

STRATEGIC HUMAN RESOURCE MANAGEMENT.

ABSTRACT

The meaning of strategic hr let us first define the terms strategy and strategic management.

The term strategy is frequently being used in the present day corporate world. It envisages thinking ahead to survive and grow in a highly competitive environment. Strategy is concerned with determining which option will provide maximum benefits.

Strategy is a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

Strategies for developing the employment relationship.

The employment relationship between managements and employees is a factor that can make a significant impact on the degree to which organizational effectiveness is achieved. Although relationship between employer and employees are subject to continuous day to day development, negotiations and change, it is necessary to take a strategic view on how a lasting and positive relationship can be established.

INTRODUCTION

Strategic human resource management has been defined as to develop the organizational culture that foster innovation and flexibility with the help of linking of human resources with strategic goals and objectives in order to improve business performance. Strategic HR means accepting the HR function as a strategic partner in the formulation of the company's strategies as well as in the implementation of those strategies through HR activities such as recruiting, selecting, training and rewarding personnel. Whereas strategic HR

Recognizes HR's partnership role in the strategizing process, the term HR Strategies refers to specific HR courses of action the company plans to pursue to achieve its aims.

The Government Performance and Results Act (GPRA) of 1993 created a focus on strategic. Planning never before seen in the Federal sector. In addition, agencies have made significant progress in recent years in downsizing and restructuring their operations to focus on results and customer service. If the Government is to continue to successfully and effectively improve its operations, agency executives must make a conscious effort to integrate strategic human resources management into their agency's planning and decision making processes. After all even with all the financial resources, materials, computers, buildings and facilities one can imagine without people there would be no possibility of achieving results. We need to attend to our people, *or* human capital and their strategic value to have the most effective Government possible.

HR management can play a role in environmental scanning i.e. Identifying and analyzing external opportunities and threats that

May be crucial to the company's success. Similarly

HR management is in a unique position to supply competitive intelligence that may be useful in the strategic planning process. HR also participates in the strategy formulation process by supplying information regarding the company's internal weaknesses and strengths. The strengths and weaknesses of a company's human resources can have a determining effect on the viability of the firm's strategic options.

By design the perspective demands that HR managers become strategic partners in business operations playing prospective roles rather than are being passive administrators reacting to the requirements of other business functions, Strategic HR managers need a change in their mindset from Seeing themselves as relationship managers to resource managers knowing how to utilize the full potential of their human resources.

The new breed of HR managers needs to understand and know how to measure the monetary impact of their

actions, so as to be able to demonstrate the value added contributions of their functions. HR professionals become strategic partners when they participate in the process of defining business strategy, when they ask questions that move strategy to action and when they design HR practices that align with the business strategy. By fulfilling this role, HR professionals increase the capacity of a business to execute its strategies.

The primary actions of the strategic human resource manager translate business strategies into HR priorities. In any business setting, whether corporate, functional, business unit or product line a strategy exists either explicitly in the formal process or document or implicitly through a shared agenda *on* priorities. As strategic partners, HR professionals should be to identify the HR practices that make the strategy happen. The process of identifying these HR priorities is called organizational diagnosis, a process through which an organization is audited to determine its strengths and weaknesses.

Translating business strategies into HR practices helps a business in three ways. First, the business can adapt to change because the time from the conception to the execution of a strategy is shortened. Second, the business can better meet customer demands because its customer service strategies have been translated into specific policies and practices. Third, the business can achieve financial performance through its more effective execution of strategy.

In brief, a strategic perspective of HRM that requires simultaneous consideration of both external (business strategy) and internal (consistency) requirements leads to superior performance of the firm. This performance advantage is achieved by:

Marshalling resources that support the Business strategy and implementing the chosen Strategy, efficiently and effectively. Utilizing the full Potential of the human resources to the firm's Advantage.

Leveraging other resources such as physical assets and capital to complement and augment the human resources based advantage.

CONTENT

THE EMPLOYMENT RELATIONSHIP

The term employment relationship DESCRIBES the relationships that exist between the employer and the employees in the workplace. These may be formal e.g. contracts of employment, procedural agreements. Or they may be informal, in the shape of the psychological contract that expresses certain assumptions and expectations about what managers and employees have to offer and are willing to deliver. They can have a individual dimension, which refers to individual contract and expectations, or a collective dimension, which refers to relationships between management and trade unions, staff associations or members of joint consultative bodies such as works councils. THE PARTIES are managers, employees and employee representatives. The substance *incorporates* the job, reward and career of individuals and the communications and culture of the organization as if affects them. It can also include collective agreements and joint employee relations machinery (works councils and the like). The formal dimensions include rules and procedures, and the informal aspects covers understanding, expectations and assumptions. Finally the employment relationship exists at different levels in the organizations (management of employees generally and the managers to the individual employee and their representatives or groups of people). The operation of the relationship will also be affected, by processes such as communications and consultation, and by the management style prevailing throughout the organization or adopted by individual managers. Change Strategie

Change strategies

Enthusiasts have seen a transformational power in HRM (...) and transformation, or change, is An inevitable consequence of many human resource strategies. Bertsch and Williams identified two main types of change:

Turnaround change - financially driven, often to ensure corporate survival by cutting unprofitable products and services. It involves the redesign of organizational structures, disposal of non-core activities and large-scale redundancies. This kind of change is painful but straightforward since existing hierarchical control systems can administer the process.

Behavioral transformations

Changing behavior patterns throughout the company. Hierarchical control is inadequate because different power centers are likely to conflict and differences between business units make behavioral consistency a difficult objective to achieve.

Help Your Business Get out of Its Own Way -Today's roller coaster business climate is filled with enough twists and turns to make some amusement park rides look tame. As a result, companies in nearly every sector mirror this state of affairs, launching a variety of strategies and initiatives in order to respond to the economy's highs and lows. They may take simultaneous actions like laying off hundreds of workers while they outsource non-core functions and hire hundreds of others with different skills to start up a new product line. Or, they may concurrently undertake management reorganization while doing a push for quality improvement. These and other rapid shifts in direction often leave companies spinning in circles.

Restructuring

Restructuring (under a variety of labels) is the most common form of major organizational change. According to Kanter, restructuring should not be a defensive cost-cutting process but rather a proactive attempt to achieve innovative products and services: 'focus without fat'. The goal should be synergy.

Unfortunately, employees are a secondary consideration of change in free market organizations. Participative management tends to be squeezed out in favor of project management or corporate politics. Developing on Wilmott's question 'will the turkeys vote for Christmas?', it is evident that they are generally kept in the dark until it is too late. Little account is taken of the **people** who will be disrupted by the process and those who have to maintain quality and value during a **period** of major upheaval. Often the principal **role of** people managers is to sort out the resulting mess and smooth ruffled feathers.

Strategic HRM-

Reality and Action

Translating strategy into action the classic approach to implementing human resource strategies follows the 'matching process outlined in the Michigan model of HRM outlined in the first section. The goal is a realization of the organization's strategic human resources requirements in terms of numbers and, more importantly, attitudes, behavior and commitment According to Miller, the key lies with 'the concept of "fit": the fit of human resource management with the thrust of the organization'.

Michael Armstrong argues that the significant issue in HR strategy is that of integration with overall business strategy.

The reality of HR strategy

Control of the environmental, organizational and strategic aspects of both competition and human resources is so problematic that the relationship between the two can only be indirect and fragile. Another critical factor is that the human resource is but *one* of the resources of the firm. Strengths and weaknesses in other areas, such as marketing and finance, may obscure the best people management they are highlighted in recession when the business needs do not fit with 'soft' HR values. HR strategies may focus on redundancies, and sacking employees inevitably damages or destroys a caring corporate image. Legge outlined a strategy described as tough love - being

cruel to be kind-in which employees are expected to be both dedicated and disposable.

More positively, human resource strategies can be aimed at improving an organization's competitiveness by increasing its 'knowledge base Of competence.

The theory of complementarities advocates that HR policies which are consistent and mutually supportive deliver results. US firms have 'bundled' HR practices in a formal way for some time, believing that improvements in one area enhances other HR practices as well. Overall the survey showed productivity gains of up to 8 per cent in businesses which bundle such practices together compared to companies which take a less comprehensive approach to human resource management.

Forming HR strategies

Identifying the relationship between HRM and strategy is simpler in theory than in practice, frequently, Strategic HR is a matter of rhetoric, organizations may take a variety of approaches towards HR and strategy, ranging from those which give no consideration whatsoever to human resource issues to some where HR becomes the driving force.

Business goals

Human resource strategies are derived from overall business objectives in the same way as investment or marketing strategies. We noted in the last section that commitment is seen to be particularly crucial for competitive advantage. For true commitment to occur, conventional management wisdom sees the need for employees to accept and believe in an organization's goals. however, strategic HR objectives go beyond the simplistic calculation and control of staff numbers and minimization of costs. Strategic thinking also Incorporates ethical and legal considerations which have complex implications on the achievement of a wide range of business objective

*Equity - applicants and employees should be treated fairly and justly, so that there are no grounds for complaint or bad publicity.

*Consideration - individual circumstances and wishes should be allowed for when taking strategic decisions which affect the security,

prospects and self-respect of employees.

* Commitment and motivation - staff tend not to be committed to organizations which are not committed to them.

* Working conditions - safe, healthy and pleasant conditions enhance well-being, minimize stress and improve efficiency.

Many managers make the mistake of assuming that the action they take in a particular situation has *no* consequences outside that set of circumstances. Businesses have customers on which they depend for their existence. Employers, their friends, relatives and neighbors may be customers. Any impression of an organization, conveyed by satisfied or dissatisfied employees, can spread by word of mouth and impact on sales. In some circumstances word may reach the media, with massive consequences on a company's public standing.

Convincing the CEO that a strategic partnership with HR is crucial to the future success of the business is one of the toughest challenges facing HR practitioners.

Strategy formation

Coherent strategies and integrated practices sound fine in theory but how *are* they to be translated into action? This 'surface neatness' hides an organizational reality which is far from simple. Mintzberg argues that the strategies which are actually carried through into practice include an unintended element which he terms 'emergent strategies'. This might result from poor strategic thinking, poor implementation or a sound state of realism. It reflects the view that strategic management should not be confined to the top layers in an organization. Emergent strategy rarely comes from the centre, but rather from bright ideas and initiatives at a local level which were unpredicted but were found to work and then adopted widely (This can be deliberate and organized through a process of internal benchmarking).

Other aspects of strategy involve people making decisions about capital equipment, finance or marketing; HR strategy requires people to make decisions about themselves. However, it is a deadly serious game, with people's careers and

Livelihoods at stake. The reality is that faced with a choice between profit and the wellbeing of employee's most commercial organizations will select the former. 'Softer' human resource issues continue to be secondary and subordinate to financial matters. Strategy is about choice. The underlying assumption is that firms can make deliberate decisions about their markets, the products or services they provide, prices, quality standards and the deployment of human and other resources. Strategic thinking is based on rational decision-making, taking into account the competitive and financial pressures on an organization and the resources available to it, including its people. It imposes orderly, logical thinking on a messy real world, modeling the present situation and predicting the consequences of specific actions.

Stanford University research in the USA found that companies which had strong people values did better as a rule over a 50-year period than those which were primarily interested in short-term financial return. Companies of this kind included 3M, General Electric, Wal-Mart and Disney... but Disney has some unusual approaches to people management.

CONCLUSION

1 In today's intensely competitive and global marketplace, maintaining a competitive advantage by becoming a low cost leader *or* a differentiator puts a heavy premium *on* having a highly committed or competent workforce. Competitive advantage lies not just in differentiating a product or service or in becoming the low cost leader but in also being able to tap the

Company's special skills or core competencies **and** rapidly respond to customer's needs and competitor's moves. In other words competitive advantage lies in management's ability to consolidate corporate-wide technologies **and** production skills into competencies that empower individual businesses to adapt quickly to changing opportunities.

In a growing number of organizations human resources are now viewed as a source of competitive advantage. There is greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes and systems. This is in contrast to the traditional emphasis on transferable resources such as equipment. Increasingly it is being recognized that competitive advantage can be obtained with a high quality workforce that enables organizations to compete on the basis of market responsiveness, product and service quality, differentiated products and technological innovation. 1