The Concept of HRM and the Transition from PM to HRM
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I. Introduction

Nearly twenty years have already passed since management terms used to describe Japanese management practices came into general use. In the 1970s the relationship between Japanese culture and Japanese management practices was put forward to explain the excellence of Japanese management. During the current recession period, however, the Japanese economy has been under considerable strain, and it is being argued, in academic circles and in the business world, that many of the characteristic features of Japanese management need to be revised.

Personnel management in Japan has been widely praised, but it is now being reappraised. Is there any connection between these developments and the transition from PM (Personnel Management and Labour Relations) to HRM (Human Resource Management)? In this paper we discuss some of the issues which brought about this change, and differences between PM and HRM.

II. The Transition from PM to HRM

1. The Transition Process in the USA

Here we summarise the main developments in HRM history in the USA.

(a) The 2nd Half of the Nineteenth Century

The personnel function first appeared in America in the middle of the nineteenth century, when its task was to deal with personnel issues involving experienced and inexperienced workers in machinery factories. It is generally thought that the first PM department was established in National Cash Registers (NCR), an expanding company, to manage the personnel tasks which expansion brought. A National Industrial Conference Board publication states that PM departments were established in many companies during the 1920s, 1930s, and 1940s. It has been said that personnel departments were originally established in order to aid the formation of unions, during the period from the late 1870s through the 1890s. At this time personnel departments were not particularly important.

(b) The First/Second World War Era

The 2nd stage of development, the formation of labour unions, took place after World War I, the 3rd stage after the passing of the Wargner Act in 1935. Personnel Departments carried out an important role during the 2nd and 3rd stages, promoting welfare systems and long-term employment, controlling the efforts of unions, and establishing pension plans and health management. In some companies personnel departments were formed in order to deal with the complaints of the company labour union. By the end of World War II, the joint effects of organization, technology, size, unionization, and government regulation helped create what is known as the "bureaucratic control regime" or the bureaucratic method of handling the employment relationship in most industries.

(c) 1945-1959

A look at HRM practices in the 1950s shows that job design, classification, and evaluation; compensation and benefits; company information and HRM planning; and many other practices were widespread in firms with personnel departments.

(d) 1960s and 1970s

In the 1960s and 1970s personnel departments established management systems designed to ensure that procedures for dealings with employees

were equitable. The Civil Rights Act of 1964 brought about changes in advertising, recruiting, selection, and promotion procedures. Acts such as the EEO and ADA (Age Discrimination Act of 1969) reiterated the need for company personnel systems to be just.

(e) The 1980s

These days, human resource managers need to be highly proficient at their work, and must have special skills. The authority and responsiblities of HR management have increased. This is because planning and corporate strategy form part of HRM. The call for a more strategic approach to HRM was first sounded in the early 1980s and can still be heard in the field from a number of top ranking representatives. More than ever, it is necessary that the highest levels of HR be tied into the overall corporate strategic planning cycles.

Above we have quoted/summarised L. Moore and P.D. Jennings' view of historical changes in personnel management in America. They did not explain clearly why PM became HRM. However, we can deduce from their description of the historical process that HRM became the norm as the authority of personnel departments increased from the 1970s onwards, and strategic elements became an essential part of personnel management during the 1980s. We (the authors) asked Moore 'Why had all the PM Departments in America changed their name to HRM Departments?' His reply was that, 'It was probably just a fashion; showing respect for human beings and stressing strategy created a good image.'[1]

2. The Transition Process in the UK

Next we summarise the main developments in HRM history in the UK:

(a) The Second Half of the Nineteenth Century

The idea of welfare provision originated in this period. The main PM tasks were dealing with unemployment, epidemics, and rent subsidies. These were still PM tasks up until World War II, and some still are today.

(b) The First/Second World War Era

As the size of companies increased, basic personnel systems such as recruitment, regulations, time namagement, wages, training, and personnel records became PM tasks.

(c) 1945-1959

Management of remuneration, basic training, industrial relations were

mainly tactical issues, there was little on a strategic level. In this period there were a significant number of industrial relations specialists in personnel management.

(d) The 1960s and 1970s

The number of laws regulating employment increased, with the result that more personnel staff were needed. Until the beginning of the 1970s recruitment, selection, training, and remuneration systems for permanent workers accounted for most of the work done by personnel management. During this period, training specialists were put into personnel departments, and performance appraisal (MBO) and manpower planning were developed. Knowledge from the behavioural sciences was utilised, and the negotiating powers of trade unions increased.

(e) The 1980s

Personnel management entered an enterpreneurial phase. By this we mean that the relationship between personnel management, the market economy and company culture became closer. It became accepted practice for top management to disseminate the future direction of the company and its current goals (company philosophy and basic policy) down through the company, and seek the opinions/participation of staff in making improvements. In this decade it became necessary to anticipate business changes. Efforts were made to rationalise the company culture and respond to changing circumstances. Japanese-style industrial relations were introduced (single company unions, QC, TQC etc.) when the economy went through a sluggish period, as the role of unions changed and strikes became ineffective. Changes to working practices were sought in order to increase productivity and reduce the numbers employed. J.W. Hunt said in 1984[2] that there were indications of fundamental changes taking place in PM. He was, in effect, referring to the increased emphasis on HRM in the personnel management workplace during the 1980s.

(f) The 1990s

There is evidence of a switch from PM to HRM at the beginning of the 1990s. The reaction against excessive individualism and the inequities of the 1980s spawned consensus and teamwork. Establishing a core of workers strongly committed to the organisation became an important personnel task. Job descriptions were jettisoned as greater flexibility was de-

manded. In wage negotiations with unions the importance of reflecting the market rate was stressed. The proportion of part-time workers and fixed-term contract staff increased. A strategic approach was required of HRM if organisations/companies were to succeed, and it was vital that the future of personnel management be taken into account.[3]

3. HRM in Japan

Several Japanese terms are used for personnel management, Romu Kanri, Jinji/Romu Kanri, Jinji Kanri, each of which has been defined.[4] We have made a database search for Japanese research on HRM, and the year in which it was published. We have not checked the content of all these publications; we have simply searched for titles of papers and books which contain the term HRM (or its Japanese translation, Jinteki Shigen Kanri).

(a) Our search of the Oharashaken Ronbun Kensaku (Oharasha Research Paper Database), indicated that the first work (research papers/books/book reviews are listed) which contained the term HRM was a paper published by Hideo Ishida in 1982.[5] In it Ishida said the following about HRM,"In recent years, in American documents the term human resource management (henceforth abbreviated to HRM) has come to be used instead of personnel management." He did not however discuss the definition of HRM in detail in this paper. We found 1 title containing HRM in 1984, 1 in 1985, 5 in 1987, 2 in 1988, 2 in 1989, 2 in 1990, 5 in 1991, 3 in 1992, 6 in 1993, 3 in 1994, 4 in 1995, 13 in 1996, and 11 in 1997; there was a great deal of debate about HRM from 1996 onwards. In June 1996, the theme of the Japan Society for Personnel and Labor Research's 26th National Conference was 'HRM Tasks and Methodology — Towards a New Employment System.'

(b) Two research works on the history/concept of HRM by Hiroshi Iwaide were published in Japan in 1989 and 1991.[6] In the 7th chapter of the first of them, Eikoku Romu Kanri (UK Personnel Management) he writes, "Human Resource Management was first used instead of Personnel Management in America in the 1970s. It was subsequently imported to the UK, and was the subject of much debate there in the 1980s." Since 1991 there has been much more debate, as exemplified by Jinteki Shigen Kanri no Seisei to Hatten (The Formation and Development of HRM), by Setsuo Nakai.[7]

III. The Concept of HRM

1. Views of Leading Figures in the Field

In order to throw further light on the transition from PM to HRM, we will next present some leading figures' views on HRM.

(a) R. Pieper[8]

Pieper describes developments in the field of behavioural science during the late 1950s and the 1960s: It was argued that greater importance should be placed on human relations, for example by Argyris and McGregor, with more respect shown to people in organisations. Then in 1965 R. Miles introduced the term ' human resources', and suggested that we should focus on 3 models of management, the traditional, human relations, and human resources models in order to identify changes. He summarised the opinions of various writers, and concluded that HRM consisted of the following elements:

- traditional personnel administration (staffing, rewarding, work design)
- personnel development
- a specific management philosophy that values labour as the major asset of an organisation and that regards human beings as being able and willing to grow and develop
- the integration of the personnel function into strategic management (which he regarded as the major difference between traditional PM and HRM)

Pieper also argued that the concept of HRM varied from country to country because it was influenced by the political and economic system, and the national culture, and that these contingent factors became the foundation for HRM strategy.
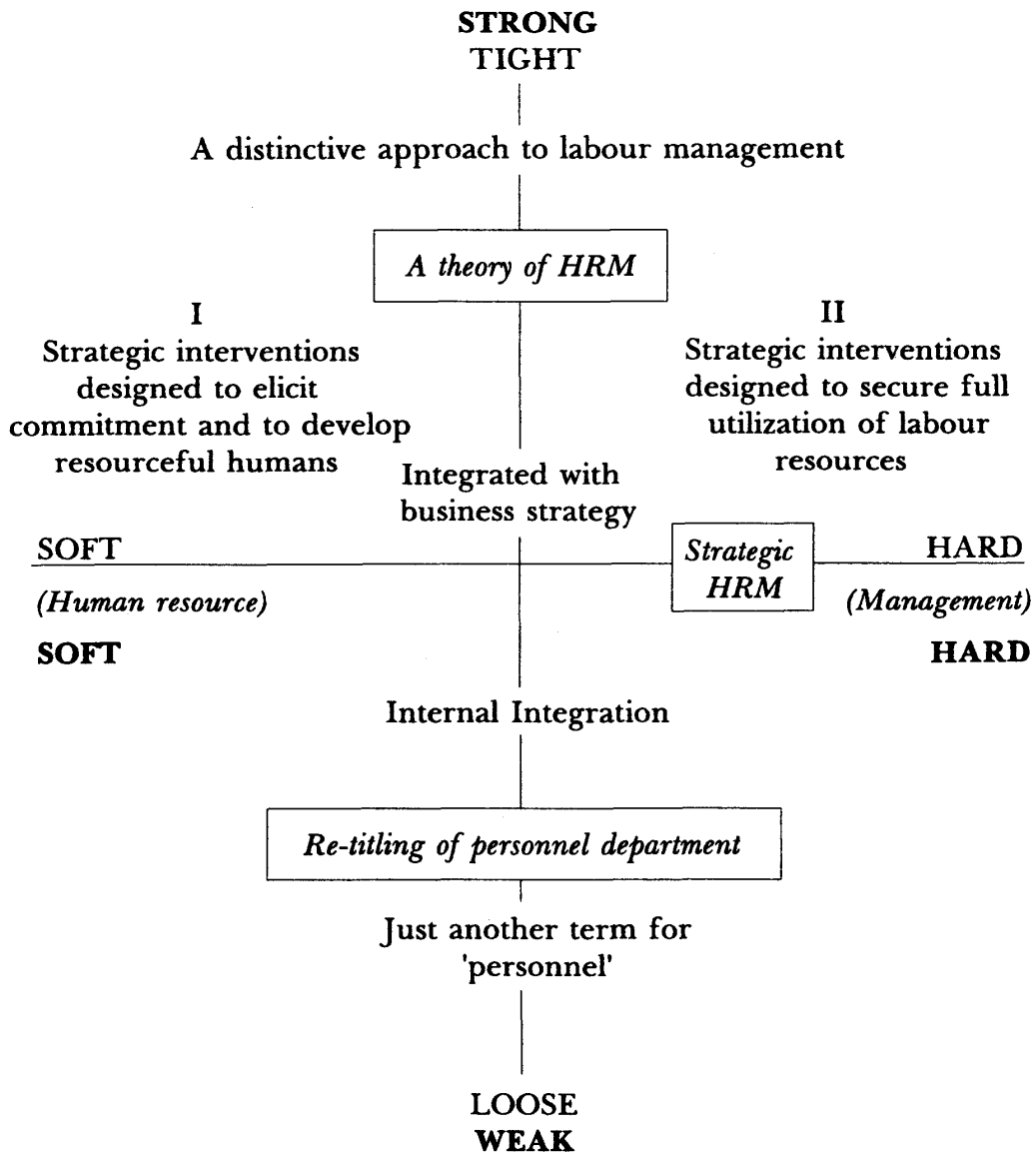
(b) J. Storey[9], D. Guest[10]

Guest used a matrix with two axes, a soft-hard dimension and a tight-loose dimension, forming 4 segments, to represent the various definitions of HRM. Storey used the same approach as Guest, with the same soft-hard dimension, but he called the other axis strong-weak. Soft definitions stress human aspects, and the position on the axis indicates how far human aspects are stressed in PM/HRM systems. Hard definitions stress the idea that the labour force is a resource, the goal being effective utilisation of

this resource.

The strong/weak dimension expresses the degree of integration with management strategy; the stronger the definition is in this sense, the closer it is to HRM. Weak definitions are closer to PM, they only concern the degree of internal integration of personnel management techniques. In his explanation of his matrix for HRM definitions, Storey says that 4 key elements express the essence of the concept: (i) It is human capability and commitment to the company which determines whether companies are successful or not. (ii) Decisions made concerning human resources have strategic importance for the organisation. (iii) HRM is a long-term viewpoint, and is integral to the core performance of the organisation. (iv) HRM is a systematic and essential approach to managing certain critical items, for example the inflow into the organisation, the clear communication of objectives, the calculated deployment of the human resource, and evaluation of performance and rewarding it. These elements make the HRM approach dynamic. A 'hard' HRM approach emphasises an individualistic rather than a collectivistic view of the labour force.

Figure 1 A Comparison of Storey's and Guest's Matrices of HRM Definitions

STRONG
TIGHT

A distinctive approach to labour management

	A theory of HRM	

I
Strategic interventions
designed to elicit
commitment and to develop
resourceful humans

Integrated with
business strategy

II
Strategic interventions
designed to secure full
utilization of labour
resources

SOFT   *Strategic HRM*   HARD

(Human resource)   *(Management)*

SOFT   **HARD**

Internal Integration

Re-titling of personnel department

Just another term for
'personnel'

LOOSE
WEAK

Key:
Italics=D. Guest, "Personnel and HRM: Can You Tell the Difference?" in *Personnel Management*, January 1989, p.48.
Bold=J.Storey, *Developments in the Management of Human Resources*, pub. Blackwell Business, Oxford, UK, 1992,p.27.
The figure combines Storey's and Guest's matrices

Guest, in what he calls the bare bones of a theory of HRM, divides it into 4 components: (i) A set of HRM outcomes or HRM policy goals-strategic integration; commitment; flexibility; quality. (ii) A set of HRM policies-organisation/job design; management of change; recruitment, selection/ socialisation; appraisal, training, development; reward systems; communi-

cation. (iii) The cement that bind the system-leadership, culture, strategy. (iv) Organisational outcomes-a high level of job performance, problem-solving, change, technical innovation, cost effectiveness, and low levels of turnover, absence, grievances.

(c) Michael Armstrong[11]

In discussing HRM, Armstrong argues that the people who work in an organisation are its most valuable asset, and can contribute, as individuals or in groups, to the achievement of its objectives, which are designed to sustain its competitive advantage. His definition of HRM is broad: a strategic, integrated approach to the management of these valuable human assets. He makes the following points regarding the philosophy which underpins HRM: (i) Employees are valuable assets which can enable an organisation to achieve a continuing advantage. (ii) Organisational effectiveness improves significantly if there is an integrated business/human resource strategy and a strong organisational culture. (iii) Optimum utilisation of human resources can be achieved by developing integrated policies which involve all the members of the organisation. Such policies promote commitment to the organisation, and bring out latent creativity and the energy it generates. As a result, this approach has the power to improve results.

Armstrong wrote the following about the characteristics of HRM: (i) it activates top management, (ii) the job of line managers is to accomplish HRM, (iii) HRM strategy matches company strategy, (iv) it is an approach in which employment policy and practice coincide, (v) it emphasises a strong culture, strong values, (vi) it focuses on the attitudes of employees, (vii) rewards are based on differences in skill levels, so it can improve the degree of achievement, success. Armstrong argues that the HRM process impacts on both an individual and organisational level, by placing the emphasis on results.

(d) Eugene McKenna & Nic Beech[12]

McKenna and Beech argue that for PM to develop into HRM, managers must recognise any inadequacies in PM functions, and that personnel department staff must be included in a company's decision-making process. HRM, they say, is a basic approach to employee management, a new approach to personnel management practice. Concentrating human re-

sources on contributing to achieving company objectives substantially strengthens the strategic function of HRM. HRM obeys economic rationale in that it is a response to changes in the organisation's environment. The labour force must be inspired, motivated, staff must be kept in a good frame of mind. They argue that HRM must take a systematic approach in order to analyse and manage the organisation. HRM systems include human resource planning, recruitment, selection, training, development, and remuneration, and these systems must be integrated, and lead the organisation in the same direction, and be linked to the overall goals of the company.

(e) P. B. Beaumont[13]

Beaumont describes how the concept of HRM developed during the 1980s and early 1990s, as companies actually changed. Competition on the product market, and hence the need for the integration of various functions, increased, and the inability of traditional PM functions to respond quickly to a changing environment was the main trigger for the change from PM to HRM. A critical task was then to establish a close, two-way relationship between business strategy or planning and HRM strategy or planning. Beaumont was critical of the new approach at the start, because of the general lack of awareness of the need for linkage between business strategy and HRM strategy. Beaumont recognised that it is important to build up such relationships in order to successfully manage employees in an organisation so that it can compete effectively on the product market. Beaumont argued that in the 1990s the rapid increase in competition on global product markets stimulated competitive strategy, and organisations built up their links around the world, with the result that the HRM function had to become increasingly international.

2. Common Elements of HRM Definitions

In the previous section we presented the views of some leading figures on HRM definitions; we will next identify elements common to all of these definitions before attempting our own definition of HRM. We have set these common elements out in Figure 2. The three common elements [(a) Human beings being regarded as an important asset in an organisation and a spirit of respect for human beings, (b) The necessity of a systematic

approach through the formation of an organisational culture, response to the business environment, and an integrated, total system, to improve organisational outcomes, and (c) The integrated linking of company strategy and HRM strategy based on a long-term view] can all be said to be essential to a definition of HRM.

The first (a), is the axis concerned with respect for human beings. Pieper described the development of personnel management, from the traditional management model of F.W. Taylor's day, to the human relations model of G.E. Mayo and others, and then the emphasis on human beings in the behavioural science theories of Agyris, McGregor. He noted how the terms "human capital", "human assets" were coined[14] with the emphasis on human beings in a qualified labour force. However we believe that this approach was already important in the PM era, and while it is certainly an essential part of HRM practice, we do not see it as a condition for the transition from PM to HRM. In the USA there has been a great deal of research on workforce diversity, which has demonstrated that as workforces become increasingly diverse and organisational management becomes more difficult, HRM will have to pay increasing attention to the issue of respect for human beings, in order to improve organisational effectiveness.

The second, (b) is the axis for company culture.[15] Creating the right company culture forms a critical part of top management's decision and policy making. In determining the company philosophy (objectives, basic policy) they must ensure that the business environment and the company's basic structure/atmosphere are in agreement. The company philosophy communicates to the members of the organisation the direction it should be taking, and can demonstrate the values/future role of a company to the outside. A company's systems are designed to achieve this company vector, and the subsystems should be organically integrated so that the total system is efficient. An optimum response to changes in the business environment is also demanded. The company culture determines the unique characteristics of a company.

The third element, (c) the integrated linkage of corporate/HRM strategy is the most important element in a definition of HRM. Defining/understanding strategy is no easy matter. In the next section we discuss definitions of

Figure 2 Common Elements of HRM Definitions

	Pieper	Storey & Guest	Armstrong	McKenna & Beech	Beaumont
(a) Emphasis on People	·Company philosophy= respect for people	·Respect for people is soft end of Soft-Hard dimension in HRM definitions ·Human capability and sense of participation in company	·Human assets are for achieving competitive advantage	·Human resources focused on contributing to achievement of company objectives	·It is important to build up relationships in organisation in order to manage employees
(b) Organisation culture matched to environment Integration of organisation systems Integration of HRM in decision-making/line management	·Integration of strategic management with personnel function	·Integration through combinations of HRM policies	·Competely systematic approach ·Business strategy integrated with human resource strategy, organisational culture.	·Response to changes in organisation's environment ·Systematic approach to analysis/management of organisation ·Integration of systems and agreement with direction of organisation ·Input by HRM staff in top management decision-making	·Response to environment changes was trigger for transition from PM to HRM ·Establish relationship between company strategy/ planning and HRM strategy/ planning
(c) Strategic	·Strategy must be major contingent factor	·Long-term view takes in HRM	·Strategic matching of company strategy and HRM strategy	·Human resources focused on contributing to achievement of company objectives ·Substantially strengthen HRM strategic function	·Establish close interrelationship between company strategy/planning and HRM strategy/planning

strategy.

All the scholars we quote argue that strategy is an essential element, and the role of strategic systems in HRM must be considered. It was our finding that despite the strong arguments in academic literature for a strategic HRM approach, this was not reflected in the discussions that focused on the real business world. We discuss this below.

3. Strategy Definitions and HRM Strategy

Strategy was a major element in the transition process from PM to HRM. We shall therefore first look at a definition of strategy before attempting to define HRM strategy. Kagono wrote that it was probably A.D. Chandler Jr. who first defined stategy within the management field.[16]

(a) A.D. Chandler Jr.

The main elements of Chandler's definition are that strategy determines long-term goals and company objectives, the direction of company behaviour, and decisions on the allocation of the necessary resources in order to achieve these goals.[17] Tactical decisions on the other hand, are the decisions involving the effective utilisation of the allocated resources, to ensure smooth daily business activities. In his definition, he separates the strategical and tactical aspects of management decision-making, and separates the process of allocating the company resources from the effective utilisation of those resources.

(b) H.I. Ansoff

Ansoff discusses whether decision-making by top management is affected by external circumstances, and concludes that strategic decisions are primarily concerned with a company's external, rather than internal problems.[18] He divides decision-making into 3 classes, strategic, administrative, and operating. Strategic decisions are particularly concerned with the product market, and are therefore about establishing a good match between a company and its environment. They determine a company's product market position, and the overall direction the company takes in order to develop naturally and rapidly.

In his book Ansoff describes 2 types of strategic development: (i) strategic Portfolio Strategy, which is made up of 4 components—the geographical

growth vector, competitive advantage, synergies, and the strategic flexibility of the strategic business portfolio. (ii) Competitive Strategy — the distinctive approach taken by a particular firm. Having divided decision-making into 3 classes, strategic, administrative, and operation decisions, he says that the focus of management attention on strategic and administrative/operating decisions is determined by a firm's environment.[19]

In his final chapter, Chapter 19, he presented 6 key hypotheses of strategic management: (i) the contingency hypothesis, (ii) the environmental dependency hypothesis, (iii) the requisite variety hypothesis, (iv) the strategy-capability-performance hypothesis, (v) the multi-component capability hypothesis, and (vi) the balanced capability hypothesis. These 6 hypotheses, he says, are focused on the behaviours of a firm which will optimise its success.[20]

(c) M.E. Porter[21]

The main feature of Porter's argument is his emphasis on the concept of competition in strategy. He says that it is a question of how competitive profit can be generated by the business units of companies which diversify. Another important aspect of strategy, he says, is increasing the overall strength of a company, which depends on the interrelationship among the various business units, rather than their sum total. He stresses that the key to a company's is the success of the competitive strategy of the business units. He has published many books and papers on strategy, and his latest thoughts on strategy were penned in an article entitled "What is Strategy" in *Diamond Harvard Business*.[22] In this article he says the that following are required in order to sustain a competitive advantage: (i) market differentiation, (ii) work activities matched to strategy, (iii) a clear trade-off between, and selection of, different competitors, (iv) the source of competitive advantage is the fit of work activities, (v) the source of sustainability is not one section of work activities, it is the overall work activities system, and (vi) making work more efficient is an obvious prerequisite.

(d) Our Definition of strategy

In a book Hanaoka published in 1977[23] defined 'management/company strategy as reforming the management/company structure and responding to external/internal changes in order to achieve the long-term survival/

growth of a company, and realise company philosophy (objectives, basic policy)', and said that the elements which made up management/company strategy as being (i) business configuration strategy, (ii) product market strategy, (iii) company type strategy, and (iv) company management strategy.

Above, we have very briefly presented the main points of the Chandler's, Ansoff's, Porter's, and our own earlier definition of strategy. We will now consider how to define strategy for the purposes of this paper, as an element of HRM. Strategy must include the following elements: (i) determination of the company's basic long-term goals and objectives(including company philosophy and culture), (ii) decision-making—to determine the direction of the company's activities and the allocation of resources, (iii) appropriate response to the environment, (iv) it must gain a position of competitive advantage, and (v) it must be able to improve the overall activities of the company in order to maintain long-term, continuing competitive strength.

We will next attempt to define SHRM (Strategic Human Resource Management), bearing in mind that it must include these elements. SHRM is: "designing/operating a total system for human resource activities (a prerequisite of which is an emphasis on the humanity of the organisation's members) which will reform the management/company structure, so that the external and internal environment of the company are in harmony, its long-term goals/objectives are achieved, a long-term position of competitive advantage is secured, and competitive strength is continuously maintained."

We have expressed this definition graphically in Figure 3:

Figure 3 A Concept of HRM
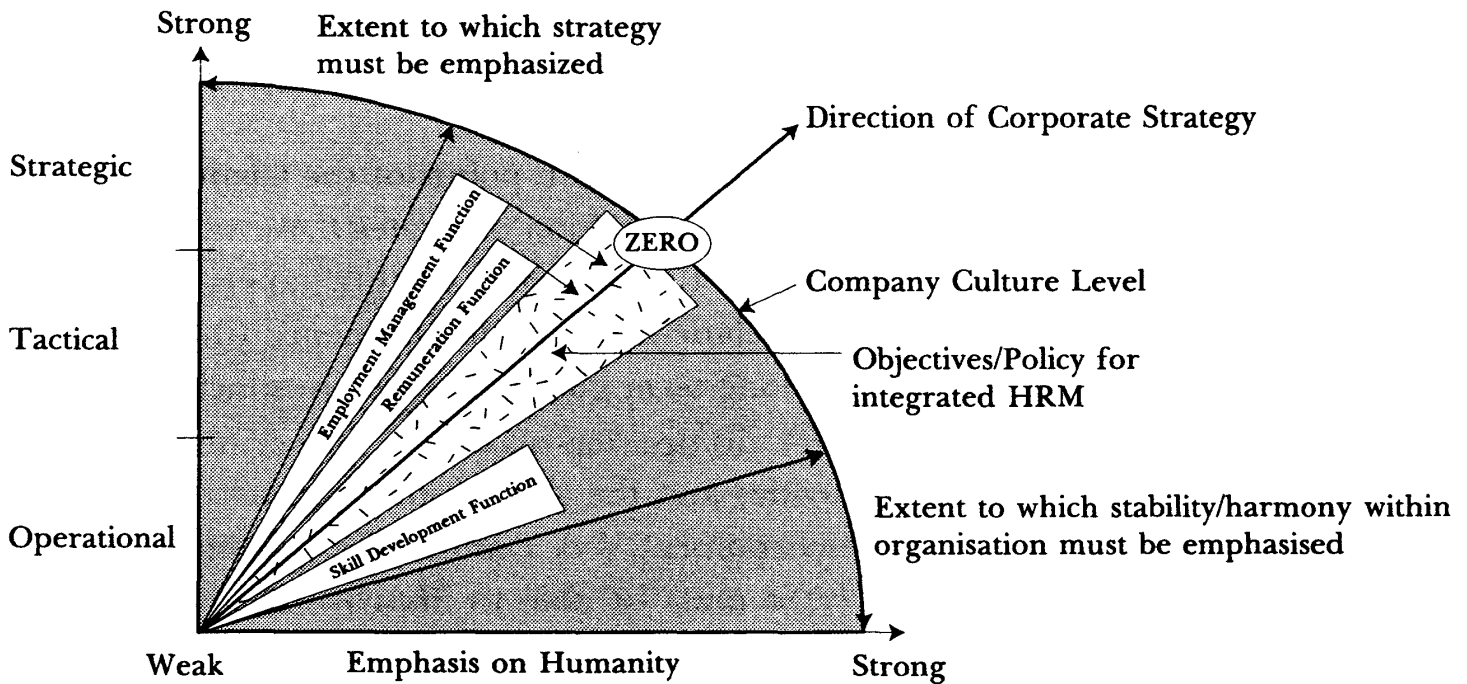
The vertical axis represents the level of strategy, the horizontal axis represents the degree of emphasis on humanity. The arc constitutes the upper limit for both axes, and the position along this arc expresses the level of company culture. Beer & Spector et al.[24] stressed the importance of company/organisational culture, which they defined in the following way,

'The culture of an organization is the collection of values, beliefs, attitudes and behaviours commonly held by the members. The culture is learnt and reinforced through interaction. Culture and its management are explicit features of HRM. Values expounded by top management have significance in gluing together policies and practices with respect to human resources. In this context, respect for people is crucial because without respect how can the necessary commitment be created? Commitment is a reciprocal process.'

We have called the central value for the level of company culture zero. The nearer to the vertical axis (along the arc) the greater emphasis on strategy, the nearer to the horizontal axis the greater the emphasis is on stability and harmony. We can thus express the characteristics of a company within 2 axes. The triangular vectors represent the integration the various personnel systems/functions (employment management, remunera-

tion etc.) with company strategy. The direction of company strategy must of course be long-term, and is contingent on changes in the business environment.

IV. The Current State of SHRM Development

We will look at some specific examples, in Japan and elsewhere, of how HRM strategic practices have been developed.

1. Examples in the USA[25]

(a) AT & T

"Under deregulation, AT&T has faced intense competition in all of its markets. To remain competitive, the consumer products business moved its manufacturing offshore to Singapore, streamlined the organization (reduced staff, reduced management levels to four, cut bureaucracy), and focused on costs and quality... AT&T's human resource plans evolve around creating change—influencing the leadership and managerial changes required to succeed in the marketplace. These plans illustrate a top-down corporatewide strategic thrust for managing human resources in order to enhance business competitiveness."

In the 1990s AT&T's SHRM focused on the following points:

"・Accelerate leadership development, to focus on AT&T's changing business realities and action.

・ Forge new partnership with unions, to seek creative opportunities that will lead to quality improvements.

・ Build a far more diverse workplace, for business as well as moral reasons; make employee diversity a competitive advantage.

・ Focus on the human dimensions of quality.

・ Deepen international experience: develop respect for offshore human assets.

・Provide more flexible compensation packages and different benefits for a changing workforce.

・ Improve core human resource services, improving cost-effectiveness through re-engineering."

(b) The U.S. Postal Service

The postmaster general, Anthony Frank said that, "Culture change, participative management, employee involvement, career awareness, subordi-

nate feedback, peer review, and identification of a new corporate value system are all priorities in the Postal Service that were not visible ten years ago. Culture change has begun to take hold in our workplace."

The Postal Service's 3 SHRM strategies in the 1990s are:

"• Improve the work environment.

• Improve service to internal customers.

• Improve the functional effectiveness of human resources.

Major emphasis is on changing the culture of the postal work environment. This is reflected in a heightened degree of participation and involvement of employees, managers, labor unions, and management associations. Employee Involvement/Quality of Work Life processes, continuing since 1982, promote an environment in which employees come to work fully committed to the organization's success. Work teams and quality circles are truly becoming part of the mainstream."

(c) John Hancock

The objective of john Hancock Mutual Life Insurance Company is "Making John Hancock a more responsive and rewarding place to work...

John Hancock will endeavor to provide an environment and policies that are supportive to our employees achieving their own necessary balance between work and family issues."

Here are some of their programmes for the family:

"• Employees are given the opportunity to tailor their schedules to meet their home responsibilities.

• A child and elder care referral and information service provides family care support at critical times for employees.

• Flexible spending accounts allow employees to use pretax dollars for child or elder care expenses.

• Unpaid leave of absence (up to one year with company subsidized benefits) allow employees to care for family members.

• Sick days may also be used to care for ill family members.

(d) Kaiser Permanente

Kaiser Permanente, a health care provider in California, develops and maintains human resource plans to guide and support its expansion. "Human resource planning begins twenty-four to thirty months in advance of each (new) facility opening. A staffing team — consisting of human re-

sources staff, line managers, and others—estimates internal and external availability of required skills."

There are also plans "for augmenting educational systems with Kaiser Permanente schools, actively funding education in hard-to-fill areas, building alliances with teaching hospitals and establishing a high school/community college license program...The plans for each facility are contingent on the labor market assessment and are reviewed and updated regularly." A new position at the Central Office, vice president of human resources, has been created to coordinate efforts across all regions.

2. Examples in Japan

We will here examine the state of SHRM in Japan, the extent to which it has been implemented.

(a) Contract Staffing Systems

Contract staffing systems have been introduced in many companies in order to promote labour force mobility. In 1985 such systems had been introduced in 8.4% of companies in Japan; by 1955 it had risen to 18.4%.[26] Contract staff are employed on an individual basis for a fixed term, and constitute a very mobile section of the workforce. The move away from inflexible lifetime employment systems is a strategic move by companies with the objective of improving the management of employment, by increasing mobility.

(b) Making organisations more dynamic by introducing Internal Recruitment Systems

The spread of these systems, the aim of which was to identify staff within the company with special talents, actually resulted in the emphasis being placed on creating new businesses as a result of elevating such members of staff.

The key features of a system geared to creating new businesses are:
- The new businesses are formed/run by the staff who suggest them.
- Top management is actively involved in the screening process and in granting permission for new business creation.
- Staff who make the suggestions invest in the new companies.

The key features of systems geared to identifying staff with special talents are:

- They raise morale, introduce a spirit of challenge at work.
- The identification of staff with special talents is not dependent on the judgement of their supervisors; they can be identified via different routes.

The strategic identification of able staff within the organisation in order to increase the flexibility of employment management is one response to the changing business/economic environment.

(c) Flat Organisation

Organisational restructuring has been carried out in one in four Japanese companies, with the objective of speeding up decision-making and the response to changes in the business environment (eg. market trends)[27] A conspicuous element of this restructuring has been the change from a department/section-based organisation, to a team/group based organisation. Simplification of the organisation makes it possible to speed up the decision-making process and utilise a diverse range of mobile, talented staff. In this way efforts are being made to break away from inflexiblity within organisations.

V. Conclusion

HRM strategy does not mean improving/effectively using management systems *within the current company framework*. It means breaking out of the current framework, designing the shape of future human resources based on a wide, long-term viewpoint, and formulating action plans which will achieve the required shape.

Having looked at the development of HRM strategy in Japan, we conclude that it has been influenced by the difficult situation companies have faced/ are facing, and that the general response has been reactive rather than proactive. The current situation in most Japanese companies cannot really be called SHRM, because a strategic prerequisite for true SHRM is that planning and implementation is proactive. In the future, companies will need to look at an HRM network strategy which brings other organisations into the frame, in order to respond to the diversification of the business environment resulting from globalisation and the increase in competition. In many cases it will not be sufficient to seek only strategic reforms for internal human resources. Companies will need an HRM stategy which also looks to utilise human resources outside the company. Establishing

grouping systems with other organisations to achieve synergies (ie. joint ventures, cooperation, affiliation, mergers, takeovers) will be an important SHRM function.

Sources of Reference

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