

©Academy of Management Review, 1988, Vol. 13, No. 1, 116-128.

# **Managing Two Fits of Strategic Human Resource Management**

**LLOYD BAIRD**

Boston University

**ILAN MESHOULAM**

Intel Corporation

*A model for developing and implementing human resource management strategies incorporating both an external fit (human resource management fits the developmental stage of the organization) and an internal fit (the components of human resource management complement and support each other) is proposed. Human resource management is seen as having five developmental stages and six strategic components. These are combined to form the Human Resource Strategic Matrix. The implications of these ideas for research and practice are discussed.*

Technological, economic, and social changes are causing organizations to depend more and more on human resources to accomplish their objectives (Tichy, Fombrun, & DeVanna, 1982). Business objectives are accomplished when human resource practices, procedures, and systems are developed and implemented based on organizational needs, that is, when a strategic perspective to human resource management is adopted. Tichy, Fombrun, and DeVanna (1982) have contributed to the development of a strategic perspective on human resource management. Davis (1981) used competitive advantage and product life cycle to explain human resource management from a strategic perspective. Others (e.g., Walker, 1980) provided frameworks for integrating human resources into strategic planning. However, there is no overall model that explains how human resource management practices and procedures can be managed to meet present and future business needs.

Miles and Cameron (1982), Miles and Snow (1984), and Greiner (1972) suggest that two strategic fits must be managed: an external fit (the units' structure, systems, and management practices must fit the organization's stage of development) and an internal fit (the units' structure, systems, and management practices must complement and support each other). A model of human resource management built on the concepts of external and internal fit is proposed here.

## **External Fit**

The importance of fitting structure, systems, and management practices to an organization's stage of development is widely accepted (Davis, 1981; Kimberly, Miles, & Associates, 1980; Meshoulam, 1984). As the organization grows and develops, it needs change. By understanding how an organization changes as it grows, one can understand how human resource management must change. Four kinds of models

have been used to explain organization growth and development: life cycle and hierarchical models, evolutionary models, stage models, and metamorphosis models. All are useful for understanding how organizational needs change and what human resource management must do to respond.

### **Life Cycle and Hierarchical Models**

Life cycle models in which development occurs in predictable relatively discrete "building blocks" of birth, maturity, and decline are included in many theories of organizational change (see Kimberly, Miles, & Associates, 1980, for a review of these theories). Others (e.g., Boulding, 1956; Chaffee, 1985), although not adopting a strict life-cycle approach, also argued that organizational growth and development occur in building blocks in which earlier stages provide the foundation for later stages.

### **Evolutionary Models**

Alchian (1950) and Aldrich and Pfeffer (1976) argued that organizations do not follow a life cycle which includes death, but they do reform and renew themselves to fit the environment. Those that fail to do so decline and die. In these models the focus is not on aging as much as it is on the evolutionary forces that help the organization react to and fit the environment. Environmental fit has been examined in a host of empirical studies: Woodward, 1965; Burns & Stalker, 1961; Lawrence & Lorsch, 1967; Thompson, 1967; and Galbraith, 1973.

### **Stage Models**

Stage theorists argue that although organizations adapt to their environments, the process is not totally reactive (Salter, 1968; Scott, 1971; Stopford, 1968). Sequential building blocks and environmental responsiveness are incorporated into stage models, and to that is added the idea that managerial action permits the organization to adjust to the environment. Scott (1971), for example, basing his work on Rostow's (1960) concept of economic stages and Chandler's (1962)

historical study of strategy and structure suggested that managers adapt strategy and structure to fit the environment.

### **Metamorphosis Theory**

Stage theories leave one question unanswered: How does an organization move from one stage to another? Metamorphosis models propose that change occurs when the fit between the organization and the environment is so bad that the organization's effectiveness and survival is threatened (Chandler, 1962). According to Starbuck (1965), "growth is not a smooth continuous process, but is marked by abrupt and discrete changes in the conditions for organizational persistence and in the structure appropriate to these conditions" (p. 486). Change comes in major shifts rather than in small incremental steps.

These theories identify key characteristics of organizational growth and development. If human resource management is to be effective and fit the organization, its growth must parallel that of the organization of which it is a part. It must:

1. Change and develop in a predictable sequence in response to pressures and opportunities.
2. Change in stages, each stage exhibiting a decidedly different orientation to human resource management.
3. Build each stage upon and incorporate previous stages.
4. Operate proactively to fit human resource management to the organization's needs.

### **Stages of Human Resource Management**

Human resource management's effectiveness depends on its fit with the organization's stage of development. As the organization grows and develops, human resource management programs, practices, and procedures must change and develop to meet its needs. Consistent with growth and development models it can be suggested that human resource management develops through a series of stages as the organization becomes more complex. Each stage incorporates and builds on previous stages.

Building on existing theories and models (see Table 1), an initial list of five organization stages and corresponding human resource management responses was developed. To clarify and verify the existence of these stages and to provide examples, managers and human resource professionals in 20 organizations ranging in size from 2,000 to over 300,000 employees, and varying in industry from financial services to consumer products were interviewed. In addition, in-depth historical analyses of four organizations [a small high technology firm (Firm A), a large electronics firm (Firm B), a large life insurance company (Firm C), and a large commercial bank (Firm D)] were performed. In each organization interviews were conducted and newsletters, corporate reports, meeting agendas, letters, documents, and available historical data were analyzed. Based on the findings, the following stages are proposed.

*Stage I—Initiation.* A new organization is characterized by start up, entrepreneurship, management by the founder, informality, and limited products and markets (Davis, 1951; Filley & Aldag, 1980; Greiner, 1972; Scott, 1971). Management's attention is focused on a limited range of basic human resource management concerns such as salary administration, hiring, and terminations, although the owner/founder makes many of the decisions. To manage human resources, managers need help maintaining and updating individual files, and keeping record of vacations, absences, and so forth. At this stage, it appears that most human resource management activities are handled by line managers who have administrative staff support and who focus on establishing basic recruiting and compensation programs.

*Stage II—Functional Growth.* Stage II is characterized by technical specialization, dynamic growth, expanded product lines and markets, and added formality in structure (Filley & Aldag, 1980; Mintzberg, 1979; Salter, 1968; Scott, 1971). Line managers need help finding and training the right people in order for the company to sustain growth. They no longer have the time, ex-

pertise or contacts to recruit all the employees who are needed. They need specialized help in the basics of human resource management, such as recruiting, compensation, and training.

As a result, a formal personnel department is established with capabilities in the basic subfunctions of human resource activities. Those responsible for the subfunctions build their own budgets and compete with others in the company for resources. A first step toward automation also takes place usually starting with computerization of payrolls and employee profiles.

*Stage III—Controlled Growth.* Stage III equates closely to Filley and Aldag's (1980) Stage III—Rational Administration and Chandler's (1962) Stage II—Rationalization. It is characterized by professional management, scarce resources, new acquisitions, and diversified product lines. In this stage competition for resources is stiff and pressure to control investment increases in all areas.

The need for measurement and control, the growing diversity of employees, and the growing complexity of communication encourage investments in automation and the use of advanced analytical tools for human resource management. Here, the focus is on productivity and cost effectiveness and the cost of newly proposed programs and added specializations must be justified. Specialized activities are added only if a clear return on investment can be shown.

*Stage IV—Functional Integration.* Stage IV is characterized by diversification, product groups or divisions, project management, and integration within functions. Here, the focus is on decentralization (Salter, 1968) and coordination (Greiner, 1972).

At this stage, management focuses on the interdependencies among specialized activities. Corporate staffs face growing pressure both to decentralize and to focus on strategic issues. Although organizational, geographic, and product diversification create the possibility of redundant activities, they also create opportunities for greater efficiency through planning and coordination.

Table 1  
Summary of Stage Models

RESEARCHER	FOCUS	INITIATION	FUNCTIONAL GROWTH		CONTROLLED GROWTH	FUNCTIONAL INTEGRATION		STAGE V
		STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V		
Davis (1951)	Leadership	Pioneering stage Owner/manager	Exploitation Entrepreneur	Professional Executive leadership				
Drucker (1954)	Size	Small	Fair size	Large size	Very large			
Rostow (1960)	Nation/economic	Traditional and preconditions for take-off	Take-off and drive to maturity	High mass consumption				
Chandler (1962)	Organization strategy	Initial expansion One product Chief executive-owner Entrepreneurial spirit	Rationalization of resources Functionally coordinated One product line	Expansion into new market Diversified products	Development of new structure to ensure continued mobilization of resources			
Katz & Kahn (1966)	Environment	Primitive system Cooperative task behavior Primitive production system	Stability Informal systems Tightened productivity systems	Elaboration Need for environmental support Institutional relations Adaptive systems				
Salter (1968)	Organization	Single unit Sole proprietor Single market	Single unit Team of top managers Function approach Single market	Decentralized operating units Multiple distribution channels Centralized operating units	Semi-autonomous units report to corporate head-quarters Varied products Separate markets			
Greiner (1972)	Organization growth	Creativity Entrepreneurial Informal Founder-managers	Direction Functional Specialized jobs Formal standards	Delegation Headquarters, line separation New acquisitions Decentralized	Coordination Product group Formal planning Controlled investments	Collaboration Team action Matrix organization		

Table 1—Continued  
Summary of Stage Models

RESEARCHER	FOCUS	INITIATION	FUNCTIONAL GROWTH	CONTROLLED GROWTH	FUNCTIONAL INTEGRATION	STRATEGIC INTEGRATION
		STAGE I	STAGE II	STAGE III	STAGE IV	STAGE V
Mintzberg (1979)	Structure	Entrepreneurial Informally organized	Bureaucratic structure Formal policies Standardization	Divisionalized structure Focus on Internal efficiency Diversified product line	Matrix organization Dual reporting Project focus	
Filley & Aldag (1980)	Organization growth	Owner-manager Simple operation Loose policies, structure Certain environment	Dynamic growth Technical specialization Uncertain	Rational administration Efficiency		
Tyebee et al. (1983)	Marketing	Entrepreneurial Simple Small customer base	Opportunistic Standard product	Responsive Product management Market research Driven by customer	Diversified Complex Integrated	
Churchill & Lewis (1983)	Small business	Existence	Survival	Success	Take-off	Resource Maturity

It appears likely that in response, human resource managers would be concerned with coordinating and integrating subfunctions, such as training, compensation, and recruiting. The emphasis would be to reduce duplication and to coordinate interdependencies. Integrative programs such as productivity improvement, succession planning, and performance management emerge.

*Stage V—Strategic Integration.* This stage is best characterized by Greiner's (1972) description of Collaborative Teamwork. Here, management's focus is on flexibility, adaptability, and integration across business functions. The stage is characterized by team action, full integration of functional areas, strategic management, highly developed monitoring capabilities, and an ability to adjust to the environment.

At this stage, human resource management is recognized as everyone's job. Managers realize the importance of human resources in positioning the organization for the future. Human resource programs are integrated not only among themselves but also with other functions, such as accounting, marketing, and operations.

Human resource implications are considered before a major business decision is made, whether it is a new acquisition, a new product, or new markets (Pascarella, 1985). Sophisticated analytical techniques are used to ask "what if" questions. Clear criteria are available for measuring success.

All of the four firms that were studied went through these stages in sequence. Stages I and II were easily identified in all firms. Firm B had moved to Stage III and Firm D had moved to Stage V.

Each stage was built on the foundation of previous stages. For example, in Firm D, Stage III control systems were added to help manage the costs of the salary and benefits programs that had been established in Stages I and II. In Stage IV, an integrated career, succession planning, compensation, and appraisal system was developed based on the systems and cost information that were developed in Stage III. In Stage V, the

integrated systems were tied together further and were refined to implement the organization's strategies.

In Firm B, the proposed Stage V information system (including financial, operations, and marketing data) was built using the existing Stage IV integrated personnel data base; that was built on the Stage III cost analysis; that, in turn, was developed using the automated system developed in Stage II and the employee profile information collected in Stage I. In other organizations, performance and productivity programs of later stages were built on job descriptions and performance appraisals of earlier stages. Long-range and strategic plans were built on the basic salary, benefits, and human resource data of earlier stages.

The following are proposed based on these findings and the organization growth and development models:

1. The human resource management activities of a firm pass through five stages of development: initiation, functional growth, controlled growth, functional integration and strategic integration.
2. The human resource management activities move through the stages in sequence in response to increasing complexity in the parent organization. Each stage incorporates and builds on the previous stages.
3. The human resource management activities are most effective when their stage of development matches the stage of development of the parent organization.

Human resource management must pass through each stage in sequence. Even though a given stage may be short, it must exist if the knowledge, procedures, and programs that will serve as the basis for the next stage will be created. If a stage is skipped, performance in later stages will be ineffective and the organization must first return to those stages and put them in place.

For example, Firm A attempted to develop and implement a Stage IV performance management

program by integrating performance appraisals, compensation, and training. Unfortunately, the basic performance appraisal systems and job descriptions (Stage I and II) on which such a system could be built were not in place. Although the performance management program was developed, it was never implemented. The organization returned to the basics and developed them before the advanced programs could work.

4. If human resource management activities skip a stage, they will be ineffective. It will be necessary to revisit the earlier stage for the unit to regain its effectiveness.

Treating growth and development, not as a smooth continuous process, but as one involving abrupt, discrete changes in structure, process, content, and policy (Child & Kieser, 1981; Sofer, 1961; Starbuck, 1965) raises interesting questions about leadership in human resource activities. It may be that one person cannot carry the human resource function through all stages. The changes may require such shifts in skills and orientation that new leadership is required.

For example, in most cases studied, a professional personnel manager replaced a general administrative assistant as the organizations moved from Stage I to Stage II. Usually, the transition was forced by the need for greater professional expertise in one or more functional areas of human resource management. In Firms A, B, and C, new leaders were appointed during each stage. In Firm D, one manager did lead the function through multiple stages, from Stage III through Stage V. He was able to do this because he knew from the beginning that Stage V activities were needed.

5. New leadership is required at each developmental stage of human resource management.

### **Internal Fit**

Woodward (1965) and Burns and Stalker (1961) suggested that organizational success is determined by how well structure, technology, human resources, and so forth, both fit with and support each other. Leavitt (1965) stressed the

need to fit task, structure, technology, and people together. Lawrence and Lorsch (1967) discussed the need for a balance between differentiation and integration of internal organizational components. Later work (Lorsch & Allen, 1973; Lorsch & Morse, 1974) empirically supported the hypothesis that the better the fit among structure, task, people, and administrative processes, the higher the organization performance. Galbraith (1977) built on Lorsch's work and proposed a fit among five internal components: task, structure, information and decision making processes, rewards systems, and people. Waterman, Peters, and Phillips (1980) identified seven organizational components that must be managed in order to both fit and support each other.

This same dynamic can be applied to human resource management. Not only must human resource management fit the organization's stage of development, but also the components of human resource management must fit with and support each other.

Existing work on internal fit (Baird & Meshoulam, 1984; Baird, Meshoulam, & DeGiv'e, 1983; Galbraith, 1977; Galbraith & Nathanson, 1978) allows the identification of six strategic components of human resource management:

*Management Awareness.* Management awareness ranges from a focus on administrative needs, such as hiring and firing, to a full integration of human resource considerations in all management decision making.

*Management of the Function.* This component includes the structure of the human resources function, and the planning, allocation, and control of its resources. The structure may vary from very loose or nonexistent through matrixed and decentralized.

*Portfolio of Programs.* The portfolio of programs ranges from simple salary administration and recordkeeping programs, to very complex and sophisticated flexible compensation, environmental scanning, and long-range planning programs.

*Personnel Skills.* Personnel professionals need appropriate skills. Basic programs and simple information systems require basic skills. The ad-

dition of complex programs and growth in size requires more advanced, differentiated, and specialized skills.

*Information Technology.* Information tools range from manual recordkeeping to sophisticated distributed systems with modeling capabilities. Information technologies range from the absence of formal analytical tools to advanced forecasting and simulation based on statistical tools.

*Awareness of the Environment.* In the initial stage, because of pressures involved in start-up, management does not systematically assess and react to the environment. At Stage V, management is very aware of the internal environment and the external environment and their impact. They remain flexible and adjust to opportunities and risks that arise.

If these components do not fit each other, money, time, and energy are wasted. For example, if information is developed beyond management's ability to use it, money is wasted. If strategic planning and organizational development are implemented without proper information and skills, they are doomed to failure.

A strategic component may, however, be at a higher stage and lead to the development of other components. A new information system may drive the development of skills. Skilled human resource professionals may develop and implement advanced programs. However, the components cannot remain out of alignment over a long time period without wasting resources. If inadequate skills prevent use of an information system, time and money are lost. If advanced programs are developed but never implemented, they are useless.

For example, Firm C's attempt to introduce a new advanced compensation program failed because the information that was necessary to manage and use the system was not in place. Firm B's organization development programs failed because managers did not have the skills to manage the programs, human resource professionals were not available to assist them, and the programs could not be maintained. Firm A's stra-

tegic planning for managing human resources failed because management did not understand or use the information produced.

6. The human resource management unit functions best when all six strategic components are at the same stage of development.

## Human Resource Strategic Matrix

Obviously, the two fits interact and must be managed simultaneously. The strategic components must fit each other and the organization's stage of development. For example, if the information system is manual (Stage I), but the organization is at Stage III and needs automated personnel records, a Stage III information system may be designed and implemented. For it to succeed, however, managers and personnel professionals must employ the skills to use it.

The HRS Matrix is presented in Table 2. It contains brief descriptions of each component. Using the HRS matrix, one can draw an organization's human resource management profile.

Consider a complex organization that has a diversified product offering, is changing rapidly, and is decentralized and large enough to include many specialized units. The organization needs help from human resources management found in either Stage IV or V. However, managers are aware only of human resource management's administrative role (manager awareness—Stage I), personnel has adopted a program of orientation (management of the personnel function—Stage II), programs include budgets, measurement, and controls (portfolio of programs—Stage III), data are kept manually (information technology—Stage I), personnel professionals are skilled at systems, planning, and analysis (personnel skills—Stage IV), and managers are aware of the environment, but they do not incorporate it into their actions and decisions (awareness of internal and external environment—Stage II). The components of this sample firm are neither balanced nor uniformly placed at either Stage IV or Stage V, and human resource management will not be effective or efficient. To be



Table 2  
The Human Resource Strategic Matrix

	STAGE I INITIATION	STAGE II FUNCTIONAL GROWTH	STAGE III CONTROLLED GROWTH	STAGE IV FUNCTIONAL INTEGRATION	STAGE V STRATEGIC INTEGRATION
COMPONENTS					
Manager Awareness	Aware of function's administrative role	Aware of function's broad role but not committed	Aware; often frustrated at fragmentation	Cooperative and involved	Integrated
Management of the Personnel Function	Loose, informal; often none	Personnel manager; program orientation; manage, conflicts among subfunctions	Personnel executive; business orientation; control, measurements, goals	Function orientation; department goals; planning, long-range direction, line/staff relations; collaborative	Company orientation; consistent and integrated with business strategic direction
Portfolio of Programs	Basic salary and benefits administration; basic record-keeping; nonexempt hiring	Many new programs added responding to business needs in comp. benefits, training, etc.; revisiting basic programs	Management control programs; budgets, ROI; portfolio re-evaluated in measurable and analytical terms; advanced compensation	Interdisciplinary programs; focus on department goals and direction; productivity; change management; succession planning	Cultural and environmental scanning; long-range planning; emphasis on effectiveness and efficiency in direct response to business needs
Information Technology	Manual employee profile; record-keeping	Automated salary and basic profile; Advance record-keeping	Automate personnel work; mainly profiles, EEO, tracking; basic metrics	Utilize computer for projection; planning, analysis, and evaluation	Planning tools, research, and analysis; long-range issues and "what if" questions linked to the personnel and the organizational data base
Personnel Skills	Administrative routine and housekeeping	Functional specialists	Increased professionalism in function and managerial skills	Integrating activities; skills in systems, planning, and analysis	High level involvement in organization; skills dealing with macro issues
Awareness of Internal and External Environment	Not aware	Aware of environment & corporate culture but do not incorporate them into function's activities	Aware of risks and opportunities in environment; address some in programs	Aware of; react and incorporate into planning process; environmental changes identified	Systematically search for impact the environment has on organization; take an active role in making & shaping decisions

*effective* the human resource function must be developed to either Stage IV or Stage V, and to be *efficient*, its components must be balanced.

### **Implications for Practice**

The preceding focuses on implications of the model for research. The model also holds important implications for the practice of human resource management.

#### **How Should Human Resources Be Managed?**

The model suggests five stages of human resource management, each of which is appropriate or inappropriate depending on organizational needs and characteristics. As Chaffee (1985) suggested, an organization that functions at a given level of complexity benefits from using approaches appropriate for that level. No one best way exists. The practice of human resource management should fit the firm's business needs. Managers should be cautious about adopting what they perceive as state-of-the-art programs and approaches simply because these work well in other organizations. How well these programs will work is determined by how well they fit the organization's needs.

#### **How Can Human Resource Management Be Responsive to an Organization's Needs?**

A first step in human resource management is understanding the parent organization's stage of development and, consequently, the parent's needs. Table 1 and the summary descriptions in the text provide the basis for identifying organizational stages of development. Once the stage is identified, appropriate human resource management responses can be developed. Admittedly, this is a reactive strategy: Human resource management responds to present needs rather than anticipating future needs. However, this step is important. In the 20 organizations that were initially analyzed, and also in three out of four in-depth analyses, human resource management lagged far behind the organization's stage of development.

The model can also help managers and human resource professionals to anticipate the organization's future needs. For example, in response to deregulation and increasing competition, Firm D's stated strategy emphasized flexibility, adaptability, and market responsiveness. It needed highly developed strategic planning capabilities. The organization was moving toward a collaborative teamwork mode of operating in which the structure would be organized around client groups. These changes would move the organization into Stage V. Anticipating these changes, the Executive Vice President of Human Resources developed and implemented human resource management components that are characteristic of Stage V. He established a distributed information system that provided strategic human resources data. He recruited and trained professionals who held macro-level skills and who established long-range planning and structured the human resource department centered around client groups. These changes led the organization to Stage V.

If human resource management is to be proactive, human resource management professionals must develop the ability to recognize the organization's stage of development and the causes of transitions from one stage to another. Stopford and Wells (1972), Scott (1971), and Mintzberg (1979) suggested that increasing complexity pushes the organization into higher stages. Stopford and Wells (1972) and Scott (1971) suggested that organization size creates the complexity that causes an organization to shift from Stage I to Stage II. Differentiation of the subunits and the need to control and focus continued growth move the organization into Stage III (Dewar & Hage, 1978; Stopford & Wells, 1972). Decentralization, diversification, and the need for formal integration (Galbraith, 1973; Mintzberg, 1979) will push the organization into Stage IV. The pressures of a dynamic, complex environment force adaptability and this causes the transition to Stage V. Human resource managers can recognize these emerging characteristics that

push the organization into higher stages and make needed changes in advance.

### **Where Should Human Resource Managers Begin?**

Most managers face the need to assign priorities to their investments of resources. Should they invest first in information technology, or should they add a new appraisal system? Two aspects of the model are important concepts for answering these questions. First is the *building block* concept. In the model, human resource management components are built in sequence through the stages. Missing one block at the base can weaken or destroy the structure in later stages. Organizations should invest in building basic programs and procedures first, and then they can add higher level systems and procedures. If basic programs have been skipped, the organization should return to basics and put them into place.

Second, the model suggests that organizations should maintain a balanced profile by investing in components that are lagging in development. Consider a firm that wants to add a flexible compensation program. Investing in flexible compensation wastes resources if the information and skills necessary to manage it are lacking. The firm should first improve components that are lagging and constraining overall development. Sophisticated environmental scanning, succession planning, and organizational development that no one understands, wants, or has skills to use do not contribute to organizational performance. These are a waste of time and money. The organization should develop information and management skills to the level where managers can use the available programs. Developing and implementing more sophisticated programs will not help, if managers cannot use the basics.

The model provides a way to guide investment in developing the human resource function. Components lagging furthest are major constraints to effectiveness, and these should be developed to support other components.

### **How Should the Human Resource Management Function Be Organized?**

In most organizations the human resource unit is organized according to such common subfunctions as employment, employee relations, training and development, equal employment opportunity, and so forth. It would seem that this approach is appropriate for Stages I and II, but not for the later stages. In Stage III, restructuring will eliminate overlap and duplication. Task forces and committees can be used to coordinate functional areas and to make them more efficient. For Stages IV and V, in which the focus is on integration, adaptability, and flexibility, the human resource function should be structured around core points of integration; it should not be based on the subfunctions. One option would be to organize the human resource function around the client groups that are served. Another option would be to organize around integrative activities, such as planning, research, and information systems. The traditional subfunctions then could be organized under each subunit. Compensation, for example, would be addressed horizontally under each of the integrating forces in the planning, research, and information unit.

### **What Type of Training Should Human Resource Professionals Receive?**

Human resource professionals who adopt a strategic orientation must accurately assess the organization's needs, constraints, and opportunities. They must understand the organization's environment and internal culture, and they must develop and implement programs and policies that meet the firm's needs.

The human resource professional who adopts a strategic orientation needs five kinds of skills (Baird & Meshoulam, 1984): (a) Information management skills—statistics, analysis, and research; (b) Planning skills—the knowledge of planning and planning methodologies plus statistics techniques; (c) Management skills—skills in the various business functions and environmental analysis; (d) Integration skills—compe-

tency at managing organizational interfaces, and skill in assessing the organization plus setting priorities; and (e) Change management skills—

the skills of anticipating the future, facilitating changes, and developing organizational activities.

## References

- Alchian, A. A. (1950) Uncertainty, evaluation, and economic theory. *Journal of Political Economy*, 58, 211–221.
- Aldrich, H. E., & Pfeffer, J. (1976) Environment of organizations. In A. Inkeles (Ed.), *Annual review of sociology* (Vol. 2, pp. 79–105). Palo Alto, CA: Annual Reviews, Inc.
- Baird, L., & Meshoulam, I. (1984) Strategic human resource management: Implications for training human resource professionals. *Training and Development Journal*, 38(1), 76–78.
- Baird, L., Meshoulam, I., & DeGive, G. (1983) Meshing human resources planning with strategic business planning: A model approach. *Personnel*, 60(5), 14–25.
- Boulding, K. E. (1956) General systems theory—The skeleton of science. *Management Science*, 2, 19–24.
- Burns, T., & Stalker, G. M. (1961) *The management of innovation*. London: Tavistock.
- Chaffee, E. E. (1985) Three models of strategy. *Academy of Management Review*, 10, 89–98.
- Chandler, A. D. (1962) *Strategy and structure*. Cambridge, MA: MIT Press.
- Child, J., & Kieser, A. (1981) The development of organizations over time. In P. C. Nystrom & W. H. Starbuck (Eds.), *The handbook of organizational design* (Vol. 1, pp. 28–64). New York: Oxford University Press.
- Churchill, N., & Lewis, V. (1983) The five stages of small business growth. *Harvard Business Review*, 61(3), 30–50.
- Davis, R. C. (1951) *The fundamentals of top management*. New York: Harper, Row and Brothers.
- Davis, S. (1981, December) Relating human resources management to business strategy [Summary]. *Proceedings of the Human Resource Policy Institute*, 3–5.
- Dewar, R., & Hage, J. (1978) Size, technology, complexity, and structure of differentiation: Toward a theoretical synthesis. *Administrative Science Quarterly*, 23, 111–136.
- Drucker, P. (1954) *The practice of management*. New York: Harper and Brothers.
- Filley, A. C., & Aldag, R. J. (1980) Organizational growth and types: Lessons from small institutions. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behavior* (Vol. 2, pp. 279–321). Greenwich, CT: JAI Press.
- Galbraith, J. (1973) *Designing complex organizations*. Reading, MA: Addison-Wesley.
- Galbraith, J. (1977) *Organization design*. Reading, MA: Addison-Wesley.
- Galbraith, J., & Nathanson, D. A. (1978) *Strategy implementation: The role of structure and process*. St. Paul, MN: West.
- Greiner, L. E. (1972) Evolution and revolution as organizations grow. *Harvard Business Review*, 50(4), 37–46.
- Katz, D., & Kahn, R. L. (1966) *The social psychology of organization*. New York: Wiley.
- Kimberly, J. R., Miles, H., & Associates (1980) *The organization life cycle*. San Francisco: Jossey-Bass.
- Lawrence, P. R., & Lorsch, J. W. (1967) *Organization and environment*. Cambridge, MA: Harvard University, Division of Research, Graduate School of Business Administration.
- Leavitt, H. (1965) Applied organizational change in industry. In J. March (Ed.), *The handbook of organizations* (pp. 1144–1170). Chicago: Rand McNally.
- Lorsch, E. E., & Allen S. A., III (1973) *Managing diversity and interdependencies*. Cambridge, MA: Harvard University, Division of Research, Graduate School of Business Administration.
- Lorsch, J. W., & Morse, J. (1974) *Organizations and their members*. New York: Harper & Row.
- Meshoulam, I. (1984) *A development model for strategic human resource management*. Unpublished doctoral dissertation, Boston University.
- Miles, R. H., & Cameron, K. S. (1982) *Coffin nails and corporate strategies*. Englewood Cliffs, NJ: Prentice-Hall.
- Miles, R. H., & Snow, C. C. (1984) Fit, failure, and the hall of fame. *California Management Review*, 26(3), 10–28.
- Mintzberg, H. (1979) *The structuring of organizations*. Englewood Cliffs, NJ: Prentice-Hall.
- Pascarella, P. (1985) Plugging in the people factors. *Industry Week*, 4(5), 41–45.
- Rostow, W. W. (1960) *The states of economic growth*. Cambridge, England: Cambridge University Press.
- Salter, M. S. (1968) *Stages of corporate development, implication for management control*. Unpublished doctoral dissertation, Harvard University, Cambridge, MA.
- Scott, B. R. (1971) *Stages of corporate development*. [9–37]–294 EP 998]. Cambridge, MA: Intercase Clearing House, Harvard Business School.

- Sofer, C. (1961) *The organization from within*. London: Tavistock.
- Starbuck, H. W. (1965) Organization and development. In J. G. March (Ed.), *Handbook of organizations* (pp. 451-493). New York: Rand McNally.
- Stopford, J. (1968) *Growth and organization change in multinational fields*. Unpublished doctoral dissertation, Harvard University, Cambridge, MA.
- Stopford, J., & Wells, L. T. (1972) *Managing multinational enterprise, organization of the firm and ownership of the subsidiaries*, New York: Basic Books.
- Thompson, D. (1967) *Organization in action*. New York: McGraw-Hill.
- Tichy, N., Fombrun, C. J., & DeVanna, M. A. (1982) Strategic human resources management. *Sloan Management Review*, 23(2), 47-64.
- Tyebjee, T. T., Bruno, A. B., & McIntyre, S. H. (1983) Growing venture can anticipate marketing stages. *Harvard Business Review*, 61(1), 62-66.
- Walker, J. (1980) *Human resource planning*. New York: McGraw-Hill.
- Waterman, T. J., Peters, T. J., & Phillips, J. R. (1980) Structure is not organization. *Business Horizons*, 23(3), 9-15.
- Woodward, J. (1965) *Industrial organization: Theory and practice*. New York: Oxford University Press.

Lloyd Baird (Ph.D., Michigan State University) is Associate Professor of Management, School of Management and the Human Resources Policy Institute, Boston University, Boston, MA. Correspondence regarding this article should be sent to him at: School of Management, 621 Commonwealth Avenue, Boston University, Boston, MA 02215.

Ilan Meshoulam (D.B.A., Boston University) is Manager of Finance and Administration, Intel Corporation and Visiting Professor of Management, Tel Aviv University.

The research program leading to this article was supported by a grant from the Human Resources Policy Institute.