

THE HUMAN RESOURCE MANAGEMENT AND BUSINESS STRATEGY: PRACTICES IN THE ELECTRONIC INDUSTRY IN THAILAND

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ABSTRACT

Studies are being carried out to explore linkages between Human Resource Management and Business Strategy. At present, the development of Human Resource Management stays behind the developments in business strategy. The aim of this study is to examine the existing Human Resource Management practices in the Electronic Industry in Thailand and to investigate whether there is a relationship between Human Resource Management and Business Strategy. Links between the Human Resource Management strategy and Business strategy is taken as the conceptual framework of the study. The response rate was about 76% of total questionnaires distributed. Many managers were found to be praiseworthy existing Human Resource Management policy and practices. Correlation between existing Human Resource Management practices and Business Strategy was found to be very significant.

Keywords: Corporate strategy, Human resources management strategy, Business strategy.

1. INTRODUCTION

The world is now becoming a global village and each country is urged to be very dynamic in terms of economic, social and political. Among them Asian countries are becoming prominent in the economic development. They have all adopted export oriented policies and have had rapid economic growth making their economies highly interdependent with the rest of the world.

Thailand is no exception as a resource based country; it has become an export-oriented economy in the past two decades. The country now needs to question itself of how it can become more competitive in the face of world competition (Siengthai, S. 1996).

Human resources management carries the promise that if people are regarded and managed as strategic resources, then it would help the firm to be in a competitive edge and achieve superior performance (Arthur, 1994; Schuler, 1992). However, human resources are becoming the core competency of organization in many cases, even though they have a state of the art of technology. The question now arises is how

managers deal with competencies of employees to fit them with the business strategy.

The most difficult aspect of management is managing Human Resources, which are relatively inflexible and where mistakes are hard to rectify (Torrington and Huat, 1994). One study (Miller, 1992) has shown that the linkages between human resources management and business strategy are poorly developed and the study mentioned that they are seeking to replace tools and techniques for achieving corporate goals. The development of HRM strategy stays behind developments of business strategy.

1.1. THE ELECTRONIC INDUSTRY IN THAILAND

The Electronic industry has been contributing to the economic progress of Thailand being a well-reckoned manufacturing organization. It continuous commitment to technology and innovation has seen them achieve a number of significant milestones. Thailand have been a success and they look forward to making the next decades even better.

The study intended to examine how managers bridge the gap between HRM and business strategies of the electronic industry in Thailand.

1.2. THE THAILAND PROFILE

Thailand is seen as the center of this high potential region, approaching a population of 70,000,000, Thailand is one of the larger South East Asian economies, posting impressive economic growth rates approaching 10% before the bubble economy burst in 1997, as a low cost manufacturing exporter. Much of Thailand's import expenditure just prior to the bust was for heavy manufacturing equipment, suggesting that exports would grow fast subsequently.

The great majority of Thais are Buddhist (around 95%), with some provinces in the South near Malaysia and including Phuket made up of a large proportion of Muslims. Around 75% are 'Thai', 15% Chinese with a significant number of Indian and other ethnic groups. Thai is the national language and spoken by the 94% of literate Thais.

1.3. OBJECTIVES OF THE STUDY

The company must be a combination of employee Knowledge, Skills, Ability, Attitude, Performance, and Managerial capabilities to optimize its current HRM practices as factors attributable to its employees' performance.

It is evident that employee compatibility is imperative for improving organizational performance with effective utilization of Human Resources to that effect a reality. The main purpose of the study is that how the HRM Strategies and Business strategies are integrated to gain competitive advantage in The Electronic Industry in Thailand.

The specific objectives of the study are,

- To identify the external and internal environmental impact to the HRM policies and practices in Thailand
- To identify the gaps between HRM Strategy and Business strategy of the Electronic Industry in Thailand.
- To assess the strengths and weaknesses of existing and to propose the integration between HRM and Business strategy for the Electronic Industry.

1.4. METHODOLOGY OF THE STUDY

The study was arranged as a case study. The case study recognizes HRM strategy as the company's competitive tool that links with Business Strategy to obtain competitive advantage over other companies.

The secondary data was gathered from documents of the company, the Royal Thai government departments, competitors' web sites and papers published and unpublished. Internet and Libraries also provided a significant volume of secondary data.

The primary data were collected through interviews and questionnaires. The interviews were conducted with personnel and human resource managers in the Philips Electronic Company in Thailand.

A questionnaire was developed to identify HRM and Business strategy and their practices. The questionnaire has two main sections. The first section contains items measuring the Business strategy and general activities of organization. The second section has three main items measuring the HRM policies and practices. All two sections use a 5-point Likert scale (where 1 = strongly disagree: 5 = strongly agree).

Fifty questionnaires were sent and visited to the company to interview selected managers with the help of top management. The response rate was about 76% of total questionnaires distributed.

The SPSS was used for the data analysis. These statistical tools were used especially to examine relationship between HRM and business strategy. Spearman rank correlation was used in measuring relationships.

2. THE LITERATURE REVIEW

2.1. HUMAN RESOURCE MANAGEMENT

The concept of human resource management has been widely discussed for over a long period of time by many academics. It involves "all managerial decisions and actions that affect the nature of the relationship between the organization and its employees, its human resource" (Beer et al, 1985). This definition is rather a functional one since it indicates the responsibility for the matters relating to employees that are divided among a number of different departments of an organization. The strategic role of HRM is reflected in its support to achieve the company's strategic objectives.

Hence it could be said that HRM furthers the organization's competitive advantage.

HRM can improve the true quality of labor force and its commitment, thereby enhancing the service organization performance. If employees perceive that their goals are achieved when the organization goals are achieved, they are motivated to do the jobs well, voluntarily go beyond the call of duty and recognizing the importance of enhancing customer satisfaction. (Lovelock, 1992).

Human Resource is the most important element in organization (Sharif, 1989) and concludes that no country or enterprise will be able to make technological innovation without a radical philosophy in the HRM. Charles N. Onwachekwa (1986) defines HR as people who are responsible for the performance of the jobs necessary to obtain organizational objectives.

HRM is the utilization of HR to achieve organization objectives (Mondy and Noe, 1996). HR objectives not only reflect the intention of senior management, they also must balance challenges from the organization, the HR function, society, and the people who are affected (Werther and Davis, 1996). HRM is the part of the organization that is concerned with the people dimension (De Cenzo and Robbins, 1996).

The views of HRM are discussed including HRM as fit with business strategy. HRM is strategic (Peter, 1994), using the strategy as the starting point for their analysis of HRM. Essentially the argument put forward by many authors is as follows: a comprehensive corporate strategy is essential to continue business success.

2.2. BUSINESS STRATEGIC PLANNING

2.3. INTRODUCTION OF CORPORATE STRATEGY

Simply the strategy is how the organization intends to achieve its goals. The means it will use, the courses of action it will take, and how it will generally operate and compete constitute the organization's strategy.

HR strategy serves as a framework by which the organization can develop the consistent and aligned set of practices, policies, and programs that will allow employees to achieve the organization objectives. Further it serves to ensure a fit between corporate strategy and

individual HR programs and policies. Different types of organization strategies require different types of HR programs. In essence, there are three different strategic approaches to managing people.

The first strategy is the growth and it allows an organization to reap the benefits of economies of scale, to enhance its position in the industry vis-à-vis its competitors, and to provide more opportunities for professional development and advancement to its employees. Growth can be pursued internally or externally.

The second strategic approach in HR involves with the issues arising from mergers and acquisitions that usually result in the dismissal of employees. Critical decisions will need to be made concerning who will be retained and who will be let go, and a well-developed retention program should be developed that is cognizant of all legal obligations to employees.

The third type approach is a turnaround or retrenchment strategy. Under this approach, the organization decides to downsize or streamline its operations in an attempt to fortify its basic competency.

2.4. BUSINESS UNIT STRATEGY

Business unit or product, service, or customer divisions develop a more specific strategy to fit the circumstances of their marketplace and competitive environment. Consequently, there are three different business unit strategies that require correspondingly different strategic approaches to HR.

Michael Porter has argued that a firm's strengths ultimately fall into one of two headings: cost advantages and differentiation advantages. By applying these strengths in either a broad or narrow scope, three generic strategies would result. They are identified as *cost leadership*, *differentiation*, and *focus*.

Cost Leadership Strategy: This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Each generic strategy has its risks, including the low-cost strategy.

Differentiation Strategy: A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Focus Strategy: The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Otherwise, with more than one single generic strategy the firm will not achieve a competitive advantage. And Porter argued more that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy.

2.5. HUMAN RESOURCE MANAGEMENT AND BUSINESS STRATEGY

Increased integration between Human Resource Management and Business Strategy is one of the most important demands that are placed upon modern strategic human resource management. In both the management and the academic literature, it is generally acknowledged that the strategic deployment and management of personnel can contribute to the success and continuity of the firm. The human resources are the most important assets of an organization, in terms of firm's competitive advantage. At the same time, in addition to the importance of the human resources as such, it is believed to be important that the management of the human resources should be in perfect fit with the management of the organization as a whole and its strategic plans.

The literature often refers to a relatively small number of success stories. Also, in general, most literature is mainly concerned with 'what' strategic human resource management is and much less with 'how' to implement it (Truss and Gratton, 1994). We would like to distinguish three aspects of the integration between business strategy and human resource management. The first is concerned with the relational aspects

between business strategy and human resource management: what is the position of personnel and human resource management in relation to other internal factors such as economic, technological and financial?

The second issue reflects the content of both strategy and human resource management and is concerned with the connection between a certain business strategy on the one hand and a certain human resource management on the other.

Third and finally, the process aspects refer to the ways in which the integration between business strategy and human resource management is realized and continued. It will provide insight into the ways in which the integration between business strategy and human resource management is actually realized.

2.6. LINKS BETWEEN HRM AND BUSINESS STRATEGY

Integrating is to bring the people to organization for fitting with business strategy to achieve organization goals and to gain competitive advantage. To attempt for analyzing the integrating HRM and Business Strategy, the model was developed as external environment includes legal, technology, economics, social, culture, industrial structure, shareholders, consumer behavior, labor law, labor force and trade union whereas internal environment covers company's mission, policies, corporate, culture and management style. HRM function of company has been identified and its functions were analyzed as recruitment and selection, training and development, performance appraisal and compensation. The purpose of the analysis through the above model is to examine how HRM fits to the business strategy of the organization.

3. DATA ANALYSIS AND FINDINGS

The starting point was the observation that relational and content aspects are not the most crucial ones for the realization of strategic human resource management. The company in question is well known for their strategically well thought-out policies, especially in the field of human resource management. And the company was the desirability of conducting interviews with people who are very active in the practice of strategic human resource management

The response to the questionnaire was satisfactory and it accounted for 76% of the sample size. Questionnaire was filled as they were closely observed with assistance the Human Recourse Managers of companies. The basic analysis was carried out in line with the model of links between human recourse management and business strategy. The model identifies internal environment, external environment, business strategy and human resource management as core component of the model in describing various links between HRM and business strategy and how it influences the goals of the company.

3.1. EXTERNAL ENVIRONMENTS

For instance factors such as Government, Competitors, Technology, Economic, Social and Cultural are closely influential to the company. It was observed that the company was responding to changes in the environment reactively rather than proactively. The reason for that is a management general idea is that changes in the environment are not easily predictable and therefore a proactive act may not suit always to comfortably face the situation. The management perception is that reactive approach in that regard is more practical and easy to adopt.

The strategy mainly followed by Japanese competitors is the cost -competitiveness to gain a larger share of the electronic market worldwide. Competitors are keeping a track of technology that it is using at present.

The role of Thai government is one of the major affecting factors to HRM of company. Most of laws are related to labor management. The role of government is to take policy decisions and implement rules and laws such as the Employment Act, Industrial Act and Trade Union Act. The study found that this company is at least complying with the minimum requirement of all the labor law provisions pertaining to the industry. So it is clear that government policies in relation to labor laws are directly affecting the company's HRM policy and at present the company is doing well with all of them.

The introduction of new technology is also affected to the business strategy of company and HRM as well. In accordance with the situation, it has to adopt strategy of HRM to retain employees. The company has already adopted a policy of training employees to improve their

skills and competencies in order to adopt new technology.

The economy of Thailand is a major environmental factor affecting to HRM. In the organization people needs to develop their skills, improve standard of living. Therefore the company has to look at their compensation system, salaries and especially in non-financial compensation. The company provides training and education for developing their responsibility and upgrades their knowledge.

According to dimension of culture in the company is caused to impact to management the people. The key values of culture are shown the representative of each culture. Most employees are Thai and Buddhism.

The strategy of the company is to build the brand equity. Thus it makes ensuring that their people have ability to provide good services to their customer make customer happy, make them recognize the its brand.

3.2. INTERNAL ENVIRONMENTS

Internal environment factors have the major impact in determining the interaction between HRM and Business strategy of the company. These factors include the company's mission, policies, corporate culture, management style, and organization structure.

The company's mission affects to HRM policies and practices. HRM policies are set out guidelines for helping the management achieve the organization's goals. The company's mission is very clear to each business unit and to every body further it was found that adequate measures have been taken to communicate the vision of the company to all level of employees. HR unit could base on the mission to develop the guideline to assist line managers.

Company policies of each division are related to HRM in the organization. HR manager provides the support to line managers to achieve the organization goals. Hence the company provides and develops guidelines for the organization of HRM.

Corporate culture of the company also has an impact on the organization. The managers stated that the organization culture is very important as individuals act on shared values and other aspects of corporate culture and their behaviors have a significant impact on the organization

effectiveness. The corporate culture of the company was consistent with the current objectives, strategies, policies and programs. Managers are attempting to improve their management of corporate culture because this often increases strategic success.

The management style is closely related to corporate culture. The style of management varies according to the individual manager. Manager listens considerately to their followers' opinions before making a final decision. The management style of company is consultative and teams style that promotes the corporation among all the employees.

3.3. HUMAN RESOURCE MANAGEMENT OF COMPANY

Barney and Wright (1998) supported the idea that employee's contribution is one essential factor in HRM practices contributing to innovative processes of the company. They suggest that one particular type of HRM practices is empirically conclusive to the company's success. Some HRM practices as a whole bundle of practices may be worse or less conducive to the company's success than those of practice that are investigated individually. This can interpret that the studies of the relationship of HRM practices with the company's success can have the different findings.

The distribution of responses received in relation to overall overview of HRM. That explains that about 81% of respondent had given the preference of score three or more to all the questions asked. 24% of them stated that they strongly agree on all the questions where as twelve respondents indicated that they agree on all the questions marking the score of four. Hence it revealed that significant majority of managers are in the belief that company's HRM policies are best fit with the practice. Only two respondents on average basis had stated that they are strongly disagreeing on the fact that HRM policies go together with the practice.

Attributes of HRM in general (HRG) were found to be rather positively rated. It was found that there was a significant relationship between all the four attributes included in this section at confidence level of 95%. This positive relation indicates the conformity and consistency of HRM strategy of the company.

In relation to Preparation and Selection (HRPS) attributes of HRM, it was noticed that again many respondents marked strongly agreed option to most of the questions. It was found that there was a significant relationship between all the four attributes included in this section at confidence level of 95%. This positive relation indicates the conformity and consistency of HRM strategy of the company. Average responses are given in 81% of respondents rated the score of three or above.

In term of development and appraisal (HRDA), 84% of respondents were in the view that company policy in this regard is strongly positive. Their rating of high preferences to the questions warrants this effect. Further it was found that there was a significant positive relationship between all the four attributes included in this section at confidence level of 95%. The Accumulated weighted average score for preferences up to this point was 3.63 of five. This implies that managers perceive that company's policy with regard to HRM development and appraisal are converged to the business strategy of the company.

The distribution of responses received in relation to compensation and productivity (HRCP) of HRM. That explains that they agree on all the questions marking the score four. Only four respondents on average basis had stated that they were strongly disagreeing on the fact that compensation and productivity of HRM policies go together with the practice. This may be accepted due to the fact that existence of behavioral differences and perception of employees. As a whole it could be said that managers of company tend to perceive that HRM policy and practice help the company in achieving its objectives.

This study finds that HRM practices of company appeared to have positive relationship with productivity and empirically shows that the company with greater compensation system at whole employees tends to have better productivity.

3.4. BUSINESS STRATEGY OF COMPANY

In term of business strategy the responses to the questionnaire were basically divided into three sections. They were business strategy links with HRM, business strategy in participation and business strategy within organization structure.

Out of questionnaires received, the preference of most of the respondents ranged from the value 3

to 5. This means that managers have clear idea on company's Business Strategies (BS). More than 80% of respondents agreed that business strategy and Human resource management effectively works together.

Internal consistency shows that Business strategy, Participation and Organizational structure are consistent with each other in relation to strategic HRM. The standard deviation of score with regard to above three attributes was 0.59, 0.48, and 0.52 respectively. There were positive correlations between variances of preference in relation to the above three categories of business strategy, participation and organization structure. There was a significant correlation between Business strategy, participation and organization structure.

This study empirically finds that all three types of business strategy are related to HRM practices. They have positive relationship with HRM practices. This study empirically confirms that integration with business strategy and HRM appears to explain positive relationship with policies and practices. Hence it revealed that significant majority of managers are in the belief that companies business strategy are best fit with the HRM policies and practice.

It was found that there was a significant relationship between business strategy and participation at confidence level of 95%. 21% of respondents stated that they strongly agree on all the questions whereas nine respondents indicated that they agree on all the questions. Hence it revealed that significant majority of managers are in the belief that companies business strategy are best fit with participation. The responses to question 6 to 9 were consistent with other items and accumulated weighted average of the score up to this level stood at 3.44.

This study empirically confirms that different business strategy lead to different employee's participation practice. This may be due to the existence of cross-cultural differences within each section of employee's it proved that the HRM strategy has recognized the importance of minimizing conflicts of HRM with business practice issues.

In term of business strategy and organization structure, it highlights that about 79% of respondents rated the score of three or above. Again the managers of company were in view that business strategy has been aligned with the company organization structure.

Most of respondents showed their satisfaction with the company's business strategy and organization structure. More than 75% of them agreed the company's business strategy and organization structure are well combined.

3.5. LINKS BETWEEN HUMAN RESOURCE MANAGEMENT AND BUSINESS STRATEGY

3.5.1. DESCRIPTIVE STATISTICS

First frequency tables of all variables were computed to check errors in keying data and report score variables descriptively. Second, descriptive statistics of all composite variables including means, standard deviation, and variance, minimum and maximum were computed (see Table 1).

Table 1: Descriptive Statistics of All Composite Variables

Variables	Range	Min	Max	Mean	Std. Deviation	Variance
BS	1.40 0.03	1.43	0.736	0.59231	0.351	
BSP	1.06 0.03	1.09	0.690	0.48021	0.231	
BSO	1.17 0.08	1.25	0.698	0.52709	0.278	
HRG	1.30 0.05	1.35	0.728	0.58755	0.345	
HRPS	1.26 0.06	1.32	0.698	0.53742	0.289	
HRDA	1.27 0.03	1.30	0.724	0.56194	0.316	
HRCP	1.11 0.11	1.22	0.688	0.51708	0.267	

Table 1 shows that an the average the Company has frequency degree of HRM practice of employee participation, preparation and selection, Development and appraisal, and Compensation and Productivity with the mean value of 0.73, 0.69, 0.70, 0.73, 0.70, 0.72 and 0.69. In addition the standard deviations for all variables indicated that the variance of score to the questionnaire were not significant

3.5.2. BIVARIATE ANALYSIS

The two tailed Pearson Correlations was computed to determine the strength of the relationships of variables. The correlation matrix suggests that a moderate level of significant correlation exists among Business strategy and HRM practices. However in general the absolute values of correlation among variables ranged from 0.878 to 0.999 indicated that significant is to reduce the predictive power of any variables by the extent to which it is associated with the other variables. Table 3.2 shows that there were significant correlation relationships between HRM Practices and Business strategy.

Spearman's Correlations test also shows that there are significant correlations between HRM practices and business strategy. The association between characteristics of respondents and variable of this study are explored. To explored the association of characteristics of respondents and business strategy. It indicates that employees are associated with business strategy of the company.

Table 2: Pearson Correlations among the Variables

able	BS	BSP	BSO	HRG	HRPS	HRDA	HRCP
BS	1	0.905*	0.982**	0.976**	0.966**	0.993**	0.982**
BSP	0.905*	1	0.899*	0.906*	0.878*	0.935*	0.899*
BSO	0.982**	0.899*	1	0.999**	0.996**	0.992**	0.999**
HRG	0.976**	0.906*	0.999**	1	0.995**	0.991**	0.999**
HRPS	0.966**	0.878*	0.996**	0.995**	1	0.980**	0.993**
HRDA	0.993**	0.935*	0.992**	0.991**	0.980**	1	0.992**
HRCP	0.982**	0.899*	0.999**	0.999**	0.993**	0.992**	1

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Further the similarity matrix and dissimilarity matrices also shown that respectively proved that there is strong relation between those variables. As expected the results show that there are strong associations between characteristics of respondents and HRM practices, in addition the

results show that there are associations between Business strategy and HRM practices.

3.5.3. ANOVA ANALYSIS

ANOVA is employed to investigate relationship between business strategy and HRM. Business strategy was grouped into 3 factors in this case of BS is defined as factor variable while each practices of HRM was defined as dependent variable. A practice of HRM was tested whether a practice is different across groups of BS. The assumption made for applying ANOVA was equality of variance. To test the group of business strategy conducts the same average amount of a particular type of HRM practices. Majority of means of attributes were higher than 3 from the scales of 1 to 5. This suggested that the managers have positive perception about the questions asked.

The correlation coefficient between HRM policy and business strategy was given in table 4.3 and it indicates that the relation was very significant at the confidence level of 99%. Pearson correlation and Spearman correlation between those two variables were 0.988 and 0.900 respectively.

Table 3: Pearson Correlation between Business Strategy and HRM

	BSTOT	HRMTOT
BS Correlation	1	0.988*
Sig- (2-tailed)	.	0.001
N	38	38
HRM Correlation	0.988*	1
Sig- (2-tailed)	0.001	.
N	38	38

* Correlation is significant at the 0.01 level (2-tailed)

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. INTEGRATION BETWEEN HUMAN RESOURCE MANAGEMENT AND BUSINESS STRATEGY

The main purpose of this study was to explore relationship of HRM and business strategy in

achieving competitive advantages. This study empirically tested which types of business strategy and HRM practices could contribute to competitive advantage.

The bivariate analysis indicates that there are significant correlations of HRM practices with Business Strategy. The result of this study empirically indicated that employee participation, organization structure, preparation and selection, development and appraisal, and compensation and productivity appear to have significant relationship with business strategy.

This study supported that business strategy and HRM have conclusive relationship with company policies and practices.

Historically based identity and vision

In the study, much emphasis was placed on the history of the company. Not so much because of the idea that the core and identity of the current business strategy is an outcome of a development process through out the past. The same holds true for the role of the human factor within the strategy, it is discovered, refined, and continuously improved. The company developments were consistent with earlier developments and were directly linked with the history of the company. As a result of a crisis situation, the original identity had been drastically changed and adjusted. Hence, the availability of a clear vision was seen as an absolute prerequisite for the existence of strategic management, and consequently for strategic human resource management.

Identification of vision by top management

Top management completely identifies with the vision of the company. In fact, top management personifies the identity of the company. This goes further than the standard observation that top management should endorse the vision, which often restricts itself to verbal statements without providing the necessary sense of direction. Instead, full identification with and continuous dissemination in words and in action of the core values of the company seem to be required. In this way, vision and mission are no longer intangible phenomena, but core values that, like magnets, provide a sense of direction to the company and its members.

Excellent personal relations between top managers

Excellent personal relations came out, as marked observation was that the often-assumed

contradiction between technical-economic policies on the one hand and social policies on the other seems to be absent in the company. Apparently, good mutual relations and awareness of the joint responsibility could overcome such contradictions.

External market behavior seems to be translated into the internal policies

That is, the identity with which a company presents itself in the market is also present within the company. The Company has external operations, products and services, and also internal organization and human resource management; a strong focus on quality leads to egalitarian internal policies. This translation from external approaches into internal policies is not just a one-time-only effort. On the contrary, it involves a continuous search for and confirmation of the existing identity, and continuous looking for and choosing options consistent with the core values of the company.

The facilitating character of the processes is remarkable.

Human resource management is not a stand-alone activity, but is part of an integrated process. Facilitating this major process is the most important function of human resource management. The strength of strategic human resource management is the realization of a close connection with the primary processes. Human resource management has had low profile because of its facilitating character, human resource management does not play a leading part within the company. The outstanding feature is the strong problem-oriented character of human resource management.

Finally, communication is a central aspect within human resource management.

The opening of communication channels and the setting in motion of communication flows top-down as well as bottom up is considered to be one of the core tasks of human resource management.

4.2. LINKS BETWEEN THE RELATIONSHIP, CONTENT AND PROCESS ASPECT

In this section briefly explore the connections between the relational, the content and process aspects of the integration between business strategy and human resource management. It

seems to be justified to distinguish two types of situations regarding this integration.

The first type could be characterized by rational and linear processes of strategy making in which the business strategy is formulated on the basis of available and obtainable resources or in which the business strategy is based on external market demands and the content of human resource management is a derivative from this strategy. In this kind of situation, the relation between business strategy and human resource management can be characterized as one-way.

The other type could be characterized by interactive, iterative and ongoing processes of strategy making, which is based on the interdependency between the business strategy and human resource management. The relation between business strategy and human resource management in such situations is probably of a two-way or integrative nature. These two types of situations regarding the integration between business strategy and human resource management are schematically presented in Table 4.

Table 4.1: Two Types of Integration between Business Strategy and HRM

	<i>Relation</i>	<i>Content</i>	<i>Process</i>
Type I	One-way	Behavioral / Resource-based	Planned / linear / rational
Type II	Two-way / Integrative	Interactive	Iterative

Therefore, it would incline to conclude that human resource management and business strategy are two subsystems within one system. Also, there might be a relation with the characteristics of the situation. As results the integration between human resource management and business strategy focuses on content and relational aspects, it could be considered that human resource management and business strategy, as subsystems within the same system in the Philips exist.

The major part of this study was about the human resource management and business strategy. Considering the fact that the implementation of strategies often poses severe problems, the process of HRM and implementation seems to be even more important. A perfectly fitting human resource strategy will not have any effect, if it cannot be implemented properly. Because of a lack of knowledge of this particular issue, it was decided to simultaneously explore the HRM process in practice, and reviewing some of the literature on the process of strategic management in general. The interaction between the two activities was rather small, which resulted in a description of possibly important aspects and process rules regarding the integration of human resource management and business strategy.

Finally, it is believed that the outcome of this study would inspire and facilitate future research on the integration between business strategy and human resource management, and particularly research on the strategic human resource management processes.

4.3. IMPLICATION OF THE RESULTS

Business strategy is a managerial tool for the an organization to uphold its competitive position. Moreover, HRM is one of the essential researches a firm to create competitive advantage over its rival practices of HRM are needed to fit the business strategy in order to achieve goals.

This study investigated external and internal factors of the company whether they contribute to competitive advantage or not. In addition this study was the integration of multidisciplinary knowledge; strategic management, business strategy and HRM. This study empirically ascertains the relationship of business strategy in strategic predisposition and HRM practices. As this research exploratory results is conceivable to be useful for scholar as reference for future research. In additions to the variables mentioned above other variables such as technology, research and development should also be considered in the future research as they are expected to have significant influence on HRM and business strategy in a technology driven society.

For MNC, by reading the result, companies in this industry will know which business strategy and HRM practices are needed for their

development in order to gain and sustain their competitive advantage.

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