

Book Review: Aligning Human Resources and Business Strategy Author: **Holbeche, L.**

Holbeche, L. (2003). *Aligning Human Resources and Business Strategy*, Oxford: Butterworth-Heinemann.

REVIEWED BY: ROBERT COMPTON

With its emphasis on matching HR strategy with corporate strategy, this text is a timely reminder that despite several decades of urging HR professionals to focus more on the business of their business, little progress seems to have been made. Many texts provide the rhetoric, but few provide a way forward to the average HR professional who on one hand is trying to maximise operational effectiveness whilst being told that s/he must add strategic value to the bottom line.

Holbeche adds little new in her early chapters except to remind the reader of the strategic imperative of aligning business strategy with HR strategy – the so-called concept of ‘fit’. It is with a sense of frustration that the reader must go over this ground again prior to setting out a series of concepts and applications that HR professionals must adopt if they are to be seen as value-adding rather than an overhead. The days of business accepting HR as an overhead are gone. Fortunately, however, Holbeche then goes beyond the rhetoric with a series of tools and case studies from some of the world’s leading organisations; Ericsson, Sears Roebuck, Sun Microsystems, Dow Corning and BP Amoco to name a few. The concepts applied include a business excellence framework including a useful discussion on the value of benchmarking against the quality organisations. In addition, she borrows from the strategic management literature in the form of the balanced scorecard approach to strategy, and demonstrates how this approach can be used by HR professionals to align their plans and strategies with those of the corporation and thus effect synergies.

Holbeche also discusses the role of corporate competencies and then drills her discussion down to discuss how corporate competencies can be utilised by HR to determine individual competencies for leaders, management and all employees. She then shows how this approach leads naturally to a competency-based view of developing employees so as to ensure strategic rather than menu driven development programs. In this way, development programs are likely to be far more strategic than otherwise would be the case.

One of the critical debates Holbeche opens up is the issue of rewarding high performance employees. If one is serious about aligning strategy with HR practice then the ‘one size fits all’ approach – popular for so long in Australia – cannot survive. Performance management systems need to be put in place that flow directly from corporate strategy and through to the reward system. In this way, those who are contributing most to the goals of the corporation are those who are rewarded. HR’s role is defined clearly as helping to create such a reward culture rather than an entitlement culture where payday always comes on Wednesdays.

Holbeche examines a number of the more contemporary approaches to remuneration management such as at-risk payments, share options and performance based pay. More importantly, she raises the question as to how do people want to be rewarded? There is little incentive value in offering a reward system that does not motivate high performers simply because the wrong rewards are on offer. Her discussion on the motivational value of recognition cannot be underestimated. Here is a motivational tool that in most cases costs nothing yet can have great motivational impact.

A most interesting discussion in this text is how Holbeche distinguishes between the traditional

employee (the baby boomer) and the Generation X and Y employee. Not only will recruitment and selection strategies need to be re-thought, but the entire range of HR strategies as well. Generation X and Y have an entirely different view on the world of work than do the baby boomers, many of whom are running the company. Remuneration and career strategies will also need to be re-thought. Gone are the days when employees stayed for life. The average GenX and Y employee will not only change jobs four or five times in their working life, but will often change careers three or four times in that period. This creates the need for an entirely different perspective in terms of HR strategy. Retention of these employees will become a major concern. Indeed, is there any point running career workshops if employees have no intention of staying beyond five years, a finding that has been revealed by a great deal of research.

Holbeche adds to the debate by moving HR closer to the real issues that should be their natural 'turf' in today's world. She discusses and debates the role of HR in culture change along with communication and leadership development. In addition, she goes on to include a full chapter on knowledge management and establishing a learning environment. Indeed, she is moving HR towards the more cerebral areas of the world of work. If HR does not involve itself in these issues then who will?

In conclusion, Linda Holbeche goes beyond the question of 'what', but also provides much discussion on the question of 'how' without falling into the usual trap of becoming overly prescriptive. Her text is a valuable contribution to the contemporary HR literature and will be most useful not only for struggling HR professionals seeking their place in the sun, but for students and academics within the discipline of HRM who are seeking a more analytical approach to the world of HR rather than the mere prescription and rhetoric so commonly found in the mainstream literature.

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