The purpose of this chapter is to outline some of the key elements of human resource management (HRM). In a global economy, a wide range of factors—that varies from global sourcing and labor arbitrage to regional trade agreements and labor standards to cultural differences and sustainability to strategic alliances and innovation—all point to the vital nature of HRM. In a large part this is because from a strategic standpoint, observers have noted that traditional sources of advantage such as access to capital, protected markets, or proprietary technologies are rapidly eroding, and that survival depends more often on the ability to innovate, adapt, and learn, and transfer that learning globally. As one might guess, these capabilities rest squarely on the management of people.

But while few will argue against the premise that HRM issues are critical in today’s organizations, the mantra of “people are our most value asset” has largely been a rhetorical one in most organizations; and the research evidence has often not backed it up. Historically, organizations have not rested their fortunes on human resources. The HR function remains among the least influential in most organizations, and competitive strategies have not typically been based on the skills, capabilities, and behaviors of employees.