on the production floor (composition); (3) high skill levels and considerable personal flexibility (competence); and (4) high identification with the company and its business goals (commitment).

To achieve these goals Chaparral has put in place a tightly integrated set of HR activities. Greatest emphasis is placed on the work system and a policy of participative management ("not consensus management", according to one manager, "but [rather] driving decisions down to the lowest possible level"). All research and development and quality control work, for example, is done by line supervisors and production employees, not specialized departments; supervisors are responsible for their own hiring, training, and safety; production employees regularly serve on special project teams to look after customer concerns and evaluate new technologies.

In the spirit of synergy, the work system is supported by very high hiring standards (the company looks for "home grown entrepeneurs"); extensive training efforts (including sabbaticals); profit sharing (six percent of pre-tax profits goes into the plan) and special bonuses for extraordinary achievements; an active employee relations effort (featuring constant communication about company goals and performance and an egalitarian atmosphere -- no time clocks, all salaried employees, no reserved parking, no fancy offices); and no union.

Chaparral is a highly productive company: labor costs run nine to 10 percent of sales, about one-fourth the industry standard; output per person is a little over three times the industry average. Gordon Forward, the CEO, attributes about 60 percent of the company's productivity advantage to its advanced automation, and about 40 percent to its HR strategy.

Results of this kind no doubt serve to reinforce the current interest in HR strategy. But, as suggested earlier, it is apparent that the forces behind the current surge go much deeper. For the evidence it is necessary to take a brief trip down memory lane.

THE EVOLUTION TO STRATEGIC HUMAN RESOURCE MANAGEMENT

Just as earlier preoccupations of HRM can be explained in terms of the events of the time, so too with strategy. As noted previously, it is not surprising that this particular paradigm has gained prominence during the current decade. In a sense, it is an idea whose time has come.

As is now clear, an organization's HR strategy is the result of a series of managerial decisions about priorities and policies designed either to influence or to adapt to dominant environmental forces. Carrying this logic to a more aggregate level suggests that broader developments in HRM -- which are, after all, simply the sum of prevailing organizational patterns -- emerge in much the same way. Once again, then, reference is made to Figure 1 as a useful framework for examining, first, the evolution of the forces acting on managerial decision-makers and then, the dominant patterns in their responses. For brevity, the analysis is collapsed into two broad time periods: the 30 to 35 years following World War II and the current decade.

FROM THE FORTIES TO THE SEVENTIES

In retrospect the period from the mid-forties to about 1970 was a golden age for American business. The demand for goods and services, especially early on, was practically insatiable and the U.S. entered the period in possession of over one-half the world's usable industrial capacity (Bluestone and Harrison, 1982). The name of the game was produce and market. Business strategies (the term may be too grandiose for the reality) focused on the maintenance of uninterrupted production and, to a lesser extent, on distribution and advertising. Costs, quality, and other aspects of product differentiation, while not matters of total indifference, were obviously often second-level concerns.

Structurally, during this time, the drift was toward immense size, centralization, and bureaucratization; it was in the mid- sixties, it will be recalled, that John Kenneth Galbraith (1967) was first moved to warn of the emerging "technostructure". There were a number of important technological breakthroughs, but more pertained to products than processes. Perceived threats of widespread technological obsolescence and displacement among blue-collar workers proved to be seriously overdrawn (Hunt and Hunt, 1983).

Interestingly, this comfortable pattern of operation changed very little even well into the seventies. Unfortunately, however, the business environment did. Oil shocks and recessions took their toll. But, the longer-term challenge came from foreign competition. In 1970, somewhere around 20 percent of the goods produced in the U.S. were competing with foreign-made products either here or abroad; by 1980, the figure was probably more like 70 percent (Reich, 1983, p. 121). In part because of managements' failure to adjust their business strategies to meet these changing circumstances, American share of world markets fell by 23 percent during this decade (Bluestone and Harrison, 1982, p. 140).

Just as business had prospered right after the war, so too had the

American labor movement. In 1945, union membership reached 35 percent of the nonagricultural labor force (and stayed at that level for over a decade). Labor militance was also high; lost time due to strikes reached uprecedented levels in the mid-forties and, at the time, it was feared that this situation would continue.

Clearly, this was a vexing prospect for employers given the large rewards they stood to reap from continuous and uninterrupted production. Thus, there was great interest in preserving the golden goose. The corresponding HR challenge was to find paths of accommodation and stabilization in ongoing labor-management relations and to stave off the unions where they had yet to make inroads.

By all accounts, it was a challenge admirably met. Top managers by and large delegated the task to their newly-formed personnel departments. Labor relations specialists were assigned responsibility for negotiating and administering contracts in a manner satisfactory to both their bosses and the unions; that is, without strikes or other disruptions. This they learned to do, particularly (with a couple of major exceptions) during the fifties, and with a few exceptions a general pattern of managed adversarialism held sway in union-management relations well into the 1970s (Kochan, Katz and McKersie, 1986).

At the same time, other personnel managers and specialists were at work developing and expanding programs and procedures that had gained acceptance during the war. These included job analysis, psychological testing, technical training, job evaluation, and other techniques of wage and salary administration (Jacoby, 1985). Much of this effort was aimed at forestalling the spread of unions (Dunlop and Myers, 1955). But, it was also particularly well-suited to the large, centralized bureaucracies of the time.

The sixties and, particularly, seventies brought a diminution of labor's power. By 1970 union membership had dwindled to 27.3 percent of the nonagricultural labor force and by 1980 it was down to 21.9 percent. Organizing attempts declined and became increasingly less successful partly because of managements' enhanced willingness and new-found capability to resist unions in nonviolent ways.

As the influence of unions dwindled, the action picked up on the legislative front. The litany of laws, Executive Orders, and regulations promulgated by the federal government during the socially tumultuous sixties and early seventies is legion: Title VII, the Age Discrimination in Employment Act, the Equal Pay Act, EOs 11246 and 11375, the list goes on and on. Between 1960 and 1975, according to one estimate, the number of regulations administered by the U.S. Department of Labor tripled from 43 to 134 (Dunlop, 1976).

Enforcement of these statutes and directives reached full force during the seventies. There were several sizable and highly publicized consent decrees and judgments, many of behalf of women who were entering the labor force in unprecedented numbers (Fullerton and Tschetter, 1983). In a survey taken in the mid-seventies, personnel professionals singled out government regulation as a major instigator of change in their organizations during the previous decade (Janger, 1977).

Unfortunately, no similar survey was taken among top and other line managers. As with the labor unions before, however, it appears that most, the notably socially-conscious and legally vulnerable excepted, saw these legal developments as somewhat less central and significant. Once again, then, much of the action wound up in the hands of the ever-expanding personnel departments. By the mid-seventies virtually all medium-sized and large companies had established equal employment opportunity units within their personnel functions (Janger, 1977). And, de novo, a cadre of capable professionals had developed to carry out and champion the often sophisticated analyses and actions required to meet or exceed the basic legal requirements.

At the same time, of course, labor relations and other specialists continued their activities. Despite a general preference among the former, and their union counterparts, for the status quo (Freedman, 1979; Kochan, 1980), a few unionized, and no doubt a few more nonunionized, firms found themselves experimenting with a host of activities -- quality circles, quality of work life programs, and the like -- in attempts to bolster productivity, enhance product quality, and improve employee morale (Kochan, et al, 1986, pp. 40-45). Also, greater attention was being given to care and feeding of the burgeoning number of so-called knowledge workers in the expanding high tech and service sectors. Many of these activities were driven by an emerging sense of "professionalism" in the personnel community and a concomitant desire to be on the "cutting-edge" of the field. In general, however, the emphasis was on relatively dissociated programs and practices rather than a broader concept of HR strategy (Tichy, et, al, 1982).

INTO THE EIGHTIES

During the past 10 years, globalization has continued apace. Deregulation has brought competition to the airlines, railroads, truckers, bankers, telephone companies, oil and gas producers, and broadcasters. Evolving technologies have blurred traditional industry lines and generated competing products and services from unexpected sources. Institutional investors and corporate raiders have become bolder and more assertive thereby increasing the pressure on management to produce immediate financial returns and constant increases in shareholder value. And there was a worldwide recession.

In the face of these developments, some managements have sought refuge in what Reich (1983) has called "paper entrepeneurialism" and "historic preservation"; that is, in asset shuffling, protectionism, and even reregulation. But many, too, however belatedly, have begun the process of corporate revitalization. Change has been wrought in strategies, structures, technologies, and processes. Business strategies have been reformulated to assure that every product and service offers a clear competitive advantage (e.g., low cost, high quality, a unique feature, or an innovative application) (Porter, 1980). Firms of all sizes, but particularly the huge bureaucracies of the post-war era, have been restructured -- and often downsized; between 1980 and 1987, it is estimated, about one-half the Fortune 1,000 firms experienced at least one significant reorganization (Russell, 1987). Decentralization -- driving business decisions out to operating units and down to the lowest feasible level ("getting back to the basics" and "close to the customer" in the vernacular) -- has once again come into vogue.

Huge investments (just how huge no one seems to know) have been made in process technologies -- computer-aided design and manufacturing (CAD/CAM), robotics, computer integrated manufacturing (CIM), point of sale ordering and inventory systems, fault-tolerant transaction processing systems, and multi-functional work stations, to name just a few -- in attempts to increase efficiency, improve quality, and enhance flexibility in manufacturing and, to a lesser extent, the service sector (Greenhouse, 1987; Pava, 1985; Walton, 1985(a); Zuboff, 1985). In recent years, new technologies of this type are said to have altered the jobs of an estimated 40 to 50 million Americans, or about 40 percent of the civilian labor force (Hoerr, Pollock and Whiteside, 1986).

Commensurate with these events, the labor movement has continued its downward slide; union membership is now less than 18 percent of the nonagricultural labor force. Competitive realities have forced a number of large and visible unions to make significant concessions in wages, benefits and work rules. In 1986, according to the Bureau of Labor Statistics, negotiated wage settlements reached record low levels for the fifth consecutive year (Work, Seamonds and Black, 1986). Strikes are at their lowest point in forty years. Until very recently, organizing was at a virtual standstill.

Consistent with the spirit of deregulation and rugged individualism, the Reagan administration has neither instigated nor supported any major legal initiatives in the HR arena. Enforcement has lapsed. To some extent the vacuum thus created has been filled by state governments and the courts (Hoerr, Glaberson, Moskowitz, Cahan, Pollock and Tasini, 1985). But on balance, thus far in the eighties the legal heat felt by employers has been well below the level of the preceding decade.

The big HR challenge, then, has been keeping up with the changes on the business front. One apparent effect of this has been an increasing involvement by top and other line managers in HR matters. The early impetus for this came when the initial moves toward competitiveness resulted in HR implications -- especially massive layoffs, dislocations, and wage and salary freezes and even cuts -- that were too far-reaching and serious to ignore or delegate. The impetus has been sustained where enhanced levels of contribution and commitment on the part of all employees have become recognized as necessary conditions for business success.

Where this metamorphosis has occurred, the perhaps surprising result has been an enlarged role for the personnel function. Increasingly, personnel managers and specialists have been called upon to understand the businesses in which they operate, be familiar with extant or evolving business strategies, propose strategic HR solutions to strategic business issues, and work closely with line management to implement these solutions. This is quite different from having continually to press for action because it is contractually or legally required or because it has been judged appropriate from a professional point of view. Not surprisingly, the change has proved to be not entirely comfortable for some personnel professionals (a point covered in more depth later).

These new-found partnerships between line and staff have resulted in a wealth of organizational experimentation. Some is relatively limited in scope and aimed at fairly specific goals. At Federal Express, for example, a systematic program of information, incentives, and controls have been used to keep headcounts in line (Wagel, 1987). Several companies

-- Digital Equipment, Hallmark, Pacific Bell, Worthington Industries -- have successfully redeployed and retrained significant portions of their work forces to enhance performance without layoffs (Saporito, 1987). Pay-for-performance in the form of merit pay, bonuses, gain-sharing, and profit-sharing has enjoyed a resurgence where employee motivation is a concern (Lawler, 1986). Earlier experiments with employee participation through quality circles, quality of worklife programs, semiautonomous work groups, and self-managed work teams -- in the auto and steel industries, for example -- have been expanded and diffused to a wide variety of firms and industries (Port, 1987; Port and Wilson, 1987).

More extensive efforts are also underway. Virtually every manufacturer that is committed to retaining production in this country has been forced to undertake productivity and quality improvement programs of one type or another. Some -- e.g., Outboard Marine -- have built new modular plants in low-wage areas in the south. Others, such as Allen-Bradley, have made substantial investments in new technologies and in the people who install and operate them. Still others have put their money mainly on human resources (Lawler, 1986; Walton, 1985(b)). A typical example of the latter is NUMMI, the joint venture between General Motors and Toyota in California. Here, in "partnership" with the United Auto Workers, the emphasis is on participative management -- semiautonomous work groups, open communications, extensive training -- in combination with Japanese production techniques. The plant, which General Motors once closed because of labor and production problems, now regularly outperforms more technologically advanced facilities in terms of both productivity and quality (Bernstein and Zellner, 1987; Levine, 1986).

As these various forms of experimentation take hold, they begin to create internal anomolies that require still more changes in HR priorities and policies to preserve internal consistency (Lawler, 1986). And as these adjustments are made, the organizations at some point become embroiled in the evolution of an HR strategy, as earlier defined. This, then, constitutes one group in the strategy fold.

To this group can be added a no doubt smaller number that have been, and in some cases still are, involved in even more ambitious efforts. These include several well-known corporations -- Bank of America, Corning Glass Works, G.E., Kodak, Motorola, Polaroid, and Xerox, among others -- whose paternalistically-oriented HR strategies (some would say cultures) have proven to be unsustainable in the face of continuing competitive pressures and depressed earnings. All are engaged in the struggle to specify and implement more performance-oriented HR strategies corporate-wide.

To these two groups of companies can be added a third, the aforementioned firms that so far have maintained their basic HR strategies through the turmoil -- e.g., such long-timers as IBM, Hewlett Packard, Eli Lilly, Marion Laboratories, and Lincoln Electric and such Johnny-come-latelies as Chaparral Steel and Federal Express.

Taken together, these three groups probably represent the sum total of the current action in the realm of HR strategy. Unfortunately, too little is known about many of these efforts to permit full documentation at this time. Nonetheless, some of the essence can be captured through a more extensive look at a few specific examples.

ILLUSTRATIVE HUMAN RESOURCE STRATEGIES

Certainly, there is now more action in the HR strategy arena than can be fully comprehended, let alone discussed, without resort to some sort of typology or taxonomy to identify and define generic patterns. Unfortunately, students of HR strategies (unlike those of business strategies) have only just begun to tackle the needed research (DeBejer and Milkovich, 1985; Dyer, 1984; Lawrence, 1985) and no generally accepted typology or taxonomy has yet emerged.

So once again the frameworks presented in Figures 1 and 2 are called into service. By applying these to available information on various HR strategies, it is possible to identify a few prevailing patterns. For purposes of illustration, three strategic types -- labelled inducement, investment, and involvement -- are discussed in detail. As the discussion proceeds, repeated reference is made to Exhibits 3, 4, and 5 which compare, respectively, the relevant environmental conditions, goals, and means associated with these three HR strategies.

Exhibits 3, 4, and 5 about here

It is not suggested that these particular strategies are either notably prevalent or unusually promising; no such claims are possible given the present state of knowledge. The purpose, rather, is to demonstrate just a few of the ways in which various organizations are attempting to achieve external and internal consistency in their HR priorities and policies, at least among selected employee groups. (For a similar, although more normatively oriented, exercise, see Walton [1985(b)].)

THE INDUCEMENT STRATEGY

The origins of the inducement strategy trace to the work of the much-maligned Frederick Winslow Taylor (1911), the father of scientific management. Its evolution, however, probably owes more to the philosophies of James B. Lincoln (1938), and particularly to the highly successful and well-publicized application of his ideas at the Lincoln Electric Company (Zager, 1978; Volard, 1982).

The environmental conditions giving rise to the inducement strategy are outlined in the first column of Exhibit 3. The business environment tends to be very competitive with firms competing largely on the basis of low prices and/or the quality of their products or services. Decision-making power is highly centralized, although organizational structures tend to be relatively flat (i.e., to have relatively few layers and wide spans of control). The technology is traditional, simple, and only slowly evolving. External environmental conditions are by and large benign, although highly militant unions are not unheard of. Top managements pay a good deal of attention to human resources, and particularly to the costs of human resources. At Lincoln Electric, for example, management considers employees the second most important stakeholder group in the organization, just behind customers and well ahead of stockholders. At UPS, another well-known inducer, it has been said that the "... ability to manage labor and hold it accountable is the key to [the company's] success" (Machalara, 1986, p. 1).

Goals

With respect to contribution (as shown in Exhibit 4), the inducement strategy is aimed first and foremost at encouraging reliable role behavior at very high levels. There is at most only a modest level of concern about employee initiative or flexibility. And no expectations of innovation, creativity, or spontaneity.

Since cost is a major consideration, inducers seek to staff lean, particularly with respect to overhead and staff jobs, and to hold down the ratio of (comparatively) skilled to unskilled employees. This, too, is a major HR goal.

Competence, in contrast, is a second order goal. While there is little tolerance for incompetence, no attempt is made to develop employee skills beyond levels required by current tasks.

Commitment is encouraged, although in most cases it is not a preoccupation. And, at any rate, it is an instrumentally based commitment (i.e., we pay, you stay), although some inducers -- most notably, again, Lincoln Electric -- reinforce it with a touch of paternalism and a strict no-layoff policy (Zager, 1978).

Means

Inducers are seldom cited as being on the "cutting-edge" of HRM. They are by-and large unmoved by the successive waves of fads and falderol that wash over the field. Their forte lies in getting the best out of the basics.

The focal activity is pay (note the star in the first column of Exhibit 5). Notwithstanding a preoccupation with cost control, however, the thrust