

STRATEGIC HUMAN RESOURCE MANAGEMENT - OVERVIEW

Session Objectives

1

Explain the strategic
human resource
management
(SHRM)

2

Review the basis and
components of
SHRM

3

Discuss the
principles of SHRM

4

Elaborate the SHRM
Frameworks or
models.

Introduction



Strategic human resource management (strategic HRM) provides a framework linking people management and development practices to long-term business goals and outcomes.



It focuses on longer-term resourcing issues within the context of an organization's goals and the evolving nature of work.



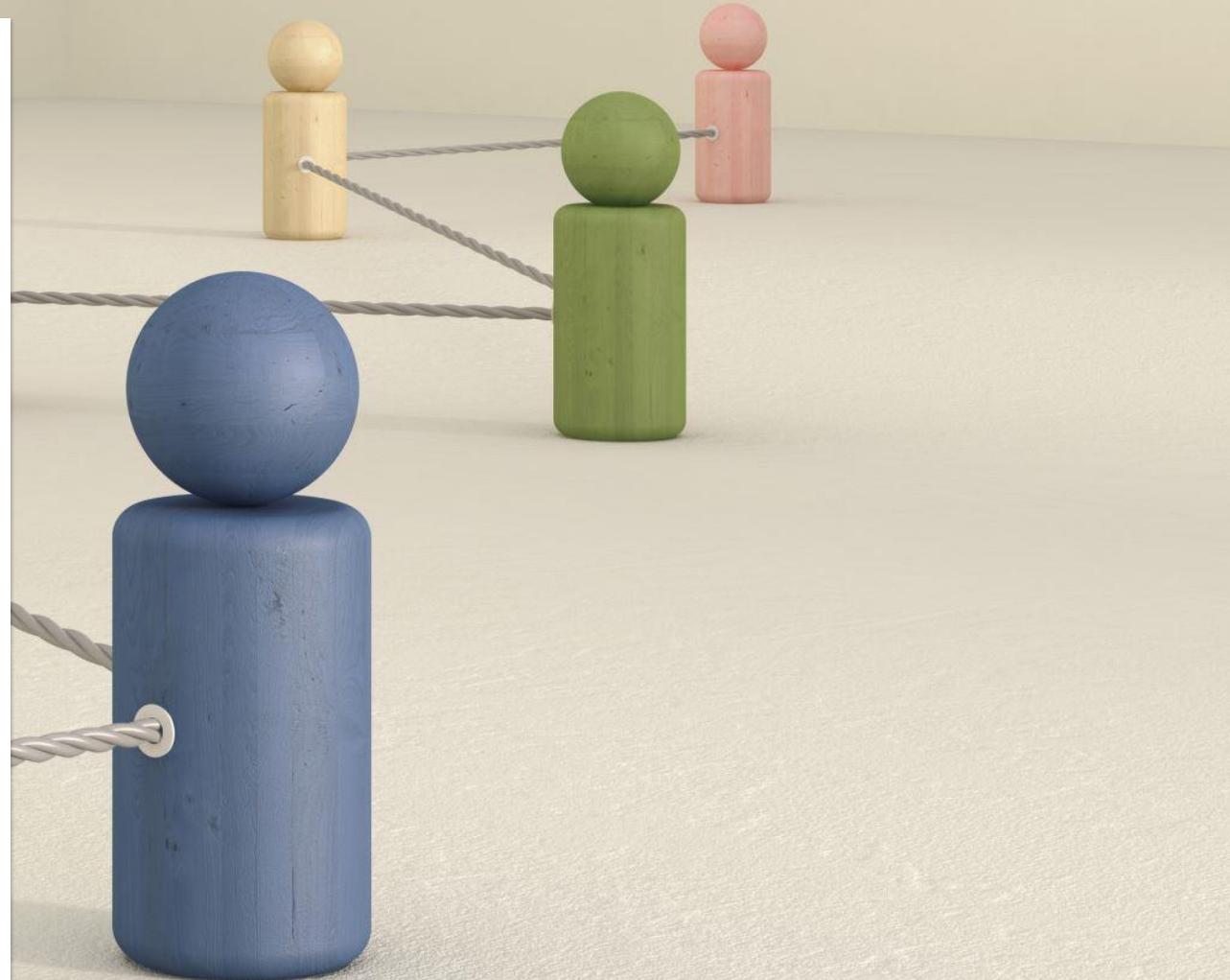
It also informs other HR strategies, such as reward or performance, determining how they are integrated into the overall business strategy.



Attracting and keeping talented and skilled employees is one of the most important challenges organizations face in today's dynamic business world.

Definition of SHRM

- Strategic human resource management is the process of linking the human resource function with the organization's strategic objectives to improve performance.
- Strategic HRM, or 'people strategy', is about creating a coherent planned framework for employees to be hired, managed and developed in ways that supports an organization's long-term goals.
- It helps ensure that the various aspects of people management work together to drive the behavior and climate needed to create value and meet performance targets.
- It focuses on longer-term people issues, matching resources to future needs, and large-scale concerns about structure, quality, culture, values and commitment.
- It must also be a response to the evolving nature of work itself.



Definition of SHRM Cont'd.

There's no single HRM strategy that will deliver success in all cases.

Organizations must define their own unique strategy according to their specific context, culture and objectives.

People professionals are instrumental in applying their expertise to understanding organizational circumstances, and designing human capital value chains that reflect stakeholder demands.

No matter how well designed, no strategy will work unless the organization has the right people, with the right skills and behaviors, in the right roles, motivated in the right way, and supported by the right leaders.



Definition of SHRM Cont'd.

- Strategic HRM is an approach that defines how the organization's goal would be achieved through people by means of HR strategies and integrated HR Policies and Practices.
- The central Premise of strategic human resource management theory is that successful organizational Performance depends on a close fit or alignment between business and human resource strategy.
- Therefore strategic human resource management techniques can be further defined as the linking of human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that fosters innovation, flexibility, and competitive advantage.

Benefits of SHRM

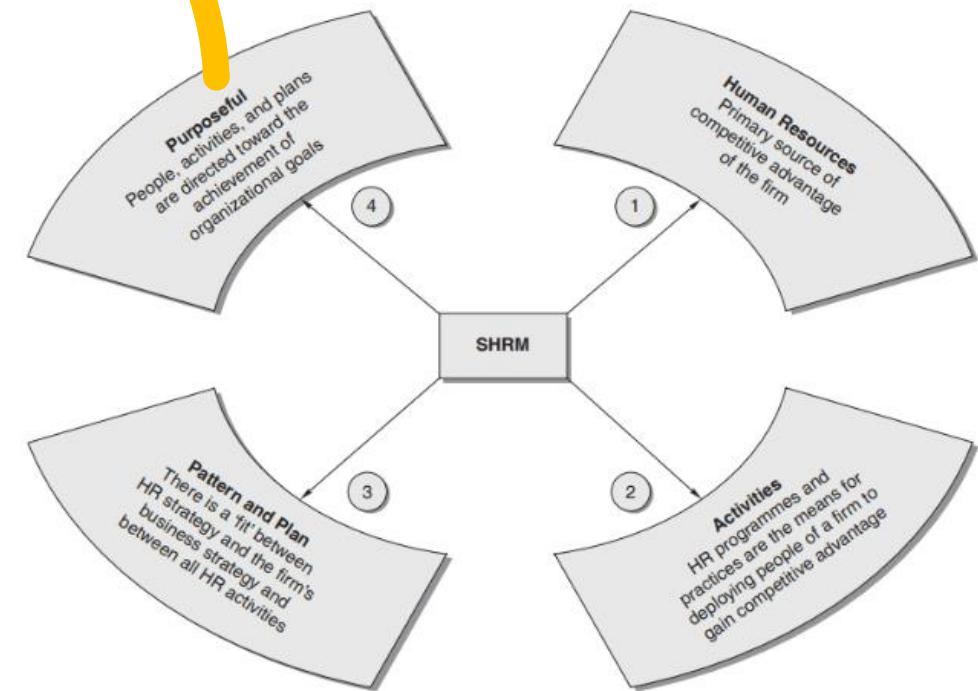
1. Identifies and analyzes external opportunities and threats that may be crucial to the company's success.
2. Provides a clear business strategy and vision for the future.
3. To supply competitive intelligence that may be useful in the strategic planning process.
4. To recruit, retain and motivate people.
5. To develop and retain of highly competent people.
6. To ensure that people development issues are addressed systematically.
7. To supply information regarding the company's internal strengths and weaknesses.
8. To meet the expectations of the customers effectively.
9. To ensure high productivity.
10. To ensure business surplus thorough competency

Basis of SHRM

- Strategic HRM is based on three Proposition;
 - The human Resource or human capital of an organization Plays a strategic role in its success and is a major source of competitive advantage.
 - HR strategies should be integrated with its business Plan(Vertical integration). The central Premise of strategic human resource management theory is that successful organizational Performance depends on a close fit or alignment between business and human resource strategy.
 - Individual HR strategies should be coherent by being linked to each other to provide mutual support (horizontal integration)

Components of SHRM

- It focuses on an organization's human resources (people) as the primary source of the organization's competitive advantage.
- The activities highlight the HR programs, policies, and practices as the means through which the organization's people can be deployed to gain a competitive advantage.
- The pattern and plan imply a fit between HR strategy and the organization's business strategy (vertical fit) and between all HR activities (horizontal fit).
- The people, practices, and planned patterns are all purposeful, directed towards the achievement of the organization's goals.



Principles of SHRM

1. **Principle of Comprehensiveness:** HRM should be closely matched to business objectives.
2. **Principle of Coherence:** Allocation and activities of HR integrated into a meaningful whole.
3. **Principle of Control:** Effective organizations require a control system for cohesion and direction.
4. **Principle of Communication:** Strategies understood and accepted by all employees, open culture with no barriers.
5. **Principle of Credibility:** Staffs trust top management and believe in their strategies.
6. **Principle of Commitment:** Employees motivated to achieve organizational goals.
7. **Principle of Change:** Continuous improvement and development essential for survival.
8. **Principle of Competence:** Organizations competent in achieving their objectives- dependent on individual competence.
9. **Principle of Creativity:** Competitive advantage comes from unique strategies.
10. **Principle of Cost-effectiveness:** Competitive, fair reward and promotion systems.



Linking HRM Practices and Business Strategies

- This issue of fitting HR practices to business strategy is becoming an increasingly important and relevant HR issue for HR staff and line managers.
- HR fit involves making sure HR activities make sense and help the organization achieve its goals and objectives.
- There is a need for strategic flexibility and a strategic fit for the firm's long-term competitive advantage.
- The fit is defined as a temporary state in an organization, whereas flexibility is defined as the firm's ability to meet the demands of the dynamic environment.



Linking HRM Practices and Business Strategies Cont'd.

The three aspects of HR fit are:

Vertical fit

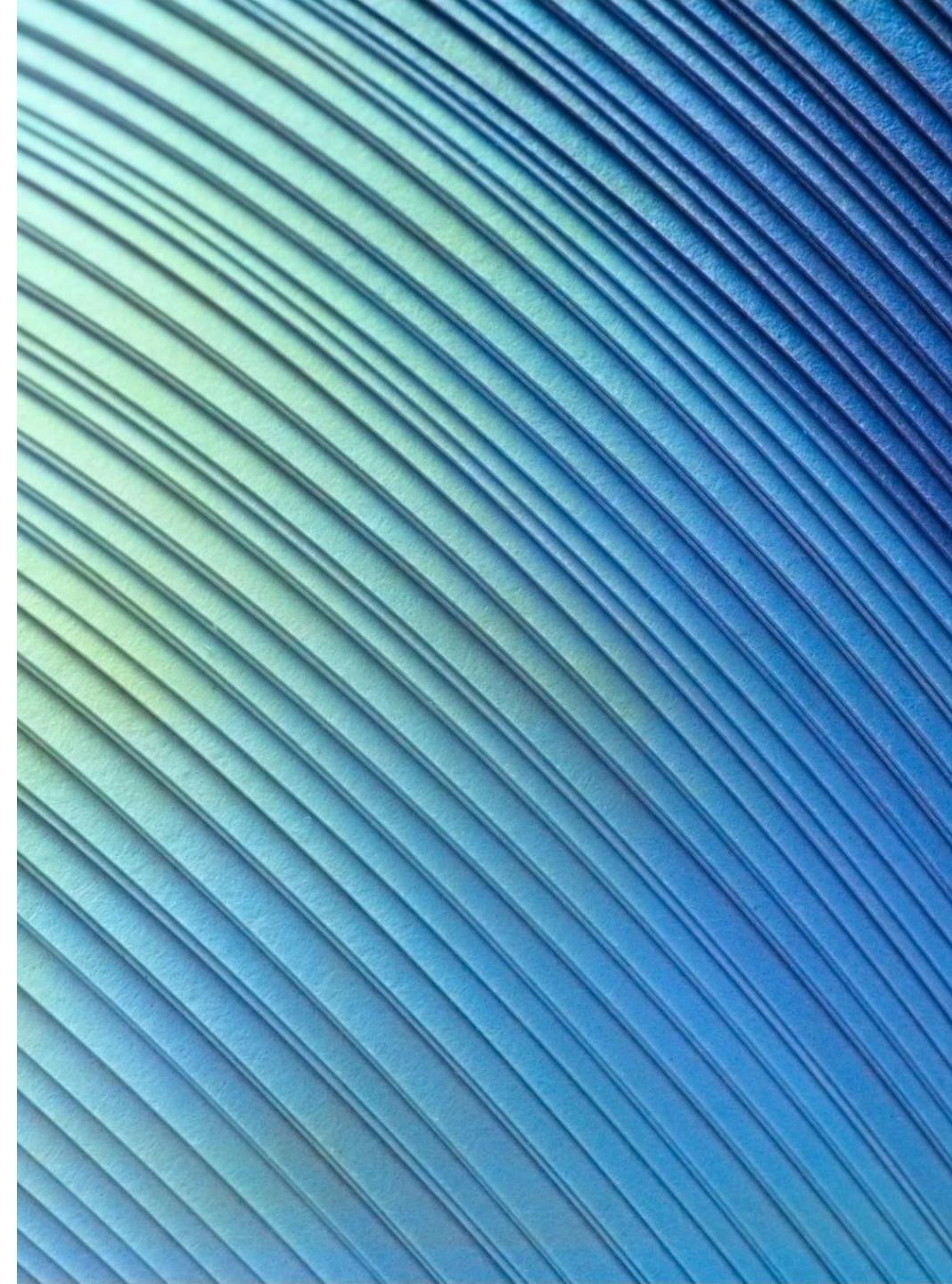
- This aspect of vertical fit concerns the coincidence between HR practices and overall business strategy.

Horizontal fit

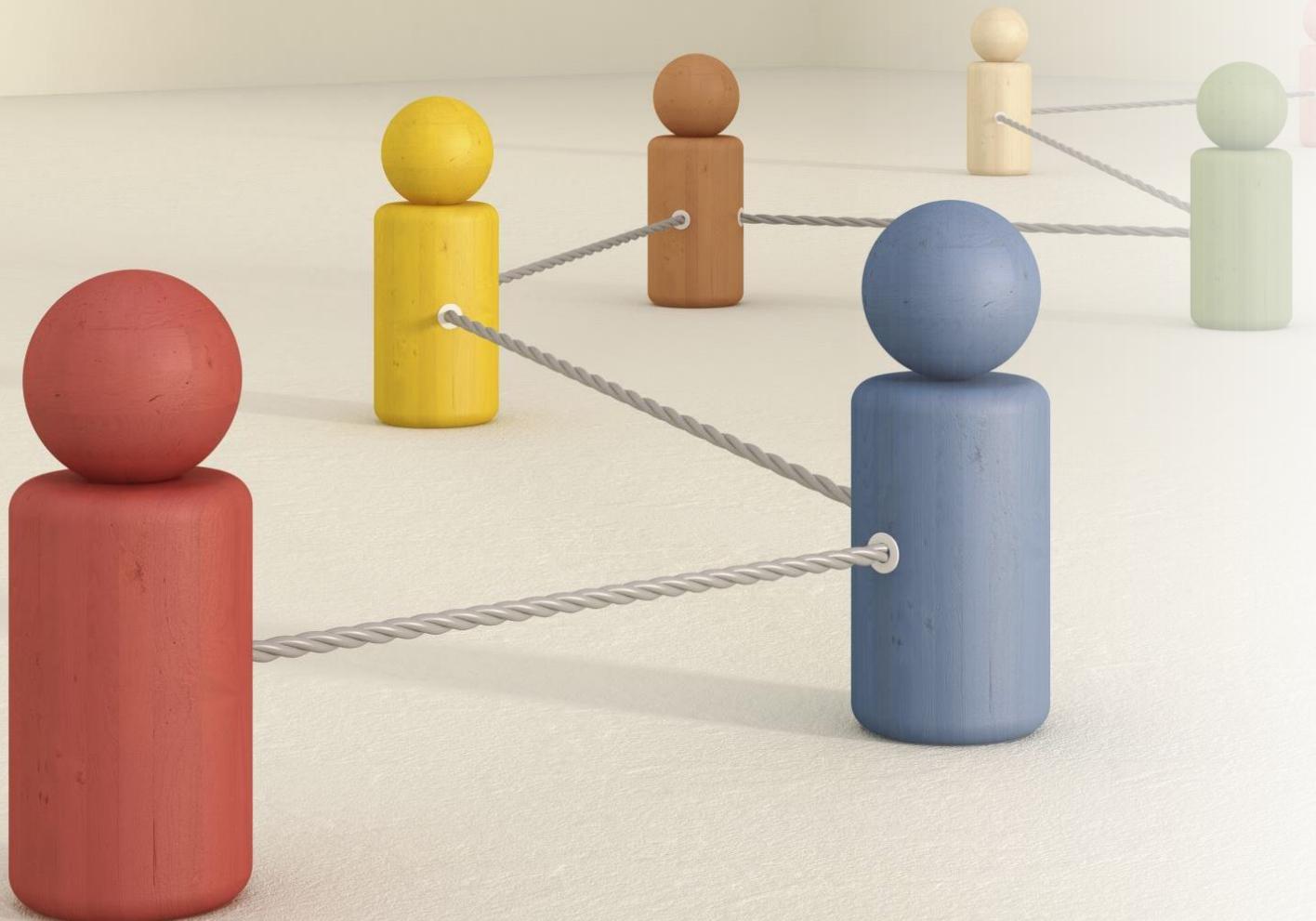
- This relates to the extent to which HR activities are mutually consistent. Consistency ensures that HR practices reinforce one another.

External fit

- The third aspect concerns how well HR activities match the demands of the external environment. Ensuring these aspects of fit requires HR practice choices. The challenge is developing internally consistent configurations of HR practice choices that help implement the firm's strategy and enhance its competitiveness.



Linking HRM Practices and Business Strategies Cont'd.



The two types of flexibility identified are:

- **Resource Flexibility**
 - Resource flexibility is the extent to which a firm can apply its resources to a variety of purposes. It also involves the cost, difficulty, and time needed to switch resources from one use to another.
- **Coordination flexibility**
 - Coordination flexibility concerns the extent to which an organization has decision-making and other systems that allow it to move resources quickly from one use to another.
 - This task is accomplished by having an effective partnership between HR managers and line managers.

Barriers To Successful SHRM Implementation

1. Inducing the vision and mission of the change effort.
2. High resistance due to lack of cooperation from the bottom line.
3. Interdepartmental conflict.
4. The commitment of the entire senior management team.
5. Plans that integrate internal resource with external requirements.
6. Limited time, money and the resources.
7. The status quo approach of employees.
8. Fear of incompetency of senior level managers to take up strategic steps.
9. Diverse work-force with competitive skill sets.
10. Fear towards victimization in the wake of failures.

Barriers To Successful SHRM Implementation

11. Improper strategic assignments and leadership conflict over authority.
12. Ramifications for power relations.
13. Vulnerability to legislative changes.
14. Resistance that comes through the legitimate labor institutions.
15. Presence of an active labor union.
16. Rapid structural changes.
17. Economic and market pressures influenced the adoption of strategic HRM.
18. More diverse, outward looking approach.



SHRM Framework (Models)

- The Harvard Model
- The Warwick Model
- The 5P's Model
- The Ulrich Model
- The ASTD Competency Model

The Harvard Model

- The Harvard Model is operating with five significant components: *situational factors, stakeholder interests, HRM policies, HRM outcomes, and long-term consequences* the organization is set out to accomplish.
- According to this HR framework, the correlation between situational factors and stakeholder interests strongly affects and helps shape HRM policies, which should be implemented to lead to the desired HR outcomes (4Cs- *commitment, competence, congruence, and cost-effectiveness*).
- Aspiring to improve these 4Cs will lead to favorable consequences for individual well-being, societal well-being, and organizational effectiveness.
- The Harvard Model nurtures cooperation and motivational practices and empowers general managers to get involved in the HR aspect of the business.
- It is established on the belief that human resources can give any organization a significant competitive advantage, so, therefore, the employees should be treated as assets rather than the costs.

The Warwick Model

- Similarly to the Harvard Model, the Warwick framework focuses on five different elements:
- *The outer context* (which includes political, technical, and competitive factors, among others);
- *The inner context* (concerning the structure, leadership, culture, task-technology);
- *Business strategy content* (representing company objectives, product market, and general strategy);
- *HRM context* (including role, definition, organization, HR outputs);
- *HRM content* (HR flow, reward systems, employee relations, work systems, and other aspects).
- This framework is focused on achieving performance and company growth by reaching the appropriate balance between internal and external context", utilizing HRM context and HRM content elements that adapt to the changes in the process.

The 5P's Model

- The 5P's Model is based on five constitutional aspects: *purpose, principles, processes, people, and performance*. According to this framework, aligning and balancing these five principles leads to achieving company success.
- The 5P's Model defines:
 - *Purpose* as the organization's vision, mission, and primary objectives;
 - *Principles* are defined as operational protocols set to lead to achieving a purpose;
 - *Processes* include organization architecture, systems, and methods of operation;
 - *People* are the vital HR resource performing tasks in line with the appointed principles and processes;
 - *Performance*, ultimately, is a result that can be measured by the appropriate standards.
- 5P's Model used as a tool for the long-term continuity and progress of the businesses, operates with the same components. Strategy prompts the system, the system affects staff behavior, and staff behavior triggers the performance.
- Shortly put, according to the 5P's HRM Model, organizational performance directly depends on the performance of people engaged in processes and guided by organization purposes and principles.





The Ulrich Model (or the Business Partner Model)

The Ulrich Model falls under the creative HRM and focuses on organizing all HR functions into four central roles: *strategic partner*, *change agent*, *administrative expert*, and *employee champion* (or *employee advocate*).

Rather than focusing on processes and functions, this model is centered around people of the organization and the roles they play in the grand scheme of things.

Roles of SHRM According to Ulrich's Model





The ASTD Competency Model

The model delivers a roadmap of success that lays out performance against a credible set of descriptors.

This framework is founded on three subsequent layers or blocks:

The ASTD Competency Model considers professional development the key to personal and company success. It mainly focuses on providing an answer to the question: "What competencies should people possess and develop to succeed in their field and offer a valuable contribution to the organization?"

Foundational level includes essential competencies: personal, interpersonal, and managerial;

Focus level introduces Areas of Expertise (AoE) such as coaching, improving employee performance, social learning, career planning, and evaluating;

Execution level focuses on four crucial professional roles: learning strategist, project manager, business partner, and professional specialist.

In Summary

SHRM is a proactive approach of managing people in order to meet both employee and corporate goals.

SHRM must align with business strategies to deliver results.

The primary source of competitive advantage is the human capital and must be well managed.

A close-up photograph of a shiny blue alarm clock with two bells on a pink background. The clock face is white with black numbers and hands. The text is overlaid on the upper part of the clock.

Thank You For Your Time and
Attention.