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Gaining Competitive Advantage through Human Resource Management Practices

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In an earlier article, MacMillan presented the concept of strategic initiative and defined it as the ability of a company or a strategic business unit to capture control of strategic behavior in the industries in which it competes (1983, p. 43). To the extent a company can gain the initiative, competitors are obliged to respond and thus play a reactive rather than a proactive role. Consequently, if it can gain a strategic advantage, a company can control its own destiny, and, to the extent it can gain an advantage difficult for competitors to remove, stay in control longer. Thus the financial benefits of gaining competitive advantage are enormous!

MacMillan (1983) suggests that gaining a competitive advantage requires an understanding and anticipation of response barriers, intelligence systems, pre-emption potentials, infrastructure requirements, calculated sacrifices, general management challenges, and punch and counterpunch planning. The purpose of this article is to expand upon his discussion of the *infrastructure requirements*. In doing so, we will show how companies can strategically utilize these infrastructure requirements to gain competitive advantage, particularly through their human resources and human resource management practices.

Infrastructure Requirements

Defined here, infrastructure requirements consist of those functions and activities necessary for the effective management of a company's human resources. The major purposes of these activities traditionally have been to attract, retain, and motivate employees. We refer to them as human resource management (HRM) practices (Schuler, 1984), and the *key* HRM practices include:

- Human resource planning
- Staffing, including recruitment, selection, and socialization
- Appraising
- Compensation
- Training and development
- Union-management relationships

The result of effectively managing human resources is an enhanced ability to attract and retain qualified employees who are motivated to perform, and the results of having the right employees motivated to perform are numerous. They include greater profitability, low employee turnover, high product quality, lower production costs, and more rapid acceptance and implementation of corporate strategy. These results, particularly if coupled with competitors who do *not* have the right people motivated to perform, can create a number of competitive advantages through human resource management practices. For example, according to Glenn Bailey, Chairman of Bairnco Corporation, compensation tied to performance is a powerful spur to management hustle. Under a system where officers with a salary of $100,000 a year can make that much again in bonuses linked to performance, the Kaydon bearing division of Baimco has increased sales from $270 million in 1981 to $442 million in 1983.

Lincoln Electric is a leader in small motors and arc welders. Lincoln has a compensation system tied to the company's profits. This system has resulted in the average Lincoln worker making up to $44,000 a year. In addition to the high motivation to produce, Lincoln workers rarely quit. Their turnover rate is less than one percent.

Key to the success of the consulting group at the American Productivity Center is its HRM practice of selection. By hiring generalists, members of its consulting staff can "sell" any of the other specialty areas and also be effective in the delivery of those specific services.

As Peters and Waterman (1982) point out, all the excellent organizations surveyed made effective use of their human resources, and they did this through their personnel and human resource management.

A further bonus for a company's ability to attract and retain key people is its capacity to implement other critical corporate efforts and even ensure its survival and profitability. The essence of this is captured quite nicely by Walter Wriston's (outgoing Chairman and CEO of Citicorp) comment: I believe the only game in town is the personnel game ... My theory is if you have the right person in the right place, you don't have to do anything else. If you have the wrong person in the job, there's no management system known to man that can save you.

Edson de Castro, president and founder of Data General, following up on Wriston's advice, hired a team of professional managers to direct the company, and thereby replace the previous leadership that excelled in technical and entrepreneurial skills. De Castro's strategic change of human resources appears to be thus far aiding the growth and profitability quite nicely. Commodore International illustrates the impact of not having the right people at the right time. In early 1984, Commodore's future was put in jeopardy upon the departure of several high-ranking, high-skilled managers. According to industry analysts these departures left Commodore without a clear product strategy for the future and cast doubt on the future of the company.

Gaining a Competitive Advantage through HRM Practices

An initial understanding of where companies can gain competitive advantages through their HRM practices is facilitated by a discussion of

- Strategic targets
- Strategic thrusts

We shall briefly describe these via examples of companies that have gained a competitive advantage through the various targets and thrusts. Exhibit 1 identifies major thrusts and targets. After the description of thrusts and targets, we show how specific HRM practices can be used to gain a competitive advantage.

Exhibit 1: Matrix of thrusts and targets

	Target			
Thrust	*Self*	*Customers*	*Distributors and servicers*	*Suppliers*
Cost/efficiency	Lincoln Electric	Unifi	McDonald's	Honda
Product differentiation	General Electric	IBM	Pepsico	Baltimore Orioles, Bell Labs

Targets

There are four targets of FIRM practices that can be used for competitive advantage. These four targets represent upstream and downstream activities as well as the company itself. Accordingly, the four include: *self* (the focal company); *customers*; *distributors/servicers*; and *suppliers*. Our earlier examples illustrated uses of HRM practices only within a company. Companies can reach backward or reach forward to help shape the HRM practices of other companies. *For* instance; we find "companies like" Pepsico training store managers (Pepsico's *distributors*) in "merchandizing techniques" to help increase store sales as well as sales of Pepsico. Unifi helps *customers* with their performance appraisal systems, making their customers – more competitive and thus better able to buy Unifi products. Mercedes has trained "mechanics in service garages" (their *servicers*) throughout the United States in order that Mercedes can offer 24-hour servicing anywhere in the United States. Nissan Motors and Honda Motors offer extensive training programs to their parts *suppliers* in order to enhance the quality of their products (both them as well as the suppliers). McDonald's offers extensive training to their franchise owners (i.e. their distributors/servicers).

Thrusts

There are two strategic thrusts, or ways to beat the competition, through human resource management practices. One is *a costlef ficiencyt thrust*. The case of Lincoln Electric; is an example of the use of HRM practices to increase the efficiency of production and thereby lower the cost of the electric motors and arc welders. PEOPLExpress Airlines is *a* similar etcample of, a cost/efficient thrust. *Unifi*, McDonald's, and Honda assist in the HRM practices of their customers, distributors, and suppliers, :respectively, in order to help them keep costs down as well – as to ensure a competitive, and thus enduring, set of customers, distributors, and suppliers.

The second thrust option is *a differentiation* thrust. The cost/efficient thrust represents HRM practices that are used to improve the efficiency of product production_ and thus to lower the:e cost, of the **p**roduct. *The* differentiation thrust **uses** HRM practices in ways to differentiate *the* product or the company from its competitors. Although this may not make them more efficient, their farm system and promotion, policies help differentiate the Baltimore Orioles from competitors in the eyes of *its supply*; sources-young talented baseball, players. *In* a similar *vein*, for decades Bell Labs attracted the cream of the crop of engineering Ph.D.'s with a similar strategy. IBM was able to differentiate itself from competitors by providing programming training for *customers'* employees. As we have already mentioned, *Pepsico – was* **able-to-differentiate itself *from com*** petitors by providing merchandising training and store management training to a fast growing *distributor* group – the medium-sized urban supermarket. General Electric Power Systems division recognized that its sale of large equipment contracts worldwide depended on a challenging combination of traditional technical skills and radically new financing skills, so they systematically staffed up to secure these skills and now have differentiated themselves as producers of power systems, with affordable financing options, in third world countries.

The target-thrust matrix we showed in Exhibit 1 provides the firm seeking a competitive advantage with eight broad options from which to launch a strategic advantage. The next question is to ask what particular human resource practices the firm is exceptionally good at, and to see where these skills can be applied in the target thrust matrix. This we have done in Exhibit 2.

Exhibit 2: Matching HRM practices with targets and thrusts

HRM practice	*Company example*	*Target*	*Thrust*
Planning	Texas Instruments	Suppliers	Cost/efficiency
	New York Telephone	Suppliers	Cost/efficiency
	AT&T	Self	Differentiation
	Sun Company	Self	Differentiation
Staffing	American Productivity Center	Self	Differentiation
	Data General	Self	Cost/efficiency
	Baltimore Orioles	Suppliers	Differentiation
Appraising	Unifi	Customers	Differentiation
	GTE	Self	Cost/efficiency
	Emery Air Freight	Self	Cost/efficiency
Compensating	Lincoln	Self	Cost/efficiency
	PEOPLExpress	Self	Cost/efficiency
	TRW	Self	Differentiation
	Hewlett-Packard –	Self	Differentiation
Training and development	Delco Remy,	Self	Differentiation
	Dayton Hudson/Pepsico	Self	Differentiation
	McDonald's Corp.'"	Distributors	Cost/efficiency
	Mercedes	Servicers'	Differentiation
Union–managerial relationships	Ford Motors	Self-	Cost/efficiency
	American Airline	Suppliers	Cost/efficiency

Planning

Increasingly, companies are being forced to link human resource planning with strategic business planning. Companies are taking note of recent census data – those data indicate that the number of young workers in the labor force peaked at 37 million in 1980 and will drop to 24 million by 1990. Meanwhile, each year 2.3 million 17-year-olds are added to the ranks of the functionally illiterate. Among Hispanic 17-year-olds, 56% are functionally illiterate while 47% of the Black 17-year-olds are functionally illiterate. In anticipation of a desperate need for literate young workers at all levels, companies such as Texas Instruments and New York Telephone are getting into secondary and primary education to help increase the literacy rate in the reduced supply of labor force entrants in the 1980s. Without such action, the very ability of some companies to survive is in jeopardy. According to Robert Feagles (senior vice president of Travelers Insurance Company), "The issue of functional illiteracy has coiled at the center of our unemployment problems and it threatens this country's ultimate ability to succeed in the world market" (*Business Week*, May 9, 1984, p. 81).

Another aspect of planning that companies are addressing is rather opposite to the one already described. It is that of the baby boom bulge (people aged 25–54) that is moving through the work force. This is creating a rapid expansion of potential managers with a narrowing base of managerial jobs. Added to this situation is the desire by many of those in this age category to be promoted and be successful. Meanwhile these changes are occurring in an environment that is becoming more turbulent and more demanding of change by the organization.

The intersection of these events is producing a company need for flexibility and current, up-to-date skills. Companies such as AT&T, Bank America Corporation, Sun Company, and Eastman Kodak Company are trying to gain this flexibility and skill currency by offering attractive early retirement packages for carefully selected groups of employees. Since it seems as if all the current demographic, economic, and technological trends will continue, it is reasonable to assume that the companies that most systematically plan with their human resources in mind will be most likely to gain a competitive advantage by having "the right people at the right place at the right time" to produce quality products efficiently.

Staffing

The American Productivity Center in Houston utilizes its staffing practices to gain a competitive advantage. Furthermore it supports its staffing practices with consistent training practices. According to Stu Winby at the Center:

> In hiring consultants we specifically look for the generalist; an individual who has high propensity to learn other areas in the productivity domain; an individual whose appreciation system and skills span both the qualitative and quantitative aspects of productivity and organizational effectiveness. A value of the organization is placed on organizational integration. We promote cross-training and a multi-disciplinary approach to consulting engagements. The competitive advantage is that most members of the consulting staff can "sell" any of the other specialty areas but can also be reasonably effective in the delivery of those specific services.
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> Against consulting firms that are more specialized and do not seem to have this broad perspective emphasis on hiring generalists and promoting internal integration among consultants has provided competitive advantage.

The Baltimore Orioles also attain differentiation through their staffing practices, this time with their suppliers. Its farm clubs combine a selection policy emphasizing internal promotion and support this with an extensive training system (the farm clubs). Of these two HRM practices, it appears as if the internal promotion is more critical to their overall success. The result of both these practices, however, is a product that is clearly differentiated from other teams in the industry: a consistency at winning, yet retaining key employees at compensation levels far below many competitors despite the lucrative bidding that goes on for top players.

In order for Data General to successfully implement its new structure requiring professional managers rather than entrepreneurs, it has slowly replaced many of its homegrown managers with more experienced ones from outside. The results of this practice were mentioned earlier in this article. To ensure the success of this staffing practice, Edson de Castro and Hervert J. Richman, executive vice president, spent a vast amount of personal time on hiring only those managers whose styles and interests fit with Data General. The styles and interests that best seem to fit with Data General now are those reflecting a desire for organization, long-range strategic planning, and more stable and methodical growth patterns. This practice of careful selection to ensure a better fit between company and employee is also a critical HRM practice at Goldman Sachs. There, every partner interviews every MBA job applicant to ensure that the new employees "fit" the company.

Care in selecting to bring the right people on board leads naturally to another important staffing practice: *socialization*. Socialization represents the process used by companies to expose new employees to their culture and ways of doing things. When done successfully, it results in intensely loyal employees who are dedicated to the company. Companies that have perfected the socialization process include IBM, Procter & Gamble, and Morgan Guaranty Trust. Often the socialization process begins before the employee is hired. At Procter & Gamble for example, an elite cadre of line managers trained in interviewing skills probes applicants for entry level positions in brand management for such qualities as the "ability to turn out high volumes of excellent work." Only after successfully completing at least two interviews and a test of general knowledge is the applicant flown to P&G headquarters in Cincinnati, where (s)he confronts a day-long series of interviews. If an applicant passes this extensive screening process, (s)he is confronted with a series of rigorous job experiences calculated to induce humility and openness to new ways of doing things. Typically this phase of socialization involves long hours of work at a pressure cooker pace. Throughout this phase and others of the socialization process, the new employee is constantly made aware of transcendentt company values and organizational folklore. Such values and folklore include the emphasis on product quality and the dedication and commitment of employees long since past.

Appraising

GTE performance appraisals are viewed as one of the most important tools in the management arsenal. According to GTE Chairman Theodore F. Brophy, the GTE, appraisal system complements the emergent strategic planning emphasis in all areas of the corporation. The appraisal reviews assist executives in clarifying and articulating objectives and expectations for themselves and their employees. They give GTE a realistic assessment of its strengths, weaknesses, and future requirements. As such, the company is now able to better utilize its human resources than pat any time, in the past.

Another critical aspect of appraising is correcting poor performance. At Emery Air Freight, the company was losing $1 million annually because employees on the airport loading docks were shipping small packages separately rather than placing those with the same destination in one container that would be carried at *lower* rates by air carriers. Management also found that the containers – were being used 45 percent of the time when they should have been used 90 percent of the time. By establishing a program of positive consequences and feedback, the nearly $1 million annual loss was eliminated. Stories of similar changes in poor performance to good performance and large dollar savings resulting from absenteeism reduction programs and employee assistance programs have been reported by many companies. The result is a tremendous gain in cost reduction and improved efficiency.

Compensation

In addition to PEOPLExpress Airline and Lincoln Electric, who use compensation practices to gain a cost/efficiency competitive advantage, TRW and the Hewlett-Packard Company use compensation to drive their search for innovative products and services.

At Hewlett-Packard, entrepreneurial behavior is stimulated in project leaders by tying more rewards to their success. Successful project leaders are being given banquets, stock options, and personal computers. At TRW, units or teams are given credit for sales generated in another department in return for helping that department. Consistent with the prescription by Rosabeth Moss Kanter in *The Change Masters*, TRW fosters innovation by stimulating interdependence through its compensation practices. And these companies do get what they pay for – a steady stream of product and service improvements and enhancements that help them stand alone among their competitors.

Another company that has used compensation to gain a competitive advantage is Nucor Corporation. It has simultaneously utilized four different group level incentive plans to increase its sales more than 6,000 percent and profits 1,500 percent in the past decade. At the equally successful Chaparral Steel, all employees are covered by profit sharing.

Training and Development

When Delco-Remy trained its employees in participative management, it succeeded in differentiating itself from all competitors in the eyes of Honda and others. The success of this training and resultant competitive advantage are described by Delco's Keith W. Wander:

> Honda of America was seeking an American battery manufacturer as a supplier to its auto plant in Marysville, Ohio. Honda wanted a plant which had a participative system of management and a reputation for producing a quality product at a competitive price. After a contact from the Delco-Remy Sales Department, two American representatives from Honda visited the Delco-Remy plant in Fitzgerald, Georgia. This visit was followed by a second one with Mr. Hoshita, President of Honda, in the group.
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> During the second visit, plant tours were conducted by Operating Team (hourly employees) members. The tours were followed by Operating Team members explaining to Mr. Hoshita how people were involved in the Fitzgerald business, how Fitzgerald and Honda could be mutual resources to each other because of their participative systems, and why a Delco battery was the best-built battery in the world.
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> Mr. Hoshita returned several months later to ask more questions of the Support Team (salaried employees) and Operating Teams. Shortly afterward,

> Honda of America announced Delco-Remy, Fitzgerald, as its sole supplier of batteries, based upon its (1) culture; (2) quality; and (3) price, in that order.
> To date, Honda has had zero returns of batteries and zero complaints on quality or delivery.

Dayton Hudson Corporation is using training and development skills to create future customers. B. Dalton Bookseller Division has earmarked $3 million over four years for a literacy training program – their, goals are to recruit volunteer tutors and to tell people without basic skills about the free teaching programs available in their communities. As a part of this, Dalton gives grants to local school districts to hire speakers who will persuade teachers to put more emphasis on teaching reading skills.

Texas Instruments is engaged in, a similar program. While the result of both the B. Dalton and TI programs is of immediate benefit to the individuals gaining literacy, the companies broaden their base of potential customers over the – longer run.

IBM has followed a similar strategy for many years in teaching programming skills to customers' employees-capturing, unending loyalty of the firms and the employees to IBM products.

McDonald's uses training to ensure its distributors of a competitive advantage through cost/efficiency. McDonald's uses its intensive training program at Hamburger University to ensure, that its franchisees or distributors run as efficiently as possible. Although training is also done in order to attain consistent quality, its competitive advantage from training is attained from a cost/efficiency thrust.

Union-Management Relationships

Critical to the success of many companies *vis-à-vis* competitors are their labor costs. In many industries today, companies face possible bankruptcy due to high labor costs. Helping to lower costs are wage reductions reached between unions and management. Recently American Airlines, Greyhound, McDonnell Douglas, Boeing, and Ingersoll-Rand have negotiated two-tiered wage systems to help reduce total costs by reducing labor costs. Without these jointly negotiated systems, these companies would not have survived.' Thus, a company's relationship with its union can be critical to its survival, and the better its relationships are, the more likely it is to ever gain a competitive advantage.

Crown Zellerbach Corporation and the International Woodworkers of America demonstrated, however, that a competitive advantage can be gained without reducing total wages. In fact, based upon a recent incentive pay plan agreed to by the union and management, workers earn about $3 more per hour than before on straight wages. Because this incentive system makes the workers more productive, the company in exchange had to give the union greater worker involvement in work related decisions. Thus, the workers gain in involvement and salary and the company gains in cost reductions and greater competitiveness.

Ford Motor Company has engaged in a program of more worker involvement and more cooperative labor relations with the UAW. The results of this program are higher product quality than its competitors and a marketing campaign centered around "quality of Job 1." As with the two-tiered wage systems, this program of more worker involvement gains competitive advantage through cost reductions and improved efficiencies. Similar results of high product quality and efficiency have been obtained at Westinghouse Electric Corporation, Warner Gear Division of Borg-Warner Corporation, and the Mass Transportation Authority of Flint, Michigan. In these companies, gains in quality and efficiency have resulted from employee commitment associated with quality circle programs. In addition to increased quality and efficiency, these companies have experienced fewer grievances, reduced absenteeism and turnover, lower design costs, higher engineering productivity, and fewer costly changes in design cycles.

Although the above examples suggest the importance of human resource practices for securing an advantage, they have not yet highlighted the benefits from delayed competitors' response. In the next section we highlight the difficulty competitors will have in countering such a competitive advantage when they so desire. These difficulties are due to a number of Inertia Barriers (MacMillan, 1983). Only by first overcoming these barriers, can a competitor really counter HRM advantages.

Barriers to Competitive Response

The first of four inertia barriers is the *needs-matching challenge*. *To* get the right person in the right place, as Walter Wriston suggests, requires a company to engage in extensive analyses. Jobs have to be analyzed, the needs and products of the company, present and future, have to be analyzed, and key individuals have to be analyzed. Then, once all of this analysis is complete, all the diverse needs have to be matched. These analyses are anything but straightforward-multiple approaches exist for analyzing jobs, yet none seems to be convincingly superior to the others – all have unique strengths and weaknesses. And since many companies are only just beginning to think strategically, many are unable to even begin articulating their future products and markets sufficiently to know what employees will be needed, i.e., what skills, knowledges, and abilities (SKAs) will be needed. Furthermore, even after years of selection research, identifying the SKAs job applicants for managerial positions may and should possess can still be regarded as an art more than a science (Skinner, 1981). All these uncertainties in analysis, let alone implementation, result in a serious challenge in trying to match the information across phases. Hence, there is a great reluctance to do it at all, and competitors will delay responding, as we have seen in industry after industry which has succumbed to foreign competitors.

Associated with the first inertia barrier is the second ***one-attaining consistency***. *For* example, with the recent need to cut costs companies have been rationalizing their structures – a consequence of this has been the need to reduce the workforce. One popular way of attaining this is by offering early retirement benefits. However, companies such as Polaroid have found this practice to be completely inconsistent with their "retirement rehearsal" and "tapering off" programs. While the intent of these two programs was to ease the retirement process for its employees, the "golden handshake" retirement benefits have caused many employees to suddenly accelerate taking retirement. Not only does this result in inconsistency between their retirement practices, but often companies lose their best and brightest: these employees know they can take the retirement incentive payment and easily get another job elsewhere, perhaps even with a competitor. So, aware of the difficulties in attaining consistency across all their human resource practices, and the seriousness of the consequences for failure to do so if they do try, competitors shy away *from* changing the ways they manage their human resources and postpone meeting the competitive-advantage we have created.

The third inertiabarrier is *lack of commitment*. To change human resource practices consumes vast-amounts of time and energy: As we have seen, merely attaining consistency requires a great deal of analysis, even under the best of circumstances, and even more is required to meet the needs-matching challenge. If this is combined with any past failures to change human resource practices, it makes' it difficult to-get organizational commitment to any more changes, starting at the top of the firm and working down. Yet it is at the top that commitment must begin. It begins there with the top level manager demonstrating concern, confidence, and excitement – for the product and for the people. In turn, the rest of management and the employees begin to show the same – concern and excitement in their jobs and products and confidence in themselves. Lee Iacocca has done exactly this at Chrysler Corporation. The results there have been astounding. Workers at the Smyrna, Tennessee, plant of Nissan Motor Manufacturing Corporation USA are producing trucks of measurably higher quality than their Japanese counterparts' due in large part to Marvin T. Runyon, president of the *firm*. Runyon walks the floor of the plant to demonstrate his concern and' confidence in the workers. He also lets the workers make decisions. According to Runyon "decisions should be made at the lowest possible level.

Because the *time horizon is so* critical it is regarded here as a fourth inertia barrier. Skinner (1981) estimates that it may take as much as seven years for managers to: install, adjust to, and reap the benefits of major changes in human resource management practices; weed out unproductive employees; and create the new generation of employees. It may take the employees equally as long to accept the changes. This is because "effective relationships between individuals and companies rest on employees' trust that the goals [of the individuals and companies] are connected. But developing trust often requires overcoming years of bad experience and many employees' belief that companies exploit people" (Skinner, 1981, p. 114). Since many managers are rewarded for short-term performance, the time horizon in changing human resource practices becomes perhaps the most significant inertia barrier.

Summary and Conclusions

Although there are many ways by which companies can gain a competitive advantage, as MacMillan (1983) has suggested, one way often overlooked is through their human resource management practices. HRM practices enable companies to gain a competitive advantage in two major ways: One is by helping themselves and the other is by helping others. So there appears to be a significant benefit from having HRM considerations represented in the strategy formulation stage rather than only in the implementation stage.

Once the strategy is formulated and the appropriate HRM thrust identified, specific HRM practices need to be developed. These practices, such as staffing and compensation, are the ones that actually create the competitive advantage for the company. In addition, selection of the most appropriate practices should be appropriate to the strategy and lead to behaviors that are supportive of the strategy; for example, if cooperative behaviors are needed among employees, then group or organizational level compensation incentives should be provided rather than an individual-level incentive system. If product quality is critical, quality circles and union-management cooperation should be developed.

Once the strategy is formulated, the determination of the needed behaviors comes from job analysis. The HRM practices that stimulate those behaviors must be identified. They must be implemented so as to ensure consistency across HRM practices. It is this hard-won consistency which will help ensure that a competitive advantage through HRM practices is gained and sustained because of the barriers we have just discussed.

In addition to using their HRM practices on themselves, companies can also gain a competitive advantage through using their HRM practices on others. Specifically, companies can gain a competitive advantage by helping their suppliers, customers, or servicers/distributors with their practices. Recall, for example, how American Airlines and Honda assist their suppliers to ensure lower wages and better quality and how Mercedes trains servicers to enable Mercedes to sell its products with the guarantee of 24-hour service.

In this way they can secure a differential position in the eyes of their stakeholders – and this is often all that is needed to get priority of attention and support in times when this is critical. The fact of the matter is that the firm is stronger and healthier if its particular suppliers, distributors, and customers are robust and competitive.

While companies are better off when they gain a competitive advantage, few do it and even fewer do it through their human resource practices. There are, however, some notable exceptions and we have attempted to reference some of them here. For example, Lincoln Electric is extremely competitive in arc welders and electric motors because of its competitive practices; Delco-Remy produces high-quality battery products largely because of its participative management practices; and "Morgan Guaranty, IBM, and Procter & Gamble are able to attract and retain highly skilled individuals due to recruitment, selection, and socialization practices." While there is no denying that all these companies have competitors, it is problematic that any are so successful as the companies mentioned thanks largely to their human resource management practices.

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