What is culture in international human resource management

The evolution of human resources since the early 1900s provides many challenges for human resources professionals. Traditionally referred to as the "personnel department," the focus of this department has shifted with expanding responsibilities due to changes in the organizations. What once were clearly defined duties of the human resources unit and the line manager are now blurred and sources of conflict. Line managers are more production- and goal-oriented, as it is their role to make or save money for the company. Line managers are often referred to as supervisors, if at a more entry-level stage. Line managers are more hands-on oriented and responsible for getting the work done, maintaining employee performance and handling disciplinary issues. The human resources manager has a legal and moral responsibility to both the employee and the company with a much broader scope. Unlike the line manager, he is not directly responsible for the employee's performance. His role is to see that any issues are dealt with fairly, legally and in accordance with company policy. Line managers can see human resource managers as a hindrance and more like a "policy-manual-thumping" police department. Conversely, human resource managers can see line managers as "walking lawsuits" due to the lack of training and understanding of employment laws. Human resources managers should spend time with the line manager in learning the business and how goals are achieved. Line managers should be trained by human resources managers in legal and employee relations issues. There seems to have been some positive meeting of the minds of human resources and line managers as work becomes more complex and employment laws more stringent. Human resources managers are also working toward better relationships with the line managers by increasing their understanding of the business. Human resources planning, structure and organization are all important to managing human capital -- or, human resources -- the most valuable asset in an organization. Aligning HR and business goals, managing talent, improving employee engagement and working together with executive leadership are several key components to HR management. Aligning human resources practices with business philosophy is one of the most important aspects of human resources management. An organization's philosophy, mission and values pervade the entire company -- not just those who attend meetings in the boardroom. Consequently, human resources management supports values such as adopting fair employment practices, recognizing hard work and effort, motivating high-performing employees and developing the skills and talent of employees who show promise and demonstrate aptitude. Human resources leaders have control of whether employees succeed and, thus, the ability for an organization to become an employer of choice. Talent management is a way to collectively describe the recruitment, selection, retention and promotion of employees. Human capital is the most important aspect of any business and its human resources department. Human capital represents the resources a company has available for achieving business objectives such as productivity, quality and variety of products and services offered, workplace safety and, most of all, profitability. Human resources staff recruits qualified applicants, determines which candidates are best suited for specific roles, provides professional development opportunities and evaluates personnel. For some, the term "employee engagement" is just another buzzword in the human resources field. However, employee engagement can be a quantifiable aspect of employment. The meaning of employee engagement is very fluid -- it applies to front line workers, supervisors, managers and even executive leadership. Employee engagement refers to the level of enthusiasm, motivation, confidence and satisfaction employee have and how they feel about continuing to contribute their skills and talent to the workplace. Quantitative measurements of employee engagement come from employee opinion surveys, turnover rates, analyzing retention policies and expenditures and compensation studies. Developing a human resources strategy that complements overall business goals is another important factor of human resources management. From its beginning as personnel administration, the human resources field has evolved into a role as strategic partner with executive leadership. Of the primary goals of human resources experts, "getting a seat at the table" means human resources is finally considered an essential element of business success. While many organizations have C-level employees who contribute to corporate strategy, there are many more companies that must learn how important human capital is to their success. Human resources departments in an organization handle employee relations, hiring and benefits for all workers. The human resources manager oversees the function of the department and sometimes specializes in an area of human resources management. Human resources departments shape company policies and bring in the most qualified employees. The human resources manager directs the activities of workers in the department. A manager assigns duties to HR employees, including training, employee benefits and recruitment. The human resources manager works with department heads to determine the needs of the organization. For example, a department head might determine that a specific number of employees is needed to fulfill the goals of the organization. The human resources manager will assign the task to a worker in the department to place advertisements for workers, recruit new employees, conduct interviews and check references to fulfill the need of the department. Human resources employees may enter the field with a bachelor's degree, but an advanced management position requires a master's degree. According to the Bureau of Labor Statistics (BLS), education in human resources does not occur until the graduate level. The manager might have education in a technical field such as engineering in a high- tech company. Business administration and industrial relations degrees assist those seeking a management position in human resources. A human resources manager must have communication skills to work with employees, new recruits and department heads. A manager must have leadership skills to direct the activities of workers in the HR department. Human resources managers are knowledgeable in employment law and the regulations to protect workers. Human resources managers can advance to a consultant position working independently with companies to develop a benefits package, hire new workers and create a training program. Human resources employees can obtain certification to advance in their careers. The American Society for Training and Development and the International Foundation of Employee Benefit Plans offer certification for HR workers. Leer en español Ler em português In the Dallas airport the other day I saw many tall, well-dressed, and impressive-looking men wearing large, immaculate Stetson cowboy hats. As I walked by one such hat-wearer, I noticed two middle-aged, sunburned men in faded blue jeans standing nearby. They eyed the same fellow, looked him up and down, and then one said quietly to the other, "Big hat, no cattle." The same can be said of the massive efforts to improve the management of people in U.S. industry. Since World War II, calling it "human relations," "personnel management," "labor relations," and now "management of human resources," business has spent millions to make employees productive, loyal, and motivated. First, academics, with minds opened by the Hawthorne experiments, led the movement to effectively manage people. Now, eager consultants and zealous staff experts nurture it. Fortune writes of personnel directors as the "new corporate heroes." Library shelves overflow with people management books, and a hundred new ones appear every year. Two hundred documented attempts are going on to improve the quality of work life (QWL), and three nationally known institutions have charters to improve productivity and QWL. Since Hawthorne, successive waves of people-problem solutions and programs have washed and tumbled industry. In some desperation, managers have steadily invested in supervisory training, organizational behavior, interpersonal behavior, T-groups, sensitivity training, employee attitude surveys, job enrichment, flexible benefits, and expanded fringe benefits—bigger pensions, subsidized insurance, more holidays, shorter work days, four-day weeks, and canned communications packages—and now companies are attempting to revive the "work ethic" with human resources departments. Big programs, but where are the payoffs? Not in productivity. Recent figures show a decline in employee productivity for the United States. Not in absence of strikes. Not in widespread amicable labor relations. Not in the strategic position of many U.S. industries in international competition. Not in the absence of government intervention, such as OSHA and EEO regulations. Not in public confidence, support, and credibility in our business system or big corporations. Not in the image of managers as a benign, trusted group in our society. Not in the absence of hostility or class warfare. Not in enthusiastic employee acceptance of new technology, machinery, or equipment in factories, of stripped-down offices, or of efficiency gains in the ever-expanding service industries. Big hat, no cattle! Human resources management seems to be mostly good intentions and whistling in the dark or averting unionization. And the results of the 1970s suggest that we may not even be holding our own. The poor management of the work force in this country is damaging the nation and our standard of living. It is making us uncompetitive with the Japanese and some other Asians, the West Germans, the Swiss, and many others. I do not wish to exaggerate the gloomy aspects of this picture. A handful of large (and certainly many medium-sized and smaller) companies appear to have made their work forces into competitive assets. And surely modest progress has occurred nearly everywhere. For the most part, sweatshops are a thing of the past. Workplaces are better lit and ventilated and are generally safer than in the past. The atmosphere at work is less coldly formal, and decision making more participative. Managers are more aware of feelings and relationships and make fewer overt demands of employees. Fewer "bulls of the woods" charge about offices and factories. Personnel people are more professional, more companies have clearly stated grievance procedures, and house publications regularly explain how and why companies are managing themselves for their employees' benefit. Some will argue that we've been doing many of the right things and that it is societal factors such as the "declining work ethic," the "new breed," and the "new sociology" that are eroding management's efforts. Regardless, in most companies the results of enlightened people management are simply more comfort, more relaxation, more freedom from pressure, more security, more benefits, and higher pay, not more productivity and loyalty. What's gone wrong? Why do so few companies actually make use of the greatest competitive weapon of all—the powerful resources of motivated, energized, cooperative, trusting people? Few managers need much convincing about the importance of people. All the managers I've talked to say, "People are our greatest asset." But they also report, "We don't know how to motivate them." "People are getting harder to manage." "Personnel departments don't give us the leadership we need." "We're just hanging in there trying to cope." What's Been Wrong? Managers have had difficulty managing human resources for four reasons: 1. Achieving wholehearted cooperation, energy, and commitment from large numbers of employees is difficult, so managers are often unrealistic in their hopes.1 2. Concepts concerning the management of large numbers of people often convey contradictory messages to managers. 3. Critical problems in the corporate management of personnel, such as the place of human resources management (HRM) in corporate decision making, the role of personnel staff, and a lack of sufficient human resources management know-how at top management levels, remain largely unresolved. 4. Some management assumptions concerning HRM undermine the efforts of many managers, no matter how well intentioned they may be. Achieving employee commitment Capturing the loyalty of hundreds or thousands of individuals in one business enterprise so that they direct their energies toward the goals of the company is enormously difficult. The goals of the corporation are long-range and general in nature—profit and growth. But employees usually focus on short time horizons to meet their needs in wages, salaries, working conditions, fair treatment, and promotion. Drawing a connection between these sets of goals is not easy. Effective relationships between individuals and companies rest on employees' trust that the goals are connected. But developing trust often requires overcoming years of bad experience and many employees' belief that companies exploit people. Of every 100 employees, 5 or 10 will have been disappointed or burned by some job-related experience, which may have been beyond the company's control. Their subsequent alienation can subvert the efforts of managers and personnel officers to build morale. Given that working in a social, industrial operation requires people to give up many freedoms and that groups acting collectively play on that loss of freedom to better their own short-term interests, that the work force is uncommitted should be no surprise. Seen this way, the fight for a motivated work force is an uphill battle. It's rosy idealism to think that every employee is going to turn on and perform with 100% devotion to a company and its objectives. Short-term economic interests are in clear conflict. Employees see their share of the pie as being cut smaller to serve up larger profits to owners. Further, political factors such as Nader's Raiders and the anti-big-business wing of the Democratic party exploit employees' distrust of business, the corporation, and managers, whom employees often see as being out for themselves and siding with their corporate bosses against the employee. People instinctively resent forces that manage and control them—big business, directors, the industrial establishment, the boss, the boss's boss. The antiestablishment seeds sown in the late 1960s and early 1970s are bearing fruit, and more employees than ever are unwilling to subject themselves wholly to an organization or the discipline of a trade, profession, or team. Given these obstacles to collaboration, that cooperation occurs within the corporate world at all is miraculous. Conflicts in theory Managers use many different organizational techniques to achieve collaboration and productivity. Researchers can take large credit for the multitude of concepts and tools on hand. They must also, however, accept responsibility for the fact that their different disciplines often conflict and work at cross-purposes. For example, in most companies managers employ four different disciplines to improve employee performance and relations—human relations, labor relations, personnel administration, and industrial engineering. Since human relations itself includes at least three major schools, six fairly distinct sets of ideas and concepts can be at work in the same organization at the same time. 1. Human relations. Theories of group behavior deal with social interaction and interpersonal relationships through such tools as theories X and Y and sensitivity training. The school's precept is that because group behavior is critical to collaboration and success, groups must bestow authority and control upward. The individual behavior school of human relations focuses on individual psychology, leadership, power, authority, responsibility, and the subconscious. Its main concern is the individual's feelings and drives and, how they affect the workplace. Organizational development goes further and focuses on the need for people to reason together about their common difficulties. Its central belief is that employees can often manage themselves better than managers can. 2. Labor relations. Labor laws, public policy, the economics of wages and costs, demographics and manpower management, collective bargaining, contract administration, and grievances are under the purview of labor relations. It sees politics at the plant, corporation, union, state, and national levels together with labor laws as keys to any situation. Its stance is usually adversarial and tough—sticking to contract terms, denying exceptions, avoiding precedents, and building a powerful position for bargaining. 3. Personnel management. Activities involved in managing large numbers of people in the aggregate—namely, recruiting, selecting, training, compensating, and developing them—are the province of personnel. This discipline holds that if companies perform those tasks well, they will acquire a set of employees with appropriate motives, habits, and behavior. Personnel holds that if managers are consistent and apply policies that induce desired behavior, a good climate will result. 4. Industrial engineering. This school concentrates on designing jobs to fit technology and human capabilities and controlling performance with standards based on industrial engineering studies. It holds that efficiency and productivity are products of economic rewards and hard-nosed, disciplined supervision. Each of these four schools focuses on acquiring an effective, loyal, and committed group of employees but in very different ways. My concern is not that disagreement arises among these experts or that they have different approaches to the same problem. I do not think that one school is right and the others wrong, that one is better than another, or that any should be ignored. On the contrary, they all offer ideas and tools that are often very effective, though perhaps not when used at the same time. The problem is a little like having a car that has good wheels, a shiny body, an efficient engine, excellent brakes, and a terrific hydraulic system but that won't go or that no one in the family wants to drive. Big hat, no cattle. Each school of thought makes a contribution, a vital contribution, like the wheels and the engine, but the whole system sputters and founders and doesn't produce enough involved, energetic, and loyal workers. Usually companies do not know how to put these ingredients together in one effective corporate system, for the four schools each offer managers contradictory advice. Two things appear to be missing from the systems. One is a comprehensive unifying concept. Another is a general manager who can effectively mix and match these necessary ingredients. Unfortunately, such a person is a rare breed. Corporate management of personnel The third set of problems holding back progress toward better people management has to do with the structure of corporations, their size, diversity, and allocation of authority. As corporations grow in size and diversity, the difficulty of managing employee relations increases. With size come organizational layers that effectively remove top managers from the large numbers of employees at the base of the pyramid. By necessity, communication processes, which are handled via mass media broadcasts, house organs, speeches, and employee letters, become more political and less personal. When a company grows, the connection between the corporate well-being and the needs of separate divisions and locations can break. In principle, headquarters may be willing to let the divisions deal with their local labor forces on their own, but in letting the divisions take different courses, the corporation may endanger its bargaining position with the union. And even if the company is not unionized, the personnel office might fear that one division's low-cost demands could bring in a union, be shortsighted, or give the company a bad reputation as a place to work. Also, the Equal Employment Opportunity Act has vastly increased the need for headquarters to be in control, union or not. Yet each division has different tasks and needs, different skills and attitudes in its work force. Division A may need a labor force that is especially cost effective, while Division B, where the strategy may call for rapid product turnover, requires employees to be adaptive. Given these potential conflicts, experimenting with new approaches becomes riskier in large organizations than in small. Decisions become more sensitive, have longer shadows, and, understandably, executives may become more cautious and may procrastinate or pass the buck when they can. These problems of size and diversity plague many large corporations these days. Their effects are perplexity and conflict at headquarters, frustration and irritation at divisional and plant locations, and a mishmash of personnel policies and practices that have no clear focus. Policies that swing from the corporate to the divisional point of view, with the responsibility resting in neither location, are often ineffective. Time is an enemy Human resources management faces a further fundamental problem that few companies have resolved. Acquiring and developing the right talents for the business as it changes strategy, technology, and products requires more shrewd, wise, long-range planning than any other corporate endeavor. Companies can usually replace or rebuild technology, physical facilities, products, markets, or business systems in 3 to 5 years. But how long does it take to change the attitudes of l,000 employees with an average age, let's assume, of 40 and with 10 years of seniority? Clearly, management cannot dismiss the work force and start over again. But it often takes years to effect much genuine change, and one bad decision or unfortunate sequence of events can undo those years of slow progress. In contrast to the nature of the HRM task, which is a function that requires long-term thinking, consistency, and staying power, short-range pressures such as budgets and annual plans force short-term reactions. Successful managers seldom stay put long enough to see their HRM investments pay off. Also, executive compensation systems seldom reward a manager for five years' investment in HRM policies and activities. The scarcity of general managers who are as capable, confident, and experienced in the management of large numbers of people as they are in production, marketing, finance, and control is a further problem in many companies. Nonetheless, despite their inexperience, executives who reach the top must select and integrate the six different concepts and disciplines of human relations, personnel administration, and industrial engineering. They must also manage the conflicts among the interests of the corporation as a whole, the different divisions, and the separate plants and facilities. Why do so many general managers usually lack these skills? Several factors contribute to the difficulty. The first is that personnel work has seldom been attractive to fast-moving, younger general managers, who see the field as out of the mainstream of the business. Also, they see personnel as a staff function that is strictly advisory, that lacks authority and power, and that deals with small-scale, troublesome problems. A personnel job is seldom an attractive position for a manager who wants to run something independently. Because of personnel's conflict-ridden, pressured, contradictory nature, the decisions personnel managers make are touchy and cumbersome. Because they involve many other managers, they are not only time-consuming but also often frustrating. For these reasons, few outstanding managers move into personnel, and those in it often have problems getting out. The detail, the time required to gain expertise, the low status in the organization, and the lack of clear-cut authority can swallow up and overwhelm all but the very best in the field. Questionable management premises Finally, a few commonly held assumptions, the validity of which is increasingly doubtful, are at the root of the HRM problem. With good managers HRM takes care of itself If one believes that well-intentioned managers naturally do well at HRM, the following will also seem valid: Responsible, generous, enlightened top management will develop an effective employee group because its considerate and humane practices will inevitably trickle down and permeate the organization. Management may share its prerogative to manage if it wishes, but philosophically employees have no right to manage. People are fortunate to have jobs for which someone else has invested the capital. People are adaptable to a wide variety of tasks and conditions. Someone will turn up able and willing to do any job if the pay is right. These premises are no longer valid. Widespread dissatisfaction with jobs despite adequate pay has been documented. More workers now see good jobs as rights. Employees demand more autonomy at work and question management's right to administrate, and indeed its competence and wisdom to manage, without participation. Personnel is not very important If the personnel department is a housekeeping function, it follows that: It makes available services and advice that line managers can accept or reject since they have the responsibility for line operations. Personnel's job is to get good people and keep everybody reasonably happy. Managers responsible for line operations can accept or reject personnel's advice as a "staff" department. Relegating to housekeeping or staff advice activities that directly impinge on a corporation's most vital competitive resource no longer makes sense. Decisions affecting human resource quality should not be dealt with in a secondary, catch-up, tidy-up, reactive way. Doing so gives a lower priority to personnel activities than to production, sales, or finance; results in personnel management assignments being a sentence to oblivion; fosters second-rate, sloppy personnel activities; and removes accountability from personnel officers for setting up reactive, short-term HRM policies. Control is all If control systems are really what make an organization run well, it follows that: By establishing careful and detailed annual forecasts and budgets and monitoring results by month, quarter, and year to meet the plans adopted, managers can effectively control and operate companies. This premise drives out long-range thinking as well as the long lead times required to build effective human resources. The quantifiables remain, but the "soft quality" items such as training and development, appropriate compensation structures, and communication activities are expendable. Every problem has a solution The eternally optimistic macho belief is that if reason is applied: When managers put good minds to work on a problem, it will yield quickly. When good managers who will be held accountable are armed with good solutions, substantial improvements will result. This premise accounts for many "big hats"; managers have adopted programs "to fix" poor morale or low productivity instead of getting at basic underlying causes. Short-term fixes or "programs" do not work in human resources development any better than they do in government. Managers wishing superior human resources must get at fundamental rather than superficial symptoms; they need to accept disappointments and unexpected outcomes of solutions to complex problems, and they need the staying power to work persistently at improving the quality of human resources. These problems are massive and stubborn. When disillusionment and frustration hit, many managers react judgmentally, blaming the union or the government, the "vanishing work ethic" or "the new breed," instead of their own piecemeal, reactive approach to the management of people. Since changing habits, skills, values, beliefs, and attitudes in a work force takes years, the lack of long-range planning in human resources is frequently disastrous. So the ultimate irony is that the personnel function—which deals with the most fundamental and central corporate competitive resource and that has the longest time horizon of any function—is left with no long-range strategy and allowed to react merely to transient pressures and events. Toward Improving Human Resource Performance To develop human resources, corporate management will have to make some fundamental changes in its conventional wisdom. Let me suggest five processes to include in a new approach: 1. Managers need to tackle the mistaken premises head on and cast them out in favor of a new set like the following: If managers continually fail to listen, communicate, explain, anticipate, and in every way nurture commitment and mutual understanding, employees will inevitably become alienated. In the nature of people and organizations there is a relentless gravitational slide toward alienation. Managers can develop and tailor a work force to meet the particular performance needs of an organization. Because superior human resources create the most central, basic, and powerful strategic competitive advantage possible, human resources management should receive top priority. Employees are stakeholders in the enterprise. Their interest in the conditions of employment and work are as real as those of stockholders and managers. The problem is not whether to keep them involved in the management of the enterprise, but how. As a function, personnel has as much a right and an obligation to monitor the quality and prescribe the processes of personnel activity (selection, compensation, communication development, et cetera) as accountants do to prescribe and monitor accounting policies and procedures. The top echelon of leading companies in this respect, such as Hewlett-Packard and Dana Corporation, gives the personnel function broad license in any and all HRM activities. 2. Any company can begin to improve the management of human resources simply by doing the basics better. The most practical way to start is by performing all the routine ongoing personnel activities with extraordinary care. Research suggests that for the many reasons cited earlier, recruiting, selection, compensation, job design, training, and communications procedures are in many companies hastily and inadequately carried out. Worst of all is supervision—the oldest and most written about of management skills. The business schools neglect it, and economics, schedules, costs, and time pressures allow careless and inhumane practices to characterize it. Poor supervision is absolutely unnecessary—yet millions of workers have to put up with it. It hurts American manufacturing and service industries beyond belief. The importance of good supervision is so obvious that its rarity is astounding. The enormous improvements in HRM at General Motors began when managers went back to the basics of good supervision and communication. For instance, although QWL programs were behind the turnaround at Tarrytown, the fundamental changes were achieved by supervisors simply treating people with care and respect. 3. Managers need to set a seven-year time horizon for their human resources planning and operation. I pick seven years simply to make the point that it's not one, two, three, or even five. Planning in personnel needs at least that amount of time to survive several generations of top executives' strategy shifts, economic recessions, division and companywide crises, government policy changes, legislative revolutions, and technological advances. It takes at least seven years for managers to install, live with, improve, and reap the benefits of major change in personnel activities; to weed out unproductive skills or attitudes; and to hire a new generation. And it takes that long for employees to live through a period of history in a company that forms a new foundation of trust. Seen as a seven-year ongoing problem, the task of human resources management takes on a whole new cast demanding staying power as well as clear philosophy and strategy. For example, IBM's philosophy that people are valuable to the company has permeated the organization from the beginning. Similarly, at Hewlett-Packard the founders enunciated a set of standards that placed people first. To this day, these values persist with great benefit to these companies. 4. Having a seven-year horizon requires that managers develop a philosophy, some objectives, and a strategy. Since human resources strategic planning is as yet a largely unknown art and since it may take researchers years to develop competence, managers would do better to begin on their own rather than wait for the perfect approach. But how to begin? The combined experiences of four major U.S. corporations that have been working at HRM for a long time (Honeywell, American Hospital Supply, Dana Corporation, and Westinghouse) offer several lessons— A first step is to identify the implicit tendencies of present personnel policies and practices in terms of the skills, attitudes, and behavior they develop. Each corporate unit and division has implicit objectives in its personnel activities—to develop a work force that achieves low costs, to be flexible, or to acquire the skills for special projects, for instance. In most companies, such analysis will show that the implicit goals of the various personnel policies and activities are contradictory. Further, the uniformities in policy and practices across divisions, departments, and functions are also frequently dysfunctional in meeting the strategic needs of those separate groups. A second useful step in human resources strategy planning is to identify by function, department, and division the desired behavioral characteristics of each employee group. These will depend on the company's or division's objectives and plans for gaining competitive advantage. That plan requires certain product, marketing, manufacturing, and financial strategies. These in turn will each have specific human resources implications. Managers need to uncover these implications and clearly specify them. When managers juxtapose the human resources implications of their plans with those implicit in their personnel policies and activities, the need for change will emerge. From this process they can develop a human resources strategy that details by division, department, or function the human resources and specific policies and practices needed in the basic areas of human resources management. Then they can make long-term plans. Pioneers in human resources strategy make such planning a central part of their annual plans, budgets, and long-range strategy. In other companies, however, managers commonly let HRM become a residual or an outcome of the plans rather than a key input. At best, most divisional or company managers merely project from extrapolations the number of various personnel categories they will need in the future. Experience in HRM strategic planning shows that the process nearly always raises a fundamental problem: the divisions or departments of the company have different competitive strategies and often need different performance from their people. Similarly, within a division or a location, groups may need different personnel policies and activities. But can a company, for example, pay people differently in engineering than it can in purchasing or accounting? The answer is yes, but only when management discards the old uniformity rules and designs personnel policies to achieve strategically essential objectives. 5. Companies wishing to improve their HRM need to establish a long-term program to develop general managers with human resources management skills and experience. Considering the personnel department as a functional operation with strong authority and responsibility for effective human resources management practices has helped several companies to attract and keep good personnel managers. By regarding the development of superior human resources as an essential competitive requirement that needs long-range, functional strategic plans, top managers can attract many of the best managers in the company to the HRM function. Some companies that have moved outstanding managers into personnel functions for two- to four-year periods have, after five to seven years, developed a top management group, a high proportion of which has had in-depth experience in the formulation and implementation of human resources strategy. A group of loyal, productive employees is an organization's most effective competitive weapon. But during the last decade variations among persons available for employment appear to have greatly increased. Subtle differences in job and personal skills and in attitudes toward work and employers have made selecting an outstanding set of employees even more difficult. Mass education, which makes schooling level as a selection criterion less meaningful, has compounded the problem. Leading companies in HRM have learned that the old adage that "people are people" is wrong: there are enormous differences between a good employee and a superb one. A small fraction of companies have learned to insist stubbornly on hiring only the very best. These increased problems in achieving a "quality level" set of employees have made this HRM strategy, when successfully carried out, a uniquely dynamic competitive weapon. But it is more important than ever to recruit and develop a high-quality group of employees, for companies with a head start are hard to catch. Their good people attract others like them, while conventional organizations have to accept what is left. Human resources planning can act as a catalyst and an operating mechanism to accelerate the building of an effective work force. Where this is accomplished, people are energized and committed and become the most powerful, fundamental corporate competitive resource of all. In the whole production matrix, people are probably the most frustrating for managers since they constitute the most difficult variable to control and predict. No matter how predictable society tries to make its members through its various socializing mechanisms, people continue to give managers the most trouble. Managers are always complaining about "those workers." "If only they would do what we tell them or learn to follow instructions, we would surpass all our quotas." It is this obsession with the product and the consequent neglect of human needs that could fill case-history books with stories of management's insensitivity to workers. This insensitivity is often turned around and explained as a "lack of worker motivation." Workers become strangers to many managers and are seen only as an extension of a piece of machinery in which a capital investment has been made. This leads to the engineering dream of eliminating the "human element" in production. 1. The term large numbers is used in this article to distinguish between the management issues concerning interpersonal and small group relationships and those relating to large groups, departments, divisions, or entire companies and institutions. My focus is on the latter, not on the former. A version of this article appeared in the September 1981 issue of Harvard Business Review.