



Cornell University
ILR School

ILR Review

Volume 57 | Number 1

Article 84

October 2003

Strategy and Human Resource Management

Peter Boxall

John Purcell

Follow this and additional works at: <http://digitalcommons.ilr.cornell.edu/ilrreview>

Strategy and Human Resource Management

part-time workers equitably with respect to total compensation.

Not only should public policy help to ensure that workers receive good jobs with adequate benefits, it should also aid in the creation of more jobs for the future through improved fiscal, monetary, and trade policy. In the fiscal realm, Sicker suggests reducing or eliminating corporate subsidies and using these additional funds to subsidize work, for example by offering employers wage rebates in times of sluggish labor markets, or by rewarding them for job creation. With respect to monetary policy, Sicker dismisses the notion of the natural rate of unemployment as empirically unsupported, and argues that monetary policy-makers should put strong economic growth first, rather than low inflation. Last, he argues that trade policy has focused too much on unregulated trade and capital flows and that the incorporation of worker rights in trade agreements could support the creation of good jobs. Without such active employment and economic policies, Sicker argues, there will not be enough good jobs for the coming generations of older workers.

The book is a very sensible, insightful, and provocative analysis of the trends that are likely to influence the creation of good jobs. It challenges the notion that older workers will find meaningful employment to support them as they age, and it challenges policy-makers to address this apparent divergence between prediction and reality.

In arguing his point, Sicker takes to task many sacred cows of economists, including the natural rate of unemployment and the trend toward unregulated trade and capital flows. Economists have increasingly questioned the validity of the natural rate hypothesis, as the book illustrates in its references to the work by the late Robert Eisner, by James Galbraith, and by Paul Omerod. Moreover, Sicker touches upon the ongoing discussion among economists over the benefits of unregulated trade and capital flows. This discussion has been partly fueled by examples of job losses outside low-skill occupations, which directly contradict the theoretical predictions of neoclassical economic theory. For instance, Sicker points to the Department of Labor's certification of trade-related job losses at GE and Hughes Aircraft. On this matter as on others, Sicker weighs the existing evidence from various sources, including academic studies, think tanks, and the media, in a balanced manner.

Most of the trends the book highlights as

responsible for the disappearance of good job opportunities have continued, and some have intensified, since 2000. As the economy and the stock market unraveled, firms began to lay off workers and to reduce benefits, especially pension and health benefits, and the government restricted active fiscal policy, concentrating instead on seeking new trade agreements to generate demand for American-made products.

One subject regrettably missing from the book is the status of older workers' health and of their retiree health care coverage. Many older workers—between 10% and 20% of them, according to various estimates—suffer from health problems serious enough to make continued work impractical; and yet many firms have ceased offering retiree health care coverage to their workers. Sicker's omission of this subject is especially surprising since it seems a strong example of the declining commitment of employers to their employees that he discusses at some length.

That shortcoming aside, the book is an insightful contribution to the literature on the social consequences of an aging society. It provides cogent reasons to doubt rosy predictions of abundant job opportunities for older workers in the years ahead, and challenges readers to consider realistic policy options to create meaningful job opportunities for the growing share of the population that is elderly or near elderly.

Christian E. Weller

Economist
Economic Policy Institute

Human Resources, Management, and Personnel

Strategy and Human Resource Management. By Peter Boxall and John Purcell. New York: Palgrave Macmillan, 2003. 299 pp. ISBN 0-333-77820-0, \$29.95 (paper).

The increasing importance of people to organizational success corresponds with the rise of Strategic Human Resource Management (SHRM) as a field of study worldwide. Research on SHRM issues has grown exponentially over the past ten years. Originating as it has, however, across diverse academic disciplines (for example, psychology, sociology, economics) and geographic regions (although primarily Europe and the United States), this literature has been

in need of integration and synthesis. Boxall and Purcell's *Strategy and Human Resource Management* provides a thorough review of this eclectic literature in a framework that makes it easy for the reader to grasp the field's evolution and current state of thinking. I see this outstanding book as distinguishing itself from other similar efforts in three important ways.

First, it fairly considers both U.S. and European perspectives on SHRM, which differ in important ways. Most researchers in the United States adopt an implicitly managerialist approach, focusing on how HR can benefit shareholders, while researchers in Europe emphasize the importance of balancing the interests of multiple stakeholders such as employees, unions, governments, and society. The European view tends to emphasize the importance of context; the U.S. view, "best practice." Boxall and Purcell do an outstanding job of accurately representing these different viewpoints, particularly in how they affect research and practice. When pressed, it seems clear that they, not surprisingly, adhere to a more European view, but their presentation is both fair and balanced. Chapter 1 makes a strong case for how HRM can affect business performance, and a recurring theme throughout the book is that properly managed human resources will benefit shareholders. The authors do not create an artificial either/or distinction, but simply focus readers on the fact that increased business performance is only one positive outcome from the effective management of people.

Second, whereas often the tendency in covering SHRM is to emphasize the current state of the art, focusing only on the most recent developments in research and thinking, Boxall and Purcell's treatment of the field dwells more on its evolution. Consistent with the European emphasis on understanding "context," these authors invariably present topics from the standpoint of how thinking and practice have developed over time, often exploring the critical factors driving that evolution, such as technological change, economic cycles, and government intervention. One clear value of this approach is the help it offers in answering a question the authors often pose: is the current state completely unique and never seen before, or simply the latest return of some phase in a recurring cycle? This brings the concepts of both dynamism and predictability to our understanding of how the whole SHRM knowledge base has evolved. In particular, Chapters 5–8 thoroughly cover the evolution and context of research and practice with regard to the con-

cepts of work systems, models of employment, managing individual performance and development, and employee voice.

Third, satisfying the promise implied by the book's title, the authors do a tremendous job of discussing the basic concepts of strategy on their own merits. Too many presentations of SHRM begin and end with HRM, exploring strategy in shallow and superficial ways, and probably only insofar as the concepts directly link to HRM. I believe that it is impossible to study SHRM without a relatively deep knowledge of strategy, and the authors of this book demonstrate such knowledge. Chapter 2 discusses the strategic decision-making process, Chapter 4 presents a deep analysis of the resource-based view of the firm, Chapter 9 explores the dynamics of industry-based competition, and Chapter 10 does the best job I have seen of examining the distinct issues that arise from distinguishing between corporate-level and business-level strategy. In each case, the authors accurately represent strategic concepts based in the strategy literature. Only after presenting these concepts do they examine the implications for HRM. Clearly, this is a book about strategy and HRM, not simply about strategic HRM.

I find little to fault in Boxall and Purcell's book. It accurately and thoroughly reviews the evolution and context of both research and practice in the area of SHRM, and integrates and synthesizes the burgeoning literature on the subject. For those interested in understanding the current state of the field, this book is a must read.

Patrick M. Wright

Professor of Human Resource Studies
New York State School of
Industrial and Labor Relations
Cornell University

International and Comparative Industrial Relations

Transforming Gender and Development in East Asia. Edited by Esther Ngan-ling Chow. London and New York: Routledge, 2002. 263 pp. ISBN 0-415-92492-8, \$22.95 (paper).

The gender-blindness and androcentrism of mainstream scholarship on East Asian development is particularly shocking when women are