Human resources activities can be the unifying force in helping an organization master strategic change. Here is a model for forging the links between business needs and HR practices.

Strategic Human Resources Management:
Linking the People with the Strategic Needs of the Business

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

According to Horace Parker, director of strategic education at the Forest Products Company, a 17,000-person division of Weyerhaeuser in Seattle, Washington, strategic human resources management is about "getting the strategy of the business implemented effectively." For Bill Reffett, senior vice president of personnel at the Grand Union, a 20,000-person supermarket operation on the East Coast, strategic human resources management means "getting everybody from the top of the human organization to the bottom doing things that make the business successful."

The viewpoints of the academics, although stated in slightly different terms, echo the same themes. A composite definition from this source might include the following:

Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that: (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

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

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

THE 5-P MODEL

The 5-P Model of strategic human resources management, shown in Exhibit 1, melds various HR activities with strategic needs. Viewed this way, many activities within the five "P's" (HR Philosophy, Policies, Programs, Practices, and Processes) can be strategic. Thus, categorizing these activities as strategic or not depends upon whether they are *systematically linked to the strategic needs of the business*, not on whether they are done in the long term rather than short term or whether they focus on senior managers rather than nonmanagerial employees.

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

Before we discuss the individual components of the 5-P Model, however, we need to consider the element that sets it all in motion.
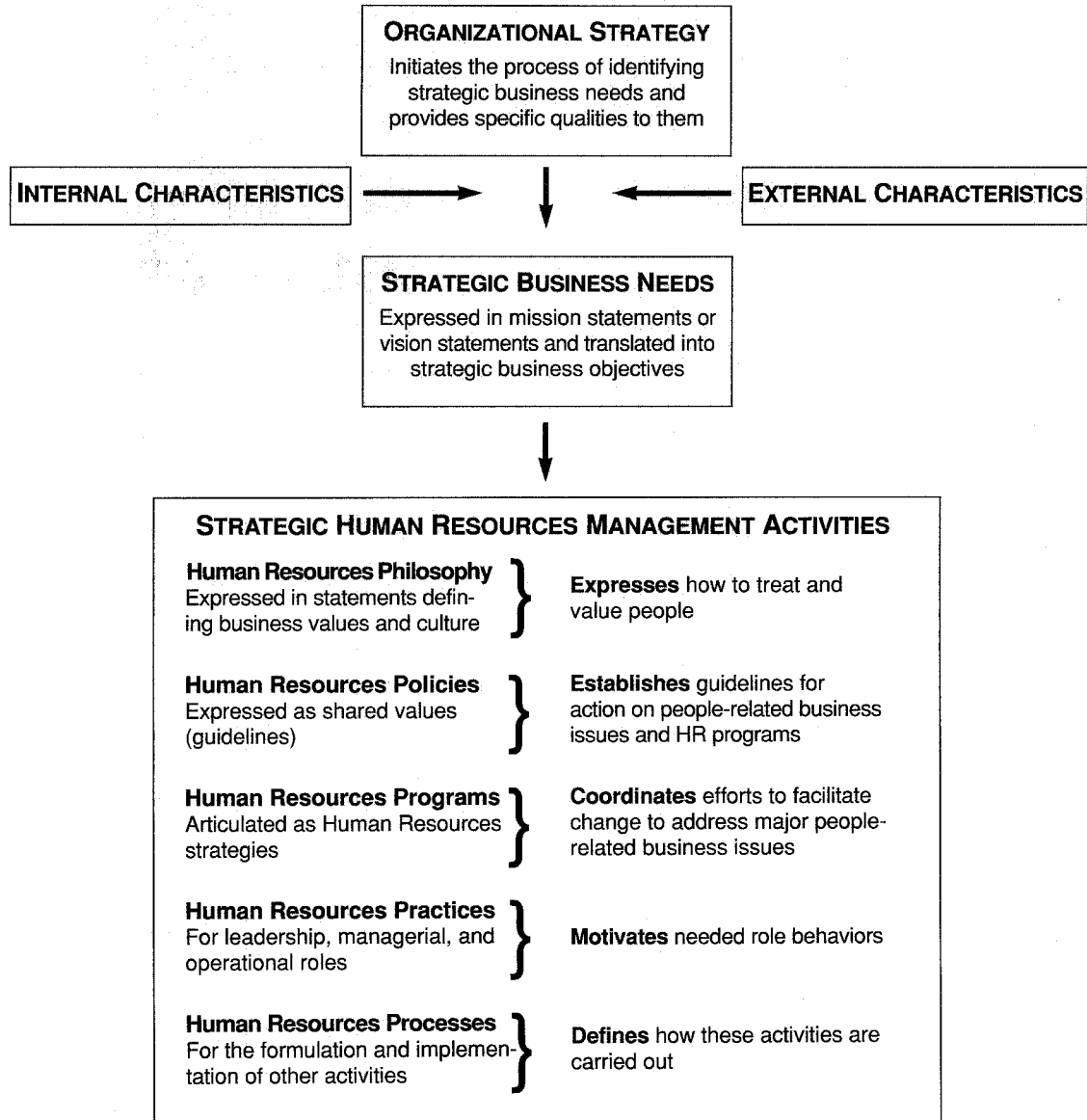
DEFINING STRATEGIC NEEDS

Typically, organizations define (or redefine) their strategic business needs during times of turbulence. As such, these needs reflect management's overall plan for survival, growth, adaptability, and profitability. Internal characteristics (e.g., culture, the nature of the busi-
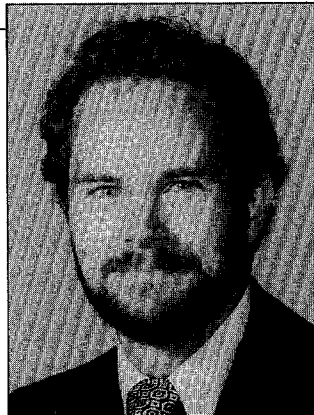
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ORGANIZATIONAL STRATEGY

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

INTERNAL CHARACTERISTICS ⟶ ⟵ **EXTERNAL CHARACTERISTICS**

STRATEGIC BUSINESS NEEDS

Expressed in mission statements or vision statements and translated into strategic business objectives

STRATEGIC HUMAN RESOURCES MANAGEMENT ACTIVITIES

Human Resources Philosophy
Expressed in statements defining business values and culture
} **Expresses** how to treat and value people

Human Resources Policies
Expressed as shared values (guidelines)
} **Establishes** guidelines for action on people-related business issues and HR programs

Human Resources Programs
Articulated as Human Resources strategies
} **Coordinates** efforts to facilitate change to address major people-related business issues

Human Resources Practices
For leadership, managerial, and operational roles
} **Motivates** needed role behaviors

Human Resources Processes
For the formulation and implementation of other activities
} **Defines** how these activities are carried out

ness) as well as external characteristics (e.g., the state of the economy, critical success factors in the industry) may well influence the definition of needs. But the biggest factor affecting strategic HR management is not a particular characteristic so much as it is experience with this mode of planning. HR managers who have never before been asked to meld human resources activities with strategic needs will find that the process takes time, persistence, and a detailed understanding of the needs that have been defined. In fact, linkages between human resources activities and business needs tend to be the exception even during non-turbulent times. When such linkages do occur, they are usual-

ly driven by the organization's efforts to formulate and implement a particular strategy.

To trigger specific actions, the business needs are generally translated into more actionable statements, which might be called *strategic business objectives*. For example, at Pepsi-Cola International, the strategic business objectives are:

- Committed bottling organization
- Uncompromising dedication to quality
- Development of talented people
- Focus on growth
- Quality business plans

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

Human Resources Philosophy

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

- People are mature, responsible individuals who want to contribute.
- People hold themselves to high standards of integrity and business ethics; they are responsible stewards of the land and environment.
- Our work environment is based on mutual respect, personal satisfaction, and growth opportunities for everyone.
- People recognize that teamwork, cooperation, and a clean, safe, well-maintained work place are essential to fulfilling our customer commitments.
- Continuing education is an ongoing commitment that involves everyone.

Instead of using the terms *HR philosophy* or *HR values* to describe how human resources are regarded, treated, and managed, some organizations use the term *culture.* That is, "We will create a culture that recognizes the importance we place on people, and that builds trust and cooperation." The difference, however, may be more semantic than real. For comparison, here is a statement of the culture at Pepsi-Cola International (PCI):

LEADERSHIP IN PEOPLE
We will develop an excellent organization focused on building the business by:
- Empowering people to drive the business from the closest point to the market
- Developing the right skills to be the best in the business
- Building career opportunities
- Building teamwork:
  o With bottlers to ensure that we maintain strong partnerships
  o Among area, division, and headquarters staff to ensure that we coordinate functional strengths to produce the best possible results
  o Across markets to ensure that we share the best practices throughout the enterprise
- Helping people succeed by building an environment with:
  o High integrity
  o Strong and consistent values
  o Continuous improvement

For both PCI and FPC, these descriptions of HR philosophy are part of a larger statement of *business (corporate) culture* or *business values.* These statements describe the importance to the firm of other, broader aspects of the organization: customers, operations, marketing, products, and general patterns of organization. These generally follow from a statement of the firm's vision or strategic business objectives, and vision and objectives follow from its strategy. For example, PCI's strategy is "Being No.1 by Creating Value through Leadership and Excellence." This vision includes being:The fastest growing

21

- The most committed to customer service and attuned to customer needs
- The best operators
- The best selling and marketing company
- The best people-oriented company

And PCI's business values include:

LEADERSHIP IN OUR BRANDS
We will achieve brand superiority by:
- Delivering the best products in the marketplace:
  - The highest quality
  - The best tasting
  - The most consistent
  - Communicating these benefits in a high-impact, persuasive and consistent manner

LEADERSHIP IN MARKETING
We will build on our brand platforms by:
- Creating new brand, channel, and package segments that build the business:
  - Faster off the mark
  - Better ideas
  - Quicker to create and take advantage of opportunities

LEADERSHIP IN OPERATIONS
We will build excellence in our own and bottler operations by:
- Being the low-cost producer
- Establishing and maintaining a strong focus on customer services and sales management:
  - These cornerstones will make us the best sales company
- Standardizing operating systems to:
  - Enhance our ability to provide the highest level of customer service
  - Develop an ability to measure and manage key parameters of the business in a consistent fashion
  - Provide a common set of practices and disciplines for the organization

Human Resources Policies

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

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

One example, drawn from PCI, illustrates how an HR policy can link values with a particular people-related business need. The value, in this case, is stated in corporate literature as "high standards of personal performance," and the need was to develop communication skills that would foster such performance in a decentralized international environment.

HR Policy at PCI. Communication in an international environment is difficult even under the best of circumstances, as any diplomat knows. For PCI, the overlay of 150 potentially different national cultures makes it likely that some level of misunderstanding on almost any topic will occur on a regular basis.

In the early 1980s, it was clear to almost every manager in Pepsi-Cola International that expectations for individual performance standards varied from country to country. For example, in Eastern Europe it was acceptable for a manager to meet his quota and take the rest of the day off. In Germany, however,

managers expected continuous improvement, a more demanding standard. Thus, the company needed a simple yet direct and culturally flexible tool to develop more consistency in managing performance. The answer turned out to be something called "instant feedback"—a device that any sophisticated human resources executive would have called too simple and unstructured to work globally. Stated simply, the principle of instant feedback says that if you have a problem or an idea about any aspect of the business, or about an individual's performance, then the organization demands that you raise the issue appropriately and discuss it maturely. A twenty-minute video tape was used to dramatize and explain how instant feedback could be applied in an international environment. Over time, instant feedback became the connecting link in a chain of feedback systems designed to improve and maintain high levels of personal performance.

Pepsi-Cola International is fundamentally a "feedback driven" organization. This feedback is now mirrored in every tool used to measure and improve performance, and the language of feedback has become part of the everyday vocabulary. It is heard when someone with an issue or problem says to another individual, "Let me give you some instant feedback." With travel schedules, frequent phone contact, and constant time-zone pressures, instant feedback has become a shorthand for getting to the point and communicating clearly.

But perhaps the most fascinating aspect of the concept is that it has worked in every nation, although with some cultural modifications. Americans use it because it fits the fast-paced way we do business. In most Asian cultures, feedback may be tough and direct, but it should never be given in public. Also in Asian cultures, there may be a lot of head nodding during instant feedback, as if signifying agreement. In reality, the nods mean only that the message has been heard. Some Latins will argue very strongly if they do not agree with the feedback, and some nationalities (e.g., Indian) will insist on a great deal of specificity. Canadians will say that Americans are too direct and some Europeans will say that Americans are too demanding and critical.

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

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

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

• Identifying values that support the objectives of the business, the organizational structure, and the needs of the individual employee, and

• Developing a set of shared understandings concerning individual performance that flow from the values that shape the human resources practices.

Thus, at PCI shared values (reflected in HR policies) result in part from the organization's structure that in turn results in part from the firm's strategic directions. For PCI, policies serve to integrate the company's global operation by providing a basis for the development of HR practices and programs.

23

HR Programs

Shaped by HR policies, HR programs represent coordinated HR efforts specifically intended to initiate, disseminate, and sustain strategic organizational change efforts necessitated by the strategic business needs. These efforts may begin at the top of the organization and filter down, or they may begin elsewhere. They may even begin in two places at the same time. For example, Ford's early-1980s strategic decision to emphasize quality evolved at the top-management level and the plant level simultaneously, a serendipitous development.

HR programs can be initiated, disseminated, and sustained for many types of strategic organizational change efforts. These efforts, however, have several elements in common. First, they receive their impetus from the firm's strategic intentions and directions. Second, they involve human resources management issues, i.e., they represent major people-related business issues that require a major organizational change effort to address. They also share the reality of having *strategic goals* against which program effectiveness can be measured.

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

- What is the nature of the corporate culture? Is it supportive of the business?
- Will the organization be able to cope with future challenges in its current form?
- What kind of people and how many will be required?
- Are performance levels high enough to meet demands for increased profitability, innovation, higher productivity, better quality, and improved customer service?
- What is the level of commitment to the company?
- Are there any potential constraints such as skill shortages or HR problems?

Programs formulated in answer to such questions are typically associated with the term *HR strategies*. This makes sense because, after all, HR strategies are essentially plans and programs to address and solve funda-mental strategic issues related to human resources management. For this reason alone, HR strategies and HR programs are used interchangeably in the framework here. Again, an example from the Forest Products Company illustrates this concept.

In the early 1980s, FPC became aware of a decline in large-volume, commodity lumber businesses and growth among small mills that tailor-made products to meet customers' demands. The small, nonunion, owner-operated, entrepreneurial mills were more market-oriented *and* operated at lower cost.

Deciding that going out of business was not an alternative, Charles Bingham, Forest Product's CEO, suggested that something needed to be done, preferably sooner than later. Together, the top dozen managers decided that a massive reorganization was called for, accompanied by a radical change in strategy. According to Bingham, the change in strategy went something like this:

> Approximately 80 percent of our sales dollars in 1982 represented products sold as commodities. By 1995. . .we must reverse the proportions.

The result was a decision to dramatically decentralize. The three operating units, of which FPC was one, were given free reign on how to conduct their businesses. In addition, Bingham and his top team split operations into 200 profit centers, each center largely responsible for its own bottom line.

This restructuring proved to be only one step in the right direction. The top team soon realized that there would have to be a total transformation—the corporate culture, knowledge base, skill levels, style of leadership, and team orientation would all have to change. And this change would have to impact everything, from the way business was conducted at headquarters to how a salesperson dealt with customers. To meet this massive challenge, top management established a Leadership Institute. This institute, they felt, could become a powerful catalyst to accelerate the normal process of change.

The institute's first major objective was to develop and implement a four-week HR pro-

gram for top executives, followed by a similar program for middle managers. A key element in both programs was attention to new HR practices, the fourth component of the Five-P Model.

Human Resources Practices

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

Leadership Roles. These include establishing direction, aligning people, motivating and inspiring individuals, and causing dramatic and useful change. Within the FPC, *leadership roles* are defined and measured with statements like these:

- Live by the basic values of the Forest Products Company
- Demonstrate honesty and ethical behavior in business transactions
- Show a high degree of personal integrity in dealing with others
- Avoid wasting time or resources
- Strive for continuous improvement in all you do
- Demonstrate confidence in yourself as a leader

By the way, these statements are taken from a more extensive questionnaire used in the company's leadership program. Managers complete the questionnaire (i.e., rate themselves on each point) and ask their employees and customers to provide similar assessments.

Managerial Roles. Another part of the questionnaire contains statements on managerial roles. Basically, these are the traditional roles of planning, directing, delegating, organizing and coordinating. Here are some examples:

- Make sure that objectives are clearly understood
- Level with people on what is not negotiable

- Give appropriate orientation to people on new assignments
- Deal effectively with performance problems
- Give people the information they need to be successful
- Give developmental performance feedback in a timely manner
- Give people the freedom they need to do their jobs
- Give co-workers the opportunity to try out their new ideas
- Encourage appropriate collaboration on work assignments
- Encourage people to participate when appropriate

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

Operational Roles. These are the roles needed to deliver services or make products. In essence, they are "doing" roles, and as such their content is far more specific than for the other roles. In a service setting, a role statement might be "greets customers as they enter the sales area." In a manufacturing organization, a role might be "reads blueprints accurately" or "performs soldering operations consistent with quality standards."

Roles Can Move. Although these three roles are labeled leadership, managerial, and operational, this doesn't necessarily mean that only nonmanagers perform the operational roles or only managers perform the managerial and leadership roles. In the process of formulating and implementing new strategic objectives, organizations typically evaluate the "who does what" question. In some cases, this results in a shift of role responsibilities. For example, at the Nissan Motor Manufacturing Plant in the United Kingdom and the Honda Manufacturing Plant in Marysville, Ohio, an analysis of roles and responsibilities performed by first-level supervisors led to a more effective allocation of work. The main activities associated with first-line supervision are identified in Exhibit 2. Many of these activities, it turned out, could be distributed to nonmanagerial employees.

EXHIBIT 2
MOST COMMON ROLES AND RESPONSIBILITIES OF SUPERVISORS

- Absence control
- Employee appraisal
- Bonus calculations
- Deployment of staff
- Discipline
- Drawing up shift rotations
- Employee welfare
- Handling grievances
- Health and safety
- Induction training

- Keeping personnel records
- Keeping production records
- Leading quality circles
- Planning/allocating work
- Quality control
- Recruitment
- Team briefing
- Team building
- Communicating

Matching Practices and Roles. Once the role behaviors, whether leadership, managerial, or operational, are identified, HR practices can be developed to cue and reinforce role performance. While many HR practices are used in organizations without regard to organizational strategy, some practices tie role behavior directly to strategic needs. Consider, for example, a company that has defined a need to improve quality. HR practices might provide cues for group participation in problem solving, training in statistical measures of quality control, and the like.

HR Processes

This area deals with "how" all the other HR activities are identified, formulated, and implemented. Thus, it is a significant strategic human resources management activity. In the FPC situation, the process for establishing the Leadership Institute and the HR programs was accomplished through a great deal of interaction among the director of strategic education and the line managers. According to Horace Parker,

> The trump card in closing the deal [to establish the Leadership Institute and the HR programs] was to involve the executives at various levels of the organization in the planning stages.

This process of involvement at the FPC was not aimed solely at helping executives and HR people understand the organizational change strategy. It also provided opportunity for others to "buy into" the change process. Moreover, involvement is *in itself* consistent with the aims of the programs and the strategic business needs. That is, the executives' participation in change helps orient these individuals toward giving their employees more participation and involvement in devising tactics to meet strategic business needs. (Most quality improvement programs, for example, rely heavily on employee participation.) On the other hand, to the extent that suggestions, commitment, and executive willingness to change are not necessary, the need for a participatory HR process diminishes. These situations are increasingly rare, however, as employees at all levels continue to call for empowerment, ownership, and participation.

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

This need for consistency becomes evi-

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

Recognizing this need for consistency, then, is an important component. This need, along with an awareness of the other aspects of strategic human resources management, translates into a greater need to be systematic. Strategic human resources management requires consistency and a systematic orientation. An example might illustrate how these two needs actually get played out.

PUTTING IT ALL TOGETHER: THE CASE OF GRAND UNION

The Grand Union is a large retail grocery operation with the majority of stores located in well-established neighborhoods. In the mid-1980s, a new phenomenon appeared in the traditional retail grocery business: the advent of the super store, the smallest of which was about twice the size of Grand Union's largest store.

The Grand Union had always defined itself as a grocery store—a traditional high-volume, low-margin, limited-selection, discount-driven, 40,000 square foot *grocery store*. Five years ago, the top management team decided that competing with the new 100,000 square foot stores (Wal-Mart's largest Hypermart is 260,000 square feet) was not a viable merchandising strategy. A directly competitive strategy would have called for moving stores from their current space-bound locations and uprooting relationships with customers, suppliers, and communities.

New Strategic Business Needs

The top managers found themselves faced

with the need to redefine what it meant for Grand Union to be a grocery store. Taking into account both competitive pressures and new customer habits and preferences, the team saw the need for a basic change in direction—from a commodity, undifferentiated business to a high-quality, customer-driven business.

From an individual store perspective, this meant eliminating many of the current items to make room for more national brands and merchandise with higher margins. A major objective was to sell the best quality products, which meant having a deli section (with the smells of barbecued chicken), an expanded fresh fruit section (more tropical fruits), a variety of small, ethnic food booths (for eating in or taking home), and a pastry shop.

The culture of the firm changed to emphasize listening to and serving customers. Store managers and top management started to provide the leadership John Kotter talks about, i.e., articulating and providing excitement, showing confidence in the firm's ability to successfully change in the new, more uncertain environment, and setting objectives that would relate to the new way of doing business.

Linking HR with the Strategic Business Needs

Under the guidance of Senior Vice President of Human Resources Bill Reffett, the firm developed an HR philosophy that said the employee was a valuable, long-term source of competitive advantage, and that all efforts would be made to provide exciting jobs, promotion opportunities, and retraining as needed. The firm described this philosophy as developmental. It was apparent that role behaviors for all employees would need to change to match the needs of the new business.

While the physical size of the stores remained the same, employees were added to staff the new sections. It was important to keep these employees longer so that they could get to know the customer and the store. Consistent with the new business, the traditional command-and-control relationships across all levels were modified to accommo-

EXHIBIT 3

ORGANIZATIONAL CHARACTERISTICS OF A CUSTOMER-DRIVEN SERVICE ORGANIZATION

- Just-in-time inventory
- Just-in-time working commitment
- Team-oriented
- Multi-skilled—technical, process, interpersonal
- Flexibility
- Trust, harmonious employee relations
- Communications
- Egalitarianism
- Distributed leadership

- Responsibility for customers
- Standard operating procedures
- Continuous improvement
- No-fault policies
- Job grade reduction
- Rewards for small improvements/suggestions
- Supplier and customer involvement
- Site visits, comparisons, benchmarks
- Customer knowledge

date a more self-directed, self-managed approach. Similarly, an individual orientation gave way to a team orientation.

Major effort was directed toward identifying new role behaviors for supervisors and other staff. This required the intense involvement of the employees, with guidance provided by the senior vice president of human resources. Together, they identified needed supervisory (first-level managerial) and staff role behaviors based upon what they saw as characterizing a customer-driven grocery store. Then they compared these with current role behavior.

This resulted in a critical redistribution of supervisory role behaviors. By recognizing the distinction between supervisors *as an employee group* and *supervisory activities* (responsibilities associated with the supervisory role) it became easier to define role activities in ways that would enhance the level of customer service.

The nonsupervisory employees also addressed the question, "What does this new business orientation mean for us at the store?" Because the focus was on the customer, they first asked, "How do we currently interact with customers?" This resulted in a before-and-after analysis of customer relationships. The "before" analysis produced in the following list:

- We do not know customer desires
- We make limited use of customers
- We are space-driven, not customer-driven

- We have traditional departments, low margins, high turnover rates
- We feel no ownership of service
- We lack management skills

In contrast, the employees felt that the new direction would require management to initiate new practices:

- Holding focus groups with customers
- Being customer-driven
- Including service as part of the product
- Adding high-margin departments
- Having stores coordinate efforts; exchanging best practices
- Expanding management skills

In addition, these employees asked, "From the broader, store viewpoint, what are the characteristics that reflect a solutions-oriented, customer-driven service operation?" This question resulted in the list of characteristics for the store shown in Exhibit 3.

Based upon these characteristics, the staff analyzed the needed role behaviors, vis-a-vis the customer, and concluded that substantial changes were in order. The before-and-after role behaviors for the major job categories are listed in Exhibit 4.

In the final stage, the employees identified the HR practices that had to be formulated to match the business, based upon the role behaviors needed from the employees, especially those in direct contact with the customers. The analysis and formulation resulted in several HR practices that represented significant change (see Exhibit 5). While these changes in HR practices were prompted by

EXHIBIT 4
CUSTOMER-DRIVEN EMPLOYEE BEHAVIORS AT GRAND UNION

Employees	Behaviors Before the Change	Behaviors After the Change
BAG PACKERS	Ignore customers Lack of packing standards	Greet customers Respond to customers Ask for customers' preference
CASHIERS	Ignore customers Lack of eye contact	Greet customers Respond to customers Assist customers Speak clearly Call customers by name
SHELF STOCKERS	Ignore customers Don't know store	Respond to customers Help customers with correct production/location information Knowledgeable about product location
DEPARTMENT WORKERS	Ignore customers Limited Knowledge	Respond to customers Know products Know store
DEPARTMENT MANAGERS	Ignore customers Ignore workers	Respond to customers Reward employees for responding to customers
STORE MANAGERS	Ignore customers Stay in booth	Respond to customers Reward employees for service Appraise employees on customer service

what the employees thought was necessary for the business, they were driven, in large part, by what employees thought would enable them to perform as needed by the customer.

ROLE OF THE DEPARTMENT

As the Grand Union example suggests, the HR department is in an ideal position to take charge of the 5-P's of strategic human resources management. In general it can:

• Assist in the formulation of the firm's strategic direction and needs
• Identify the HR philosophies or culture consistent with the business needs

• Develop and implement HR policies, programs, and practices consistent with the HR culture
• Ensure that the HR process is consistent with the other HR activities

If, as in the case of the Grand Union or the Forest Products Company, the organization must change in response to strategic needs, the HR department can play a critical role as change agent. In this process, the HR department can establish an HR initiative, i.e., a specific HR program to serve as catalyst for change. The initiative can involve:

• Establishing a senior HR council and executive operating committee
• Mounting major activities to rally all employees to the change

● **Human Resource Planning** Longer term focus Tie to the needs of the business	● **Performance Appraisal** Customer service measures Feedback
● **Staffing** More socialization More opportunities	● **Compensation** Relate to performance appraisal Awards and celebration
● **Training and Development** More skill training Customer service training	

● Developing a leadership program to ensure that the change clearly includes top management

In the development of the senior management program (and further programs that facilitate the change throughout the organization), the director of executive development or strategic education can often take the lead. This individual knows the top team perhaps better than any other HR person. This being the case, this person can then be in a position to orchestrate the entire change process—and thus the entire strategic human resources management function.

Within the HR department there can be further division of roles and responsibilities. This can be done by distinguishing between the corporate HR department and the business-unit or division HR departments. Taking a very proactive stance, the corporate HR department can:

- ● Assist senior managers in formulating change
- ● Become a model of change
- ● Develop and guide divisional HR
- ● Change organizational structure
- ● Serve as clearing house
- ● Serve as trainer for other HR personnel
- ● Do benchmark analysis
- ● Develop HRIS capability
- ● Audit competencies

HR activities at the divisional level can then reflect corporate activities. In situations where the corporate HR department abdi-

cates to the divisions, or where the divisions simply seize the initiative, they can essentially perform the roles just ascribed to the corporate HR department. The Grand Union and FPC case studies offer a flavor of both of these situations.

The fact is that while there may be variations in *how* the roles are shared between corporate and divisional HR staffs, there should be little variation in *whether* these roles are performed. Indeed, in the extreme case, many of these roles could be performed by the line managers with or without the assistance of others.

IMPLICATIONS AND SUMMARY

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

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

management activities, including HR philosophy, HR policies, HR programs, HR practices, and HR processes.

Another implication is that, because all employees are affected by strategic human resources management, participatory processes may help cement the link between strategy and HR practices. At both Grand Union and FPC, employees helped to analyze and define the new roles they would play vis-a-vis the strategic business needs. HR management then developed practices to cue and reinforce role behaviors. While a participatory process may not always be necessary, there is mounting evidence that employees respond favorably to it when it is an option.

A third implication is that strategic human resources management depends upon a systematic and analytical mindset. At Grand Union, Forest Products, and Pepsi-Cola International, the executives formulated and implemented HR activities in a systematic and analytical manner, first identifying strategic needs and then designing HR activities with consistent cues and reinforcements. While the effectiveness of this approach has yet to be formally measured, indicators such as market share, profitability, and productivity suggest a fair amount of success. A fourth implication is that HR departments have a significant opportunity to impact their organizations'

efforts to successfully launch strategic initiatives. This argues strongly for HR's participation in the formulation of strategy—if for no other reason than to get a head start on the systematic analysis of what the strategic needs of the business are vis-a-vis HR.

A final implication relates to the formal study of strategic human resources management. As practitioners do their work, HR academics have a significant opportunity to observe organizations in transition, a real-life laboratory for learning. This paper is evidence of the type of insight such observation can provide. Hopefully it will also stimulate further research, particularly in the areas of identifying employee role behaviors and linking HR practices to them, and in mapping the patterns of consistency within and across the strategic human resources management activities.

If you wish to make photocopies or obtain reprints of this or other articles in ORGANIZATIONAL DYNAMICS, please refer to the special reprint service instructions on page 80.

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A final, but important note: As times change so do companies and individuals. The Forest Products Company was recently divided into two equal-sized groups, Wood Products and Timberland. Bill Reffett is now with Korn Ferry International.