

Strategic Human Resource Management: Concept and Practice

Shared by

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Welcome

Understanding Human Resource

“ If you wish to plan for a year, sow
seed;
If you wish to plan for ten years,
plant trees;
If you wish to plan for a life time,
develop human resource.”

- A popular saying

“Give a person a fish, and you feed
that person for a day”;

Develop a person to fish, and you
feed that person for a life”.

- Ancient Proverb

Human Resource

- The term “Human Resource” is variously defined in political economy and development economics, where it was traditionally called labour, key factor of production.
- Human resource is “human capital” or “human asset” which is the combination of knowledge, skills, capabilities and behaviour of human at work/to be in work that have economic and socio-cultural values to an organization.

Human Resource as “Human Capital”

Intellectual Capital

- Competitive advantage
- Knowledge as resource
- Innovation and creativity for productivity enhancement

Social Capital

- Social relationships as the source of resource
- Networks of relationships
- Social drive for organizational productivity

Organizational Capital

- Institutionalization of knowledge and skill
- Ownership and utilization of human capital
- Harmony between organizational and human interests

“HR should be defined not by (what it is or) what it does, but by what it delivers.”

Genesis of “Human Resource”

- Source of “Competitive Advantage”
- Most dynamic resource of organization
- Organizational productivity is dependent on HR
- Unlimited potential and unpredictability
- Employees feel committed to their work and the organization if the organization develops a feeling of belonging in them
- Employee’s commitment to their work increases if they get adequate opportunity to discover and use full potential
- Human resource can be developed and multiplied through appropriate and systematic efforts
- Developing human resource is a continuous process
- Cross-cutting to all forms of development and a must for sustainable development

Human Resource Management

“Management of workforce or human resource in an effective and efficient way for attaining organizational objectives with competitive outcomes, adaptability and sustainability.”

Bureaucratic and Strategic Human Resource Management

Bureaucratic HRM

- Centralized and scalar chain
- Rule-driven and process protected
- Rigidity
- Career management

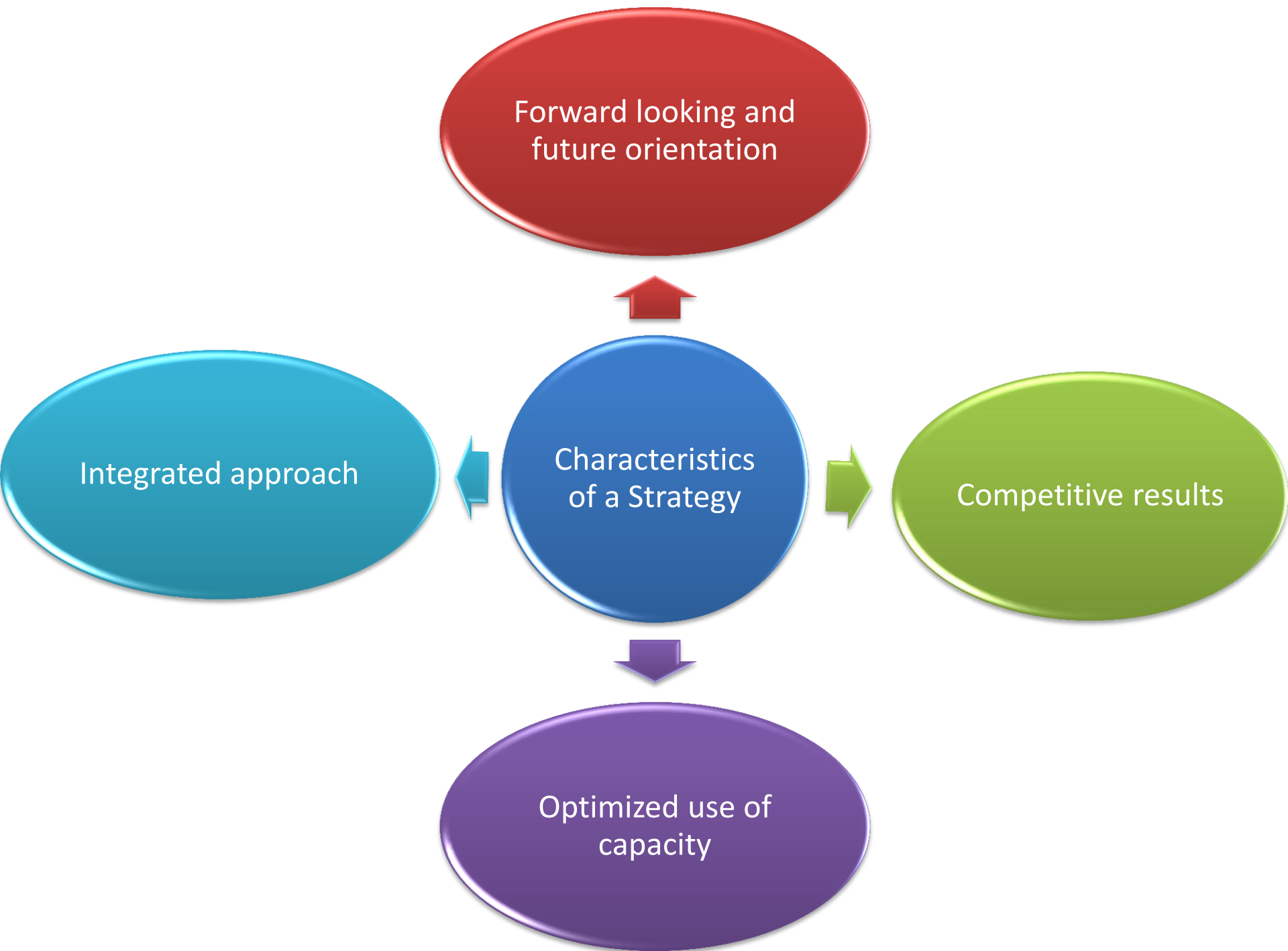
Strategic HRM

- Strategic analysis and choice
- Decentralized and devolved
- Flexibility
- Result-driven
- Performance management
- Change-responsive

Strategic Human Resource Management: An Understanding

What is a “Strategy”

- An approach of critical path selection to achieve defined goals in the future with optimum use of capacity and opportunity.
- The determination of long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals.



Strategic Human Resource Management



Empowering people to drive
productivity and competitiveness

Strategic Human Resource Management

“An approach that defines how the enterprise goals will be achieved through human resource by means of HR strategies and integrated HR policies and practices.”

“Strategic human resource management aligns people management with the strategic goals of enterprise. It allows enterprise to have the right number of people at the right place and with the right competencies.”

“Strategic HRM encourages organizations to look to the future, thinking strategically about the right mix of people and skills that are required to respond to changing societal needs and the market realities.”

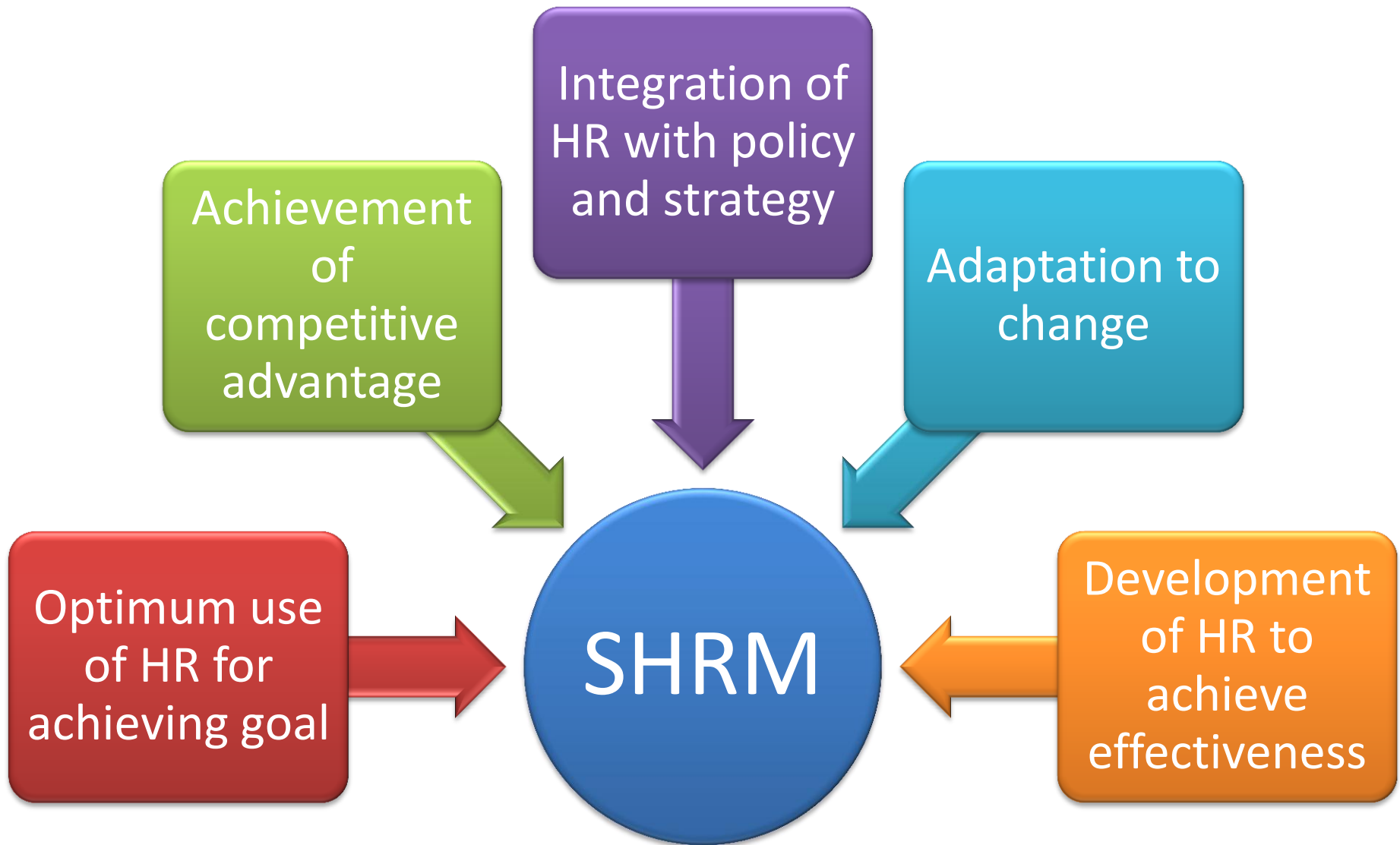
Evolution of Strategic HRM

- Entrepreneurship in public management
- Sustainable competitive advantage over competition
- Productivity, efficiency and effectiveness
- Outsourcing of knowledge and skills
- Managing technological changes
- Increased interdependence and collaboration

Basic Feature of Strategic HRM

1. Linking HR with organizational strategy for improving performance
2. Achieving competitive advantage and comparative benefits by using HR strategically
3. Transforming HR into a performing and delivering system
4. Change-responsive and competitive HR

Aims and Objectives of SHRM



Different Components of SHRM



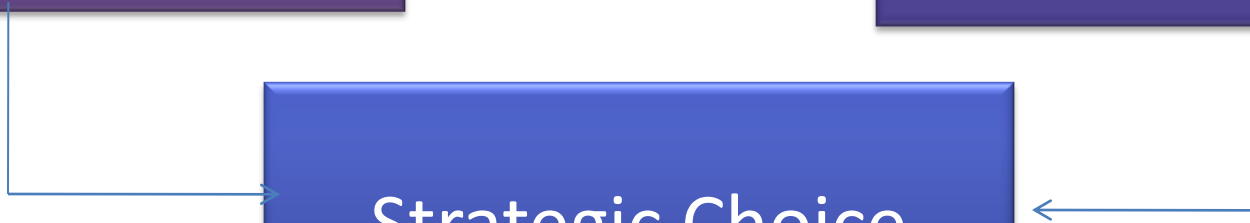
Approaches, Framework and Models

Strategic HRM



HR Policies and
Strategies

Strategic
management of HR



Strategic Choice



Strategic Analysis

Different Views on Strategic HRM

Resource-based View

- Dynamic and unique resource
- Human capital
- Optimization required
- Sustained competitive advantage through HR

Strategic Fit View

- Harmonized/integrated HR with policy and strategy
- Management of human resource: Efficiency and effectiveness
- Capacity development
- Entrepreneurial HRM

Behavioural View

- Motivation and morale
- Performance management: Performing and delivering
- Employee-management relations
- Cultural competence

Approaches to Strategic HRM

- ***Universalistic Approach***: Transforming HR practices with universal standards
- ***Strategic Fit Approach***: External and Internal Fit to manage environmental variables
- ***High-performance management approach***
- ***High-commitment management approach***
- ***High-involvement management approach***
- ***Service Delivery Approach***: Use of HR professionals to enhance the efficiency and effectiveness in customer delivery
- ***Configuration Approach***: Use of effective configurations to improve performance
- ***Resource-based Approach***: Competitive advantage from human resource by adding value

Basic Framework of SHRM

Strategic
Integration



Capacity
Development



Competitive
Advantage in
Performance
Performing and
Delivering HR

Framework of SHRM: Input-Output Model

Input

- Policy and strategy

Process

- Planning
- Recruitment and selection
- Utilization and development
- Retention
- Renewal

Output

- Performance and delivery
- Competitive outputs
- Culture

Outcome

1. Market satisfaction
2. Quality and efficiency

Feedback and Review

Strategic HRM: How?

1. Envisioning HRM: Values, philosophy, destination
2. Mission and Goals: Standardized achievement
3. Environmental Assessment and Analysis:
4. Selection of critical areas of HR with prioritization:
Strategic choice
5. Formulation of HR strategy: Corporate, business,
functional
6. Implementation of HR strategy: Achieving results
7. Evaluating the impact and effectiveness of HR
strategy: Assuring quality
8. Reforms and improvements as continuous process:
Strategic renewal

Role of Leadership and Senior Executives

Leadership and Administratorship

Leadership

- Strategic approach
- Change and transformation
- Empowering
- Entrepreneurial

Administratorship

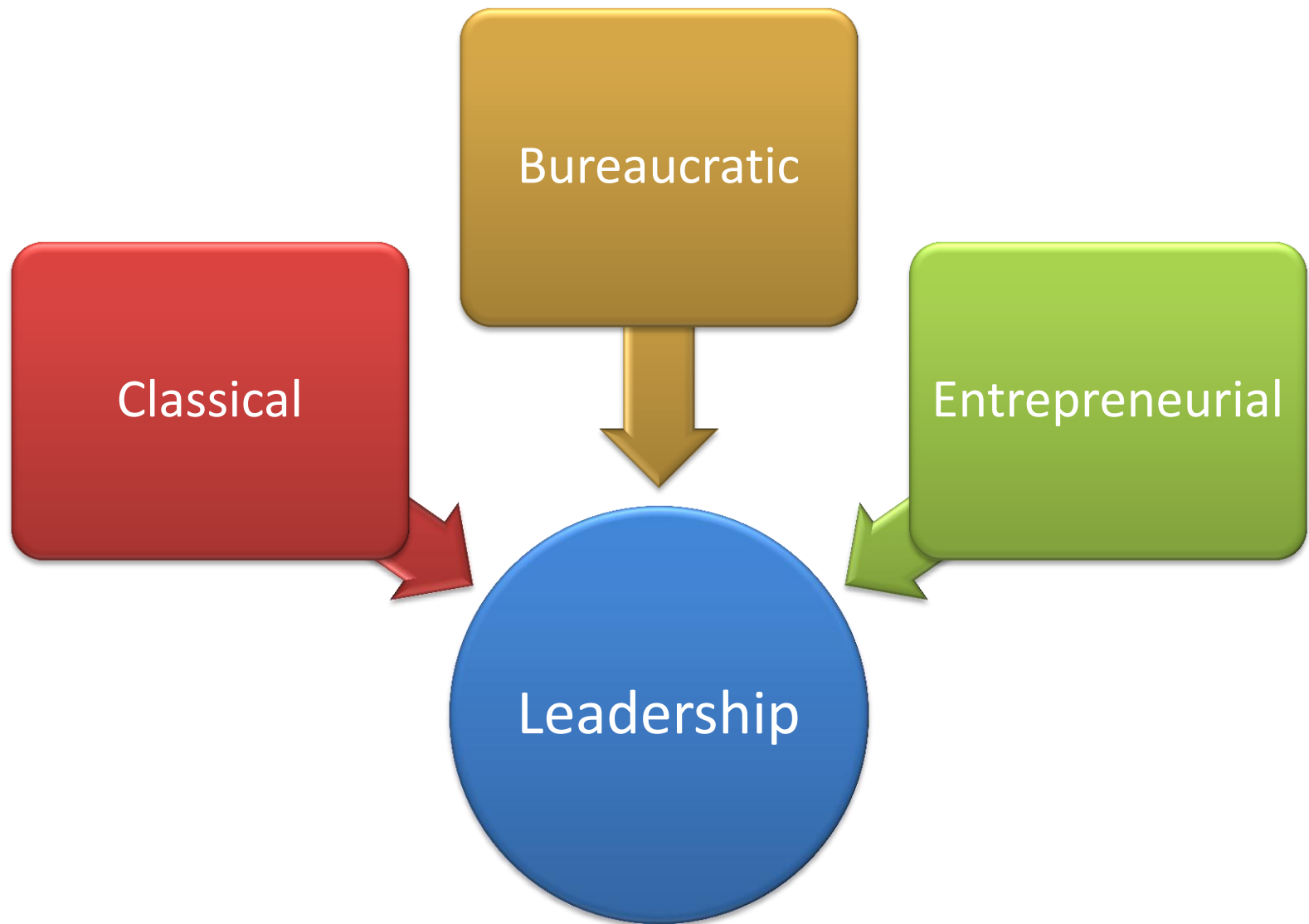
- Conventional approach
- Management of complexities
- Process-focus
- Use of administrative power
- Ignorance to change

Strategic Leadership

“The ability of an dedicated and committed senior leader who has the wisdom and vision to create and execute plans and make consequential decisions in the volatile, uncertain, complex, and ambiguous strategic environment for achieving multiple effectiveness.”



Leadership and Strategic HRM



Role Dynamics of Leadership in Strategic HRM

- Strategic positioning of HR into organizational system: Integrating HR with business strategy
- Ensuring a “high performing institution” through HR
- Developing performance culture
- Improving capacity through research and development

Practices of SHRM

Strategic Planning

- Extensive participation of stakeholders in designing human resource strategy
- Strategic planning to determine human resource effectiveness
- Sector-based/function-based human resource strategy
- Strategic selection of human resource system
- Integrating opportunities, capabilities and outcomes
- Strategizing implementability for results
- Responding to environmental changes

Performance Management

- Performance-based human resource system
- Performance culture
- Performance standardization, benchmarking and measurement
- Performance contracts
- Competitive compensation
- Human resource as profit center
- Result-based incentives
- Performance improvement as continuous process of achieving human resource effectiveness

Executive Development

- Developing skills and competencies required to perform executive responsibilities effectively and efficiently.
- Sustainability and quality enhancement in performance
- Executive performance improvement through developing proficiency in management techniques
- Developing emotional intelligence for stability and growth
- Competency mapping through leadership assessments and succession planning

Reengineering Human Resource System

- Job reengineering
- Transforming career-based system to position-based system
- Strategic recruiting and hiring
- Competitive acquisition
- Strategic rightsizing
- Performance system
- Innovation and creativity
- Job satisfaction and productivity
- Flexible retirement system

Outsourcing and Contracting Out

- Virtual human resource management
- Outsourcing of human resource functions
- Selective use of knowledge and expertise
- Limited liability on HR
- Competitive advantage and comparative benefits
- Collaboration and networking with strategic partners
- Return on investment for sustainability

Knowledge/Learning Management

- Knowledge-driven management
- Strategic to improving knowledge environment
- Enhancing learning management and development of learning culture
- Best use of knowledge economy for productivity and effectiveness
- Development of enabling technology
- Human/intellectual capital formation
- Innovation and creativity management
- Multi-skilling for Competitive knowledge and skill
- Organizational system for training and retraining

Talent Management

Talent Management is a set of integrated organizational HR processes designed to attract, develop, motivate, and retain productive, engaged employees. The goal of **talent management** is to create a high-performance, sustainable organization that meets its strategic and operational goals and objectives

Globalizing Human Resource

- Global standards
- Development of globally effective competencies
- International placement opportunities
- Networking of international experts

New Public Management and Managerialism

- Focus on management, not policy, and on performance appraisal and efficiency;
- The disaggregation of public bureaucracies into agencies which deal with each other on a user-pay basis;
- The use of quasi-markets and contracting out to foster competition cost-cutting; and
- A style of management, which emphasizes output targets, limited-term contracts, monetary incentives and freedom to manage.

Quality of Work Life

- Most interesting approach to motivation concentrating on physical and mental satisfaction throughout the life in job.
- It refers to the favourableness or unfavourableness of a total job environment for people at work.
- Through QWL programmes, organizations recognize their responsibility to develop jobs and working conditions that are excellent for people as well as for the economic health of the organization.

Innovation Management

Process of inspiring, capturing and managing organizational innovation aimed at achieving excellence, competitiveness and leadership of organization in the environmental dynamics.

Challenges of Strategic HRM

HRM in Post-Modern Era

Pre-modernism (Before 1650's)

Traditional

Agrarian

Sources of authority:
God

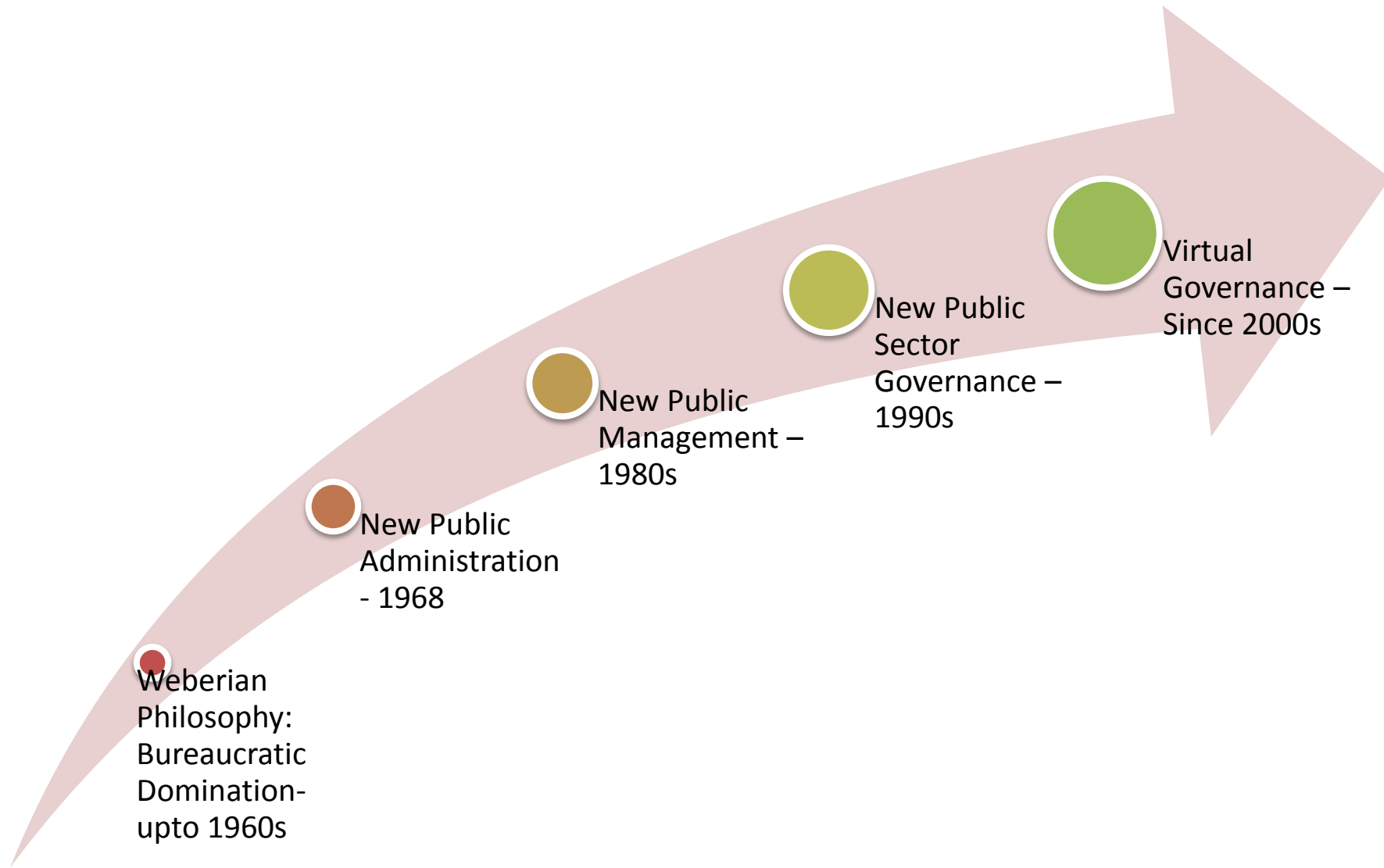
Modernism (1650-1950's)

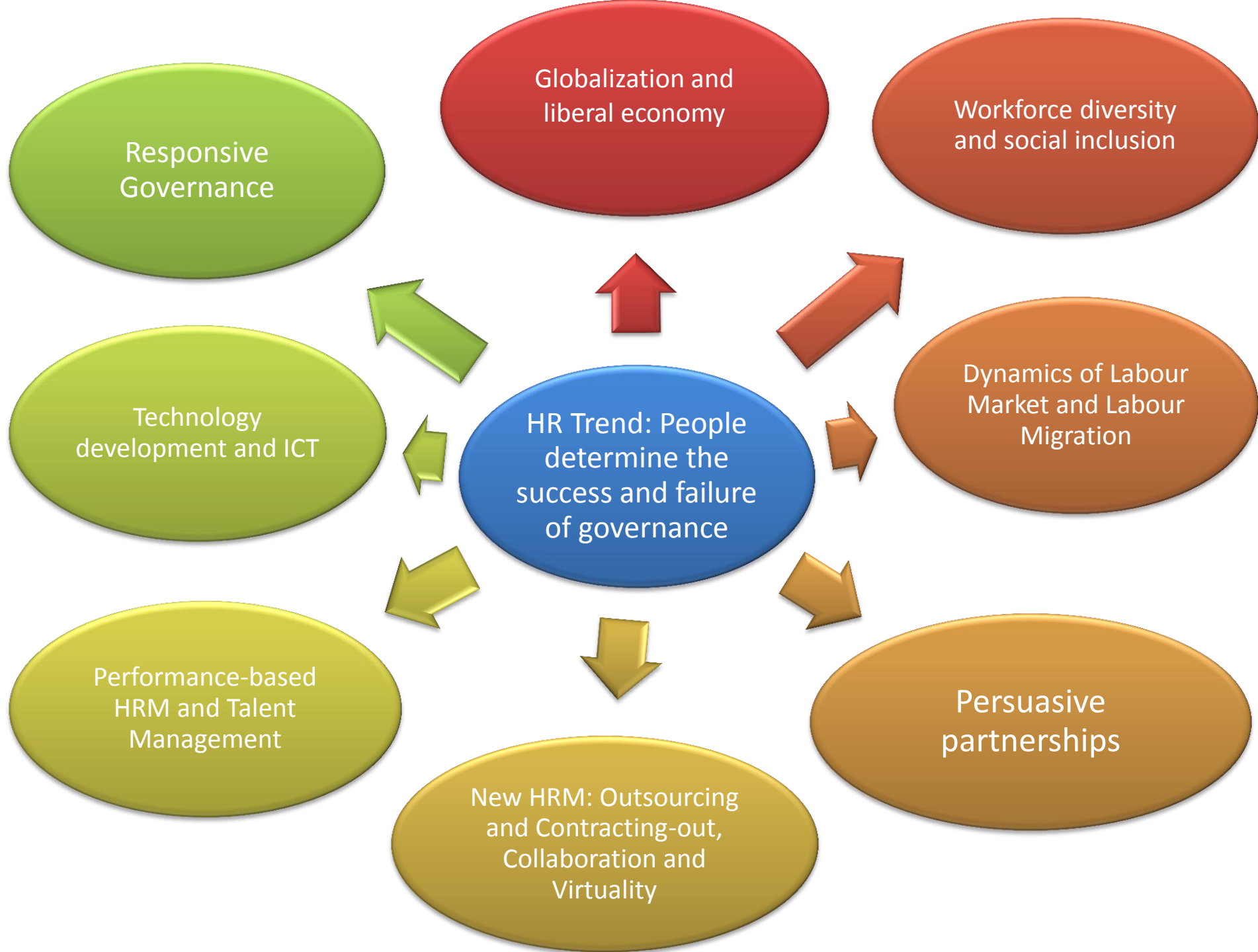
- Rational institutions
- Centralization of knowledge and power
- Bureaucratization
- Industrialization
- Collective interests

Post-modernism (1950 onwards)

- Internationalization
- Deconcentration and fragmentation
- Individualization
- Networking
- Self-managed institutions
- Outsourcing, contractual arrangements and temporariness

Emerging Trend of HR Management





Realities of Strategic Management in the Public Sector

- Strategic management is a **private/business sector concept** and a challenge for public sector because of domination of political interests.
- Public sector faces more problems and challenges while **implementing strategic management** because of constitutional, judicial and legal constraints, autonomy in resource management, diverse accountability, political interests and contingent citizen issues.
- Strategic managers in the public sector should be wary of **using private/business sector approaches** that assume clear and specific goals, profit and economic purpose, unlimited authority to act, limited accountability, use of market mechanism for financial results, complying with professional standards and performance control.
- It is difficult **to predict, respond and manage changes** in public organizations to act strategically.
- **Research and development capacity and evidence-based management** is almost non-existent, and which is the most required in strategic management.

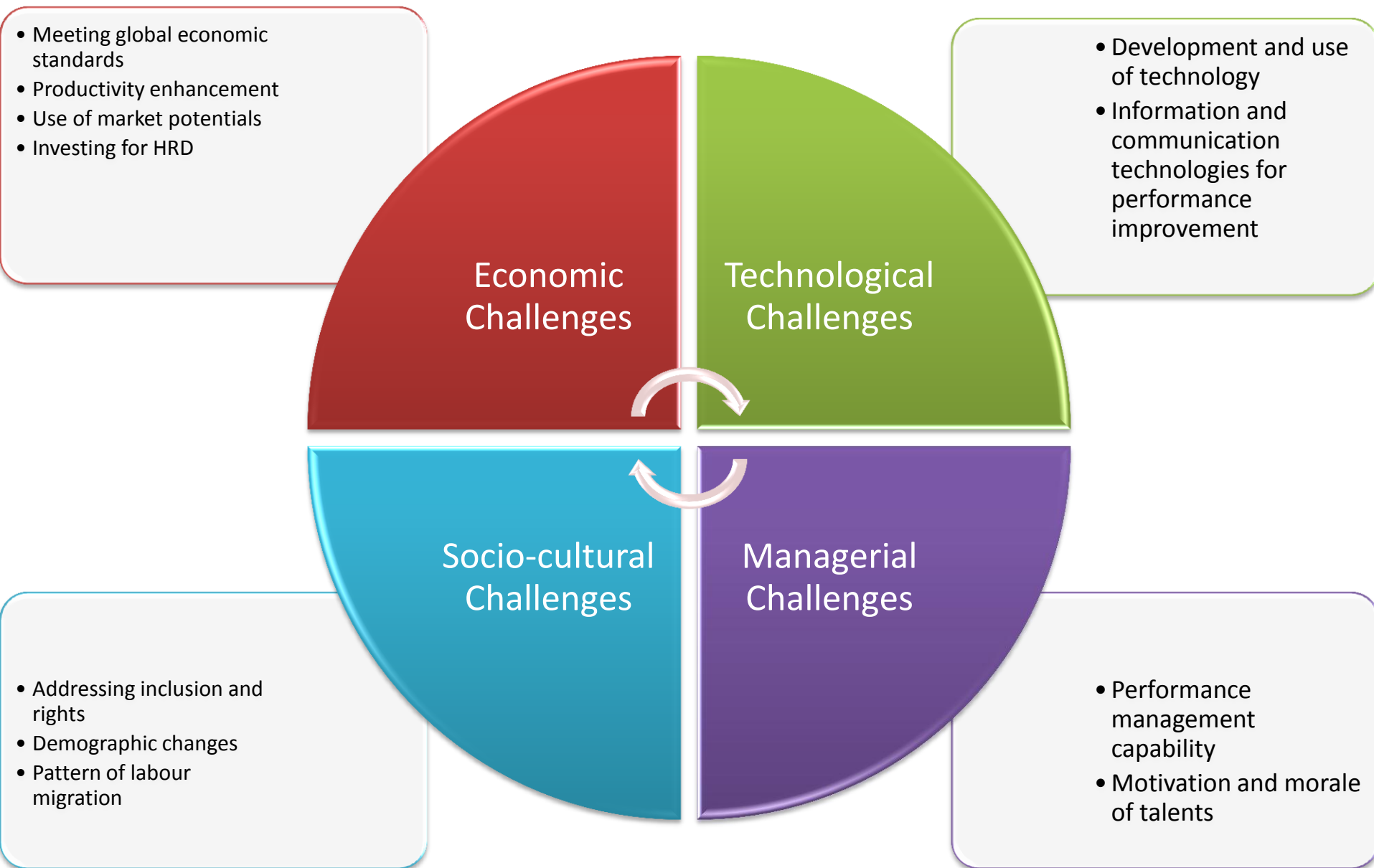
Influencing Factors for HR Strategy

- Globalization and Economic liberalization impacts
- Good governance movement: Accountability and Effective service delivery
- Workforce diversity and social inclusion
- Dynamics of labour market and labour migration
- Information and communication technology
- Decent work principle
- Technology Development and development of IT
- New Public Management: Competitiveness, professionalism, impermanency

Cross-cutting Issues in SHRM



Key Challenges



Effectiveness of SHRM

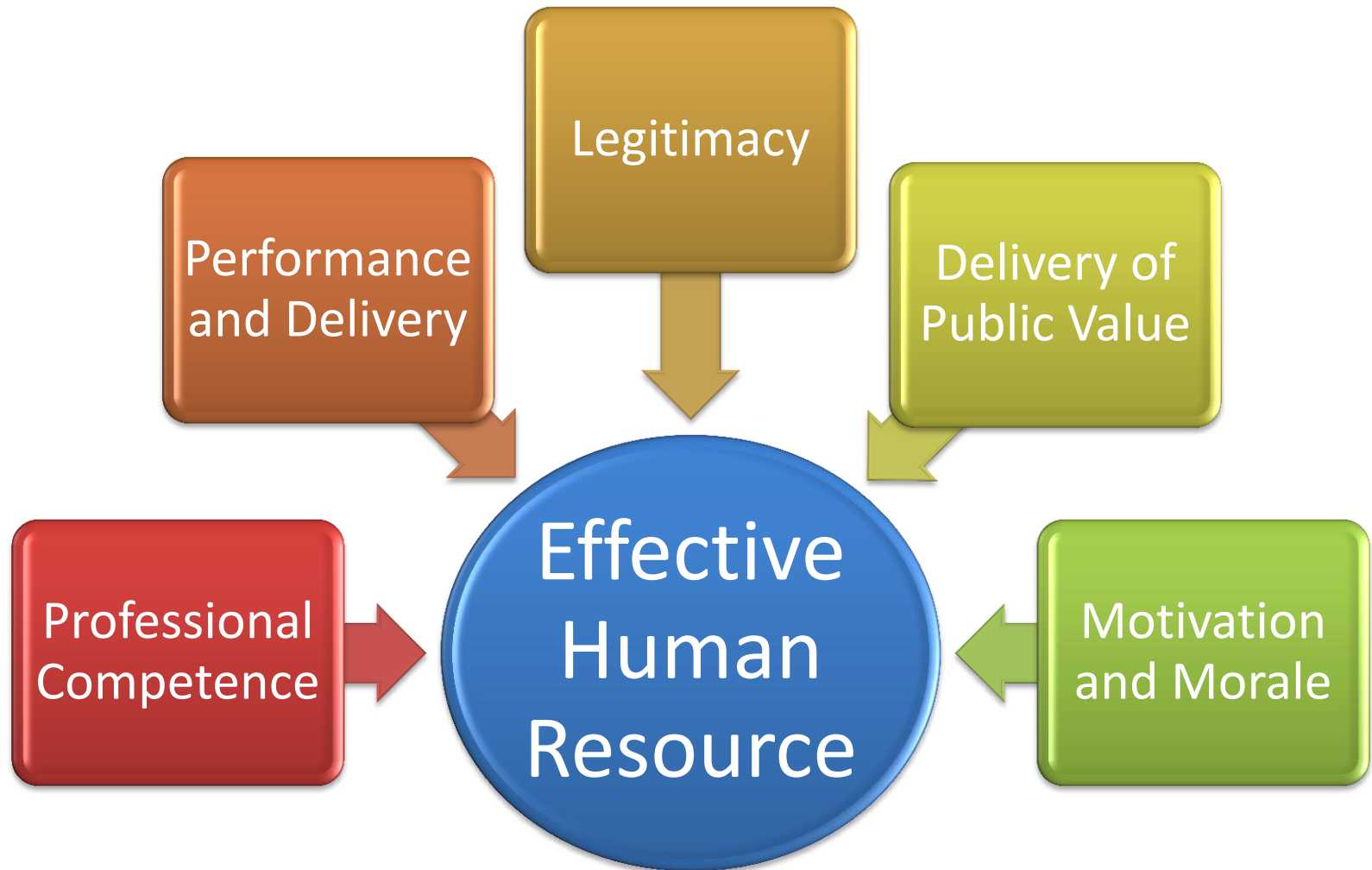
Intentions of Strategic HRM: Achieving Multiple Effectiveness

- Political and constitutional effectiveness
- Business and managerial effectiveness
- Citizen and stakeholder effectiveness
- Cultural and ethical effectiveness
- Developmental effectiveness
- Market and environmental effectiveness
- Global effectiveness
- Innovation effectiveness

Effective Strategic HRM

- Strategic effectiveness: Opportunity, capability and results
- Structural effectiveness: Matrix, functional relationships
- Systemic and methodological effectiveness: Performance and Efficient delivery
- Behavioural effectiveness: Performing culture
- Collaborative effectiveness: Participative, virtual and networked
- Innovative effectiveness: Continuous improvement

Effective Human Resource System



Effective Application of Strategic HRM



Any queries ... PLEASE

Thank you for your kind
attention