2.1. HRM ‘BEST PRACTICES’

- Employment security
- Selectivity in recruiting
- High wages
- Incentive pay
- Employee ownership
- Information sharing
- Participation and empowerment
- Self-managed teams
- Training and skill development
- Cross-utilization and cross-training
- Symbolic egalitarianism
- Wage compression
- Promotion from within


2.1. HRM ‘BEST PRACTICES’

Key concerns related to a ‘best practices’ (universalistic) approach in HRM

- Different levels of analysis (strategies, systems, tactics, policies, practices, methods, etc.)
- Different units of analysis (individual, team, division, organization)
- Time lag, reverse causality, and cause-effect circularity
- Influence of contextual and environmental factors (e.g., culture, industry, customers’ needs, legal frameworks, etc.)
- Influence of corporate and competitive strategies
- Different types of employees (degrees of value and uniqueness)
- Different psychological profiles and employee expectations
- Implementation challenges (need of long-term orientation and culture change, tackling resistance to change, employee involvement, etc.)

Source: Gómez-Mejía, Balkin & Cardy (2007, p. 28.; 2012, p. 56)
2.3. HR STRATEGY DEVELOPMENT: (I) FIT WITH ORGANIZATIONAL STRATEGIES

Corporate Strategies
- Evolutionary
- Steady state

Competitive Strategies
Porter’s Business Unit Strategies
- Cost leadership
- Differentiation
- Focus

Miles and Snow’s Business Strategies
- Defender: conservative business units (low risk-taking & innovation)
- Prospector: innovative business units (high risk-taking & innovation)

2.3. HR STRATEGY DEVELOPMENT: (I) FIT WITH ORGANIZATIONAL STRATEGIES

Porter’s Business Unit Strategies

Corporate Strategies
- Evolutionary
  - Focus on growth, entrepreneurship & risk taking.
  - Aggressive M&As* (incl. unrelated industries).
  - Key role of change management for firm survival.
  - External hiring, decentralization and flexibility.
- Steady State
  - Focus on stability and internal, slow development.
  - Avoidance of M&As* (esp. in unrelated industries)
  - Efficiency, detailed work planning, internal career development, centralization, paternalistic attitude.

Miles & Snow’s Business Strategies
- Defender: conservative business units (low risk-taking & innovation)
- Prospector: innovative business units (high risk-taking & innovation)

2.4. HR STRATEGY DEVELOPMENT: (II) FIT WITH ENVIRONMENT, ORG. CHARACT. & ORG. CAPABIL.

Fit with the environment: key factors (STEEPLE)

SOCIOCULTURAL FACTORS
- Social atmosphere
- Demographic & educational variables
- Cultural traditions
- Social mobility & changes in lifestyles, etc.

TECHNOLOGICAL FACTORS
- R&D spending (public & private)
- Technology development of the country
- Technological innovation

LEGAL FACTORS
- Specific industry regulations
- Consumer protection regulations
- Government support for national industries

ENVIRONMENTAL & ETHICAL FACTORS
- Pollution and emissions regulations
- Recycling policies and regulations
- Society concern for environment & ethical issues

ECONOMIC FACTORS
- Phase of economic cycle & GDP evolution
- Unemployment and inflation rates
- Monetary policy: interest rates, money supply, etc.
- Fiscal policy: tax system, government spending...

2.4. HR STRATEGY DEVELOPMENT: (II) FIT WITH ENVIRONMENT, ORG. CHARACT. & ORG. CAPABIL.

Fit with the environment: key dimensions
- Degree of uncertainty: availability of accurate information to make appropriate decisions.
- Volatility: how often the environment changes.
- Magnitude of change: how drastic changes are.
- Complexity: how many different elements affect the firm.

General increase of environmental turbulence
2.4. HR STRATEGY DEVELOPMENT: (II) FIT WITH ENVIRONMENT, ORG. CHARACT. & ORG. CAPABIL.

Fit with the environment: implications for HR strategies

Environmental Dimension

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of Uncertainty</td>
<td>Strategic work planning</td>
</tr>
<tr>
<td></td>
<td>Accountability</td>
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<td></td>
<td>Task specificity</td>
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<tr>
<td></td>
<td>Flexibility</td>
</tr>
<tr>
<td></td>
<td>High dependence on superior</td>
</tr>
</tbody>
</table>

Variability

- Control emphases
- Different production
- Multiple decision points
- Embedded process

Magitude of Change

- Debrief job descriptions
- Normalizing and socialization of new employees
- Wrong jobs
- Aligning and socialization of new employees

Complexity

- Control emphases
- Formalization
- Decentralized pay decisions
- High dependence on superior


2.4. HR STRATEGY DEVELOPMENT: (II) FIT WITH ENVIRONMENT, ORG. CHARACT. & ORG. CAPABIL.

Fit with organizational characteristics

- Production process & technical system: routine vs. nonroutine, degree of automatization.
- Firm’s financial possibilities.
- Firm’s market posture: product innovation destined for wide market segment vs. low growth and limited innovation.
- Firm’s overall managerial philosophy: autocratic style (seniority-based pay, centralization, key technical role of HR dept.) vs. participative style (egalitarianism, variable pay, supervisors’ role in HRM).
- Firm’s organizational structure: high formalization (functional areas, direct control, narrow job descriptions) vs. low formalization (cross-functional teams, broader job classes, informal socialization).
- Firm’s organizational culture: high vs. low entrepreneurial climate, high vs. low moral commitment.


2.5. THE THREE DIMENSIONS OF HR STRATEGY DEVELOPMENT

- Rational dimension: focus on economic goals, financial performance and cost-benefit analysis of HR practices.
- Organizational dimension: focus on constraints and needs of organizational structure, and specifically optimizing the fit among HR practices, and also between HR strategy and other functions (marketing, operations, etc.) and with overall business strategy.
- Political dimension: focus on actual feasibility of HR decisions. Importance of constraints and needs posed by diverse (often conflicting) expectations and priorities from different (internal and external) stakeholders.

2.6. TYPES OF HR STRATEGIES

- Ways of motivating employees
  - Commitment strategy (employee involvement, trust, participation, empowerment, intrinsic motivation, etc.)
  - Control strategy (direct supervision, high centralization, extrinsic motivation, etc.)

- Ways of developing capabilities
  - Internalization of capability development (‘make’ HR systems)
  - Externalization of capability development (‘buy’ HR systems)


2.7. STRATEGIC HR PROCESSES FRAMEWORK

- Org. strategies
- Environment
- Org. characteristics
- Org. capabilities

HR planning
- Recruitment
- Selection
- Socialization

Job redesign
- Job analysis
- Job description
- Staff planning

Diminishing
- Training

Separating
- Compensation & rewards
- Career development
- Redundancy

Outplacement
- HR information systems
- HR audit
- Knowledge Management