TOWARD AN INTEGRATIVE VIEW OF STRATEGIC HUMAN RESOURCE MANAGEMENT

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This article presents an integrative perspective of the human resource system based on the notion of managing competencies and behavior. Six basic HR strategies are derived by juxtaposing the three fundamental elements of a system (input, process, output) with the two strategic foci of HRM (competencies and behavior). These HR strategies are referred to as Competence Acquisition, Competence Utilization, Competence Retention, Competence Displacement, Behavior Control, and Behavior Coordination. The implications and advantages of this reconceptualization are discussed.

INTRODUCTION

The critical role of human resources in the strategic management process has recently been recognized by both the business and academic communities (Tichy, Fombrum, & Devanna 1982). While the concern for the strategic use of human resources has grown, the quest for advances in this direction has been fraught with two major problems.

First, personnel researchers have, in the past, been extremely narrow in their focus. Personnel management is a field full of specialists in which researchers concentrate in distinct areas such as selection, training, compensation, or performance appraisal. This orientation was justified given the constraints of early employment problems in organization that created the field of personnel management (Mahoney & Deckop 1986). However, the downside of this perspective comes in that most human resource researchers have a limited understanding of how other activities within the firm interface human re-

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source management (HRM). Zedeck and Cascio (1984) pointed out that “HRM issues are part of an open system, and research is theoretically bankrupt unless placed in the broader context of organizations” (p. 463). Clearly a generalist’s view of HRM would be helpful for integrating employment activities with other organizational functions within the firm.

The second problem inhibiting integrative research is that organization theorists typically have limited knowledge about specific human resource practices. While theorists have often discussed in general terms, issues such as compensation (Barnard 1938), performance appraisal (March & Simon 1958; Thompson 1967) and selection (McKelvey 1982), they seldom examine the technical aspects of each human resource function (e.g., behavioral versus results-oriented performance appraisal techniques, or achievement versus aptitude selection tests).

The result of these two problems is that there is a clearly distinguishable gap between the research undertaken in the area of OT/Strategy and its counterpart in HRM. In addition, there has been virtually no effort to conceptually bridge these two areas in research. We argue that if human resources are to be maximally utilized to augment the strategic capability of firms, we must reframe human resource management to reflect the competitive activity of organizations. The purpose of this paper is to provide just such a reconceptualization.

**THE CONCEPT OF HUMAN RESOURCE STRATEGY**

Much attention has been devoted recently to research and practice on human resource strategy, yet the term still seems vague. For example, Dyer (1983) referred to human resource strategy as the specific aspects (content) of the human resource function which support the organizational strategy. Kanter (1983), on the other hand, provided a process view, referring to the HR strategy as the human resource function engaging in a strategic planning process as if it were a business itself. Perhaps one could even conceive of a human resource strategy followed by an organization as being seeking effective competition primarily through its human resources (i.e., human resources as a sustainable competitive advantage) as Schuler and MacMillan (1983) suggest. For the purpose of this article, we follow the view Dyer (1983) put forth and refer to strategic human resource management (SHRM) as dealing with those HR activities used to support the firm’s competitive strategy. The relationship between SHRM and the strategic business planning function is viewed as interactive, rather than simply consisting of one way communication from the planners to the human resource function.

The topics that have been addressed in the SHRM literature are quite diverse. For example, authors have focused at a general level of analysis on the evolution of human resource strategy tied to stages of organizational growth (Baird & Meshoulam 1988; Evans 1986), the relationship between human resources and corporate growth expectations (Lengnick-Hall & Lengnick-Hall
the role of human resources in organizational learning (Pucik 1988), and the broad characteristics of career systems (in terms of assignment flow and supply flow) of different organizational strategies (Sonnenfeld & Peiperl 1988). These types of analyses focus on the macro issues of SHRM. However, they do not delve deeply into the specific practices such as behavior versus outcome based appraisals, or aptitude versus achievement tests. This examination of technical aspects of HRM is important due to the fact that it is these technical activities which provide for the successful implementation of a competitive strategy.

On the other hand, SHRM authors have also focused on specific HR practices such as the types of compensation systems for different strategies (Huffnagel 1987), the use of budgets and incentives as a strategic control (Lorange & Murphy 1983), all the way to the particular characteristics of employees needed by different strategies (Olian & Rynes 1984). In fact, Schuler and his colleagues (Schuler 1986; Schuler & MacMillan 1984; Schuler & Jackson 1987) have developed a menu of various specific HRM practice choices and tied them to different strategic issues. This menu provides at least one tool for integrating activities across various HRM subfunctions.

While this broad range of issues addressed might cause some ambiguity regarding the field of SHRM, the most troubling aspect of this literature is the failure as yet to define a common perspective for viewing the human resource function in the context of the larger organization. Thus, one requirement for accurately depicting SHRM is that we understand the system within which the human resource function exists. This basic issue involves the choice of a model used for viewing the role of the human resource function in organizations.

A Subfunctional View of SHRM

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

Fombrun, Tichy, and Devanna (1984) followed Galbraith and Nathanson's (1978) breakdown, discussing “strategic selection,” “strategic rewards,” and “strategic development,” as important components in the overall SHRM function. Similar conceptualizations of human resource strategies have since been
used by Schuler and MacMillan (1984), Schuler (1986), Schuler and Jackson (1987), Pucik (1984), and Ferris, Schellenberg, and Zammuto (1984). While all have viewed human resource strategies as functionally based (e.g., selection, appraisal, etc.), they have stressed the need for integrating HR activities across these subfunctions. The Schuler (1986) menu approach is an especially good attempt at such an integration.

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

Problems with the Subfunctional View

Although the subfunctional perspective of SHRM has dominated thinking in the area, Beer et al. (1984) noted that viewing human resource strategies only through the schema of the traditional personnel functions results in a rather disjointed view of the SHRM function. We propose that this view results in three basic problems in examining and understanding SHRM: (1) it distorts the theoretical strategic change taking place, (2) it prevents seeing possible synergies or conflicts among human resource practices, and (3) it limits the alternative strategies an organization might choose.

The first problem with the sub-functional perspective for describing SHRM is that it distorts the theoretical change taking place in the organization. The concept of strategy is most typically defined as the pattern in a stream of decisions (Mintzberg 1978) or as “the fundamental pattern of present and planned resource deployments, (Hofer and Schendel, 1978, p. 25 emphasis added).” The notion of pattern in strategic behavior is common across most definitions of strategy (Mintzberg 1988), and is viewed as existing across activities and enduring over time. Thus, it is much more likely that a strategic pattern of HRM activities would exist across the configuration of HRM practices rather than within only one subfunction at a time.

Recent evidence for this has been observed by Buller (1989) and Tsui (1987). Buller (1989) noted that when organizations undergo strategic change, they focus on broad issues such as acquiring skills. This skill acquisition involves the use of all HR subfunctions in an integrative manner, rather than, say, developing a selection strategy in isolation.

Other research by Tsui (1987) showed eight factors which describe 122 different HRM activities. Based on her findings, it is evident that organizations integrate more across subfunctions. For example, one dimension, Staffing/HR
Planning, includes activities such as "conduct special compensation projects," and "assist management in conducting salary planning/forecasting." Clearly this dimension bridges more than one subfunction within HRM. These separate HR practices work in collaboration to support strategic objectives.

Similarly, Jackson, Schuler and Rivero (1989) have noted that firms promote overarching common patterns of behaviors needed for organizational functions, and that these behaviors are promoted through personnel practices. These authors found that a number of characteristics of organizations (e.g., industry, technology, strategy, size) were associated with certain patterns of personnel practices. It makes sense, conceptually, to discuss them as an integrated activity.

A second problem with the subfunctional view is that it prevents seeing possible synergies across human resource practices; places where HRM practices can reinforce one another. For example, Pascale (1984) explored practices of companies having strong corporate cultures, and found that the presence of rigorous selection procedures, frequent appraisal, and a number of other factors combined in a synergistic way to affect the culture.

The reverse side of this problem is that a subfunctional view of HR can lead to designing programs which conflict with other programs existing in other subfunctions. For example, Argyris (1986) discussed one organization with which he was affiliated that had identified problems such as lack of risk taking, a failure to take responsibility for decision making, and political behavior among the middle managers. In response to these problems the organization asked the training department to design a training program to encourage such things as risk taking. However, no one in the organization recognized that the compensation system which had been recently implemented actually punished the very activities that the training program was designed to elicit.

The third problem with a subfunctional view of HR (and actually extending from the first two) is that it limits the alternative strategies open to an organization by imposing specific "cause maps" (Weick 1979). The continued use of the traditional functional schema (i.e., cause map) of human resource strategies perpetuates solving problems using old practices. However, new and better solutions (e.g., cross functional solutions) which combine a network of HRM practices might be more beneficial in a strategic context. This is similar to the way that the Joint Chiefs of Staff were used during World War II to integrate the separate military forces for planning and implementing strategy.

In the example discussed by Argyris (1986), because the training function was viewed as the function that instilled skills and behaviors in employees, this seemed to be the natural place to solve the problems observed in the organization. However, had a broader perspective been taken, selection, appraisal or compensation solutions might have been developed which would have been equally, if not more effective.

**Alternative Perspectives of SHRM**

Some recent authors have gone beyond the traditional subfunctional view of human resource strategies. One alternative conceptualization has been pro-
posed by Beer et al. (1984). In response to the previously mentioned problems, they proposed that HRM should be viewed as managing employee influence, employee flows, reward systems and work systems. They noted that viewing the human resource function in this way provides a much more "generalist" approach. This conceptualization of the human resource function has been utilized rather effectively by Sparrow and Pettigrew (1987; 1988) for studying particular problems in British industries.

Although the Beer et al. (1984) perspective certainly improves upon the traditional framework of HRM, a perspective grounded in organizational theory will further advance our understanding of the human resource function. Two examples of such an approach are evident in the literature. First, Mowday (1985) examined strategies for adapting to high rates of employee turnover using an input-throughput-output model of the employee skill system and Thompson's (1967) strategies for buffering, smoothing and leveling, and anticipation and prediction strategies. This allowed him to describe various examples of human resource practices which might be used in each strategy. A second example came from Smith-Cook and Ferris (1986), who relied on McKelvey's (1982) view of organizations to study human resource practices in industries experiencing decline. By focusing on the "competencies" of the organizational system, they were not constrained to discussing only subfunctional activities. In both cases, many cross-functional solutions to HR problems were generated.

These attempts demonstrate the effectiveness of examining human resources from the broader organizational theory perspective. This organizational theory approach to understanding SHRM is necessary for two reasons. First, Butler, Ferris, and Napier (1990) noted that HRM has traditionally been criticized due to its atheoretical nature. They proposed that SHRM needs to be viewed from a macro perspective in order to advance the degree to which the field has a strong theoretical base that can be scientifically validated. A more theoretical approach to SHRM allows for just such scientific inquiry. Second, from an applied perspective, a theory-based view of the human resource function further our understanding of how human resources can be managed in a way that is linked to and supports the organization's strategic business plan.

**A THEORETICAL EXAMINATION OF THE HUMAN RESOURCE SYSTEM**

Two theories of organizations are particularly useful for examining the role of human resources. "Open Systems Theory" (Katz & Kahn 1978) portrays organizations as receiving inputs from the environment, and then transforming those inputs into some outputs for an outside group or system. It emphasizes two important characteristics of organizations: the system character, so that the movement in any part of the organization leads to movement in other parts, and the openness to environmental inputs. The important role of human resources is recognized in two respects. First, human resources are seen as the carriers of effort and motivation necessary to maintain the social system. Second, the social structures of human behavior are largely responsible for the throughput transformation process.
A framework of organizations proposed by McKelvey (1982) recognizes another important aspect of human resources. McKelvey (1982) sought to develop a taxonomy for classifying organizations. He contended that organizations are made up of a number of competencies (or comps) which are held by the employees of the organization. These competencies make up the organization's "dominant competence." These competencies and dominant competencies are then used to classify organizations into populations. This theory assumes that the competencies of the organization determine its survival in much the same way that certain genetic combinations result in the survival or extinction of certain species.

This macro-organizational model has relevance to the human resource system. The competencies which make up the dominant competence of the organization can only be found in the individuals comprising it. Thus, his view envisions organizations as being composed of the knowledges and skills possessed by its employees. These "competencies" possessed by organizational members represent the linkage between environmental pressures and organizational form and function. In the strategy literature, this is referred to as a distinctive competence (Hofer & Schendel 1978).

Integrating these two complementary views of organizations allows the development of a view of the human resource system. This system depicted in Figure 1 can be thought of as being comprised of inputs, throughputs, and outputs. Similar to Beer et al. (1984) this system can be viewed as one in which employees move into, through and out of the organization. While in the organization they exhibit behavior which may or may not be in the organization's best interest. Thus, the Human Resource System inputs consist of the knowledges, skills, abilities and motives of the employees in the organization. Similar to

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![Diagram](image-url)

**Figure 1. An Open System Model of the Human Resource System**
Ferris et al. (1984), these "raw materials" can be considered as "competencies" (McKelvey 1982).

The distinction between competencies and behaviors of individuals similarly distinguishes between the input and throughput components of the system. The inputs in the system focus on characteristics of the individuals coming into the system. The throughputs, however, while not completely neglecting the characteristics of those individuals in the system, focus on the behaviors of those individuals. Ouchi (1980), for example discussed different methods which organizations use to control employee behavior. Although some methods of control according to Ouchi may focus on competencies, it is important to recognize that it is the behavior of individuals which the organization ultimately seeks to control.

The outcomes of the human resource system are fully determined by the input and throughput processes. Many outcomes could be identified as emanating from the human resource system. For the purpose of this paper, however, two basic sets of outputs are considered. "Affective" outcomes are comprised of any feelings that employees have as a result of being part of the organization. These include group cohesiveness and job satisfaction. "Performance" includes all aspects of performance such as a tangible product, the quality of the product, or a service.

This view of the organization is important to the strategic management of human resources for three reasons. First, it characterizes the firm largely by the makeup of its human resource pool, thus, closely integrating the strategy and HR functions. While most of the strategy literature has focused on classifying organizations according to what they do (e.g., Miles & Snow 1978; Porter 1980), McKelvey sought to classify them by what they are. This naturally incorporates the strategy concept due to the fact that it would be quite difficult to imagine an organization effectively "doing" any given strategy without "being" (having the necessary competencies) that type of organization. Although it might be possible to conceive of an organization which was engaged in a strategy for which it did not possess the competencies in the short run, in the long run this lack of competencies would preclude survival. Even strategy writers support this idea when they note that a change in strategy will almost always require filling in key positions with new people who possess the necessary skills for the new strategy.

Second, this view of the organization has important implications for the role of the human resource function in the strategic business plan. It implies that one major role of strategic human resource management is to ensure that the organization has the competencies necessary to carry out a given strategy. This role may also be conceptualized as affecting the choice of strategy by providing information regarding the availability or obtainability of competencies for various alternative strategies.

Finally, Butler et al. (1990) stated that one effective means for promoting integration of knowledge and information, and thus promote the advancement of the science of organizations would be to begin to take an "issues" focus. This would entail integrating theory and research from different disciplines focusing on a particular issue in the organizational sciences. Viewing the human
resource function in this way allows just such an integration as the competencies and behaviors required become the issues upon which discussion is centered.

AN INTEGRATIVE VIEW OF HUMAN RESOURCE STRATEGIES

Having provided a theoretical basis for describing the human resource management system, it is now possible to examine the strategies available to the human resource function. In order to engage in strategic human resource management, the HR system must provide outcomes (i.e., performance) which enable the organization to implement its strategy. Because the outcomes of the HR system are completely determined by the inputs and throughputs, we propose that the role of the human resource function is to manage the interface between the competencies and behaviors of the system and the organizational strategy. Managing this interface has implications for both strategy formulation (through assessing the capability of the system to carry out a strategy) and strategy implementation (through providing HRM systems which ensure that the strategy is carried out (Butler et al. 1990). This requires reconceptualizing human resource strategies to focus on the competencies or behaviors that the organization seeks and the means used to effect changes in those competencies and behaviors.

Thus, the SHRM function has two major foci: Competence and Behavior. Various basic strategies are available to the SHRM function in order to fulfill each of these responsibilities. Competence Management strategies consist of Competence Acquisition, Competence Utilization, Competence Retention, and Competence Displacement. Behavior Management strategies consist of Behavior Control and Behavior Coordination. Each of these strategies will be discussed in more detail.

Competence Management

Competence Acquisition. Competence Acquisition strategies are those activities that an organization engages in to bring desired competencies into the system. These competencies can be viewed primarily as the knowledges, skills, and abilities inherent in the individuals hired. Recruiting exemplifies a competence acquisition strategy as it consists of scanning the environment to locate the relevant competencies and attract them to the organization. The selection process, through either testing or informal methods, attempts to ensure that individuals entering the organization have the required competencies.

Competence acquisition can also be accomplished through individuals already in the organization. Appraisal feedback and training are two methods of instilling competencies absent in individuals already employed. Appraisal feedback would be most useful for some knowledges such as work procedures or common norms or behavior. Training would be more useful for providing individuals with more specific or technical skills.

In addition, the compensation practices of the organization have an impor-
tant impact on competence acquisition. Sparrow and Pettigrew (1987) noted the problems with competence acquisition in the British computer supplier industry. Companies in this industry required individuals with technical knowledge. The competencies were acquired through selection and attractive compensation practices. Training was not viewed as an effective competence acquisition activity due to the fact that tight labor market in this area resulted in frequent raiding of employees between companies.

**Competence Utilization.** Organizations selecting individuals into the system select those having the competencies it has deemed relevant or necessary. These individuals, however, bring with them certain competencies in addition to those the organization sought. Competence Utilization strategies seek to utilize those knowledges, skills and abilities previously unknown or perceived not to be job-related. Quality of Work Life Programs (e.g., participative management, quality circles, job enrichment) are methods for utilizing these competencies. For example, workers at Ford's Sharonville plant were hired to perform manual labor tasks on an assembly line, and therefore were selected with minimum attention given to cognitive abilities. In the quest for more efficient work procedures, however, Ford implemented the "Employee Involvement Program" (Guest 1982). Through soliciting input into how the work process might better be structured, the cognitive skills of the blue collar employees previously thought to be irrelevant were harnessed toward increasing productivity.

Promotions or transfers can similarly allow for utilizing competencies previously unused. Often organizations will promote or transfer an individual on the basis of a skill or set of skills that the individual possesses but may not be utilizing in his/her present job.

**Competence Retention.** Competence Retention aims to maintain the level and types of competencies in the organization. The most popular type of competence retention activity would be any attempts on the organization's part to reduce turnover. Mowday (1985) discussed a number of ways to reduce turnover. For example, a compensation activity aimed at reducing turnover entailed setting up a plant-wide bonus system based on performance over a specified period of time, and made available only to employees who were present the whole time. In addition, activities designed to reduce turnover through increased job satisfaction (e.g., survey feedback, quality of work life, etc.) would also be considered competence retention strategies.

Even in situations of low or no turnover, however, competencies may need to be continually practiced, reinforced, or retained. Thus performance appraisal and training also serve as competence retention techniques. Through frequent performance feedback or sending employees through training, the organization can ensure that the employees are retaining the competencies necessary to support the strategic business plan.

Finally, in situations of high turnover, it is possible that competence retention is merely an extension of competence acquisition activities. This would be the case when the organization cannot afford to use compensation to reduce turnover, and the climate is such that an increase in job satisfaction is highly
unlikely (Mowday 1985). In this situation, retaining the necessary level of competencies may entail ensuring that a constant flow of the same competencies is available through active recruitment and selection testing. For example, most fast food chains are less concerned about attempting to reduce turnover than they are about being able to constantly replace employees who leave.

**Competence Displacement.** The competence displacement strategy deals with ridding the system of obsolete competencies. Chrysler, when Lee Iacocca assumed the President's role, exemplified the necessity of competence displacement. Iacocca began early in his tenure at Chrysler to offer early retirement options, severance pay packages, and outright firings to rid the system of unnecessary individuals. Competence displacement has recently become a critical strategy in many manufacturing firms.

The idea of competence displacement corresponds with the work of Hollenbeck and Williams (1986) who present the concept of turnover functionality. These researchers showed that even high turnover rates can benefit the organization if that organization can acquire individuals who are able to display higher performance levels than the individuals they replaced. Thus, in the situation of high turnover this increase in skill level is accelerated.

For example, General Motors recently eliminated COLA adjustments for salaried employees in favor of a purely performance-based wage adjustment. GM expressed the hope that the lower pay raises that the poor performers will receive under this plan will cause them to seek employment elsewhere. In order for this strategy to work, GM also had to develop a valid performance appraisal system and training program for implementing this system. This is just one effort to achieve this turnover functionality effect.

**Behavior Management**

**Behavior Control.** Behavior Control strategies focus on eliciting certain behaviors of individuals on the job. Performance appraisal can serve as a behavioral control technique by specifying the behaviors which must be exhibited or produced. Behavioral Observation Scales (Latham & Wexley 1981) or Behaviorally Anchored Rating Scale (Smith & Kendall 1963) exemplify behavioral control appraisal mechanisms. The appraisal feedback system further specifies desired behaviors and serves as feedback which may be either reinforcing or punishing.

Organizational Behavior Modification (OBM) programs also serve as important behavior control mechanisms. Most OBM programs assume that feedback and rewards can control employee behavior to be in line with organizational goals. Through targeting specific behaviors which lead to successful job performance, clarifying these behavioral expectations for performance, setting goals for exhibiting behaviors, and providing feedback and social reinforcement for performance of the behaviors, performance has been improved among real estate agents (Anderson, Crowell, Sucec, Gilligan, & Wikoff 1983), housekeepers (Anderson, Crowell, Sponsel, Clarke, & Brence 1983), and university hockey players (Anderson, Crowell, Doman, & Howard 1988).
Compensation practices may or may not serve as methods of behavioral control. As Locke, Feren, McCaleb, Shaw, and Denny (1980) have shown, the tying of monetary rewards to performance can effectively motivate performance. Dayton-Hudson's Corporation utilizes Behavioral Observation Scales to evaluate salespeople. These ratings carry a 50% weight in determining individual's total performance rating, upon which pay raises are based.

Ouchi and MacGuire (1975) found that as the ability to monitor behavior decreases (at higher levels in the organization) objective measures of performance were increasingly used. Similarly, Thompson (1967) noted that to the extent that there is not agreement about cause-effects relationships, control techniques focusing on behaviors would be less appropriate. Thus, many MBO-type compensation systems are attempts to control behavior, without specifying the exact behaviors to be performed. These measures specify the exact output, which if achieved, will benefit the organization, while allowing employees some discretion over choosing the exact behaviors toward achieving the outcome. These are ways of controlling behavior without specifying the behavior exactly.

While tying monetary rewards to behavior can effectively motivate performance (Locke, Feren, McCaleb, Shaw, & Denny 1980) it is also possible that the compensation system can be dysfunctional if rewards are tied to the wrong types of behavior (Kerr 1975). For example, many organizations utilize compensation systems where the merit increase or bonus is based solely on achieving objective goals. In these situations, individuals may refuse to cooperate with co-workers if their cooperation may lessen the chances of achieving their individual goal (Latham & Wexley 1981).

Behavior Coordination. Behavior Coordination strategies focus on coordinating the behaviors of the various individuals to achieve effective group or organizational performance and differs from behavioral control. Behavioral control specifies certain behaviors that an individual or group of individuals working on independent jobs should display. Behavioral coordination strategies, on the other hand, focus on coordinating the behaviors of a group of individuals whose jobs are interdependent. For example, setting a group MBO goal which required the individuals to coordinate their behaviors on their own in order for it to be attained would exemplify an appraisal example of behavioral coordination.

In addition to appraisal, compensation activities such as group bonuses, profit sharing or organization-wide bonus plans (e.g., Scanlon Plan) can motivate individuals to coordinate their behaviors for more effective performance (Lawler 1981).

Finally, many organization development techniques are tools for behavioral coordination. The Role Analysis Technique (Dayal & Thomas 1968), Role Negotiation (Harrison 1976), and various other team-building activities (Huse 1982) are means for helping people to coordinate their behaviors. MBO as an OD technique ideally seeks to coordinate behavior throughout the organization (Carroll & Tosi 1973).

It is important to note that these behavior coordination activities, although
consisting of actual bureaucratic techniques, are attempts to promote a form of clan control (Ouchi 1980). As Galbraith and Nathanson (1978) noted, as the number of exceptions increase, policies, rules, and hierarchy become unable to adequately control behavior. Clan control consists primarily of controlling behaviors through promoting goal congruity. Common goals, values, and beliefs reduce the possibility of opportunistic behavior, yet these techniques utilize bureaucratic mechanisms to promote these common goals, and thus, achieve behavioral coordination among organizational members.

**A RECONCEPTUALIZATION OF HUMAN RESOURCE STRATEGIES**

The strategies discussed above more accurately describe the strategic change taking place when the human resource system is attempting to support the organization's strategic business plan. If the organization undergoes a strategy change and needs new competencies, the SHRM function does not simply set out “training” or “selection” as the strategy. The strategy utilized in Competence Acquisition, and this strategy may be operationalized through either selection and/or training. In addition, however the strategy is operationalized, it will have implications for the other human resource activities (i.e., appraisal, compensation, etc.).

The purpose of this article is not to state that the traditional view of human resource strategies is obsolete, but to show that it is incomplete. This article proposes that adding a theoretical analysis of the SHRM function helps to show how different HRM practices are or can be integrated into a holistic activity. This should aid in increasing our understanding of the role of human resources in organizations.

This integration is depicted in the matrix displayed in Figure 2.

This matrix displays the traditional functional breakdown of human resource activities across the top of the matrix. An obvious difference between this matrix and the traditional breakdown (e.g., Fombrum et al. 1984) is the addition of an “Other” category. This stems from the fact that the traditional breakdown does not easily allow the consideration of organization development, quality of work life, and labor relations strategies. The system strategies are located down the left side of the matrix. In each cell are examples of the intersection of the two perspectives. An example given in one cell is not necessarily exclusive to that cell. For example, skill-based pay plans usually consist of compensation combined with training and appraisal activities directed toward identifying which individuals will be allowed to receive training. What is important to notice is the pattern of HRM practices and how they each might contribute to implementing a given strategy.

**HUMAN RESOURCE EFFECTIVENESS**

In addition to serving as a way of theoretically describing how SHRM practices can work together to accomplish a given aim, this matrix has implications for
<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>Selection</th>
<th>Appraisal</th>
<th>Training</th>
<th>Compensation</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competence Acquisition</td>
<td>Recruiting Aptitude and Achievement Testing</td>
<td>Performance Appraisal &amp; Feedback</td>
<td>Skill Training</td>
<td>Attractive Compensation Packages</td>
<td>Skill-Based Pay</td>
</tr>
<tr>
<td>Competence Utilization</td>
<td>Promotions Transfers</td>
<td>Skill-Based Pay</td>
<td>Skill-Based Pay Education Benefits</td>
<td>Scanlon Plan Suggestion Systems</td>
<td>Participative Management Job Redesign</td>
</tr>
<tr>
<td>Competence Retention</td>
<td>Weighted Application Blanks BIBs</td>
<td>Appraisal Feedback</td>
<td>Repeated Training</td>
<td>Incentives Attractive Compensation</td>
<td>Quality of Work Life Programs</td>
</tr>
<tr>
<td>Competence Displacement</td>
<td>Hiring Freeze</td>
<td>Valid PA Systems</td>
<td>Retraining</td>
<td>Early Retirement Options Severance Pay</td>
<td>Outplacement Service</td>
</tr>
<tr>
<td>Behavior Control</td>
<td>Achievement Testing</td>
<td>Behavior-Based PA (BOS or BARS)</td>
<td>Transfer of Training Techniques</td>
<td>Production Bonus Performance-Based Pay</td>
<td>Role Contract</td>
</tr>
<tr>
<td>Behavior Coordination</td>
<td>Assessment Centers</td>
<td>Evaluating Coordination</td>
<td>T-Groups</td>
<td>Group Production Bonuses</td>
<td>Role Analysis Team Building</td>
</tr>
</tbody>
</table>

Figure 2. The Human Resource Strategy/Activity Matrix
the effectiveness of the SHRM function. According to Hofer and Schendel's (1978) idea of strategy, the effectiveness of the strategy will be determined by the fit between it and the environment. Nadler and Tushman (1977) amplify this by defining "congruence" as "the degree to which the needs, demands, goals, objectives, and/or structures of one component are consistent with the needs, demands, goals, objectives, and/or structures of another component." They contend "the Congruence Hypothesis," which states: "Other things being equal, the greater the total degree of congruence or fit between the various components, the more effective will be organizational behavior at multiple levels."

Applying this view of effectiveness to the human resource system would imply that more congruence among HR practices leads to coherency, integration, and ultimately effectiveness of HR in general. The important point of this article is that, additionally, the more congruent each component of one function (e.g., performance appraisal) within a particular system strategy (e.g., behavioral control) is with the components of other functions (e.g., compensation, training, selection), the more effective that strategy will be. Thus, there should be simultaneous integration among the various HRM functions and integration of these functions with the strategic business plan (Butler et al. 1990).

The matrix presented provides a tool for viewing congruence two dimensionally. This may be an effective diagnostic tool for surfacing conflicting human resource practices which are missed when looking at the human resource system in the traditional functional way. For example, an organization having trouble with competence acquisition may be focusing on the selection system as the problem, when in reality the problem stems from inadequate recruiting and compensation (i.e., not enough qualified people are applying for jobs because pay is low, and poor recruitment is failing to interest people in the company).

In addition to identifying underlying human resource problems, this reconceptualization allows for the generation of alternative solutions to these problems. The matrix can be used as a tool for identifying alternatives which might not seem obvious upon first consideration. This is very similar to those views expressed by Weick (1979). Recall the discussion on the use of "cause maps" for reducing equivocality. The successful use of certain cause maps by the actor in the past will determine the cause maps which will most likely be used in the future. Weick recognized the need for organizations to maintain a balance between stability and flexibility. He stated that "chronic stability is dysfunctional because more economical ways of responding might never be discovered; this in turn would mean that new environmental features would never be noticed" (p. 215).

For example, if behavior coordination was the desired strategy, one would not readily think about how selection might be used to support that strategy. This does not mean that selection has nothing to do with behavioral coordination. It does, however, mean that this relationship is not obvious. The idea of selecting individuals who are team players and good communicators may be a
not-so-obvious alternative when behavioral coordination is the goal. This could be accomplished by designing assessment center exercises or structured interview questions to measure the extent to which applicants do or would exhibit team-oriented behaviors.

Finally, this matrix provides a tool for assessing the capabilities of the organization to implement a given firm strategy. A firm considering moving from a low cost to differentiation strategy can more easily assess the probability that this change can be supported by the human resource system. It allows for assessing which of the system strategies would be required, what particular practices could be used, and thus, the relative potential of the strategy's successful implementation. This provides valuable input into the strategy formulation process.

RESEARCH IMPLICATIONS

The matrix has several implications for research. The following sections will present hypotheses in two areas. The first section will address how these integrative strategies fit into the Miles and Snow (1984) organizational type framework. Second, we will examine the use of these strategies within different directional strategies.

Human Resource Strategies and Organizational Types

While viewing human resource strategies from a system perspective provides the advantages previously mentioned, it seems helpful to tie these system strategies to an established strategy framework. Miles and Snow (1984) discussed how the human resource functions differed across different organizational types. Therefore, it is also possible to discuss how different HRM strategies might fit with each of the organizational types identified by Miles and Snow (1984).

Miles and Snow (1984) developed four organizational types for classifying different firms. "Defenders" have relatively narrow and stable product market domains and make few major adjustments in their strategy, structure, technology or methods of operation. They focus on improving the efficiency of their operations. "Prospectors" constantly search for new product and market opportunities, experimenting with potential responses to environmental trends. They often create change and uncertainty to which their competitors must respond through diverse product lines, multiple technologies, product development, and intensive market research. "Analyzers" tend to be a hybrid of the defender and prospector strategy types. They operate in both stable and unstable domains and watch competitors closely for new ideas, adopting only those that seem most promising. They tend to have a limited basic product line with a number of related product or market opportunities, and emphasize skills in production efficiency, process engineering and marketing. Finally, "Reactors" are those companies which seem to have no consistent strategy other than to
respond to competitors. For the purpose of this exploration, only the Defender, Prospector, and Analyzer strategies are discussed.

The types of firms differ in their use of system strategies on two dimensions. First, they differ in the extent to which they emphasize the various strategies and this dimension we have labelled “System Strategy Emphasis.” For example, all organizations seek to acquire competencies. Some organizations, however, have a greater need to emphasize competence acquisition (in a growth stage) than others (in a decline or retrenchment stage).

Second they will differ in the way in which a system strategy is manifested, and we have labelled this dimension “System Strategy Operationalization.” Thus, while two organizations may emphasize competence acquisition, they may differ in how this competence acquisition is operationalized (i.e., through selection or training).

Defenders, due to their focus on efficient production tend to emphasize behavior control and behavior coordination. By placing great importance on standardizing and coordinating behavior, these organizations essentially create an almost “closed” human resource system and maximize the efficiency of operations.

According to Miles and Snow (1984) these firms define a set of competences which they deem important to the efficient functioning of the firm and seek to acquire them primarily through extensive training. Functioning in narrow, stable markets, these firms can rely on controlling employee behavior to a large extent through behavioral appraisal and performance based compensation systems. The use of internal promotions and internally consistent pay systems having high pay differentials between superiors and subordinates provide additional methods for controlling behavior.

In addition, Defender companies such as Lincoln Electric may rely on competence utilization, seeking efficiency through worker participation. These firms solicit worker ideas for ways to achieve more efficient production, thus, in this case participation is not aimed at affective so much as productivity-oriented outcomes.

Prospectors, on the other hand, rely on broad changing product lines, thus, requiring an emphasis on competence acquisition, behavior coordination and competence displacement. As opposed to Defenders, Prospectors operationalize the competence acquisition strategy through selection rather than training. Miles and Snow (1984) describe the competence acquisition strategy of Prospectors as acquiring through a “buy” rather than a “make” decision. Even the compensation system supports this type of competence acquisition activity as total compensation is heavily driven by recruiting needs.

Due to the dynamic environment in which they function, Prospectors are less able to control behavior, and thus emphasize behavior coordination. This is exemplified by results-based appraisal systems, and divisional/corporate performance evaluations (Miles & Snow 1984). This encourages risk-taking behavior on the part of managers in prospector firms.

Finally, competence displacement plays an important role in the Prospector organization. Each change in product markets and the ensuing new compe-
tence acquisition may result in an accompanying need to displace the existing competencies. Thus, these organizations offer frequent severance pay packages and early retirement options to make room for employees possessing the new competencies.

Analyzers, being a hybrid of the Defender and Prospector strategies, frequently switch system strategy emphases to correspond to the particular product market demands. For example, Miles and Snow (1984) stated that these organizations pride themselves on being able to develop new markets like Prospectors and then compete like Defenders in these maturing markets. This entails emphasizing the competence acquisition, competence retention, and behavior coordination in newly developed markets, and then emphasizing the behavior control and competence retention strategies once these markets mature. In spite of these changes in emphases, these companies tend to constantly emphasize a competence utilization strategy. Competence utilization provides flexibility and when coupled with competence retention, provides stability through all stages of the product life-cycle. In other words, Analyzers seek to retain all competencies, but to correctly allocate them to product markets in different life stages.

Thus, the following hypotheses are proposed:

**Hypothesis 1.** Defender organizations will emphasize the use of behavior control, behavior coordination, and competence utilization strategies relative to the other strategies.

**Hypothesis 2.** Prospector organizations will emphasize competence acquisition, behavior coordination, and competence displacement strategies relative to the other strategies.

**Hypothesis 3.** Analyzer organizations will emphasize competence acquisition, competence retention, and behavior coordination strategies relative to other strategies in newly developed markets; these organizations will emphasize behavior control, competence utilization, and competence retention strategies relative to other strategies in mature markets.

**Hypotheses Regarding Human Resources and Directional Strategies**

Now that we have explored how different organizational types utilize the various human resource system strategies, we need to recognize that each one of these types may be either growing, maintaining, or retrenching in its particular market. Each of these different directional strategies on the part of the organization has profound implications for the human resource system.

For example, in the “Grow and Build” stage of an organization, competence acquisition and behavioral coordination are the most important system strategies. This is a time in the organization’s life cycle that it constantly needs to acquire new competences to fuel the growth. Most often, this is a time of relative uncertainty for the organization in terms of specifying the behaviors necessary for success, so behavioral control is relatively difficult. These organi-
Zations seek instead to coordinate the behaviors of the individuals comprising it through more results based appraisal and compensation systems.

Organizations utilizing a Hold/Maintain strategy, on the other hand, are more likely to utilize behavioral control and competence retention human resource strategies. These organizations exist in a more mature stage of the product life cycle, and thus have much more experience dealing with the manufacturing process and the environment. This experience allows them to specify and control behavior better than in a growth phase. These organizations will emphasize performance based compensation systems.

In addition, in the “Grow and Build” stage of the organization competence retention is not emphasized due to the fact that few people will be leaving. In the “Hold/Maintain” strategy, the experience of individuals in that particular environment makes them better qualified. Competence Retention must be emphasized because the organization needs their competences, and competitors also may try to tempt these individuals away from the organization.

Finally, Competence Displacement and Competence Utilization are the key strategies for an organization engaged in a “Retrenchment” strategy. These organizations are undergoing massive layoffs and need to displace the employees whose competences are the least valuable to the organization. At the same time, due to the reduction in the labor force, individuals are often required to assume tasks and responsibilities that they previously did not have, requiring them to utilize additional competences. In addition, Smith-Cook and Ferris (1986) found that firms in declining industries who continued their Competence Acquisition activities through better hiring and training outperformed those who cut back on these activities. Thus, the following hypotheses are proposed:

**Hypothesis 4.** Organizations in the “Grow and Build” stage will emphasize competence acquisition and behavior coordination strategies relative to other strategies.

**Hypothesis 5.** Organizations in the “Hold/Maintain” stage will emphasize behavior control and competence retention strategies relative to other strategies.

**Hypothesis 6.** Organizations in the “Retrenchment” stage will emphasize competence displacement and competence utilization strategies relative to other strategies.

**CONCLUSION**

The integrative view of SHRM presented here can serve as a useful heuristic for aiding in our understanding of how human resources can be managed strategically. The purpose of the article was not to show the invalidity of the sub-functional view of SHRM, but to show the need to effectively integrate the various HR sub-functions to support the organization's strategic business plan.
Thus, the integrative view of SHRM should not replace, but should be combined with the sub-functional view in order to more fully understand SHRM. It is hoped that this integrative view of SHRM will allow researchers and practitioners to better understand the role of human resources in organizations. This might allow for further studies similar to that of Jackson et al. (1989) which examine how personnel practices are integrated and allocated to support the firm’s strategy. If so, it will become possible to more effectively integrate the human resources function with the organization’s strategic plan, and to more productively align the variety of human resource practices to achieve organizational aims.

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NOTE

1. It is important to note that SHRM can be viewed at multiple levels in the organization (i.e., the division versus corporate level). For the purpose of our analysis we focus on the strategic business unit (SBU) as the unit of analysis.

REFERENCES


