INTRODUCTION

It is a paradox that although industrial relations has one of the longest academic pedigrees in the management cannon, its influence on corporate business practice has been minimal. Comparison with for example, finance, management science, or business policy reveals amongst the latter a burgeoning armoury of tools and techniques with which businessmen have been eager to experiment. The reason for this disparity has been that corporate managements do not see industrial relations as a corporate concern – this has contributed to a reluctance on the part of academics to address issues of potential managerial interest.

Recent industrial relations literature however, has suggested that this may be changing and this paper is part of that attempt to redress the balance. I argue that industrial relations should be an important strategic corporate concern and propose a definition of industrial relations derived from the business policy literature and an anecdotal picture of traditional, non-strategic industrial relations management. In the second half of the article, I argue that, like corporate strategies, the researching and recognition of industrial relations strategies is a complex task, and building upon two examples to illustrate that complexity, I attempt to clarify a definition of strategic human resource management.

INDUSTRIAL RELATIONS - A COMPONENT OF STRATEGY

Andrews (1971) describes words like ‘strategy’ as ‘accordion like’. They embrace a range of statements from broad and important to narrow and unimportant. As a result there is little consensus either in management literature or business practice about the meaning of the word strategy. The word is derived from the Greek strategos – literally, the art of the general. The concept was apparently introduced to the business world during the nineteen fifties by faculty members

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at Harvard Business School. The Harvard view of strategy is normative – it is treated as an art form, an imaginative act of integrating numerous complex decisions. The idea that strategy is an 'integrating' act leads logically to its place as the 'capstone' module of business policy courses or as other final year options on postgraduate management programmes and most importantly, as the practical concern of the board of directors. Hofer and Schendel (1978), based upon a review of thirteen different conceptualizations, define an organization's strategy as the 'fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives', and suggest that there are four components to an organization's strategy:

- **scope** – for example product(s), geographical spread
- **competitive advantage** to be achieved
- **resources available**
- **synergy expected**, including time frame for achievement.

Hofer and Schendel point out that their definition of strategy differs from others – for example that of Ansoff (1965) – in that they choose to include resource deployment as a strategic component. Clearly, for any consideration of industrial relations as a strategic issue, a conceptualization which takes account of an organization's resources – human, financial and material – must be preferred.

From the Harvard standpoint, therefore, and its derivatives, strategy is a market-orientated concept – it is fundamentally concerned with products and competitive advantage. Furthermore, it is a stratified concept – it is found at different levels in the organization. Thus, we may expect to find a 'business level' strategy or perhaps a 'functional' level strategy – linked to and dependent upon the corporate or 'master' strategy.

Any conceptualization of strategic human resource management (HRM) therefore, means that in all probability we are dealing with a 'functional' or 'business' level strategy. HRM cannot be conceptualized as a stand-alone corporate issue. Strategically speaking it must flow from and be dependent upon the organization’s (market oriented) corporate strategy.

The admission of human resource management as a downstream resource implication of corporate strategy, while probably an accurate representation of it in the corporate mind, is a dangerously simplistic model with which to gauge its importance. Two reasons for this may be simply stated. The first is that in the UK, inferior (and therefore presumably non-strategic), industrial relations management has been held to be a significant contributory factor in its poor post-war economic performance. The second is that evidence from the USA suggests that the management of employees is a fundamental aspect of corporate success (Peters and Waterman, 1982). Thus, we have a situation in which industrial relations assumes an importance for corporations which
is ill conveyed by a model which locates it as a 'dependent' or functional level strategic component.

What is needed is a model which preserves the tactical location of industrial relations in the organization's strategy, but which makes it a real and corporate concern.

THE DEFINITION OF STRATEGIC HUMAN RESOURCE MANAGEMENT

A definition of strategic human resource management is important firstly, to prescribe management practice and secondly, to classify management actions. There are existing definitions of industrial relations and even one or two of 'strategic' industrial relations (for example, see Gospel and Littler, 1983). The one that will be proposed here is derived from recent UK experience.

As I have already suggested, the strategic management of human resources is a vitally important component in strategic management generally, because managed non-strategically it has serious implications for corporate success. In the UK, we 'know' better than most the effects of poor human resource management and we 'know' (or at least should know) what non-strategic industrial relations is. In order to establish a benchmark for a definition of strategic human resource management we need do no more than establish a comparison with the non-strategic model with which the UK is so familiar. This methodology, 'the comparative method', is a well established one in the social sciences (Durkheim, 1958).

(Non-Strategic) Industrial Relations Management

Industrial relations management in the UK is characterized by many practitioners as 'fire fighting' – the imposition of short-term solutions on critical business situations. The reasons for this are not difficult to identify. Typically, industrial disputes in the UK arise as an unanticipated consequence of business decisions often far removed geographically and temporally from them. A decision for example to expand volume in response to a marketing initiative will invariably mean that advertising is committed, customers readied, gearing increased, suppliers contracted – all in advance of the actual expansion of factory production. Little wonder that an industrial dispute at this stage will be critical and little wonder also that the emphasis is on a speedy solution – on short-term tactical advantage. The industrial relations manager will not be thanked if he or she attempts to focus too hard on the long-term implications of a settlement to the dispute.

One reason for disputes arising in this way is that it is extremely rare for industrial relations management to be party to business decisions in any meaningful way. Even if it is, there is a presumption that adverse employee reactions are essentially 'operational difficulties' (Winkler, 1974) – something like a machine breakdown.
Pursuing the machine metaphor, a number of additional, but equally important features of traditional UK industrial relations management become apparent:

(1) there is a widely held belief that employee behaviour is fickle. As a result, there is no point in attempting to predict it - this amounts to nothing more than crystal ball-gazing.

(2) The competence of industrial relations management will be questioned if it attempts to change or mould a business decision in the light of whatever knowledge it has of the current shop floor mood. Like machines, employees are to be 'maintained'; if 'they' break down, it is the maintenance which is at fault!

If the industrial relations manager wishes to adopt a stance different from that described here and for example take an initiative to discuss the implementation of business decisions with employees in advance of a critical phase, he will be severely disadvantaged by the institutional and legalistic definition which is applied to the notion of 'industrial relations'. The following is a good example: 'industrial relations, defined as covering management-union relations and the institutions of collective bargaining' (Gospel and Littler, 1983).

This definition, representative of a widely held view of what industrial relations is about, precludes the discussion and communication of strategic issues. The reason for this is that the most usual forum for meetings between management and employees is, as the definition implies, within the institution of collective bargaining (not, in other words, collective 'discussion' or collective 'communication'). For this reason, discussion is confined to what both management and unions view as appropriate. In other words, for most managements in UK industry, the agenda for their interaction with their employees are written from 'day one'.

A further and crucial implication of this definition of industrial relations is that it precludes the involvement of employees other than trade unionists.

The final point concerns the role of company directors in relation to industrial relations. The focus of strategic decision-making is the board of directors. If industrial relations were a strategic issue we would expect them to be of interest to directors: conversely, if they were not, directors would not be interested. The findings of Winkler (1974) on this are well known, and, simply stated, are that the attitude of directors towards industrial relations is one of 'unconcern'. Ten years on, this view continues to maintain wide currency; thus Walter Goldsmith (then Director General of the Institute of Directors) at the 1980 Conference of the Institute of Personnel Management states 'it is not necessary for company boards to have personnel directors, so long as there is a non-executive director with an interest in such matters'.

If the preceding paragraphs describe the 'traditional' management of industrial relations in the UK, why is it not strategic? Firstly, and crucially, far from
being associated with and dependent upon the organization's corporate business strategy, it is separate from it. Secondly, a concentration on unionized employees is invariably a concentration on employees at the lower end of the organizational hierarchy. Corporate strategists not surprisingly picture such groupings as being as far distanced from strategy as it is possible to get — and in this sense a non-strategic consideration. Purcell and Sisson (1983) are correct when they say that 'operating decisions... rarely merit the detailed attention of senior managers or strategic planners'.

**HRM and Competitive Advantage**

It would be wrong, however, to interpret the preceding paragraphs as arguing that industrial relations change is strategic change solely because that change can be shown to be related to the business's product market situation.

For example, Kochan and Cappelli (1983) describe the following circumstances which give rise to industrial relations changes which they interpret as strategic:

Changes in the competitive environment can occur gradually as products change in response to changing consumer demand (e.g. the shift to small cars) or as low-cost competition grows. The environment can also change abruptly because of competitive shocks such as de-regulation of the trucking or airline industries or the introduction of new products (radial tyres) and technologies. Regardless of the cause, a sharp increase in competitive pressures forces firms to make a series of decisions whose effects reverberate through the organization and its industrial relations system (pp. 13–14).

The task faced by management in these circumstances is defensive — directed towards survival. Kochan and Cappelli (1983) describe several examples in which change in industrial relations and harmful movements in the product market environment are clearly related. The end result is very often a situation in which employees (most commonly at lower levels in the organization) are faced with a take it or leave it set of choices — none of which is particularly attractive.

Management in these circumstances responds to its environment rather than anticipates it; the logic of the competitive environment dictates action. Furthermore, it is worth noting that the skills necessary to manage the dismissal of, or reduction in benefits of, a large group of employees are not those associated with the 'ideal' of management behaviour — the ability to motivate, lead and so on.

This kind of industrial relations response to the competitive environment, although associated with and dependent upon the organization's corporate response to the product market situation is not what I understand to be strategic human resource management. The reason for this lies in the nature of strategic management itself — the strategic management literature does not contemplate
a situation in which good management finds itself in a position of competitive disadvantage (sic Porter, 1985).

The product market situations described by Kochan and Cappelli (1983) are failures of strategic management. If we seek a definition of strategic behaviour to prescribe management action, more appropriate models are necessary.

In summary, 'non-strategic' industrial relations management implies a function which is:

(1) separate from the business
(2) reactive
(3) short term
(4) of no interest to the board of directors
(5) constrained by a legalistic and institutional definition such that it is concerned principally with unionized employees and it is concerned principally with lower-level employees.

Comparatively, and borrowing freely from the title of Porter's (1985) book, we may define strategic human resource management as: 'those decisions and actions which concern the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage'.

In the second half of this article, I will seek to do two things. Firstly, briefly outline some issues associated with strategy research generally and secondly, using two examples, to illustrate how those issues impact upon human resource management (HRM). In so doing, I will clarify how HRM decision-making can be linked to corporate strategy.

STRATEGY RESEARCH AND THE OBSERVATION OF MANAGEMENT BEHAVIOUR

However strategy is conceptualized, there remains a problem of recognizing it 'in action'. If organizations have strategies - concerned as those strategies are with product and competitive advantage - they are unlikely to publish or describe them except under conditions of confidentiality. It is easy to imagine a chief executive salivating at the prospect of knowing how, when and where a competitor is likely to challenge, information easily gleaned from the kind of rational statement of strategy envisaged in some scenarios. A complication arises however if we admit the possibility that organizational strategies can 'emerge' - via the process described variously as 'incrementalism' (Quinn, 1980) or 'incremental decision-making' (Lindblom, 1959). If strategy does arise in this way, it may still appear as an articulated statement of strategic intent. Mintzberg (1978) however, has gone one step further and suggests that strategic direction may not be purposeful in this sense at all but is only accessible, both
to those outside and those inside the organization by the observation of 'a pattern in the organization's decisions and actions'.

The suggestion that strategy might 'emerge', while not necessarily implying that it is thereby unknown to the organization, does incline the strategy researcher to access business strategies by observation and by inference. While acceptance of Mintzberg's formulation might suggest that this is the only way it can be accessed.

There are a number of problems associated with researching strategy in this way. Firstly, it is unlikely to generate samples large enough to test specific hypotheses. If the researcher is required to obtain all of the information necessary to understand what strategic decisions have been and are being made, then the number of organizations that can be studied is very limited. Similarly, 'perceptual bias, limited access to key decisions, implicit theory' (Hambrick and Snow, 1980), all make this form of research hazardous. Furthermore, because the observations made are of strategic implementation, we make the heroic assumption that what is being implemented is that which has been decided.

Hambrick and Snow (op. cit.) conclude that the strategy researcher should be catholic in his approach - as many methods as possible should be used, (although they dismiss 'researcher inference' which they suggest has 'questionable validity'). Methodologies might include self analysis - asking organizational members; external assessment - asking competitors, industry analysts etc. and objective measures such as product market data.

These issues indicate the difficulty of researching strategy - 'strategy research needs sophisticated research methodologies because it treats a complex topic - business strategy is a difficult to measure construct' (Harrigan, 1983).

Researching HRM strategy is subject to the same complexities as strategy research generally - with the added complication that, in addition to the components of human resource management policies and practices, we must be interested also in the organization's corporate strategy (upon which those policies are or should be dependent) and the linkages between them.

As indicated in the introduction, recent literature has suggested that management initiatives have been taken in industrial relations in the past few years which are strategic - two recent book titles would support this assertion: Industrial Relations and Management Strategy, (Thurley and Wood, 1983) and Managerial Strategies and Industrial Relations, (Gospel and Littler, 1983).

I propose to illustrate how these problems impact upon industrial relations with two widely recorded examples of managerial decision-making - those of the choice of bargaining level and the cultivation of management style. Each has been interpreted in the literature as an example of strategic industrial relations decision-making. Based upon the complexities of researching strategy outlined here, what can be said about the observations made? Assuming, for the sake of argument, that the intentions of management are as interpreted, are they strategic actions? If they are not (and I shall argue that they are not), what would be an appropriate strategic response to the choices available to management in the areas of bargaining levels and management style?
The Choice of Bargaining Levels
The essential question here is why do some companies position collective bargaining at 'corporate' level and others at plant level. There is no doubt that there is an enormous amount of discretion available to management in making this choice, notwithstanding the fact that 'the starting point is to recognise that the levels at which collective bargaining takes place both reflect the balance of power between managements and trade unions and are a major influence on it' (Purcell and Sisson, 1983).

In commenting upon the diversity of bargaining structure to be found in UK industry, many writers suggest that an overwhelming factor governing management choice is its view on the best way to control employees (e.g. Purcell and Sisson, 1983; Brown and Sisson, 1983). Two issues arise, the first is to establish that management does indeed make choices based upon considerations of control. The second is, is such a choice a strategic one?

The difficulty of inferring management motives from the observation of their behaviour was discussed earlier and is well known. Even if the problem of access to key decision-makers was solved, there is no guarantee that the methodological problems associated with linking declared intentions with actual outcomes would be overcome, although methodologies based upon securing a consensus view amongst executives would come close (Miller and Norburn, 1984). It is doubtful therefore that we can be certain that the intention of management, when it makes a decision on bargaining levels, is to control employees (although there is some supporting circumstantial evidence to which I shall refer later).

Assuming for the moment, however, that 'control' is a fundamental consideration in the choice of bargaining level, is this a strategic consideration?

Of course all management decisions are subject to control – indeed, this is one of the functions of management (Drucker, 1973). The issue is one of emphasis. On the one hand, there is the argument that says that management makes a decision in order to control. On the other hand, we have management making a decision and then controlling it. I suggest that the former must always be separate from the business and therefore a wholly non-strategic response. In most situations, the dampening of motivation and initiative which would invariably result could be disastrous. Indeed, the word 'spiteful' springs to mind to describe a management which makes a decision purely and simply to constrain the behaviour of its employees.

This is not to deny that management must make a choice on bargaining levels – what considerations should govern the decision? Managerially, the decision to encourage corporate bargaining is exactly analogous to the decision to establish a corporate marketing or corporate production function. This decision is referred to most commonly as the decision to centralize or de-centralize.

Using the term 'integration' and 'differentiation', Lawrence and Lorsch (1967) showed that highly differentiated firms in turbulent markets and highly integrated firms in stable markets outperform less differentiated and less integrated firms in similar market conditions. In other words, the decision to integrate particular
functional areas in the business should be product market related. Thus a business with a relatively homogeneous product range operating in stable market conditions should opt for ‘corporate’ bargaining. While a business with a heterogeneous product range in turbulent market conditions should differentiate its bargaining structures.

In practice, the degree of centralization of most functional areas will be ‘strategy led’ because ‘structure follows strategy’ (Chandler, 1962) and all companies will be more or less appropriately organized to cope with the product market situation (it was the degree of differentiation or integration which determined performance in the Lawrence and Lorsch study; they did not find highly integrated firms in highly turbulent market conditions or vice versa). It does appear to be the case, however, that when it comes to industrial relations, management is more likely to ‘interfere’ in the logic suggested by the product market situation. This is probably the reason why there are examples of companies which are highly centralized across most dimensions of their business, with the single exception of their choice of bargaining levels. Kinnie (1982) has shown that this inconsistency leads to contradictions in companies’ bargaining stance – lending further support to the suggestion that managements are indeed making industrial relations decisions which are ‘irrational’ and possibly designed better to control employees.

An interesting example which illustrates these issues is to be found within British Coal (formerly National Coal Board). British Coal has a national system of collective bargaining which establishes basic pay rates and a pit-based system of incentive payments. The argument in this article is that a highly integrated scheme cannot co-exist with a highly differentiated one.

We know that within British Coal, pits vary enormously in their geological conditions, equipment, labour productivity and so on. The cost of a ton of coal from pit A is significantly different from that at pit B. This suggests that each pit should be a profit centre and pit-based reward systems are a logical corollary of this. However, two factors argue against this. The first is history. The process of nationalizing the coal industry and the factors which preceded it dictated a national system of collective bargaining.

The second factor is British Coal’s market – including the fact that it has one dominant customer in the UK (the Central Electricity Generating Board). The customer base and global competition suggest an integrated approach to business structure and indeed marketing and pricing are known to be centralized functions within British Coal. Looked at in this way, it is sensible to integrate pay bargaining also.

The establishment of pit-based incentive schemes was designed to stimulate productivity (an alternative way of expressing the same thing would be that the incentive schemes were designed to control employees so that productivity was improved). However, this move was inconsistent with the strategy suggested by an analysis of British Coal’s product market situation and differentiated one small element of the business when the rest was integrated. It cannot therefore be considered a strategic response to human resource management.
Summarizing therefore, we can say that a strategic response to bargaining level choice should be dependent upon an analysis of the product market situation and will be consistent with other functional areas in the business – for example marketing and production. If inconsistency is observed, we may infer that management is 'interfering' in the logic suggested by the business's product market situation and we may also (carefully) hypothesize reasons for that interference – hypotheses which may include 'control' as a prime motivation.

Management Style
The term 'management style' is most often applied to a situation which is the result of unconscious organizational processes. In recent industrial relations research, it refers to a taxonomy consisting of four conscious approaches to industrial relations: 'traditionalist' 'standard modern' 'sophisticated modern' and 'sophisticated paternalist' (Purcell and Sisson, 1983). All are generally characterized by differing attitudes to trades unionism.

While the existence of differing management styles is obvious, the inference of management motives behind their deliberate cultivation again raises the issue of strategy recognition. For example, consider the management style referred to as 'sophisticated paternalism' – found in corporations which 'instead of coping with conflict through industrial relations procedures . . . seek to pre-empt it through personnel techniques: careful screening of recruits, in-house training, counselling, and strong assurances of security of employment' (Brown and Sisson, 1983).

Examples quoted include IBM, Kodak, Hewlett Packard, and Marks and Spencer.

In the cases of Hewlett Packard and Marks and Spencer, we observe companies that undoubtedly spend large sums of money on employee issues and, particularly in the case of Hewlett Packard, offer virtual guarantees on job security. However, it is not possible to conclude that these companies do this with the primary objective of avoiding trade unionism and collective bargaining. Even in the case of IBM, which has conducted a campaign against a claim for trade union recognition, it is not possible to assume that its personnel policies and practices are designed to keep trades unions out.

An equally plausible hypothesis is that these companies have recognized that a skilled, thoughtful approach to the management of employees contributes to profitable growth. Indeed, Lord Sieff, ex-chairman of Marks and Spencer says 'those of us who lead Marks and Spencer believe that that money (£43m) has been, and is, one of our best investments (my emphasis, quoted in Purcell and Sisson, 1983).

If management manages its employees in ways which recognize their role in strategy implementation, it is behaving strategically. If, on the other hand, it makes decisions simply in order to avoid trades unions it is operating in a fashion which is first of all separate from the business and therefore non-strategic and secondly, it is unlikely to be successful.
Pursuing the case of Hewlett Packard, for example, we can make some guesses about its product market situation. HP's business is characterized by fast moving high technology products in a product market area largely dominated by IBM. Its apparent strategy is to produce high price, high quality products at the leading edge of the technology. Its staff is predominantly technological and, we may presume, in demand by competing businesses. A significant part of HP's human resource management process must be designed to retain staff and ensure commitment to new product development. Clearly, HP's employee policies are consistent with its competitive strategy.

We can make a similar simple analysis of Marks and Spencer. It is well known that the success of M & S is based partly on the sale of very high quality goods. It would be wholly inconsistent with this strategy and profoundly detrimental to it, for staff selling those goods to be 'low quality'. The human resource management processes should be designed therefore to promote a congruence between the quality of M & S goods and M & S employees.

A less glamorous example will further illustrate the argument. Imagine a manufacturing business whose product is mature. A good example would be Imperial Tobacco. This business is a 'cash cow' and the strategic management of it necessitates the continuous search for cash generation. One way of doing this is via increased labour efficiency/productivity. Human resource strategies for achieving this require a delicate balance between the maintenance of stable effort on the one hand and changing work practices on the other. Strategies which would be appropriate include the establishment of structures to generate trust of management action amongst employees (works committees etc.) and a stable and mature management team. A bargaining relationship in other words, in which changes in work practices to generate cash efficiencies are exchanged for balanced rewards.

It would be foolish in a mature business, pursuing labour efficiencies, to imagine achieving those efficiencies other than through negotiation with a representative body of employees. Collective representation in these circumstances makes strategic HRM sense.

THE PORTFOLIO OF BUSINESSES

A key strategic issue that arises from the preceding paragraphs is associated with the management of the situation that arises when two or more product market situations are combined under one corporate umbrella – the situation that is commonly found in UK industry.

As I have argued above, for each business in the portfolio, there will be an appropriate strategy and a congruent human resource management process. This remains the case when businesses are combined under a corporate umbrella. For the corporation, a key strategic issue in the management of its employees is that of identification (Miller and White, 1978).
For senior executives of the corporation the *locus* of identification is the corporation itself. Such people are rightly considered a resource of the corporation and indeed as a key source of synergy. The corporation's role in managing this group is therefore vital (for a discussion of these processes see Miller and Norburn, 1981).

If the issue of identity and identification is important for the corporation's top management it is important also for other employees. It is also a more complex problem. For whereas management identification can reasonably be seen in terms almost exclusively of motivation, the corporate identity in the eyes of most other employees must also be a matter of legitimation of management authority – for instance, of questioning where management decisions are taken and in whose interests.

Thus, in the mature business, it would be prudent to expect employees to be unhappy about cash being moved from their business to others under the same corporate umbrella, and management should expect to have to legitimise its actions in so doing.

Closely related to the problem of managing employee identification is that of management style. We observe in the UK quite different views of how the issue of identification (and the related management style) is managed. On the one hand there are corporations such as ICI with a number of product divisions, each subject to different competitive pressures but whose employees are left in no doubt that the ultimate parent is ICI. On the other hand, there are corporations such as Hanson Trust, taking in businesses such as London Brick and Ever Ready, whose employees are only dimly aware, if aware at all, that the ultimate parent is Hanson (and almost certainly not aware which other companies are part of the same group).

The evidence on which of these two styles is the most successful (in terms of profitability) is, at first sight contradictory. The 'excellent companies' (Peters and Waterman, 1982) are highly proactive in the management of employees and create a powerful focus of indentification (IBM, HP, Marks and Spencer). However, Hanson Trust (and others such as BTR and GEC) is financially successful but can hardly be described as proactive when it comes to the management of its people. An interesting question is whether the management of the identity of a highly diversified corporation (such as Hanson) can be reconciled with corporate proactivity (the establishment of a strong focus for identification) in the management of employees?

The strategic problem for the diversified corporation is illustrated in figure 1. Assuming that the corporation manages its portfolio of businesses as indicated earlier (i.e. it moves cash and other resources from one business to another, based upon analyses of the product market situation) the strategic problem is to secure legitimation of management actions amongst all employees. It should do this by managing the focus of identification of those employees. The corporation therefore operates at all points on the diagonal, implementing HRM strategies to focus employee identification on the appropriate organizational
structure. Figure 1 indicates also that there is a tendency in any diversified corporation for employees to ‘push’ their focus towards the corporate level.

For the corporation which is not highly diversified, which does not operate in a wide variety of product market situations, the problem is less complex. It operates only at the extreme of the diagonal: the focus of identity of all employees is ‘the corporation’.

Many of the so called ‘excellent companies’ are, by comparison with the diversified conglomerates, ‘one product businesses’. They have ‘stuck to the knitting’. They do not, by and large, operate in widely different competitive environments. The evidence suggests that a factor contributing to their success is HRM policy – highly proactive, encouraging corporate identification. The success of these businesses flows from their market orientation; it is argued on their behalf that their competitive behaviour in their markets contributes to their financial performance.

The success criteria of the so called diversified conglomerates is different. It is not, by and large, ‘market driven’. The financial success of these businesses is produced by the manipulation of corporate assets – and indeed there is a creeping criticism that these businesses, as a result of their failure to engage world markets, are bad for the economy (on GEC, see Williams, Williams and Thomas, 1983). Similarly, the success of Hanson Trust will depend not on
building competitive advantage in the businesses within the portfolio, (most are mature businesses) but by acquired growth.

Companies such as ICI are an interesting mixture. These are diversified businesses which encourage corporate identification amongst their employees. From a strategic HRM point of view, this is a mismatch which does not contribute to the achievement of competitive advantage. In the long run, I would expect to see such corporations doing one of two things. Either managing a re-orientation such that 'the corporation' assumes a much lower profile or perhaps taking this to an extreme position and floating off parts of the business.

CONCLUSIONS

There is no doubt that the strategic management of human resources is a neglected field in the study of business. A substantial reason for this is that, as in strategy research generally, it is difficult to recognise an organization's approach to the management of its employees. Further than this however, there is little consensus in the literature about the meaning to be attached to the term 'strategic industrial relations' or strategic human resource management'. The lack of definition of the subject matter is partially explained by the fact that, for many organizations, practitioners and academics, the human resource has not been thought of as a strategic one. As a result little thought has been given to developing tools and techniques for managing it.

This article has begun to redress that imbalance. Firstly, by arguing that the management of human resources is an issue which is vital to the implementation of strategy. Secondly, it has suggested a definition of strategic human resource management as a jumping-off point for the further development of the subject. Thirdly, it has counselled caution in the interpretation of management actions. Like strategy research generally, the methodologies appropriate for the study of strategic human resource management are complex.

Finally, it has been argued that strategic human resource management, for it to contribute to competitive advantage, must be linked to the organization's product market situation. It has illustrated some HRM processes linked to different situations and argued that where a number of different product market situations are combined within one company, the corporate concern must be with the management of the corporation's identity.

REFERENCES


