HRM 709

Strategic Human Resource Management

2nd Class

20.09.T25

The concept of Strategy

- The concept of strategy is based on three subsidiary concepts:
  - Competitive advantage.
  - Distinctive capabilities and
  - Strategic fit.


OPERATION
FINANCE
VISION
MARKETING
60%
75%
30%
COMPETITOR?
GOALS SETTING
STRATEGY
PLAN
BUSINESS
TEAMWORK
SERVICE
RISK CONTROL
GROWTH
success
RESEARCH

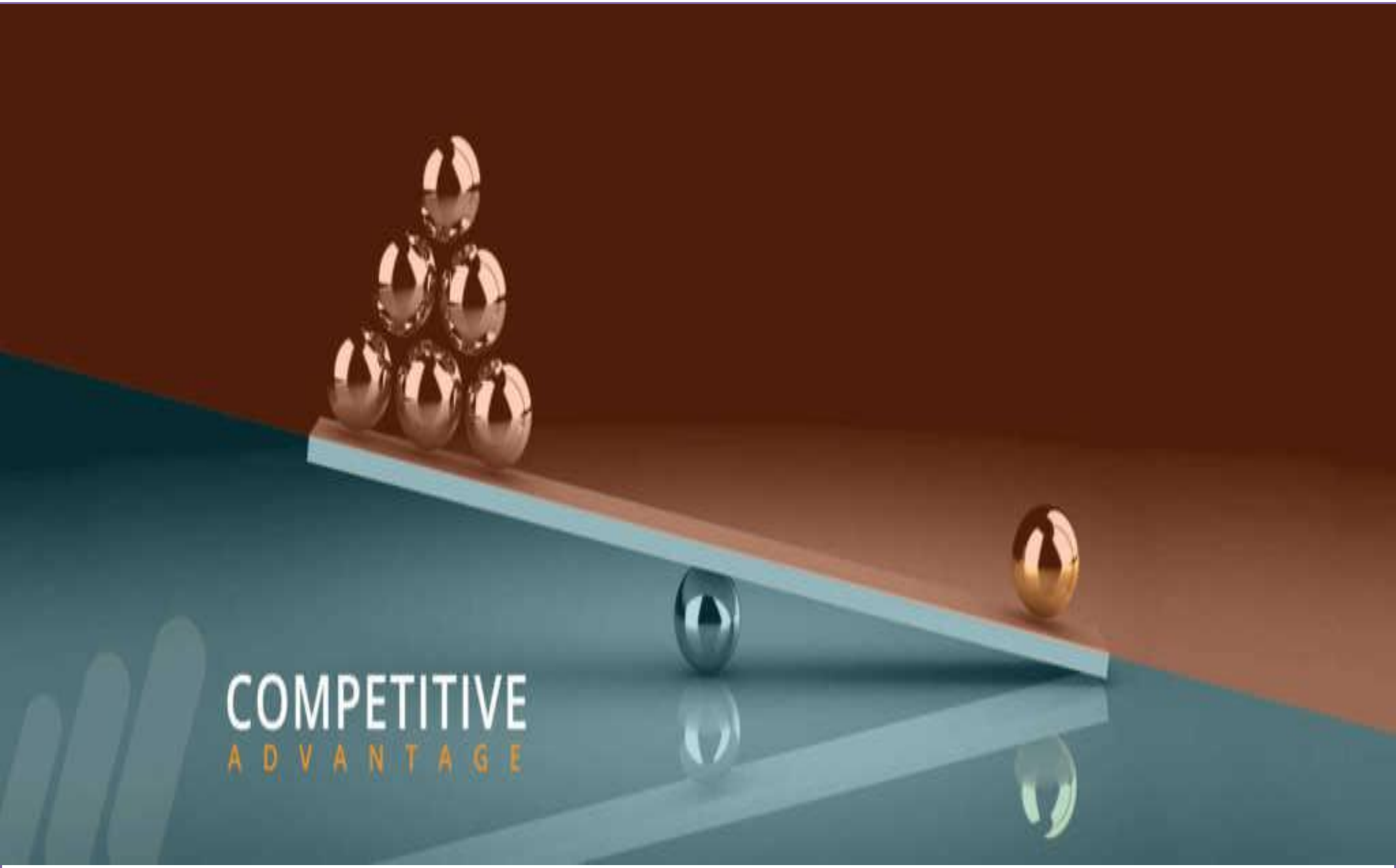

OBJECTIVE
Progress required
Strategy 1
Strategy 2
Strategy 3
Goal


"Bridging the Gap"
Means
Ends
Strategy & Tactics
Deploy & Employ

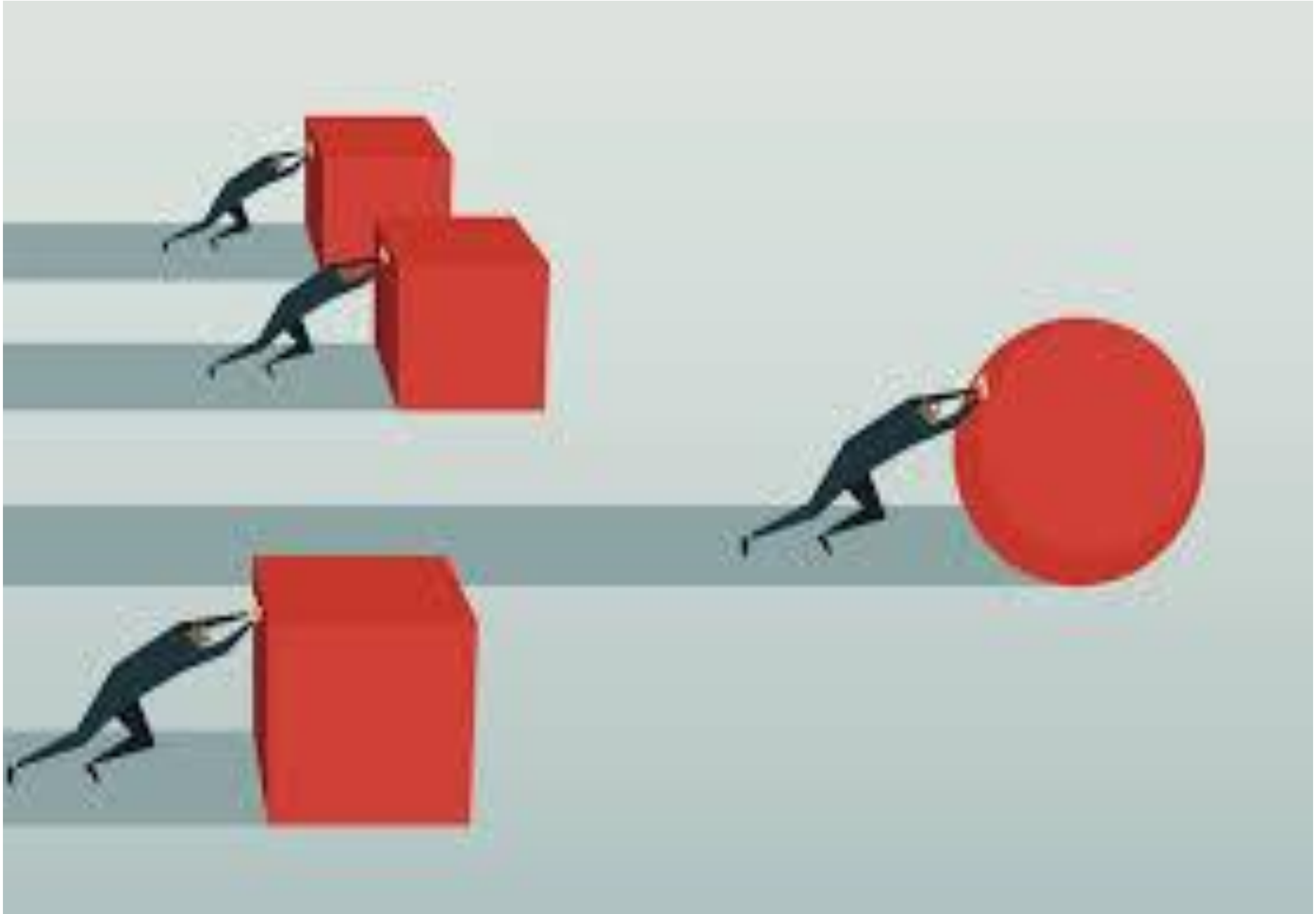
Strategy

"Strategy is the ***direction*** and ***scope*** of an organization over the ***long-term*** which achieves ***advantage*** for the organization through its configuration of ***resources*** within a challenging ***environment***, to meet the needs of ***markets*** and to fulfill ***stakeholder expectations***".

Competitive Advantage



Competitive Advantage



Strategy

Where is the business trying to get to in the long-term? (**direction**)

Which markets should a business compete in and what kind of activities are involved in such markets? (**markets; scope**)

How can the business perform better than the competition in those markets? (**advantage**)

Strategy

What resources (skills, assets, finance, relationships, technical competence, facilities) are required in order to be able to compete? (resources)

What external, environmental factors affect the businesses' ability to compete? (environment)

What are the values and expectations of those who have power in and around the business? (stakeholders)

STRATEGY

What is a strategy

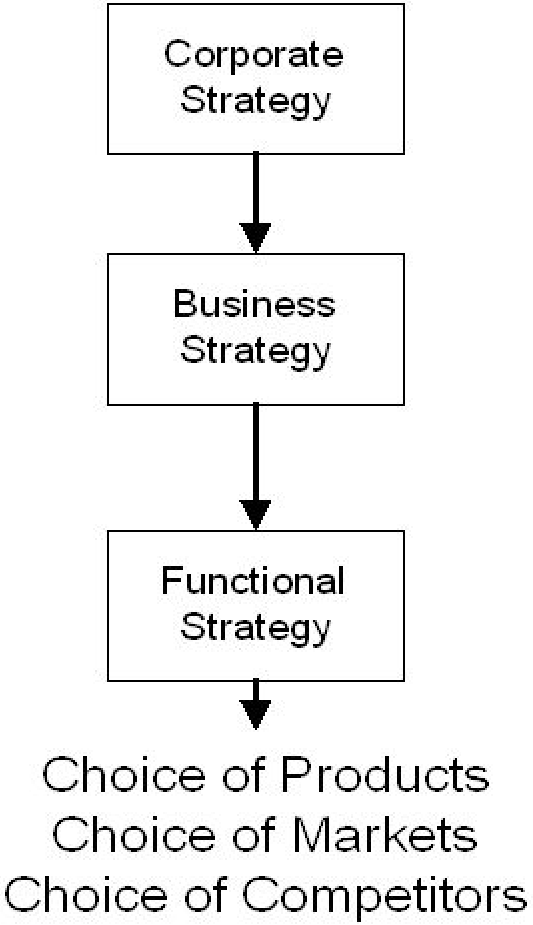
- Text book definition: The company's long-term plan for how it will balance its internal strengths and weaknesses with its external opportunity and threats to maintain a competitive advantage
- Simply speaking: A plan that is expected to make an organization adaptive and competitive
- Simplest speaking: A plan to make money

- At the core, its is the debate between best fit and best practice
- Used for gaining a competitive advantage
  - Innovation: Offer something new; different from competitors
  - Quality Enhancement: Products and services
  - Cost Reduction: to be the lowest cost provider
- Optimal strategy depends on the wants of customers and nature of competitors

The Strategy Concept

Levels of Analysis

- Where to Compete?
- How to Compete?
- How to Contribute?



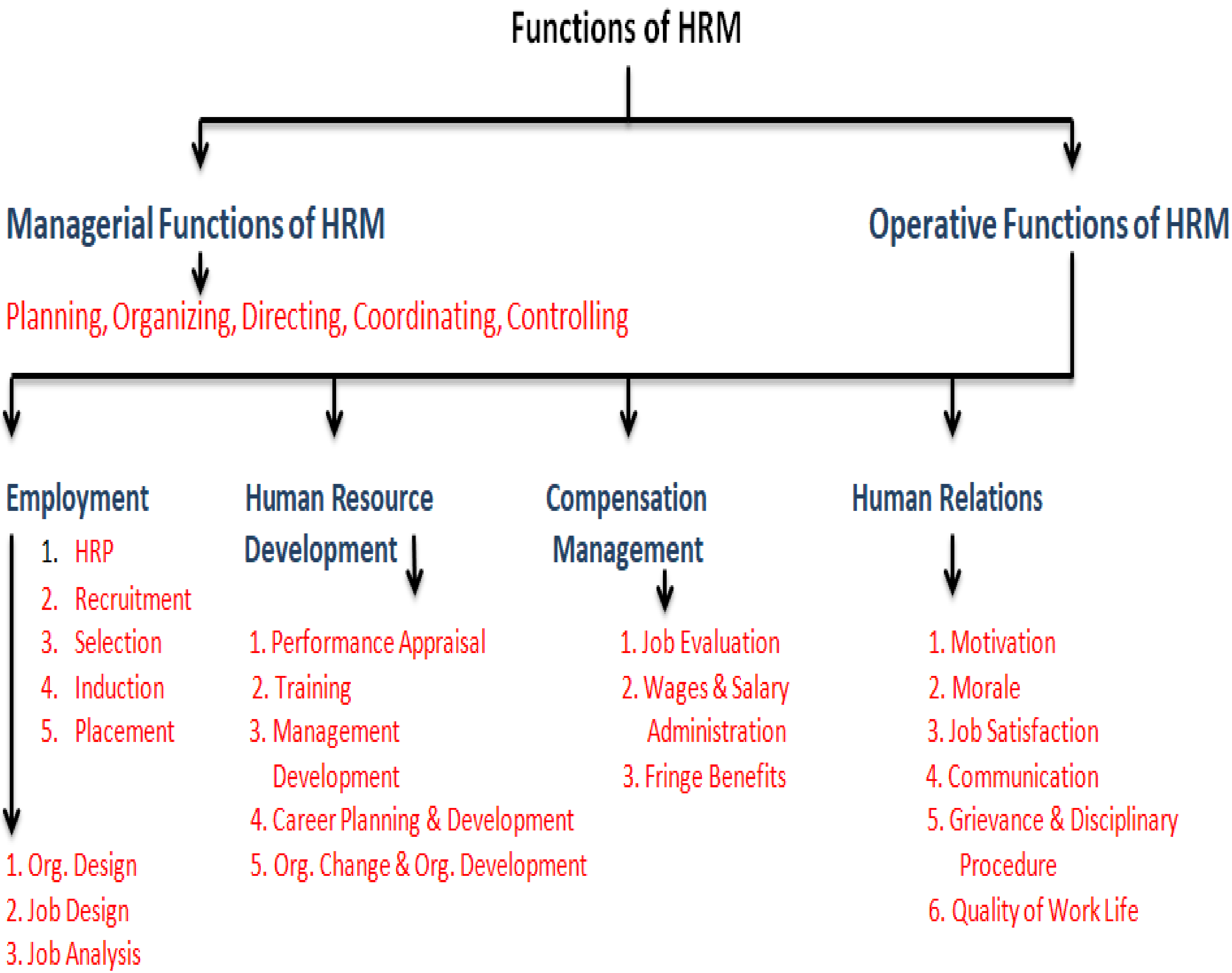

Strategy is a set of analytic techniques for understanding and influencing your company's position in the market place
Corporate Strategy
Business you should be in
Business Strategy
Tactics to beat the competition
Functional Strategy
Operational methods to implement the tactics
Enterprise strategy is concerned with the match between your company's internal capabilities and its external environment

- Corporate Strategy
  - Directions and guidelines for use of resources
- Business Strategy
  - Identifies how a strategic business unit or division will compete in its product or service domain
- Functional Strategy
  - Guides activities within one specific area of operations

Thinking Strategically

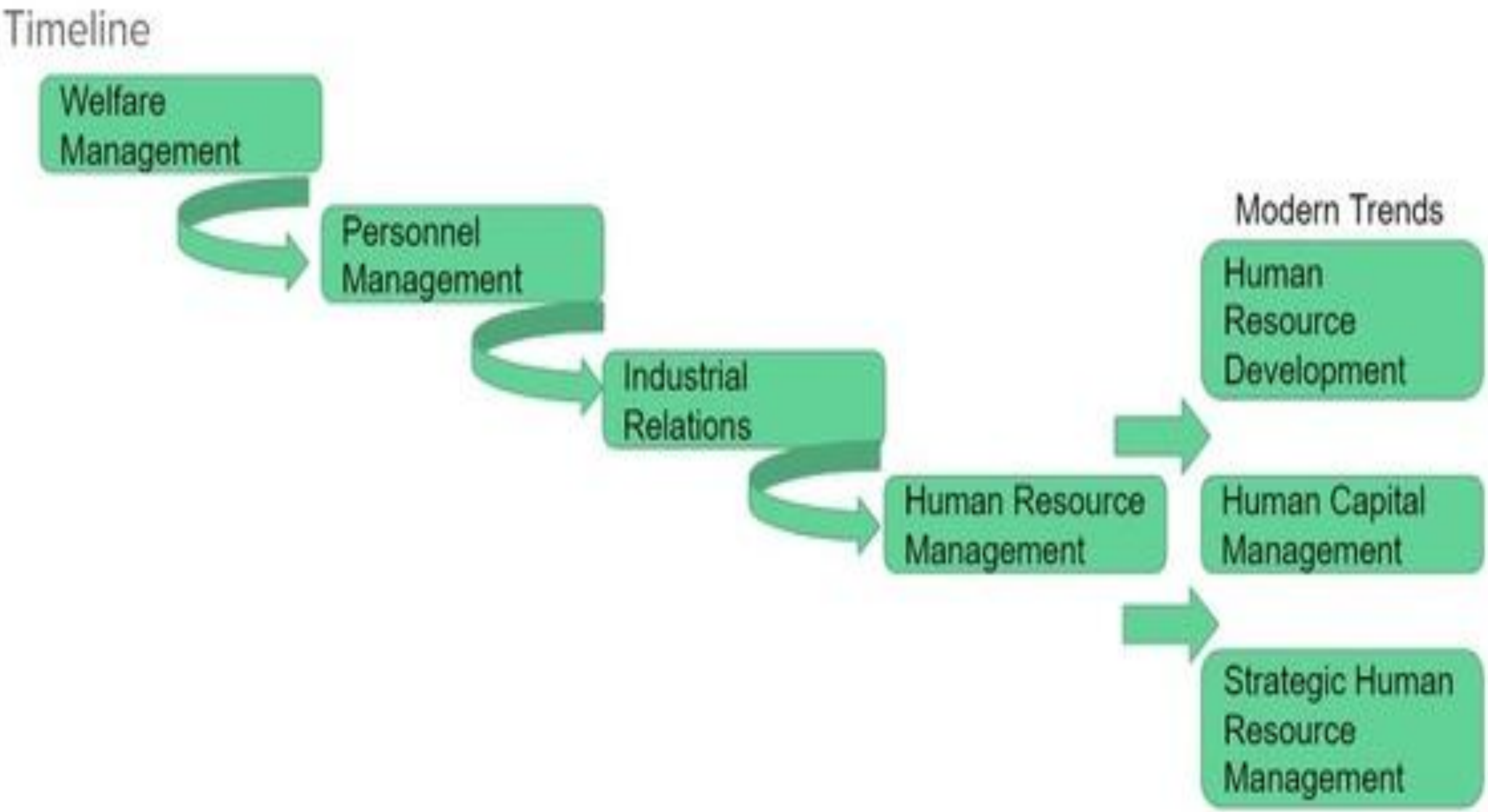
COMPETING TO BE THE BEST → COMPETING TO BE UNIQUE

The worst error in strategy is to compete with rivals on the **same dimensions**

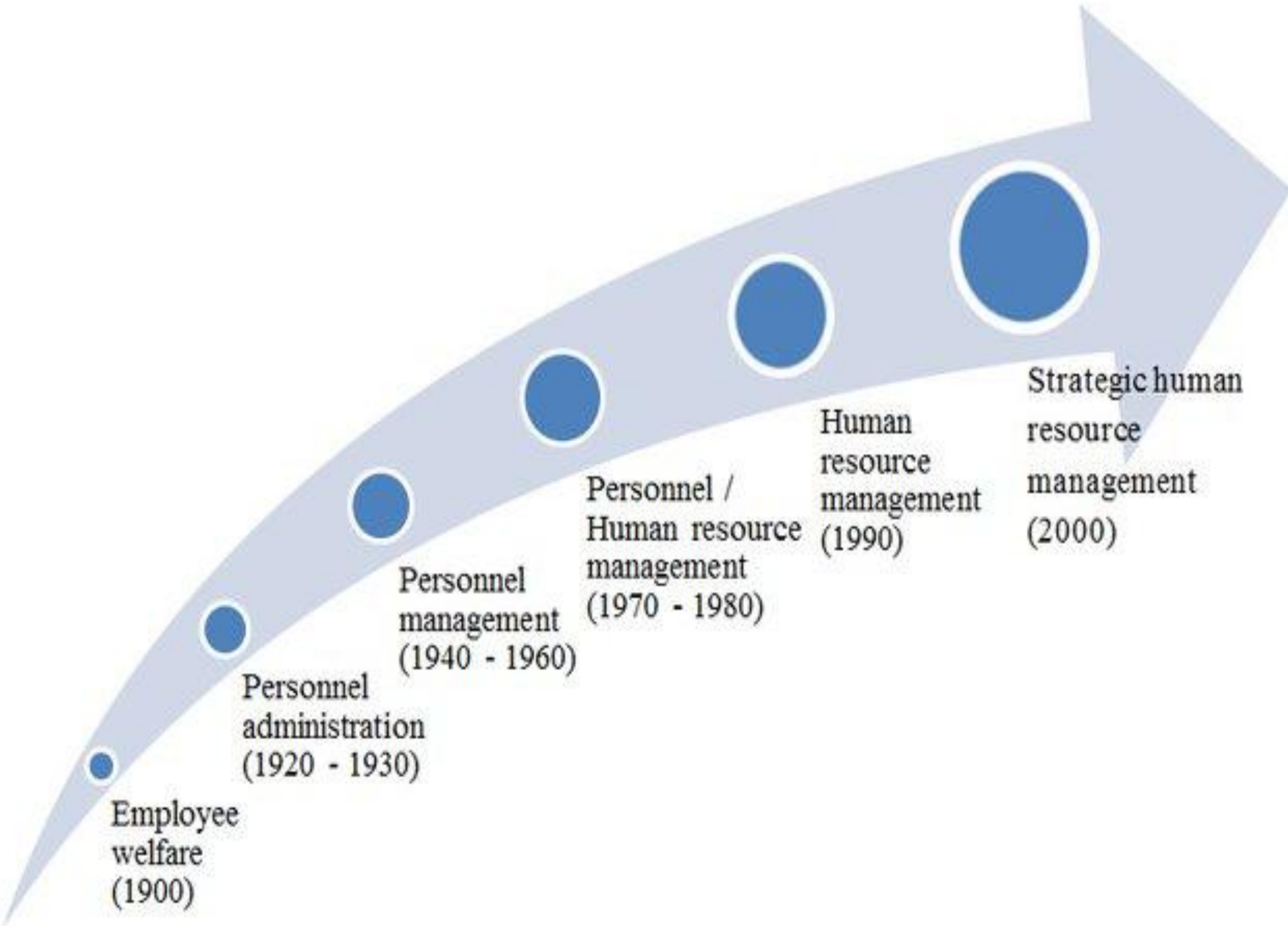


Functions of HRM
Managerial Functions of HRM
Operative Functions of HRM
Planning, Organizing, Directing, Coordinating, Controlling
Employment
1. HRP
2. Recruitment
3. Selection
4. Induction
5. Placement
1. Org. Design
2. Job Design
3. Job Analysis
Human Resource Development
1. Performance Appraisal
2. Training
3. Management Development
4. Career Planning & Development
5. Org. Change & Org. Development
Compensation Management
1. Job Evaluation
2. Wages & Salary Administration
3. Fringe Benefits
Human Relations
1. Motivation
2. Morale
3. Job Satisfaction
4. Communication
5. Grievance & Disciplinary Procedure
6. Quality of Work Life

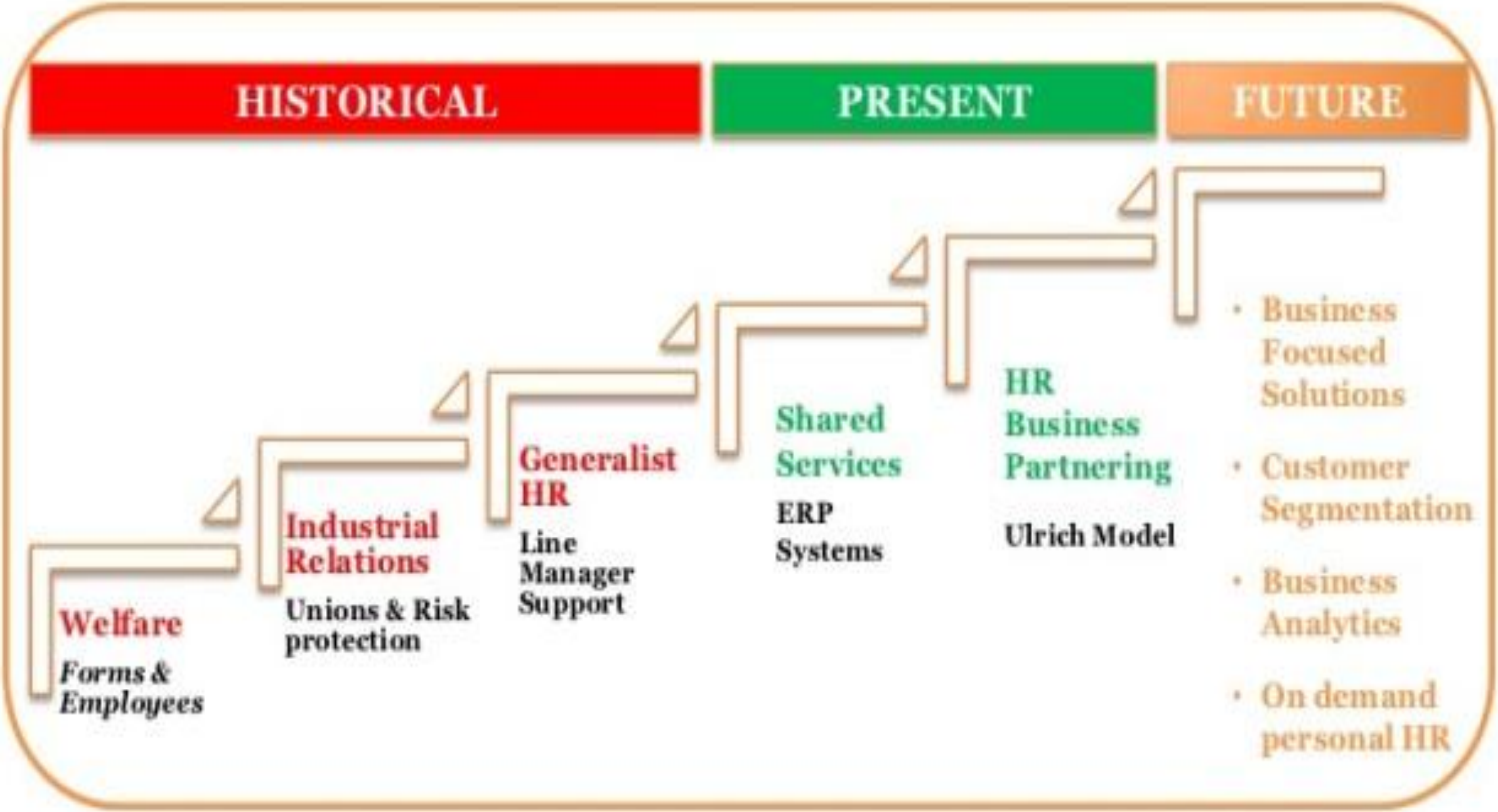
Evolution of Human Resource Management



By Mahantesh Goudar

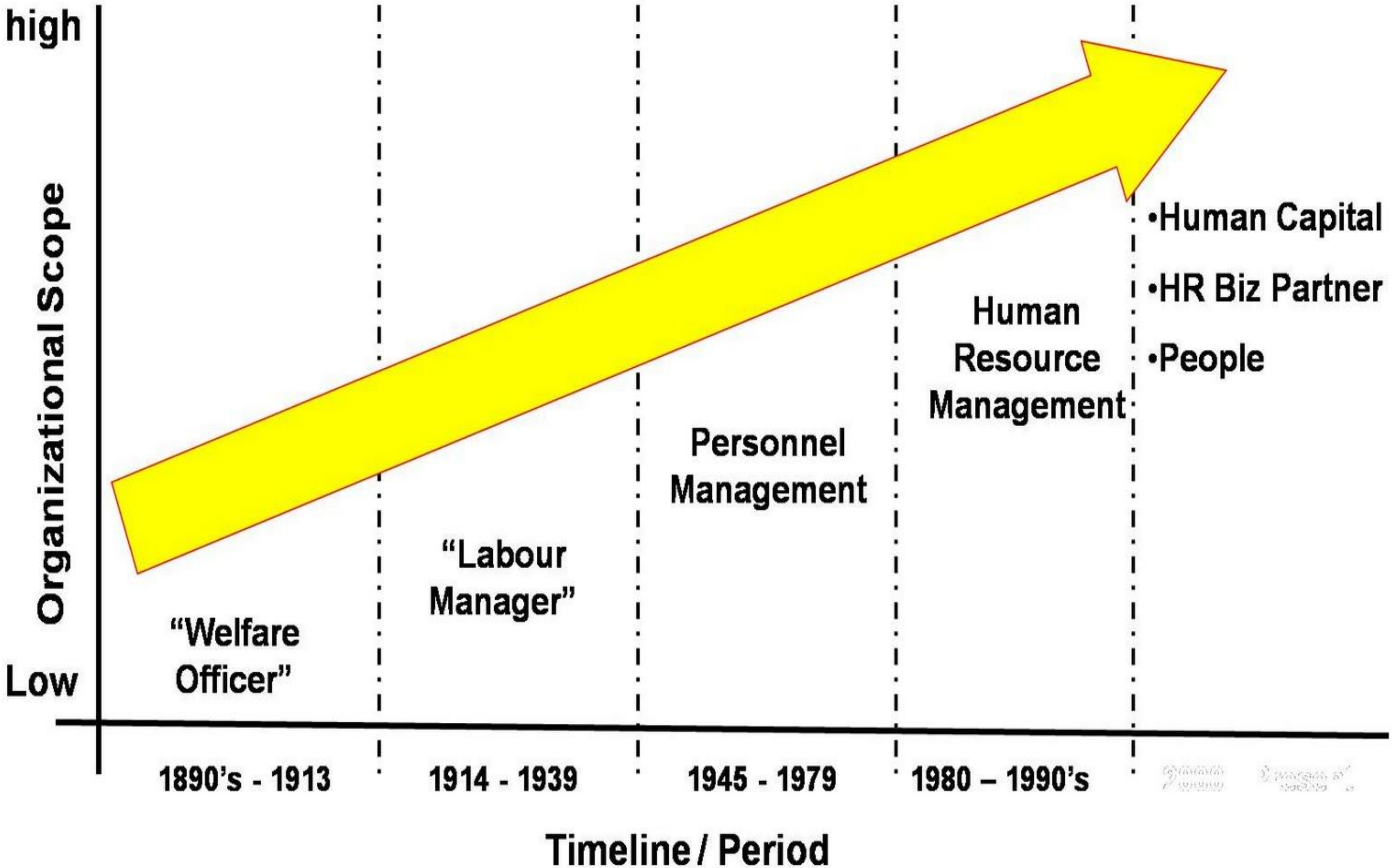

Employee welfare (1900)
Personnel administration (1920 - 1930)
Personnel management (1940 - 1960)
Personnel / Human resource management (1970 - 1980)
Human resource management (1990)
Strategic human resource management (2000)

Evolution of Human Resources Management



Dave Ulrich Model of HR Roles

Evolution of HRM ...



Evolution of HRM

Period before Industrial Revolution

- ✓ The society was primarily an agriculture economy with limited production.
- ✓ Number of specialized crafts was limited and was usually carried out within a village or community with apprentices assisting the master craftsmen.
- ✓ Communication channel were limited.

Evolution of HRM

Period of Industrial Revolution (1750 to 1850)

Industrial revolution marked the conversion of economy from agriculture based to industry based. Modernization and increased means if communication gave way to industrial setup.

A department was set up to look into workers wages, welfare and other related issues. This led to emergence of personnel management with the major task as

- Worker's wages and salaries
- Worker's record maintenance
- Worker's housing facilities and health care

***An important event in industrial revolution was growth of Labour Union (1790)*

Evolution of HRM

Post Industrial Revolution

The term Human resource Management saw a major evolution after 1850. Various studies were released and many experiments were conducted during this period which gave HRM altogether a new meaning and importance.

Frederick W. Taylor gave principles of scientific management (1857 o 1911) led to the evolution of scientific human resource management approach which was involved in--

- ❑ **Worker's training**
- ❑ **Maintaining wage uniformity**
- ❑ **Focus on attaining better productivity.**

Hawthorne studies, conducted by Elton Mayo & Fritz Roethlisberger (1927 to 1940). Observations and findings of Hawthrone experiment shifted the focus of Human resource:

❑ **Increasing worker's productivity to increasing worker's efficiency through greater work satisfaction.**

Evolution of HRM

Post Industrial Revolution

Some studies and observations led to the transition from the administrative and passive Personnel Management approach to a more dynamic Human Resource Management approach which considered workers as a valuable resource.

- Douglas McGregor Theory X and Theory Y (1960)
- Abraham Maslow's Hierarchy of needs (1954)

As a result of these principles and studies , Human resource management became increasingly line management function , linked to core business operations. Some of the major activities of HR department are listed as-

- Recruitment and selection of skilled workforce.
- Motivation and employee benefits
- Training and development of workforce
- Performance related salaries and appraisals.

Evolution of SHRM

Strategic Human Resource Management Approach

With increase in

- ❑**technology and knowledge base industries**
- ❑ **global competition**

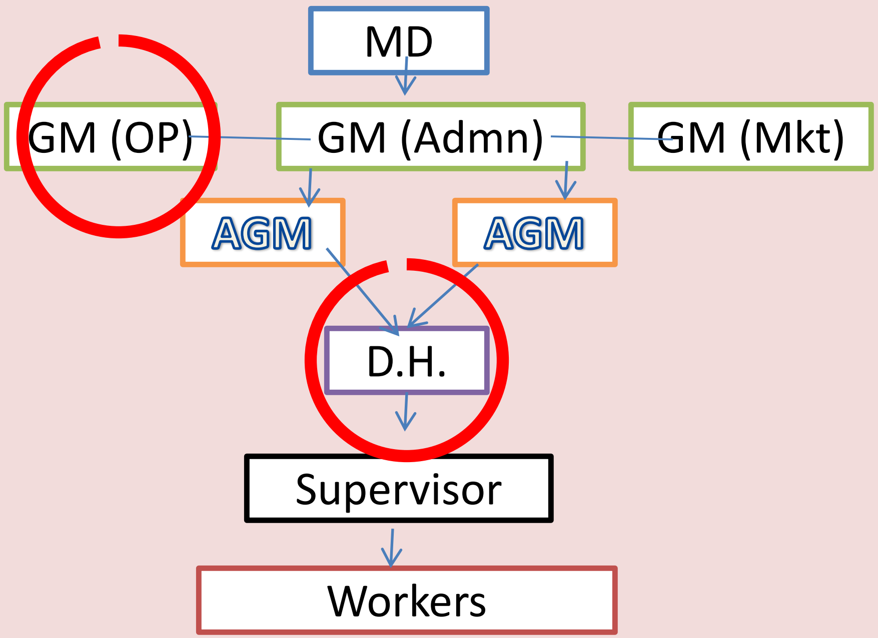
✓Human Resource Management is assuming more critical role today.

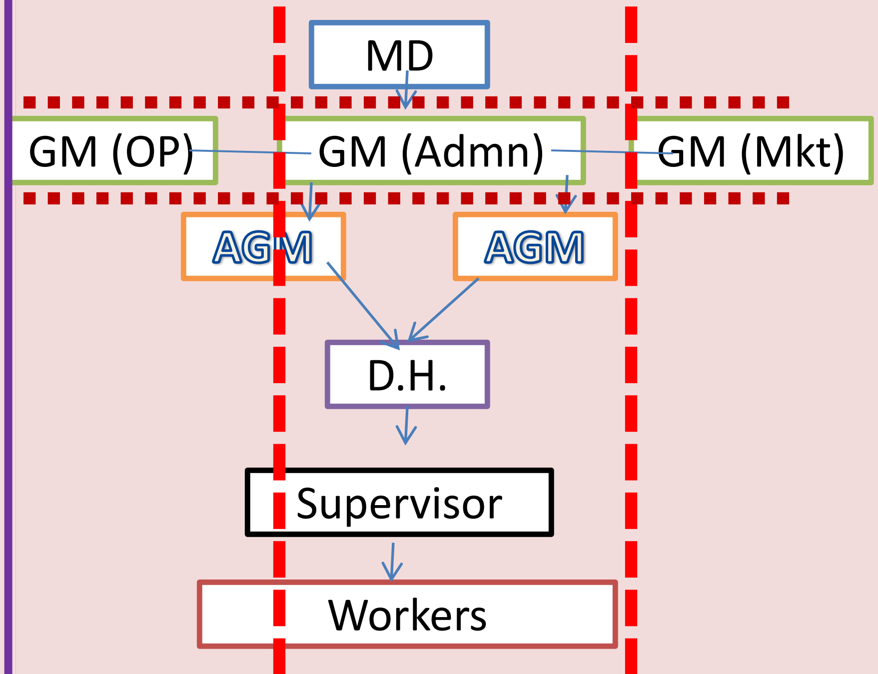
✓Its major accomplishment is aligning individual goals and objectives with corporate goals and objectives.

Strategic HRM focuses on actions that differentiate the organization from its competitors and aims to make long term impact on the success of organization.

Personnel Management VS HRM

Personnel Management	Human Resource Management
Specialized/ Professional	Largely Integrated into Line Management





Personnel vs. HRM

	Personnel management	**HRM**
Time and planning perspective	Short term, reactive, "ad hoc", marginal	Long term, proactive, strategic, integrated
Psychological contract	Compliance	Commitment
Control system	External controls	Self-control
Employee relations perpective	Pluralist, collective, low trust	Unitarist, individual, high trust
Preferred structures	Bureaucratic/mechanistic, centralised, formal roles	Organic, devolved, flexible roles
Roles	Specialist/professional	Integrated into line m.
Evaluation criteria	Cost minimization	Maximum utilisation

Strategic HRM practices:

- Selection
- Training
- Participation in decision-making
- Incentive Compensation
- Sharing of information
- Performance evaluation

What is Strategic HRM?

- **Strategic human resource management**: The pattern of planned human resource deployments and activities intended to enable an organization to achieve its strategic goals.

Strategic HRM is the process of defining how the organization's goals will be achieved through people by means of HR strategies and integrated HR policies and practices.

STRATEGIC HR MANAGEMENT

Definition:

Strategic Human Resource Management is the process of linking the Human Resource function with the strategic objectives of the organization in order to improve performance.

- HRM- the bundle of org. practices and policies, including: recruitment, selection, orientation, compensation, training, evaluation, career planning & job design, aimed at efficiently utilizing the human resources of an org.

Has largely been seen as an administrative function and as a cost center

- SHRM- Attracting, developing, retaining, deploying, evaluating, and motivating human resources to:

1. Further the accomplishment of org. strategy
2. Generate and sustain competitive advantages

Seen as an investment and as a value-added activity

STRATEGIC HRM DEFINED

- Strategic HRM defines the organization's intentions and plans on how its business goals should be achieved through people. It is based on three propositions: first, that human capital is a major source of competitive advantage; second, that it is people who implement the strategic plan; and, third, that a systematic approach should be adopted to defining where the organization wants to go and how it should get there.
- Strategic HRM is a process that involves the use of overarching approaches to the development of HR strategies, which are integrated vertically with the business strategy and horizontally with one another.
- These strategies define intentions and plans related to overall organizational considerations, such as organizational effectiveness, and to more specific aspects of people management, such as resourcing, learning and development, reward and employee relations.

Book Recommended

1. Michael Armstrong

Strategic Human Resource Management

2. William P. Anthony-Pamela L. Perrewe and K. Michele Kaemor

Strategic Human Resource Management