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Is There a New HRM? Contemporary Evidence and Future Directions

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Abstract

[Excerpt] Is there a new human resource management? Yo. That is, yes and no. A new perspective -- strategic human resource management -- emerged during the 80s to take its place alongside the more traditional operational and programmatic perspectives as a major influence on the field. This perspective has rapidly progressed in terms of theory and research (if not practice). But, it continues to take many shapes and forms, and even with its various permutations, is far from universally embraced by scholars or practitioners. What follows is a brief look at the strategic perspective of the field. It begins with a summary of some common themes. This is followed by an illustrative review of extant theory, which in particular distinguishes between the two dominant theoretical streams which have thus far emerged: (1) the multiple model theorists (MMTs) who are given to building typologies of human resource strategies and describing or prescribing the conditions under which the various types work or should work best and (2) the dominant model theorists (DMTs) who are rather less preoccupied with contingencies and rather more concerned with the details and promulgation of their preferred models or strategies within and across firms. Next comes a look at the extent to which these two views show up in actual practice. The evidence is sparse, but their diffusion appears to be rather limited thus far. This naturally gives rise to a discussion of the factors which seem to encourage and, especially, discourage diffusion. Particular attention is paid to the adoption of the so-called strategic business partner role by human resource executives, managers, and professionals, and to the adequacy of this role as a catalyst for the diffusion of the strategic perspective across the U. S. and Canadian economies. Finally, suggestions are made regarding future theoretical and empirical work which might help keep the strategic perspective moving ahead.

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IS THERE A NEW HRM?
CONTEMPORARY EVIDENCE AND FUTURE DIRECTIONS

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INTRODUCTION

Is there a new human resource management? Yo. That is, yes and no. A new perspective -- strategic human resource management -- emerged during the 80s to take its place alongside the more traditional operational and programmatic perspectives as a major influence on the field. This perspective has rapidly progressed in terms of theory and research (if not practice). But, it continues to take many shapes and forms, and even with its various permutations, is far from universally embraced by scholars or practitioners.

What follows is a brief look at the strategic perspective of the field. It begins with a summary of some common themes. This is followed by an illustrative review of extant theory, which in particular distinguishes between the two dominant theoretical streams which have thus far emerged: (1) the multiple model theorists (MMTs) who are given to building typologies of human resource strategies and describing or prescribing the conditions under which the various types work or should work best and (2) the dominant model theorists (DMTs) who are rather less preoccupied with contingencies and rather more concerned with the details and promulgation of their preferred models or strategies within and across firms.

Next comes a look at the extent to which these two views show up in actual practice. The evidence is sparse, but their diffusion appears to be rather limited thus far. This naturally gives rise to a discussion of the factors which seem to encourage and, especially, discourage diffusion. Particular attention is paid to the adoption of the so-called strategic business partner role by human resource executives, managers, and professionals, and to the adequacy of this role as a catalyst for the diffusion of the strategic perspective across the U. S. and Canadian economies. Finally, suggestions are made regarding future theoretical and empirical work which might help keep the strategic perspective moving ahead.

COMMON THEMES

What is the strategic perspective all about? A reading of the rhetoric brings to mind the parable of the blind men and the elephant. Everyone, it seems, has a bit different slant on the matter. Nonetheless, there are some common themes which, when taken together, help sharpen the general concepts.

A View From the Top

Because strategies involve decisions about key goals, major policies, and resource allocations, they tend to be formulated, or at least blessed, at the top of organizations.. Accordingly, a strategic perspective starts with a broad organizational, and even extra organizational, view. This, in turn, adds another dimension to the traditional programmatic and

individual level perspectives of human resource scholars and the managerial and operational perspective of most human resource practitioners (Tichy, Fombrun, and Devanna, 1982; Kochan, Katz, and McKersie, 1986).

A Goals Orientation

Correspondingly, human resource strategies focus on goals as well as activities, and particularly on broad organizational goals, usually expressed in terms of competitiveness or competitive advantage or more specific sources of competitiveness or competitive advantage such as low labor costs, improved productivity, high quality products or services, reduced cycle-times, a high degree of flexibility, or enhanced organizational innovativeness. Such a focus has the effect of lending organizational salience to traditional concerns with human resource outcomes such as individual or group-level performance, behaviors, or attitudes. (More recently, some [e.g., Kochan, 1994; Kochan and Dyer, 1993; Kochan and Osterman, 1994] have urged an even broader perspective, adding to the integrative goal of enhancing competitiveness a corresponding distributive goal of improving the living standards of employees; but, more on this point later.)

The Centrality of People

A further shared perspective is the belief that in today's world a major means -- some would say the only viable means, especially for American and Canadian firms in an increasingly competitive global environment -- of attaining sustained organizational competitiveness or competitive advantage is through a quantum improvement in the management of human resources (Dyer, 1993; Jones and Wright, 1992; Lawler, 1992; Ulrich and Lake, 1990; Walker, 1992; Wright and McMahan, 1992). As Pfeffer (1994, p. 6) notes: "Traditional sources of success -product and process technology, protected or regulated markets, access to financial resources, and economies of scale -- can still provide competitive leverage, but to a lesser degree now than in the past, leaving organizational culture and capabilities, derived from how people are managed, as comparatively more vital".

A Holistic View

Human resource strategies are usually defined in terms of a set of integrated, mutually reinforcing, and synergistic goals and activities. This is known as internal fit. There are, as will be seen later, variations in what are seen as the critical components of these models. Nonetheless, the general view is that competitiveness or competitive advantage (and, for that matter, enhanced outcomes for employees) are, at best, only moderately affected by altering any single human resource activity (e.g., a pay program). Rather, strategists believe "... that these practices reach full potential when they are combined in a comprehensive system"

(Kochan and Osterman, 1994, p. 59). To support this view, proponents cite evidence from the auto (MacDuffie and Krafcik, 1992) and steel (Ichniowski, Shaw, and Prennushi, 1993) industries, as well us case studies of such diverse companies as Lincoln Electric and Xerox (Catcher-Gershenfeld, 1991), and a recent meta-analysis of organizational change efforts (Mary and Izumi, 1993). Dissenters, however, suggest that there is some reason to believe that too much internal fit may stifle organizational flexibility (for a review, see Milliman, Von Glinow, and Nathan, 1991).

A Contingency View

Human resource strategists are all, more or less, contingency theorists; that is, they subscribe to the view that organizational effectiveness (but not necessarily a higher standard of living) is enhanced when human resource strategies are consistent or in sync with the organizational environments in which they are embedded. This is referred to as external fit. Once again, evidence from the auto industry (MacDuffiee and Krafcik, 1992), various case studies, and the aforementioned meta-analysis (Macy and Izumi, 1993) can be cited to support the relevance and power of external fit. It should be noted, though, that there is less than general agreement on the critical (as opposed to the merely interesting) features of the organizational environment, on the relative importance of external fit (vis-a-vis internal fit), and on the applicability of equifinality (which is, basically, the opposite of determinism; that is, Le., the notion that for any given set of environmental circumstances, there are always variations -- although not an infinite number of variations -- of viable human resource strategies.)

The Role of Human Resource Organizations

Consistent with the preceding notions is the view that, while human resource strategy is (or at least should be) the province of top executives and key line managers, there is also a critical role to be played by human resource executives, managers, and professionals. Occupants of this role, popularly referred to as strategic business partners, are said to work closely with business strategists to analyze relevant features of the organizational environment in search of critical human resource issues and, in turn, to formulate appropriate human resource strategies to deal with these issues (Walker, 1992). Again, though, not all agree with the adequacy of this role definition (Kochan and Dyer, 1993; Kochan and Osterman, 1994). And there is a real question concerning the extent to which the role (even narrowly defined) has become institutionalized in U.S. (Towers-Perrin/IBM, 1992) and Canadian (Downie and Coates, 1993) businesses.

THEORETICAL PERSPECTIVES

A simplified model of the strategic perspective, derived from the preceding material, is shown in Exhibit 1. It is meant to reinforce the importance of internal and external fit. Theorists (and researchers) approach this model in several different ways. Some attempt to bring clarity to one or both of the major components -- human resource strategy and organizational environment. Others seek to clarify relationships between the two components. The latter, in turn, fall in two camps: those who start with the organizational environment and work inward, referred to here as multiple model theorists (MMTs), and those who start with a human resource strategy and work out, the dominant model theorists (DMTs). What follows is an illustrative and reasonably comprehensive (but certainly not exhaustive) review of this work.

EXHIBIT 1: The Strategic Perspective

Clarifying Constructs: Human Resource Strategy

A common approach to delineating human resource strategies is the development of typologies. Four of many possible examples are shown in Exhibit 2.

EXHIBIT 2: Sample Typologies of Human Resource Strategies

Walton (1985)	Dyer & Holder (1988)	Begin (1991)	Dunlop (1994)
Control Commitment	Involvement Inducement Investment	Machine Adhocratic Simple Professional Divisionalized	Small Enterprises Technical/Professional Worker Pools Owner-Operations Civil Service Multiter ILMs Short-Tier ILMs Clerical Oriented

Two of the four examples come from the human resource strategy literature: Walton's (1985) well known and widely cited Control and Commitment dichotomy and Dyer and Holder's (1988) break-out of Inducement, Investment, and Involvement strategies. The other two are from the literature on internal labor markets. Begins (1991), which is the most thoroughly explicated of those cited, consists of four basic configurations (which he calls employment policy systems, or EPSs) -- Simple, Machine, Professional, and Adhocratic -- plus a fifth -- Divisionalized -- a composite of the others. Dunlop's (1994) typology consists of eight types: Small Enterprises, Participants in Worker Pods, Owner-operators, Civil Service, Multitier Internal Labor Markets, Short-tier Internal Labor Markets, Clerical-oriented Organizations, and Technical and Professional Amalgams. To facilitate comprehension without getting bogged down in excruciating detail, Exhibit 3 provides brief illustrations of one configuration taken from each of the four typologies.

EXHIBIT 3: Sample Configurations from Four Sample Typologies

Walton's (1985) Commitment Model	Dyer & Holder's (1988) Inducement Model	Begin's (1991) Professional EPS	Dunlop's (1994) Short-Tier ILMs

"Stretch" Objectives
Enriched Jobs/Teams
Employee Participation
Extensive Training
Open Communication
Variable Pay (Gain-
  sharing, Profit-sharing
Skill-Based Pay
Control Based on
  Shared Goals
Minimum Status
  Differentials
 	
Commitment to
  Employment Security
Mutuality in Labor
  Relations
	Stretch Goals
	Narrow Jobs
	Few Career Options
	Minimal Training
	Some Communication
	Variable Pay (Very High
	  Risk/Reward
	  Leverage)
	Control Based on Job
	  Design, Pay
	Minimum Status
	  Differentials
	
	Commitment to
	  Employment Security
	Union Avoidance, or
	  Conflict
		
		Flexible Jobs
		Informal Staffing/Narrow
		  Promotion Paths
		Open Communication
		High Pay, Extensive
		  Intrinsic Rewards,
		  Individualized
		Control Based on
		  Professional Stds
		Minimum status
		
		Employment Security
		  for Chosen Few
			
			Narrow Jobs
			Limited Promotion
			  Opportunities
			
			Minimal Training
			Low Pay, Market Driven
			
			No Employment
			  Security

The four typologies share some common configurations (as Exhibit 2 shows). Walton's Control model is quite similar to Begin's Machine EPS. Walton's Commitment model is a lot like Dyer and Holder's Involvement strategy and Begins Adhocratic EPS. Begins Simple EPS and Professional EPS look much like Dunlop's Small Enterprises and Technical and Professional Amalgams, respectively. Such commonalities are to be expected. Each probably reads the other's literature. And, as Osterman (1994) points out, internal labor markets have come to be defined broadly enough to essentially represent organizational human resource strategies.

Nonetheless, a couple of fundamental differences exist between the two perspectives when it comes to developing typologies. Students of internal labor markets, for example, tend to look at large and small organizations in both the public and private sectors, whereas human resource strategists show a distinct bias toward large, private sector corporations. But, as Dunlop (1994) shows, such firms (what he calls Multitier Internal Labor Markets) employ only about 14% of the U. S. labor force, which is a not so subtle reminder of the need for theorists (and researchers) to specify the boundaries of their particular typologies.
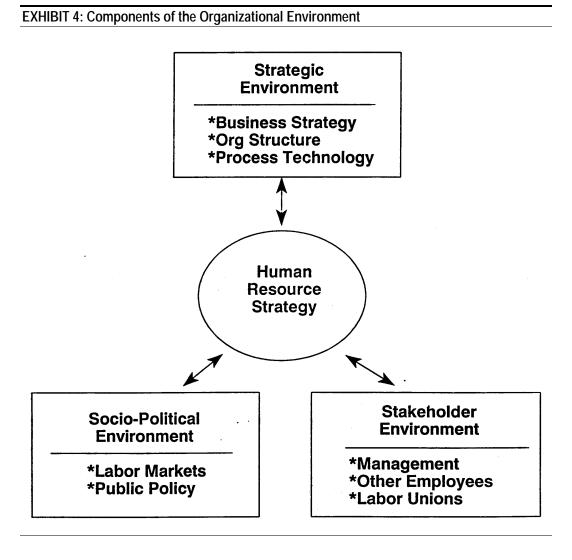
Further, typologies deriving from internal labor market analyses sometimes (although certainly not always) include elements of organizational governance in their models. Begin (1991), for instance, bases his typology not only the content of human resource activities (which everyone does), but also on the nature of what he calls the authority distribution, which basically has to do with where in the organization human resource decisions are made, and by whom. To some extent this difference pimply reflects the predispositions and traditions of management scholars on the one hand and institutional economists on the other. But, it also suggests a potential enrichment from across-fertilization of ideas (if not ideology).

While typologies abound, only a few attempts have been made to derive taxonomies of human resource strategies. To cite one example: using a cluster analysis of survey data obtained from 30 steel minimills in the U. S., Arthur (1992) derived six identifiable "industrial relations systems" which he subsumed under two labels based on the systems' primary goals: Control and Commitment (after Walton). The former consisted of three systems: Pure Cost Reducers (very similar to Walton's Control model and Begins Machine EPS), Conflicters (all unionized and characterized by low trust and high conflict) and Inducers (after Dyer and Holder -- see Exhibit 3). The latter also consisted of three systems: Collective Bargainers (high skill, high wages, and high involvement in decision-making through collective bargaining), Involvers (after Dyer and Holder), and Pure Commitment Maximizers (very similar to Walton's Commitment model and Begins Adhocratic EPS). While this study lends some credence to parts

of the typologies mentioned, the resulting systems reflect less internal fit and logic than do the configurations of the judgmentally derived typologies.

Clarifying Constructs: Organizational Environment

There is little convergence on the key dimensions of organizational environment. Some of the more commonly mentioned dimensions are depicted in Exhibit 4. For discussion purposes, are grouped into three categories: strategic, socio-political, and stakeholders. (For a somewhat different configuration, see Kochan and Osterman, 1994, p. 89).

EXHIBIT 4: Components of the Organizational Environment

Strategic Environment

*Business Strategy
*Org Structure
*Process Technology

Human Resource Strategy

Socio-Political Environment

*Labor Markets
*Public Policy

Stakeholder Environment

*Management
*Other Employees
*Labor Unions

The Strategic Environment: The Strategic Environment consists of business strategy, organizational structure, and process technology. (Some -- e.g., Begin [1991] -- also include product market characteristics such as stability, complexity, diversity, and hostility; the more common viewpoint, supported by some evidence [e.g., Huselid, 1993], is that what really

matters in terms of human resource strategies is how businesses respond to these characteristics in terms of the business strategies, structural arrangements, and technologies they choose to employ.)

The significance of business strategy is unquestioned among human resource strategists for whom the need for, and virtues of, a tight linkage or integration between business strategy and human resource strategy is gospel (e.g., Walker, 1992). The reasoning is straightforward: since different business strategies require different types of, and behaviors from, employees and since different human resource strategies elicit different types of, and behaviors from, employees, it follows that much can be gained from matching strategies to attain a high degree of congruence between requirements and actualities (Cappelli and Singh, 1992; Jackson, Schuler and Rivero, 1989; Schuler, 1992; Schuler and Jackson, 1987; Wright and McMahan, 1992).

The same line of reasoning can be (although usually isn't) applied with respect to organizational structure and process technology. (Some authors -- e.g., Lawler [1986, 1992] -- deal with this by incorporating one or both of these factors into their strategies rather than as a part of the organizational environment.) Increasingly, the literature stresses the need for congruence among strategies, structures, and technologies (Hammer and Champy, 1993; Quinn, 1992). Thus, as is suggested in Exhibit 4, it may be the nexus of these three components, rather than business strategy alone, which gives rise to critical staffing and behavioral requirements to which human resource strategies must be matched (Bamberger, Bacharach, and Dyer, 1990).

The Socio-political Environment: The two dimensions here are labor markets and public policy. Both are more often cited as facilitators of or constraints on, rather than driving forces behind, human resource strategies. As will be discussed later, there is some reason to believe that both the effectiveness and diffusion of certain types of human resource strategies can be (and are) affected by limited supplies of requisite skills and values in the labor market and extant legislation and regulations, especially at the federal level It is probably rare, however, for the impetus to adopt a particular human resource strategy to emanate from these sources (Kochan and Osterman, 1994; Osterman, 1994b).

The Stakeholder Environment: Frequently mentioned stakeholders in this context are top management, middle management, employees, and labor unions. A human resource strategy which fits both the Strategic and Socio-political Environments may nonetheless founder, or indeed fail to get off the ground, if it runs afoul of the values and beliefs of powerful stakeholders. Conversely, the preferences or needs of powerful stakeholders may lead to

attempts to implement or, perhaps more likely, unduly perpetuate particular human resource strategies even when they are inappropriate given extant Strategic and Socio-political Environments (Begin, 1991; Kochan and Osterman, 1994; Lawler, 1992; Osterman, 1994b).

Relationships From the Outside In: Multiple Model Theorists (MMTs)

MMTs approach Exhibit 1 from the outside in. They build (or borrow) characterizations of organizational environments on the one hand and typologies of human resource strategies on the other and, then, using observation and logic, systematically study or postulate patterns of external fit (e.g., Begin, 1991; Dyer and Holder, 1988; Schuler and Jackson, 1989). A previously uncited example, taken from the well-known work of Miles and Snow (1988), is shown in Exhibit 5. Characteristically, their emphasis is on the Strategic -- not the Socio-political or Stakeholder -- component of the organizational environment (product-market strategy, organizational structure and control, and research and development, production, and marketing processes) and on human resource goals and activities -- not governance structures. Also characteristically, their results are represented as both descriptive of the way things are and prescriptive of the way things ought to be for maximum organizational performance (at least within the domain of interest).

EXHIBIT 5: Miles and Snow's Configuration

Environment and Strategy	Defender	Prospector
Organizational Environment • Product Market Strategy • Organizational Structure • Process Technology	Limited Stable Product Line Growth Through Market Penetration Functional, Centralized High Volume, Low Cost	Broad, Changing Product Line, Growth Through Product Development Divisional, Decentralized Customized and Prototypical
Human Resource Strategy • Basic Thrust • Staffing • Training • Performance Appraisal • Compensation	Building Human Resources Closed System-Promotion From Within Extensive Process-Oriented, Developmental Position-Based, Internally Consistent, Hierarchical Differences	Acquiring Human Resources Open System-Recruiting at All Levels Limited Results-Oriented, Administrative Performance-Based, Market-Driven, Extensive Use of Incentives

Source: Adapted from Miles and Snow (1984)

Others who approach human resource strategy from the outside in include students of human resource planning and advocates of the currently hot topics of total quality management (TQM) and process reengineering. The former urge and instruct human resource planners to systematically examine elements of their organizational environments (especially business

strategies) to uncover critical human resource issues and, then, to devise human resource strategies to deal with these issues (see, e.g., Walker, 1992). If followed, this process would perforce result in tighter linkages between the two strategies. Award criteria for the Malcolm Baldrige National Quality Award focus heavily on the Strategic component of the organizational environment, but 150 of a possible 1000 points pertain to a prescriptive concept of human resource strategy (U.S. Department of Commerce, 1993). Hammer and Champy (1993), perhaps the best-known champions of reengineering, illustrate how the changes they advocate in organizational design, business processes, and information technologies are (or should be) accompanied by systemic changes in human resource strategy. Thus, while both TQM and reengineering basically adopt an outside-in point of view, the prescriptive nature of the organizational environments envisioned limits the range of options with respect to human resource strategies. (Interestingly, the TQM approach generates divergent evaluations; Pfeffer [1994, p. 208], for example, sees the Baldrige criteria as setting "... the right conceptual tone for managing the employment relation[ship]", while Appelbaum and Batt [1994, p. 131] see them as "... slighting human resource criteria" because of "...several notable omissions ... central to employee well-being: employment security, wage growth, promotions, due process guarantees, conflict resolution procedures, [and] employee voice".)

Relationships From the Inside Out:. The Dominant Model Theorists (DMTs)

DMTs approach Exhibit 1 from the inside out. The emphasis is on the promulgation of a particular human resource strategy (not all, however, favor the same one, as will become clear). From this starting point, the trail diverges in two directions. One concentrates on the model of choice, extolling its virtues and explaining and illustrating, often in great detail, its specific features and the necessary steps for its successful implementation. Lawler's (1986, 1992) propagation of the so-called High Involvement model is a premier (although certainly not the only) example of this approach and will be used here to illustrate it. The other branch is relatively less preoccupied with the details of the preferred model and rather more concerned with its diffusion, and more specifically with showing how certain factors in the organizational environment (or beyond) block diffusion and why and how these factors should and can be overcome or changed. Two recent, but in many ways different, examples of this approach, again used here for illustrative purposes, are Pfeffer (1994) and Kochan and Osterman (1994).

The Models: Key features of the selected models are shown in Exhibit 6. while these brief statements and the material which follows fail to convey the full richness of the models, they do provide a flavor of their major similarities and differences.

EXHIBIT 6: Three Dominant Models

High Involvement *(Lawler 1986, 1992)*	Best Practices *(Pfeffer, 1994)*	Mutual Gains *(Kochan and Osterman, 1994)*
Strategic Level		
• Top Management Commitment • Cooperative Union Management Relations, Involvement of Unions in Business Strategy, Egalitarian Policies and Practices	• Long-Term Perspective Overarching Philosophy • Employee Ownership, Symbolic Egalitarianism	• Supporting Business Strategies Top Management Commitment • Effective Voice for Employees in Strategy and Governance
Functional Level		
• Stability of Employment, Flexibility of Hours • Investment in Training and Development • Person (not job)-Based Pay, Performance-Based Pay, Flex Benefits	• Employment Security, Promotion from Within • Investment in Training and Development • High Wages, Incentive Pay, Wage Compression	• Staffing Based on Employment Stability • Investment in Training and Development • Contingent Compensation
Workplace Level		
• Selection based on Ability to Grow • Involving Work, Organizational Improvement Groups • Participation and Involvement • Supportive Supervision • Justice and Due Process • Sure and Swift Discipline	• Selective in Recruitment • Job Redesign, Teams Cross-Utilization • Participation and Empowerment • Information Sharing • Measurement of Practices, Feedback	• High Standards of Selection • Broad Task Design and Teamwork • Employee Involvement in Problem-Solving • Climate of Cooperation and Trust

Similarities of content include the following: top management commitment and support; high levels of employee participation, involvement, or empowerment at the workplace level, primarily through enriched jobs and/or self-managed work teams; high selection standards; extensive investments in training and development; opportunities for high levels of earnings through skill-based and/or performance-based pay schemes; a free flow of information up as well as down the organization; and stability of employment. (All also emphasize the need for mutual trust and cooperation throughout an organization.)

Lawler's and Kochan and Osterman's models also include effective voice for employees in organizational governance and strategy-making through labor unions or other forms of employee representation (which may include, as Pfeffer suggests, employee ownership). Lawler's and Pfeffer's models include egalitarianism and long-term career development (based on a policy of promotion from within), and Lawler's also incorporates the following facilitative "management practices": supportive supervision, flexible work arrangements, flex-benefits, justice and due process procedures, and sure and swift discipline. Pfeffer stresses the need for measurement and feedback (Kochan and Osterman's supportive business strategies dimension will be taken up later.)

Internal Fit: Lawler's (1986, 1992) Nigh Involvement model, as suggested, is fully developed and extensively articulated as an integrated package of policies and practices. Pfeffer (1994) describes 16 practices used by "effective films", pointing out that while "... the reader should not expect to find many organizations that do [them all]", ... it is useful to grade one's organization against the overall list." (p. 28). He specifies many of the interrelationships among the practices, but also leaves many "... to the reader to assess" (p. 31). Kochan and Osterman (1994) adopt a middle ground; their Mutual Gains model consists of an integrated package of "generic principles" organized into three tiers -- those applying at the strategic, functional, and workplace levels. They also state that "... there is no single set of best practices for implementing these broad principles".

These differences in emphasis may explain the variations in firms recurringly mentioned by these authors as exemplars of their particular approaches. AT&T, Hewlett-Packard, Xerox, Motorola, and Donnelly are frequently cited by Lawler and Kochan and Osterman, but rot Pfeffer. Lincoln Electric and NUMMI are popular with Pfeffer and Kochan and Osterman, but not Lawler. Otherwise, Lawler alone features W.L. Gore, Herman Miller, and Nucor Steel; Pfeffer alone gives frequent mention to Advanced Micro Devices, Solectron, Southwest Airlines, Wal-mart, and Nordstrom; and Kochan and Osterman alone feature Cummins Engine, Saturn, Hewlett Packard, and Polaroid (as well as replicating mini case studies on Magma Copper, Federal Express, Chaparral Steel, Shenandoah Life Insurance Co., and Rohm & Haas prepared by the Office of the American Workplace).

External Fit: Lawler (1992, p. xiv) states, but does not dwell on, the point that the High Involvement model "... is not necessarily the right management approach for all environments and all societies". Kochan and Osterman adopt the position that while the principles of the Mutual Gains model are widely, but not universally, applicable, the practices through which they are implemented will (and should) vary depending on extant organizational environments. Pfeffer (1994, p. 65) is a bit more ambivalent; in his words, "... there is an important distinction between the contingent nature of the *implementation* of these [16] practices, which everyone would agree is necessary, and the idea that the practices themselves do not provide benefit in many, if not most, situations" (italics in original).

All three models are touted as particularly in tune with today's dominant Strategic Environment: high value-added business strategies (based, for example, on quality, service, speed, flexibility, and innovation rather than low costs -- a key generic principle in Kochan and Osterman's Mutual Gains model), flexible organizational structures and forms (a key piece of Lawler's High Involvement model), and sophisticated process technologies which support these

high value-added business strategies and flexible organization structures. All are also offered as being more suited than alternative models (particularly the Control model) to the economic and psychological interests of today's employees. The basic argument, as laid out by Kochan and Osterman (1994, p. 76) is as follows:

> "... changes in markets and technologies have increased competitive pressures on firms to make a choice as to how to compete in today's markets, and one choice, Le., the one that emphasizes productivity, product quality, and innovation, can best be achieved and sustained over time by investing in human resources and implementing appropriate variants on these mutual gains principles... [m]ovement to these principles is the only way to achieve improvements in the social and economic conditions of employment for workers in a world where labor costs vary greatly and competitors can undercut the wages and benefit levels most people expect in an advanced economy and democratic society. In short, broad-scale adoption and diffusion of these principles and strategies are required if we are to achieve and sustain truly mutual gains for individual firms, shareholders, and employees, and the overall economy and society." (italics in original).

But, then there are the rhetorical questions. Lawler (1992, p. 323): If [the High Involvement model] is so great, why doesn't everyone do it already?". Pfeffer (1994, p. 89): "...change is occurring. The questions [are] why so slowly, particularly in the United States, and why with such difficulty...?". Kochan and Osterman (1994, p. 11): " If the ideas presented in this book are so terrific, why will the market not diffuse them? What will prevent these developments from occurring on their own?" The fact that these questions are raised (even rhetorically) and demand answers suggests that there are elements of organizational (or broader) environments to which these models may not be suited. This is an important point to which we will return after reviewing what is going on in actual practice.

PRACTICE

To what extent does the accumulating theoretical work reflect what is actually going on in American and Canadian companies? How broadly are the concepts diffused? What is their staying power? What factors seem to facilitate or hinder their diffusion and sustainability? It is to these questions that attention is now turned. The discussion illustrates significant differences between the approaches and perspectives of the MMTs and the DMTs bottom-line, little is known about the diffusion (and hence the sustainability) of internally and externally congruent human resource strategies. There are case studies (many used for typology construction, as noted above) describing showcase examples. But, there are no broad-scale surveys, or accumulation of more narrow surveys, which might help determine how representative these showcase examples are, what industries are involved, and so forth.

Examples of what might be done are provided by a recent surrey of 714 firms covering four industries in Canada (Betcherman, McMullen, Leckie, and Caron, 1994) and by the previously cited survey of steel minimills in the U. S. (Arthur, 1992). The Canadian study collected data pertaining to (among many other things) the use of 12 human resource practices (basically consistent with the Involvement model). Cluster analysis uncovered three types of human resource strategies, labeled traditional (characterized by relatively low usage of all the practices), compensation-based (characterized by relatively high usage of all the practices except formal job design and employee participation), and participation-based (characterized by relatively high usage of formal job design, employee participation, vocational and cultural skills training, and work-family programs, as well as a high degree of integration of human resources into formal business plans). Just over half the firms in the sample fell into the traditional cluster; the rest were about evenly split (23 and 24 percent, respectively) between the other two clusters. While there was some degree of association between business strategy and human resource strategy, no attempt was made to systematically assess the degree of external fit, or to indicate how many firms were characterized by such fit.

Arthur (1992) employed a more limited sample, but more relevant data analysis. He found human resource strategies in the minimills to be about evenly divided between the two broad types noted earlier: Control (Pure Cost Reducers = 27%, Conflictors = 13%, and Inducers = 13%) and Commitment (Collective Bargainers = 30%, Involvers = 7%, and Commitment Maximizers = 10%). Some sub-types (particularly Pure Cost Reducers, Conflictors, and Commitment Maximizers) were found to be more statistically coherent than others. Concerning external fit, the Cost Reduction or Control strategies were used by about 90% of the mills with a cost-based business strategy, while the Commitment strategies were used by about 60% of the mills following a business strategy based on differentiation. This represents a fair degree of external fit with this particular element of the organizational environment. To what extent the human resource strategies of the "off quadrant" cases (about 25% of the total sample) might fit with other elements of the organizational environment is unknown.

In a preliminary analysis, Arthur (1990) found that mills with a high degree of fit between their business strategies and their human resource strategies had both higher levels of productivity and quality than mills with a low degree of fit between the two. Because of data problems and the small sample size, however, the relationships failed to meet traditional levels of statistical significance. In a reanalysis, Arthur (1994) dropped the contingency notion. Across all mills (irrespective of business strategy), a comparison of Control and Commitment human resource strategies showed the latter yielding higher levels of productivity and quality (as well as

lower levels of employee turnover), with all differences being statistically significant. Arthur (1994, pp. *682-3)* noted that "... these results support observations made by Walton *(1985)* and others concerning the effectiveness of commitment-type human resource systems, *at least in the context of manufacturing plants using technologically intensive and relatively integrated continuous* production processes" (italics not in original). At a minimum this suggests that future studies of the MMT perspective should include process technology as well as business strategy in assessments of external fit and its performance effects.

Clearly, a good deal more research is needed to ascertain not only the extent of diffusion of various types of human resource strategies, but also the nature of the forces that shape the choices of these strategies and of the organizational and individual outcomes which result (Huselid, 1993).

The Inside-Out (DMT) Perspective

Diffusion and sustainability are of greater concern to DMTs than to MMTs, so the research is a bit more extensive here, although it, too, falls far short of overwhelming. Again, the evidence comes from both case studies and surveys.

The case studies provide notable examples of the preferred models (as indicated above), but there are no surveys which look at the overall picture. Rather, there are numerous surveys which focus on just one or two of the human resource practices associated with a particular type of human resource strategy (see Kochan and Osterman [1994] and Pfeffer [1994] for extensive reviews). In a particularly relevant example, Osterman (1994a) surveyed 875 establishments to ascertain (among other things) how many were engaged in give types of "flexible work organization" (also referred to as "workplace innovations") central to the Involvement and Mutual Gains models: teams, quality circles, job rotation, and TQM (in terms of communication, feedback, and teamwork). Seventy-eight percent of the respondents reported using one or more of these practices among at least one group of core employees; 64% reported that the practices involve 50% or more of the employees in the core group. Using tighter criteria (i.e., that at least 50% of a firm's core employees had to be involved in two or more of the practices), Osterman concluded that only about one-third of the firms in the sample could be classified as "significant users" of the practices of interest. His data are basically consistent with those obtained through other surveys (e.g., Lawler, Mohrman, and Ledford, 1992). Osterman also concluded that only 13% of the significant users of these practices would have been so classified five years earlier. This may, as others (Betcherman and Verma, 1993; Drago, 1988; Goodman, 1980) have suggested, reflect the difficulty of sustaining these types of workplace designs over long periods of time.

Surveys such as Osterman's (1994a) -- whether focusing on workplace design, training, compensation, employment stability, or other components of human resource strategies one or two at a time -- are helpful in establishing outside parameters with respect to the diffusion of relevant types of strategies. For example, the use of teams, quality circles, and the like is a necessary condition for engaging in an Involvement or Mutual Gains human resource strategy, but it is not a sufficient condition. A fair number of firms that use these practices probably do not also use all or even most of the other practices associated with these particular strategies. Osterman's (1994a) data, for example, show that participative workplace designs are more likely to survive and diffuse when integrated with such other human resource practices as cross-training, pay for skill, and gain-sharing or profit-sharing (but not necessarily formal off-the-job training or [surprisingly, given the centrality of this variable in all DMT models], employment security). But, he also notes that "... there is no FIRM practice that is uniformly associated with the presence or absence of flexible work organization. Hence the notion of distinct clusters is not necessarily appropriate". (p. 184, fn 29).

Anecdotal data from various sources support this view. On the one hand, firms with business strategies aiming to attain world-class levels of productivity, quality, service, speed, flexibility, or innovation are experimenting with redesigned work systems, extensive training efforts, various foams of contingency-based pay, and we like. On the other hand, some of these same firms (as well as others), under pressure from Wall Street and elsewhere to produce short-term profits, are turning to repeated rounds of downsizings, extensive use of contingent employees, minimal career commitments, and compensation schemes designed more to share risks with than to enhance the motivation of employees (Downie and Coates, 1993; Dyer, 1993). A recent Delphi study looking toward Workplace 2000 indicated a continuance of the bifurcated approaches with predictably poor results in terms of both employee performance and employee psychological and financial well-being (Dyer and Blancero, 1994). Once again, the general conclusion is that not much is known about the diffusion, let alone sustainability, of the DMT models. A reasonable conclusion seems to be that while there is widespread experimentation with certain key components of these models, there are relatively few truly integrated efforts underway (and some of the efforts may in fact be quite contradictory). Many of the integrated efforts are found in relatively small organizations or are rather limited applications in larger firms (e.g., just one or two locations, often start-ups or so-called greenfield sites) (Kochan and Osterman, 1994; Lawler, 1992).

What seems to be holding back the diffusion of the DMT models? This is, as noted earlier, a question which the various theorists have tackled and, with due apologies for missed

nuances, following are some of the answers they provide (organized around the elements of the organizational environment shown in Exhibit 4).

All agree, as indicated previously, that the current Strategic Environment makes their models particularly relevant and necessary, but that various components of the Stakeholder and Socio-political Environments serve as deterrents to adoption. With respect to the Stakeholder Environment, the problem, as the DMTs see it, is that in the U.S. economy the providers of capital (especially Wall Street and large institutional stockholders) and top managements wield all the power, while employees and, increasingly, labor unions have very little or none. This creates a situation in which short-term pressures for profits take precedence over longer-term investments in innovative human resource strategies (often characterized as costs). This is a situation which fosters adversarialism and distrust between favored and disfavored stakeholder groups, a climate which is antithetical to the development of Involvement and Mutual Gains models.

The Socio-political Environment provide little help. Current government policy does little to enhance the diffusion or power of labor unions, let alone other forms of employee representation in firm governance. It also leaves it pretty much up to individual firms to provide training and employment security for employees, two essential features of the Involvement and Mutual Gains models. Market failures then lead to underinvestments in these areas because no firm can count on recouping their payoffs rather than losing them to competitors. And, in today's economy, no one firm can realistically commit to providing employment security for its employees anyway. Finally, with respect to the Socio-political Environment, in the U.S. particularly, high unemployment rates combined with inadequate systems of public and vocational education provides an oversupply of unskilled labor which encourages the continuance of Control rather than Involvement or Mutual Gains models of human resource management.

Such analyses lead DMTs to advocate not only further research into, and proselytizing of their models, but also fairly significant reforms with respect to labor relations and firm governance, backed by major changes in government policy. Positions vary, of course, especially with respect to public policy, but they tend to favor the enhancement of the government's rile as a catalyst for change through such mechanisms as: providing information and technical support, eliminating legal and other barriers to employee involvement, providing incentives for firms to provide employee training, developing or fostering alternative forms of employability (vs employment) security, and the like. Kochan and Osterman(1994) advocate the formation of a "mutual gains coalition" to include, line and human resource managers,

employer associations, employees, labor unions, professional associations, governments at various levels, and academics to diffuse the Mutual Gains model within and across firms.

THE ROLE OF HUMAN RESOURCE ORGANIZATIONS

If the strategic perspective of human resource management is taking hold in theory and, to a lesser extent, practice, what are the implications for human resource organizations, and for the executives, managers, and professionals who run them? The obvious prescription is for them to become more strategic in thought and deed. But, what does this mean? To what extent does it reflect reality? What are the prospects for the years ahead? .

Defining the Strategic Business Partner Role

Most current commentators place primary responsibility for strategic human resource management in the hands of top line executives (CEOs, their direct reports, the heads of various divisions or business units, and the like). The recommended role for human resource organizations is that of strategic business partner. Basically, this means that top corporate and divisional or business unit human resource executives and managers should assume equal positions with other line and functional (e.g., marketing, finance) managers on top management teams when strategic issues, human resource related and otherwise, are on the table. Envisioned activities for the strategic business partners include the following (Dyer and Holder, 1988; 28 Walker, 1992):

* ** Working with their line counterparts to formulate, and from time to time review, organizations' broad human resource strategies (Control, Commitment, Mutual Gains, or whatever).

* ** Taking the lead in (but not the sole or even primary responsibility for) formulating the specifics of human resource strategies that are appropriate to specific corporate and unit business strategies, as well as to other relevant aspects of the organizational environment. And, when necessary, taking the lead in challenging business strategies which appear to be infeasible or undesirable from a human resource point of view.

* ** Working closely with their line counterparts to assure that human resource and business strategies, once agreed upon, are adequately implemented.

* ** Assuring that their own departments are managed strategically; that is, that they have strategic plans which lay out goals and priorities, direct the allocation of resources, and guide the work of the function's managers and professionals.

This strategic business partner role, and its attendant activities, are envisioned as additions to, and not replacements for, other more traditional roles and activities performed by the human resource organization (e.g., program design and administration, operational assistance for line managers, policing adherence to policies and programs, and employee advocacy). The new role is to be used to bring business relevance and synergy (external and internal fit) to traditional activities thereby contributing directly and noticeably to organizational effectiveness. Pfeffer (1994, p. 251): "The simple question to ask about the human resource function is this: Is it adding value, is it solving problems, is it serving the organization's strategic business needs? If the answer is no, then perhaps management would do well to turn its denizens loose on the competition to do their damage elsewhere. If the answer is yes, then the function can serve as an important partner in nuking changes designed to help the organization achieve greater productivity and performance. In any case, the smart general manager will make sure he or she knows what the situation is and whether human resources will be an ally or an obstacle to change."

Obviously, the strategic business partner role requires of its practitioners a set of competencies not always associated with human resource work. Some of the more commonly mentioned include: a business, as well as human resource, perspective; a generalist, rather than specialist, perspective; knowledge of business dynamics, issues, and vocabulary; knowledge of developments in relevant areas of the organizational environment (whether internal or external to the firm); diagnostic skills; consulting skills; and a willingness to take risks. (For more complete enumerations of the requisite competencies, see Ulrich, Brockbank, and Yeung, 1989 and Boroski, Marron, and Dyer, in progress).
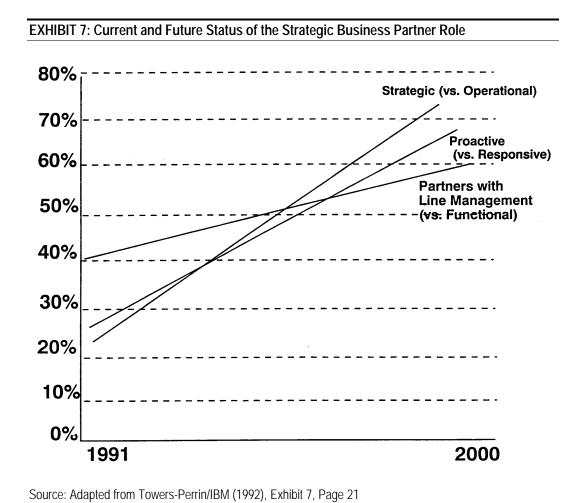
Diffusion of the Strategic Business Partner Role

How widespread is the strategic business partner role? The short answer (again) is that no one knows for sure. But, the available evidence suggests a modest and growing diffusion, notwithstanding some rather formidable obstacles.

The limited diffusion of human resource strategies within and across organizations noted earlier suggests a correspondingly limited diffusion of the strategic business partner role as well. This view is supported by a fairly recent world-wide survey of nearly 3,000 line executives and human resource executives, managers, consultants, and academics (40% of whom were from the U.S.) (Towers-Perrin/IBM, 1992). As shown in Exhibit 7, only about one-quarter of the respondents to this survey characterized today's human resource organizations as proactive (vs. responsive) and strategic (vs. operational), and only about 40% saw them as partners with line managers regarding human resource issues (as opposed to taking primary responsibility for

these issues). These (and related) findings led the stud's authors (Towers-Perrin/IBM, 1992, p. 20) to conclude that: "... *[the] respondents don't believe that [today's] human resource functions are* fully *capable of addressing a new, more business-oriented agenda for HR " (italics* in original).

Much the same view emerged from a recent round of intensive interviews with a small number of senior Canadian human resource executives (Downie and Coates, 1993). The results suggested that while the strategic business partner role was gaining ground in that country especially among larger, leading-edge firms, full diffusion and equal influence with line management within and beyond these companies was probably still a long ways off.

EXHIBIT 7: Current and Future Status of the Strategic Business Partner Role

Source: Adapted from Towers-Perrin/IBM (1992), Exhibit 7, Page 21

Will the apparently upward, if slowly moving, trend continue? Yes, in the view of the Towers-Perrin/IBM respondents (again, see Exhibit 7). Looking forward to the year 2000, the percent which anticipated that the human resource function would be primarily proactive and strategic was between 70 and 75% (triple the 1991 numbers), while the percent which foresaw a

full partnership with line management in human resource matters was 60% (about double the 1991 figure). As might be expected, movement in these directions was envisioned by a greater percentage of human resource executives and managers than of line executives, consultants, or academics, although the trend lines were similar for all four groups. (Interestingly, though, U.S. respondents were reported to be less likely than those from other countries to anticipate this kind of movement.)

Several factors are fueling diffusion of the strategic business partner role: intensifying searches for sources of sustained competitive advantage and related pressures on human resource people to show "value-added" for their activities; accumulating evidence (cited above) that a strategic approach to human resource management can result in sustained competitive advantage; a steady stream of exhortatory literature extolling the virtues of a strategic approach to human resource management -- and calling into question the professionalism of those not on board; and a seemingly endless supply of conferences and workshops purporting to develop the competencies required to play the strategic business partner role.

But, there are some obstacles as well. The low hanging fruit has probably been plucked; most of the human resource practitioners who are going to be pulled by their bosses or colleagues into the strategic business partner role probably have been already. So, tough resistance can be anticipated from the remaining line executives and managers whose natural proclivities, talents, and, perhaps, organizational circumstances, lean against the adoption of such a role. Indeed, two leading business periodicals, Business Week (1991) and The Wall Street Journal (1991), recently reported that so-called culture building CEOs are systematically being replaced by hard-driving executives whose primary talents lie in cutting costs and delivering short-term profits not in investing for the longer-term. Further, thus far unmoved human resource executives, managers, and professionals are undoubtedly the ones who lack, and are disinclined to develop, the competencies and risk-taking propensities required to tackle the strategic partner role. Their views may be reinforced by ongoing cutbacks in human resource budgets and staffs, a situation which is hardly conducive to taking on a new role.

How this tug and pull will balance out is anybody's guess. Our own is that movement will be slow. Some human resource people, under pressure to become more strategic -- or more specifically, to contribute to the bottom-line -- have retreated into a rather narrow definition of what that means. Frank Doyle, senior vice president at G.E and one of the U.S.'s most influential and respected human resource executives, recently characterized many of his counterparts as "perfect agents". By this he meant that they are quite adept at carrying out top line executives' orders to downsize or cut health care costs, but, he feared, less inclined to

challenge or question these executives on human resource matters which are seen as inimical to the long-term interests of their companies, let alone their companies' employees (Doyle, 1993). The Canadian study cited earlier uncovered a tendency, also noted elsewhere, among some human resource people to attempt to shift responsibility for human resource matters to their line counterparts and, then, to seek security in an advice and counsel role (Downie and Coates, 1993). And, there are the inevitable diversions -- a plethora of recent articles and workshops on reengineering the human resource function, for example, are serving to turn the attention of human resource people inward on their own operations, rather than outward toward the broader business environment (Greengard, 1994).

Some see human resource organizations at a critical juncture, facing a fundamental choice between a full-bore shift to the strategic business partner role or a fairly quick demise (Schuler, 1990). The reasoning is as follows. Failure to embrace the new role will lead to its preemption, along with associated operational decisions, by line managers and external consultants. Meanwhile, automation and outsourcing will continue to eat away at the function's administrative and policing roles. And the employee advocate role will continue to wither lacking the unlikely resurgence of government or labor union pressures. What, then, will be left for a human resource department to do?

A Question of Influence

Others go so far as to suggest that even if the strategic business partner role is widely embraced by human resource executives, managers, and professionals, this does not necessarily mean that human resource issues will receive their just due in strategic business deliberations (Kochan, 1994; Kochan and Dyer, 1993; Kochan and Osterman, 1994; Pfeffer, 1994). This argument rests on the legacy of the function's traditionally low status and power position coupled with the nature of the strategic business partner role itself The initial burden is on human resource people to build partnerships by gaining the confidence and commitment of more powerful top and line managers. This situation is may well foster ingratiation rather than the assertion of a forceful stance giving voice and stature to human resource issues (Freedman, 1990; Towers-Perrin/IBM, 1992).

Historically, the argument continues, significant gains in the power and influence of human resource departments have come in concentrated periods coincident with external jolts: wars, social crises, union threats, and major changes in government policy (Baron, Devereau, and Dobbin, 1988; Jacoby, 1985; Kochan and Cappelli, 1984). External pressures may be required this time around as well. Thus, success, and perhaps survival, for human resource people may rest on their willingness and ability to join in a coalition with like-minded colleagues,

labor leaders, government policy makers, and academics to formulate and implement a national agenda to: (1) strengthen the influence of employees as stakeholders in corporate governance and strategic decision-making and (2) encourage and assist the building of a national infrastructure for diffusing human resource innovations which produce benefits not only for individual firms, but also for the broader economy and society. Relevant policy initiatives might include: incentives which encourage employers to invest in new technologies, but only if they simultaneously invest in the human resource practices required for the successful implementation of these technologies; revised labor laws which assure employees the right to effective representation in organizational decision-making which could come through traditional labor unions, but might also come through experimentation with works councils and the like; legislation which provides adequate protection for employees while at the same time avoiding the "one size fits all" mentality by granting the parties involved flexibility with respect to standards and enforcement (as is done in some cases through the Voluntary Protection Program administered by the Occupational Safety and Health Administration); and meaningful investments in research on the effectiveness of human resource innovations in varying circumstances and in the dissemination of the results to facilitate the diffusion of appropriate human resource strategies within firms and across the economy (Kochan, 1994).

FUTURE DIRECTIONS

Where does this leave us? On the one hand, it is clear that the strategic perspective has taken hold among a fair number of human resource theorists, researchers, and practitioners. Indeed, may well have surpassed the operational and programmatic perspectives to become the dominant paradigm of the field. On the other hand, even devotees share considerable confusion, and sometimes outright disagreement, about basic constructs, key components, and future directions. While this ferment holds great promise for the academic and practical development of the field, it must be constructively channeled. Following are some suggestions along these lines, looking first at human resource strategy and later at the role of human resource professionals.

Human Resource Strategy

Additional work -- more empirical than conceptual -- is needed to clarify basic constructs. For example:

- To what extend do the many typologies of human resource strategy reflect actual practices? Additional theory-based taxonomic research would be most helpful in answering this important question.

- What are the key components of the organizational environment which shape decisions about human resource strategies? More theoretical work might be in order here. But, particularly important are in-depth studies of strategic decision-making processes: Who is involved? What factors are considered? What roles do these factors play in shaping the human resource strategies which emerge? Little is to be gained from additional studies which simply examine relationships between types of business strategies and types of human resource strategies. It may be interesting to know that x% of firms with, say, differentiation business strategies employ, say, Commitment or Mutual Gains human resource strategies. But, what really matters is: What took these firms in this direction and, perhaps even more important, what took the rest in other directions? Hypotheses suggest that certain characteristics of the Strategic Environment stimulate certain types of human resource strategies but that these may or may not be reinforced by forces in the Socio-political and Stakeholder Environments (Kochan and Osterman, 1994; Osterman, 1994b). Is this the way it really works?

And, in the end, what difference does it make? Which types of human resource strategies work best under what environmental circumstances? Relevant evidence is beginning to accumulate (e.g., Arthur, 1990, 1994; Ichniowski, et al, 1993; MacDuffie and Krafcik, 1992; Macy and Izumi, 1993), but several refinements are in order. Two, suggested above, are first, to continue to sharpen definitions and measures of human resource strategies and second, to move beyond business strategy to incorporate additional dimensions of the organizational environment as contingency variables. It would be helpful if this research considered a broader range of outcomes than has heretofore been the case. Thus far, the focus has been on productivity and quality; but other organizational outcomes -- service, speed, flexibility (adaptability), and innovation -- are becoming increasingly important sources of competitive advantage. Further, consideration should be given to the financial and psychological payoffs for employees, particularly m the face of mounting evidence that enhanced corporate competitiveness in many cases is coming out of employees' hides (Kochan and Osterman, 1994). Finally, the effectiveness research needs to study samples other than blue-collar workers in manufacturing environments (Osterman, for example, found that workplace "innovations" were actually more prevalent among professional/ technical and service employees than among their blue-collar counterparts -- see Kochan and Osterman [1994, Table 4-3J).

This analysis has focused on the U.S. and, to a lesser extent, Canada. But, there is much to be learned from experiences in other countries, too, particularly with respect to

governance. To what extent do legislative and other arrangements which enhance the power of employees as organizational stakeholders in Japan and various European countries facilitate or restrict the diffusion of certain types of human resource strategies? What are the long-term effects in teams of important organizational, individual, and societal outcomes? Are these experiences culture bound, or do they also hold potentially useful lessons for North American firms and public policy makers?

The Roles of Human Resource Professionals

Much remains to be learned about: The extent to which the strategic business partner role has actually permeated human resource organizations in the U.S. and Canada, the extent of power and influence wielded by those who have adopted the role, and the factors which help and hinder both the diffusion and the power position of the role.

Again, what difference does it make? Writers today often imply that the keys to diffusing the strategic perspective within and across corporations lie in the diffusion of the strategic business partner role, accompanied by a continuing accumulation of salutary evidence. But, others question this, arguing that human resource people will never on their own attain a level of power necessary to assure that human resource considerations receive their just due at the highest levels of corporate decision-making. Rather, they suggest, human resource managers and professionals would be wise to join with other relevant parties in a mutual gains coalition to promote public policies which move in this direction. Which position is right? Part of the answer lies in learning more about the human resource role in strategic decision-making.

But, part of it may also lie in questioning the very models that shape the thinking of people in our field. Perhaps it is time for those interested in human resource strategy to shift some of the theorizing and research from questions of competitive advantage, internal and external fit, and the power and influence of human resource executives and managers to broader issues of corporate governance and relationships between human resource decisions at the firm level and the dynamics of public policy-making and policies at the national level, and even beyond.

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