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## Strategic Human Resource Management (Book Review)

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at each point in time. He has thoroughly documented the disturbing reasons for which some alternatives were abandoned and others chosen. And he illustrates this discussion with various examples of proven alternatives, from the quite different design of Soviet aircraft and the consequently different machining requirements, to the successful development of simpler numerically controlled machines in Japan and the Federal Republic of Germany, to the actual use of NC machines in small machine shops and at one time in the Dearborn tool and die shop of Ford's River Rouge plant. The most striking character of Noble's writing is the sober realism and appreciation of the complexities of the many decisions and events which are the history of numerical control in the U.S.

The current debate about industrial policy has been sparked by the reluctant recognition by many that the American Century has come prematurely to a close. U.S. industrial production no longer maintains the dominant position it had established at the end of World War II. The once preeminent U.S. automobile and steel industries face fierce competition abroad and at home. Americans everywhere want to know why and what is to be done to bring back the earlier prosperity. Piore and Sabel have responded to this desperate search with a proclamation that "Yes, the Century can be ours again." In a book addressed to businessman and politician alike they claim that the technological and social basis for America's original preeminence must be abandoned, but that it can be supplanted with an alternative technological and social structure that promises similar returns. Noble, in contrast, warns us that prosperity requires not an invocation of the lost dream, the American Century, but rather the resolution of the fundamental contradictions created by military production and by profits at the expense of wages and employment. Piore and Sabel spend a large portion of their book challenging the fetishization of mass production as the ideal technology, a fetish that characterizes the American vision of industrial society. Noble, on the other hand, challenges the

fetishization of any technological vision. Together these two books offer a fundamental challenge to any simple strategies for resolving America's industrial policy dilemma.

### **Strategic Human Resource Management**

**By Charles J. Fombrun, Noel M. Tichy, and Mary Anne Devanna**

New York: John Wiley & Sons, 1984. 499 pages. \$24.95

**Reviewed by John B. Chalykoff**

Here is a text that rises above the profusion of human resource management books seeking to bring state-of-the-art techniques to bear on the host of social, economic, and technological changes that will shape the competitive environment of organizations in the 1980s and 1990s. Fombrun, Tichy, and Devanna's new book, *Strategic Human Resource Management*, does more than make an appeal for excellence; it investigates practical ways of achieving it.

Although their book is divided into three principal sections ("Environment Strategy and Organization," "The Strategic Role of the Human Resource Systems," and "Strategic Issues in Human Resource Management") with chapters by a total of twenty-six different contributors, all sections and all authors are united by a concern for the basic alignment of human resource activities with the strategic thrust of the organization.

Because of its design, the book manages to strike that very difficult balance between the needs of practitioners and those of students by constantly blending theory, practice, and anecdotes. For example, the treatment of a human resource activity such as designing an effective reward system starts off with a chapter on the current state of theory and practice in this area and continues in the next chapter with a case study describing how one major organization dealt with the

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issue of rewards when faced with a strategic reorientation. These chapters are supplemented by informative interviews with CEOs and executive vice presidents of major American corporations (Chase Manhattan Bank, Honeywell, and General Electric) that focus on the role and development of strategic human resource management in those organizations. The result is a book that is well organized, informative, and unified in its central theme while covering a broad range of issues such as managing in a declining context, the role of unions, Q.W.L., and the international management of human resources.

Fombrun, Tichy, and DeVanna present a view of human resource management that focuses on the integration of the basic activities of human resource departments — selection, appraisal, rewards, and development — with the strategic goals of the organization. The message is that even in a constrained environment organizations have a multitude of possible ways of managing these activities. For example, staffing can have a primarily internal or external focus, or a mix; performance appraisal can be done by peers or supervisors; rewards can be based on the worth of a particular job or on payment for knowledge; and development systems can differ depending on whether the organization has some form of employment security program.

The dependent variable surrounding these choices is performance in relation to a strategic plan. "The key," the authors argue, "is to ultimately come up with an integrated human resource management strategy that is consistent in the way it encourages people to behave, that attracts the kind of people [who] can support the business strategy, and that encourages them to behave appropriately." Thus, effective performance is not the result of any particular activity being done well, but the integration of these activities with one another.

To this end, the better-managed organizations will not only realize Chandler's thesis that structure follows strategy and seek to align their human resource structures to fit

their strategy, but will have a healthy appreciation for the constraints on strategy imposed by structure and seek to manage these constraints effectively. The chapters on corporate culture and competitive strategy and the human resource management audit go a long way toward providing a systematic means of achieving this balance.

Yet the view of human resource management presented here is not all that new. Earlier writers, such as William Glueck in his book *Personnel: A Diagnostic Approach* (1975), argued for making personnel activities responsive to the goals of the organization. What is novel, and is likely to be a major appeal of the book, is the attempt to bring into the field of human resource management more conceptual models from the field of strategy. Some of these models are created by merging the activities of human resource management with the "business life cycle" approach to strategic decision making, while others relate human resource activities to various strategic positions and structural configurations of the organization. This merging of concepts leads to a new and dynamic view of human resource management that is likely to shape the way practitioners and researchers think about this area in the future.

Several chapters deserve individual mention. Among the very best are Lawler's "The Strategic Design of Reward Systems"; the DeVanna, Fombrun, and Tichy chapter, "A Framework for Strategic Human Resource Management"; the chapter by Latham, "The Appraisal System as a Strategic Control"; and the Pucik chapter, "The International Management of Human Resources." Although the Gilmore and Hirschhorn chapter, "Managing Human Resources in a Declining Context" shows insight into and a good knowledge of the organizational theory literature, it lacks any reference to the rich body of manpower adjustment literature in economics and industrial relations from which it could have gained.

One of the more appealing parts of the book is the chapter "Strategic Issues in Labor Relations" written by Fossum. Even though I

would have preferred a more historical approach, introducing the origins of labor-management conflicts, and even though I disagree with what he sees as the essence of unionism (i.e., a response to employee dissatisfaction), Fossum gets high marks for his even treatment of the subject, particularly with respect to the impact of unions on organizational performance. In his words, "Unionization is frequently said to reflect poorly on the abilities of the management. It does not. The real abilities of management are reflected in their competitive record against other organizations in their industry."

Taken as a whole, the book provides some fresh approaches to the management of human resources, but it is also limited in some important ways. For example, Fombrun, Tichy, and Devanna focus exclusively on the activities of large core organizations that by virtue of their size and position in the marketplace are able, in varying degrees, to control their environment. Much of their work, then, is not directly applicable to smaller organizations. Also, the primary emphasis throughout the book is on middle and upper management. Little attention is paid to the strategic management of human resources at the level of the workplace. The chapter by Camman and Ledford on the quality of work life is a step in this direction; however, a host of issues such as the growing "temporary help industry," completely automated production facilities, and computer-aided technology, while not mentioned by the authors, are likely to have far-reaching implications for the strategic management of human resources. Perhaps the most critical omission is the lack of any chapter dealing with the public policy implications of human resource management. Yet the very subject matter — people, and institutions such as unions — calls for this. If the organizational theorists are to take the lead in defining the field of human resource management, they must take into account the public policy implications.

A recurring theme in the book is the proper management and development of the

human resource department and methods for monitoring its effectiveness. The increasing importance of managing human resources strategically implies that these departments will often require major surgery. Organizations intent on competing in the environment of the 1980s and 90s do so at their peril if they continue to staff the human resource department with those who are not effective in other parts of the organization. Human resource personnel must be among the most capable in the organization to insure that this vital function is integrated with the strategic thrust of the organization and able to meet the challenges posed by the complex environment of the 1980s and 90s. Fombrun, Tichy, and Devanna have put together a collection that will prove invaluable to this end.

### **The Strategy of Japanese Business**

**By James C. Abegglen**

Cambridge, MA: Ballinger, 1984. 227 pages. \$28.00.

**Reviewed by Richard D. Robinson**

Given the fact that this volume was written by one of the pioneer observers and students of Japanese post-World War II development, it is somewhat disappointing. The disappointment arises from the fact that the volume consists of a series of papers written between 1978 and 1984 for various occasions and audiences. Of the fifteen published here, ten appeared in 1982 or earlier (and four in 1980 or earlier). Consequently, much of the material is dated and repetitious. One looks in vain for an unfolding thesis or argument. Nonetheless, the author, by dint of his long experience and careful observation, provides a number of useful insights. It is simply unfortunate that he did not rewrite the text as a book-length exposition and, in so doing, bring all of the material up-to-date.

For example, in several of his chapters Abegglen builds part of his argument on the basis of an overvalued yen, but the fact is, of course, that exactly the reverse has devel-