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Keywords

CAHRS, ILR, center, human resource, job, worker, advanced, labor market, job, satisfaction, employee, work, manage, management, training, HRM, employ, model, industrial relations, restructuring, U.S., economy, personnel, HR, American, policy, model

RESTRUCTURING OF HUMAN RESOURCE MANAGEMENT IN THE U.S.: STRATEGIC DIVERSITY

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Abstract

Change is endemic in the U. S. economy and in worker-management relations. This change can be examined from the perspective of increasing centralization in which public policy dictates that corporations and the state act in concert, to a decentralized market system in which assets are constantly being reconfigured to more productive uses. This paper looks at the evolution of industrial relations and personnel administration to human resource management within this context of continual change through centralized versus decentralized perspectives. Major shifts in HR policies in American companies are described. Within these major shifts, a wide diversity of policy options for worker-management relations exist. A strategic-contingency model may provide a unifying framework to assist decision makers in choosing among these policy options.

Enterprise managers are re-examining and changing the policies they use to manage human resources. In the process, they are rediscovering that the policies they choose make a difference. Managers believe that human resource management (HRM) policies and programs affect the types of employee who are willing to work for them, their performance and satisfaction, their willingness to offer ideas for improvements and innovations, and their sense of fair treatment. Ultimately, managers believe that HR policies affect the efficiency and equity of the entire enterprise.

The process of re-examining and change in HRM is not new, though the pace has accelerated. Adaptation and renewal are integral characteristics of American society. The catalysts for change are found in both external and institutional forces. *Corporations* are changing through mergers, acquisitions, and divestitures. Of the 500 largest U. S. companies in the mid 1940s, fewer than 250 of them exist today.[1] Most enterprises today face fierce domestic and global competition, which requires that they improve productivity, boost the quality of products and services, and control labor costs. In the U. S., the *workforce* is changing through immigration, demographics, and the changing of social norms. While the U. S. population continues to grow, it is aging steadily, and is increasingly made up of minorities and immigrants, particularly Asians and Hispanics. Rates of immigration in the 1980s were higher than at any time since the 1920s.[2] The U. S. and Canada are already culturally the most diverse countries in the world, and are becoming more so. But probably the most significant change in the U. S. workforce in the past 50 years has been the dramatic increase in women's participation. In 1949, 26 percent of married women between the ages of 25 and 44 held jobs. In 1989, the figure was 67 percent.[3] And the U. S. *government* is changing through a steady flow of new regulations concerning the environment and the economy, as well as HRM, covering everything from hiring and testing practices, and worker organizing practices, to pay practices.

Beyond these external imperatives, U. S. employers experience internal pressures for change. These institutional pressures stem both from the decentralized structures and systems which U. S. enterprises are increasingly adopting and the changing needs of its workforce. Structurally, many U. S. enterprises---General Electric, 3M, and TRW are examples---have shifted away from centralized, highly integrated systems to more decentralized units organized along product and geographic lines which compete as strategic business units. General Electric, for example, has 13 strategic business units operating throughout the world. They range from the television network NBC to the financial services house Kidder Peabody to the locomotive and aircraft engine manufacturers GE Aerospace and GE Locomotive. Each unit competes in different product and service markets against different competitors. The extent of decentralization within a firm depends on many factors, but the point is that as production, R&D, and marketing are being decentralized and globalized, human resource policies and programs are also being decentralized. Managers of each strategic business unit tailor HR policies to help their particular unit compete, while simultaneously adhering to very broad guidelines within GE. Different units within the same enterprise possess the flexibility to adopt different HR policies and programs to help them compete in their unit markets. It is not unusual, for example, for GE's Kidder Peabody Financial Division to use group based incentive pay plans which cover most employees, while GE's Aerospace Division uses pay plans based on individual employee rather than group performance. The flexibility to choose different HR policies is one of the essential advantages of decentralization. These internal differences create institutional pressures among the subunits for change, adaption and renewal. For example, if group based incentive plans are working in one unit, other units will consider them as options, too.

Institutional pressures also stem from the changing needs of the workforce. It is one thing to understand that the labor force in the U. S., on average, is growing older, more diverse, and more susceptible to global competition. It is quite another to understand the myriad ways these pressures translate for specific enterprises. One may experience requests for assistance for caring for children as well as aging parents of employees. Another may find that flexible work schedules help employees balance their obligations to family and employer. Just as expectations about what their rights and responsibilities as employees are changing, employers' expectations are changing, too. Fewer and fewer jobs require the physical strength that commanded a wage premium a generation or two ago. Today's "knowledge workers" are required to know how to do a wide variety of tasks, and these tasks continue to change in response to changing technology. While technology can eliminate many of the dirty, dangerous, and boring aspects of work, it may bring new threats: to job security, exposure to untested chemicals and/or processes, or new repetitive motions whose harmful effects are just now being documented.

So the process of change in managing human resources is fueled by external and internal sources of pressure. Anecdotal evidence suggests that external factors such as competitive pressures provide the initial impetus to adapt. But the diversity of policies and practices within the decentralized institution's units reinforce the need for change and may offer the specific directions for such change.

How one views this change depends on what lens are used. John Kenneth Galbraith wrote in the 1960s that large corporations and the state act in concert to use technology, public policy, and planning to regulate economic, social and political forces.[4]

This New Industrial State would create competitive advantages for a society. He advocated that enterprises form large centralized planning units, ... "the scale of operations of the largest should approximate those of governments" (p. 87). "There is," he went on, "no natural presumption in favor of the market; given the growth of the industrial system the presumption is, if anything, the reverse. And to rely on the market where planning is required is to invite a nasty mess" (p. 368).

A generation earlier, in the 1940s, Joseph Schumpeter coined the phrase "creative destruction" to present a very different picture of the U. S. economy.[5] He used the phrase to depict the rigorous process that decentralized economies go through to reconfigure assets to more productive uses. While the term may be overdramatic, it does convey today's dynamic caldron of change which includes bankruptcies, plant closings, and layoffs, as well as renewed organizational structures, emphasis on flexible, knowledge workers, and formation of new business alliances. The rhetoric from the 1940s describes the look of the U. S. economy in the 1990s.

Schumpeter and Galbraith demonstrate the cyclical nature of many economic ideas as applied to a dynamic society. Contrast the logic of creative destruction, renewal and revival endemic in a decentralized, market based enterprise with the logic of more centralized systems. Integrated organizations which rely on centralized planning may be susceptible to rigid values and ideologies and bureaucracy.[6] A relatively significant jolt, of almost earthquake proportions, may be required to overcome institutional inertia. Change under a centralized, integrated planning system is typically limited to transitions from an older order to the new. The opportunities and motivation to analyze and learn from the diversity of different policies are limited. In contrast, a decentralized system offers greater opportunity to gain advantage from examining an array of policy options within subunits facing different external circumstances. But while the process of creative destruction promises renewal and rewards, it is laden with risks and hardships, especially for the more vulnerable members in a society who may not be protected through public policy, labor unions, or other governance arrangements. The 31 million people in the U. S. not covered by medical health insurance is but one example of the "nasty mess" Galbraith referred to.[7] Some have recently argued that the emerging role for U. S. unions may be to mediate between the economic destruction and renewal and the social needs of those individuals affected by such upheavals.[8]

So the transformation of HR policies in the U. S. is embedded in broader economic, social, and political change that seems endemic to American society. Whether the new industrial state, creative destruction, or some combination, the continuous process of testing, re-examining, and redeployment of assets in search of more effective and equitable arrangements is essential to renewal.

Change From Industrial Relations and Personnel to Human Resource Management

This review describes the change underway in human resource management in the U. S. Like other fields of inquiry associated with the practice of management, HRM has evolved by responding to changing real world pressures and pragmatic issues rather than any logical imperative based on a theoretical model.

Following World War II, industrial relations emerged as an interdisciplinary approach to labor and personnel problems.[9] Its domain encompassed all aspects of employment relationships, including labor market policy, labor union relations, and personnel administration. It could therefore draw upon theory and research from labor economics, sociology, and psychology. In contrast, personnel administration and labor relations in the 1950s and 1960s was characterized as administration of collections of activities such as recruiting, selection, training, compensation, union negotiations, and contract administration, each designed to accomplish some objective, and each related in some fashion to various disciplinary models, but lacking a coherent theoretical framework.[10] Over the last two decades, academic scholars have chosen various paths to study human resource issues. Those who found an interdisciplinary focus frustrating---the jack of all trades, master of none---complained that the emphasis on breadth and diversity across disciplines lacked the depth and rigor inherent within a traditional discipline. A consequence of this frustration has been that research on HR issues conducted within conventional academic disciplines on such topics as employment security, retraining of obsolete workers, or incentive pay plans is often designed to test economic or psychological theories rather than to inform policy makers or guide them in their decisions. Research and practice seemed like trains on different tracks, each with purpose and destination, but bearing little relationship to each other.

Recent Shifts

The HR field continues to change and evolve, perhaps even to transform.[11] The most obvious change is in the name of the field from personnel administration and industrial relations to human resources management. This is more than fad or fashion. It signifies a shift in focus from human relations (i.e., employees as individuals) and labor relations (i.e., employees as members of labor unions) to people as contributing resources in an employing organization. This human resource focus was voiced by Yoder in 1959, but not until the past decade did it become predominant in both research and practice.[12] Some of the basic changes that have accompanied this perspective are discussed below.

From Planning to a Strategic Perspective

What is known as HR planning today evolved from functional planning intended to provide answers to specific issues: how many welders, machine operators, chemists, and so on, to employ. What is the breakeven point between working longer overtime hours versus employing more people? Sophisticated forecasting and planning models that had been developed in operations research were applied to employment forecasting and planning.[13] However, little attention was devoted to reconciling these forecasts beyond identifying possible options (adding to staff, layoffs, promotions, training, work redesign, changing work rules, and the like). Little theoretical or practical knowledge was available to help inform choices among these alternatives. While planning emphasized the interdependencies among the options to reconcile the forecasts, it suffered from being unable to direct the choices. It was clear that redesigning work rules, retraining employees and supporting the new behaviors with pay incentives were interrelated actions. What was not clear was whether one set of actions was in any way superior to another. For example, was redesigning and retraining a better option than replacing obsolete employees with more recently trained new hires at lower wage rates? An underlying model to evaluate choices was lacking.

More recently, a strategic perspective has evolved which focuses on the links between HR policies and an enterprise's overall strategy. Here the issue becomes, How do HR policies help the enterprise compete? What are the competitive advantages or value of HR policies? A strategic perspective retains the planning focus on the interrelatedness of HR policies. But it goes beyond to direct the choice among alternative policy options which best contribute to the organization's ability to compete. While the focus of HR practices is increasingly on treating employees as resources critical to the success of the enterprise, the evolution of scholarly theory and research to support this perspective lags behind.

From Human Relations to Organization Effectiveness and Employee Equity

Two decades ago, the human relations perspective of HR held that employee morale and job satisfaction were the desired outcomes.[14] Today, organizational effectiveness and employee equity have become the desired outcomes. Organization effectiveness is defined in financial and market performance terms. Employee equity is defined through surveys of employee attitudes toward their employers' HR policies and their feelings of fair treatment under those policies and procedures.

This change to emphasize effectiveness and equity is woven into the strategic perspective. For example, decisions about implementing quality work team programs to change organization structures and cultures and/or paying employees based on the knowledge they demonstrate rather than the job they hold are evaluated in terms of their effect on the organization's effectiveness and the employees' sense of fair treatment.[15] This represents a shift in the mind set of decision makers. No longer are HR policies and programs ends in themselves. Rather, the issue increasingly is becoming, what impact will this HR policy option have on effectiveness and equity?

From Labor Relations to Employee Relations and Governance

For many years, labor relations or collective bargaining between management and unions formed the core of industrial relations and employment relationships.[16] This core is increasingly being called into question due in large part to the decline of unionism in the U. S. Only about one of every eight private sector employees in the U. S. belongs to a labor organization. As has been widely documented, unions have not only been unsuccessful in organizing expanding sectors of the economy, they have also experienced sharp declines in membership in those industries where they held traditional strength.[17] The 1980s bore witness to the major growth of nonunion strategic business units in many employers.

Both conceptually and practically, the HR orientation is broadening to focus on issues of workforce governance and employee relations rather than labor-management negotiations. Labor relations is no longer the primary mode of workforce participation in workplace governance. Collective bargaining is increasingly being perceived as merely one of several forums for employee influence.[18]

This more general concept of governance exemplifies the transformation of Dunlop's concept of "web of rules" (1958).[19] It includes participative management, worker councils, and quality of work life programs. Labor relations' traditional focus in the U. S. on contract negotiations, administration and dispute resolution has been supplanted by interest in the determination of rules governing human resources activities. The notion of a contract between labor and management has evolved beyond legal attributes of a collectively bargained agreement to include psychological, political and social dimensions.[20] Thus, for example, when several computer firms such as Digital Equipment Company, Hewlett Packard and Data General recently laid off employees, some felt an "implicit contract" of employment security had been violated and that these firms would face problems re-establishing or repairing their social contract with their remaining employees. Managers, unions and employees are all becoming more aware of alternatives to collective bargaining. The dominant model of labor relations is shifting to models of worker influence and participation in decision making through alternative policies.

From Training and Development to Workforce Preparedness and Quality

Increasingly, HR regards training expenditures as strategic investments similar to investments in new plant and equipment. Continuous training is seen as vital to achieving competitiveness. This concern for training is expanding into concerns about workforce quality and preparedness. The perspective is shifting from individual and team level training to encompass concerns about the quality of the entire U. S. system of education. While Americans enjoy high levels of education attainment, the Department of Education reports that 19 million adults cannot read well enough to cope with daily tasks at work.[21] Many of these are recent immigrants unable to understand or speak English. One only has to take a cab in New York City to hear the Russian language spoken or in Washington, D.C., to hear Iranian accents. But the problem is not limited to new immigrants. For example, Blue Cross of Massachusetts discovered that 50 percent of its clerical workers tested for promotion read below high school levels. Twenty-two percent of employees at a General Motors Division asked for training in reading simple words, signs and labels; thirty-one percent needed help to understand written directions, charts, and instructions. More and more training policies inside organizations are forced to cover basic math, reading, and computer literacy.

Many employers are trying to change this situation by getting directly involved in public education. Yet about 700,000 students are dropping out of high schools each year and another 700,000 are graduating with only eighth grade skills.[22] At the same time, the skill requirements of U. S. employers appear to be escalating. For example, manufacturing workers may be assigned to teams or cells which require continuous learning and flexibility; each team member is expected to learn every job. Quality checking, statistical process control, resetting machines, workforce scheduling and other tasks formerly the domain of supervisors are now common fare for all workers.

In brief, the orientation in training is shifting toward policies to improve workforce quality and preparedness, including the development of individual's full potential for employment, rather than toward provision of specific, job oriented skills.

From Wages and Employment to Total Labor Costs and Performance

Historically, determining wage levels and structures (e.g., differentials among jobs) and the level of employment and employment security were viewed as crucial objectives in HR. As a result, both managers and researchers focused on practices such as job evaluation, market wage surveys, and negotiations. Textbooks and articles in scholarly journals were concerned with administrative aspects of wage determination and employment (recruiting, hiring, promotions, layoffs, etc.) and analyzed alternative approaches to making these decisions. Increasingly, the objective of both practice and research has shifted to the effects of wages and employment levels on total labor costs and their links with productivity---or organizational effectiveness.[23]

From this perspective, the objective is to better manage total labor costs. Simply conceived, three main factors influence total labor costs in U. S. firms; employment levels (both numbers of employees and hours worked), average compensation (wages, bonuses, etc.), and average benefit costs (health and life insurance, pensions, dependent care, etc.)

The shift in perspective to total labor costs results in a major shift in employer behaviors. To illustrate, many employers manage labor costs by buffering themselves and some employees through different relationships with core and contingent employees. Core employees are those with whom a strong and long term relationship is desired. Contingent employees have only short-term employment agreements. Flexibility and labor cost control are achieved by expanding and contracting the contingent force. Contingent workers are not a homogenous group; their ranks include part time, full time, temporaries, consultants, leased employees, subcontracts and strategic business partner employees.

In addition to variable employment levels through use of contingent employees, compensation is becoming increasingly variable by following a similar pattern; a fixed base pay and a portion of pay that is contingent on or varies with performance (i.e., bonuses, gainsharing, profit sharing). The prevalence of variable pay plans is difficult to gauge, but there has been a phenomenal growth in interest. Various surveys report that between 12 and 20 percent of major U. S. firms use variable plans, and the percentage is increasing.[24]

The objectives claimed for variable pay plans are legion. A survey of large U. S. firms (N = 144) found that most of them gave "supports competitive business strategies" as the most important reason for adopting variable pay. Other reasons include to encourage employee participation, increase productivity and quality, increase employees' sense of ownership in the enterprise and signal a move away from the entitlements of automatic pay increases to performance based increase.[25] Nineteen percent of those using variable pay (N-57) listed controlling costs as the reason in a Conference Board Survey.[26] Taken as a whole, surveys suggest that organizations adopt variable pay plans to improve organization performance, win employee acceptance and involvement in organization goals, and regulate costs.

From a labor cost perspective, conventional pay increases boost not only the average pay level, but also the costs of all benefits contingent on base pay (e.g., pensions). Consequently, the greater the ratio of variable to fixed pay, the more flexible the organization's labor costs.

Similar logic is beginning to be applied to benefits costs as U. S. employers try to cope with costs of health care and pensions.

Consequently, from the perspective of total labor costs, the greater the variable components of labor costs, the greater the options available to control these costs. And strengthening the relationship between these variable components of costs and the organization's performance enhancesits ability to compete. Research interest in the effects of these variable pay plans has increased significantly.[27] There appears to be an emerging consensus that under the right conditions, variable pay plans do affect subsequent performance.

While variability in pay and employment may have appeal for managing labor costs, the idea has less appeal from the perspective of fair and equitable treatment of employees. This concern has received little attention in the research literature. To be sure, sharing financial gains with employees enjoys almost universal support. But sharing the risks does not. The inherent financial insecurity and uncertainty built into variable pay and contingent employment may adversely affect employees' financial well being and subsequently their attitudes towards work and their employers. U. S. employees rely almost solely on their employing enterprise for financial security; they do not have a portfolio of income sources over which to spread their risk. Further, directly linking their employment security and financial security to the financial performance of their employers will eventually encourage employees and their representatives to seek greater understanding and voice in the decisions that affect the firms' performance. For example, if one's pay increase depends on an enterprise's profits, then one has a greater stake in decisions to invest in new plant and equipment or even the pay level of executives.

From Individual Employee to Teams

Developed from the traditions of scientific management, industrial engineering and psychology, the notion of tasks grouped into jobs and individuals matched to appropriate jobs provided the cornerstone of HR. Job analysis was a core activity and formed the basis for selection, training, compensation---almost all personnel decisions. This model still tends to pervade much of the conceptualization of HR.

Concepts of groups and teams, along with more flexible concepts of work assignments are emerging to contest the original job-individual model.[28] The concept of job is becoming less fixed and defined. Instead, work assignments are defined more by the skills and desires of the employees than by rigid organizational specifications. In addition, teamwork and cooperation among employees rather than competition to come out ahead of coworkers is being emphasized. "Nobody sing solo" is the refrain heard across U. S. firms today, reflecting the influence of Japanese management's success.

Yet, not all scholars are ready to reject the importance of the individual in HR.[29] Solutions that concentrate on groups fail to take into account the underlying nature of the U. S. employment system. People are not employed or hired or fired in teams. They are employed individually and their employment contracts, real or implicit, are individual. Nor do groups face the issue of accountability---it remains an individual phenomenon. The emergence of work teams and groups continues to be one of the most visible shifts in HR. Nevertheless, individual employees still matter and individuals still make a difference in the performance of teams and in the success of the enterprise.

All this change, creatively managed, offers flexibility to make decisions which may dramatically affect organizations' competitive advantage. But change is also difficult and disruptive. For employees, changing the way jobs are organized changes the rules of the game. Behavior that earned job security, promotions and regular pay increases in the past may need to be changed. A new "mind set" may be required. For unions, new channels for employee influence apart from the collective bargaining relationship may either threaten or strengthen employee cohesiveness. For the firm, changes that worked in one strategic business unit may not work in another unit or at another time.

A new set of issues emerge from these shifts in worker-management relations. How do we know which changes foster improved quality and efficiency without loss of employees sense of fair treatment? Which HR policy options will support new business strategies? Or will these new policies in time become the bureaucratic burdens they were meant to replace, part of the tyranny of institutions that retard performance and fair treatment rather than support it?

All of this change also affects researchers. For example, while industrial relations specialists until the 1970s concentrated on measuring the determinants and consequences of unionism, today unionism is being recast as one of many possible forms of employee participation. As such, the determinants and consequences of alternative forms of participation are also of interest. How do external factors (economic conditions, industrial concentration, legislation) and internal factors (decentralization, work force composition, capital intensity) influence the types of worker participation initiatives that are adopted, and what factors influence whether or not such initiatives make a difference?

In short, academics as well as practitioners face a shift in the very questions they must address---What are the effects or consequences of the alternative HR policy options? How and why are they related to the performance of organizations and the equitable treatment of employees? What makes these issues especially intriguing is the sheer variety of policy and program options available. Like the rings of Saturn, the more understanding we have of HR practices, the more diversity we see.

Strategic Diversity: The Search for Integration

Until recently labor relations and personnel were characterized as functional collections of activities and practices directed at employees.[30] Academic theory and research remained relatively independent from real world practice. Decision makers faced with diverse policy options seemed to select among them based on their experiences and beliefs (ideology), supplemented to some extent by cost-benefit analysis. A unifying conceptual framework and related research to help inform these policy choices did not exist. Hence, there was a lack of conceptual or theory-based research to offer guidance through the HR shifts discussed above. However, competing frameworks are under study; currently the strategic-contingency model seems to hold the greatest potential to integrate HRM and guide research to inform policy makers.[31]

Strategic-Contingency Model

The premise behind a strategic-contingency model of HR is that policy options that are contingent upon or "fit" external and institutional conditions are most likely to improve efficiency and equity. A number of typologies have been proposed to relate HR decisions to specific enterprise business strategies. At this point, there is not yet a consensus on a particular typology. To illustrate, Miles and Snow, as summarized in Exhibit 1, begin with the product market strategy and classify organizations as:

Defenders: organizations operating in a few stable product markets.

Prospectors: organizations that continually search for new product and market opportunities and regularly take risks.

Analyzers: organizations that operate in many product markets, some relatively stable, others changing.

They then proposed HR policies that seem to complement each of these organization types (see Exhibit 1). For example, the product market stability enjoyed by Defenders allows them the time to do formal and extensive planning, and to develop people internally to meet anticipated staffing needs. In contrast, Prospectors must be more adaptable, and so are more likely to recruit people with the skills they need from outside the organization. The uncertainties that Prospectors face make formal HR planning less useful. Rather, it is sufficient to have people who are flexible enough to respond to challenges as they arise.

In contrast to Miles and Snow, Dyer and Holder classified the diverse array of HR policies into three major HR strategy types which they refer to as *Inducers, Investors, and Involvers.*

Inducement

Inducers compete in the product market on the basis of price or quality. They are characterized by a centralized organization structure and slow technological change. Reliability and dependability are the most valued employee characteristics, and jobs are narrowly defined and tightly controlled. Consistent performance on specified tasks is valued in employees, not necessarily innovation, new ideas, or competence beyond that required for the present job.

To get this performance, Inducers rely on pay. Incentive plans, gainsharing, performance bonuses, and other policies all base pay on performance. Because of these multiple plans, pay is not necessarily low, even though labor costs are closely managed. The strong emphasis on labor costs also means that staffing tends to be lean. Lincoln

Electric and UPS are cited as examples of successful Inducers. These are the same companies that Miles and Snow labeled as Defenders.

Investment

Investors compete through product differentiation or unique features to allow wider profit margins. But this reliance on uniqueness increases their susceptibility to market changes and other external pressures. To buffer themselves, Investors tend to overstaff, which provides flexibility---but at a price. Their technologies tend to be complex and dynamic, requiring highly trained, innovative employee.

Training, development, and employee relations (e.g., communications and due process procedures) are important HR programs for Investors, and supervisors play a key role in carrying out these programs. Supervisors are given the training and resources to be highly supportive and effective deliverers of the organization's message of respect and equitable treatment for employees. IBM is considered the classic Investor, whereas the Miles and Snow typology characterized IBM as an Analyzer.

Involvement

Involvers push decisions down to the lowest possible work level. Involvers assume that employees feel committed to decisions they help make, and that initiative, creativity, and flexibility flow from that commitment. Motorola and Colgate-Palmolive are examples of U. S. firms following this option.

A crucial HR focus in an Involvement strategy is work design. Self-managed work teams are common. Training emphasizes communications, problem solving, and group dynamics. Variable pay and employee relations receive less attention; the rewards from involvement theoretically minimize the need for such programs.

There are a number of other approaches to integrating HR decisions with the external and institutional conditions faced by an enterprise. The key premise underlying all of them is that HR decisions that are tailored to firm's business strategy and external labor market are most likely to positively affect efficiency and equity.

Concluding Observations

The changes we are witnessing in U. S. employers' policies for managing human resources are an inseparable part of the continuous upheaval that is endemic to American economy and society. Experimentation in HR policies and practices for U. S. employers and unions is a continuous process. Some of these changes are gradual and evolutionary, while others are abrupt and revolutionary.

Labor, management and government need to learn to cope with continual change. As they do, the need to integrate HR policies becomes more salient. Until recently, there has been little in HR-IR-related theory and research to guide policy choices. Most theory and research was confined to individual, narrowly focused issues, such as evaluation of incentive plan options, gender effects on job evaluation, or consistency and predictability of arbitration awards in labor disputes.

It is my belief that both the quality of policy decisions and scholarship could be advanced through the formulation of HR theory and related research. The emergence of the strategic-contingency models offers the promise of such a conceptual framework. Yet to date, most of the work on environmental-organizational-policy linkages seems hardly more than common sense. It still suffers from the absence of theoretical and research support. Nevertheless, the recent shifts to a strategic perspective, to organizational effectiveness and employee equity, to workforce quality and preparedness, to total labor costs and performance, and to individual and work teams are well underway in the U. S. As is often the case, observed phenomena in the real world may drive academic research.

HR and IR scholars must ensure that some of the issues they study offer guidance to policy makers in worker-management relations. Further, this research should be designed to take into account what is and is not transferable across diverse cultures and economies. From our research in the U. S., we know that the search for a "single best policy" for all companies in the U. S. or even across all business units within a single company is fruitless. Strategic diversity prevails, and it is almost certain that the same diversity exists internationally. We need to understand what policies may be transferable---where and under what conditions policy options might be useful to a specific enterprise in a specific economy and culture. Like electrical outlets in international travels, adapters may be necessary. Perhaps exchanges like this conference can help us all better understand the diversity in worker-management relations and increase our adaptability.

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