



Strategic Human Resource Management SHRM

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What is Strategic Human Resource Management?

- Strategic human resource management is a complex process which is constantly evolving and being studied and discussed by academics and commentators.
- Its definition and relationships with other aspects of business planning and strategy is not absolute and opinion varies between writers.
- CIPD definition : *Strategic HRM is the key to improved business performance*
- Strategic HRM can be regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organization on the future direction it wants to take.





What is Strategic Human Resource Management?

- Strategic HRM is concerned with longer-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future need.
- Strategic HRM has been also defined as:
 - All those activities affecting the behaviour of individuals in their efforts to formulate and implement the strategic needs of business
 - The pattern of planned human resource deployments and activities intended to enable the forms to achieve its goals





What is Strategic Human Resource Management?

- Strategic HRM can encompass a number of HR strategies. There may be strategies to deliver fair and equitable reward, to improve performance or to streamline structure....etc
 - However, in themselves these strategies are not strategic HRM.
- Strategic HRM is the overall framework which determines the shape and delivery of the individual strategies.
- Strategic HRM is concerned with explaining how HRM influences organizational performance.
- Strategy is not the same as strategic plans.
 - Strategic planning is the formal process that takes place, usually in larger organizations, defining how things will be done.





What is Strategic Human Resource Management?

- Strategy exists in all organizations even though it may not be written down and articulated. It defines the organization's behaviour and how it tries to cope with its environment.
- Strategic HRM is based on HRM principles incorporating the concept of strategy. So if HRM is a coherent approach to the management of people, strategic HRM now implies that what is done on a planned way that integrates organizational goals with policies and action sequences.





Strategic HRM and Business Strategy

- A good business strategy, one which is likely to succeed, is informed by people factors.
- One of the driving factors behind the evaluation and reporting of human capital data is the need for better information to feed into the business strategy formulation process.
- In the majority of organizations people are now the biggest asset. The knowledge, skills and abilities have to be deployed and used to the maximum effect if the organization is to create value.
- The intangible value of an organization which lies in the people it employs is gaining recognition by accountants and investors, and it is generally now accepted that this has implications for long term sustained performance.

It is therefore too simplistic to say that strategic human resource management stems from the business strategy.





Strategic HRM and Business Strategy

- Strategic HRM and Business Strategy must be mutually informative. The way in which people are managed, motivated and deployed, and the availability of skills and knowledge will all shape the business strategy.
- It is now more common to find business strategies which are inextricably linked with and incorporated into strategic HRM, defining the management of all resources within the organization.
- Individual HR strategies may then be shaped by the business strategy. So if the business strategy is about improving customer service this may be translated into training plans or performance improvement plans





Strategic HRM and Human Capital Management

- Strategic HRM and human capital management (HCM) are one and the same thing, and indeed the concept of strategic HRM matches that of the broader definition of HCM quite well.
 - **organizational level** - because strategies involve decisions about key goals, major policies and the allocation of resources they tend to be formulated at the top.
 - **focus** - strategies are business-driven and focus on organizational effectiveness; thus people are viewed primarily as resources to be managed toward the achievement of strategic business goals.
 - **framework** - strategies by their very nature provide unifying frameworks which are at once broad, contingency-based and integrative. They incorporate a full complement of HR goals and activities designed specifically to fit extant environments and to be mutually reinforcing or synergistic.





Strategic HRM and Human Capital Management

- This argument has been based on the fact that both Strategic HRM and HCM rest on the assumption that:
 - People are treated as assets rather than costs and
 - Both focus on the importance of adopting an integrated and strategic approach to managing people which is the concern of all the stakeholders in an organization.
- The concept of human capital management (HCM) complements and strengthens the concept of strategic HRM rather than replaces it.





Strategic HRM and Human Capital Management

- HCM complements and integrates Strategic HRM by:
 - Drawing attention to the significance of 'management through measurement', the aim being to establish a clear line of sight between HR interventions and organizational success.
 - Providing guidance on what to measure, how to measure and how to report on the outcomes of measurement
 - Underlining the importance of using the measurements to prove that superior people management is delivering superior results and to indicate the direction in which HR strategy needs to go.





Strategic HRM and Human Capital Management

- HCM complements and integrates Strategic HRM by:
 - Reinforcing attention on the need to base HRM strategies and processes on the requirement to create value through people and thus further the achievement of organizational goals
 - Defining the link between HRM and business strategy
 - Strengthening the HRM belief that people are assets rather than costs
 - Emphasizing role of HR specialists as business partners.





Strategic HRM and Human Capital Management

- Hence both **HCM and HRM** can be regarded as vital components in the process of people management and both form the basis for achieving human capital advantage through a resource-based strategy.
- An alternative way of looking at the relationship between strategic HRM and human capital is in terms of the conversion of human capital into organizational value.
- Human capital evaluation is useful in that it provides information about the current and potential capabilities of human capital to inform the development of strategy.





Strategic HRM and Human Capital Management

- Business success will be achieved if the organization is successful at managing this human capital to achieve this potential and embed it in products and services which have a market value.
- Strategic HRM could therefore be viewed as the defining framework within which these evaluation, reporting and management process take place and ensure that they are iterative and mutually reinforcing.
- Human capital therefore informs and in turn is shaped by strategic HRM but it does not replace it.





Strategic HRM and Business Performance

- Practices alone do not create business performance. They can create 'human capital' or a set of individuals who are highly skilled, highly motivated.
- This will only feed through into higher levels of business performance if these individuals have positive management relationships with their superiors in a supportive environment with strong values.
- All these factors will promote **'discretionary behaviour'**, the willingness of the individual to perform above the minimum or give extra effort.
- It is this discretionary behaviour that makes the difference to organizational performance.





Strategic HRM and Business Performance

- The **'people and performance model'** emphasized the importance of individual HR strategies which must fit in a strategic framework which incorporates both people and business issues.
- It is useful for all organizations to manage their people within coherent framework which reflect the business strategy
- They can ensure that the various aspects of people management are mutually reinforcing in developing the performance and behaviors necessary to achieve business success.
- There is not single HRM strategy that will deliver success in all situation.
- Organizations need to define a strategy which is unique to their own situation in terms of context, goals, and the demands of organizational stakeholders.





SHRM: Aligning with the Mission

A company is known by the people it keeps.

- Human resources management alignment means to integrate decisions about people with decisions about the results an organization is trying to obtain.
- HRM alignment is the ultimate level of HRM accountability, as demonstrated in the *Hierarchy of Accountability*.
- While HRM accountability must begin with basic legal compliance, it ultimately encompasses all four levels of the pyramid, including demonstrating how HRM supports achievement of the agency strategic goals.

Hierarchy of Accountability





Strategic Planning

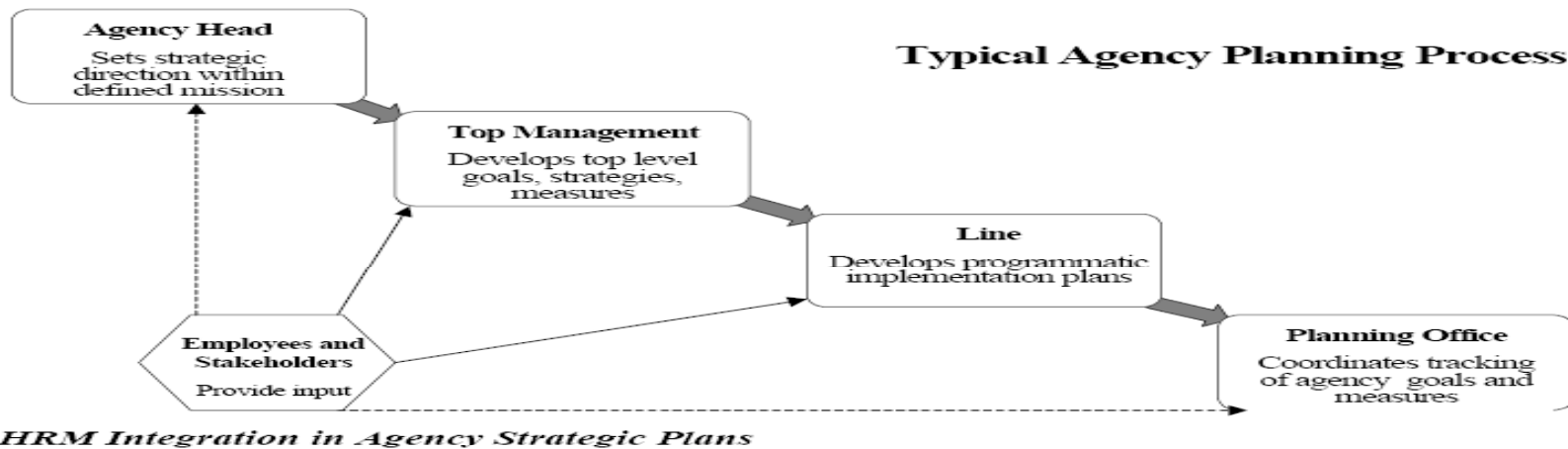
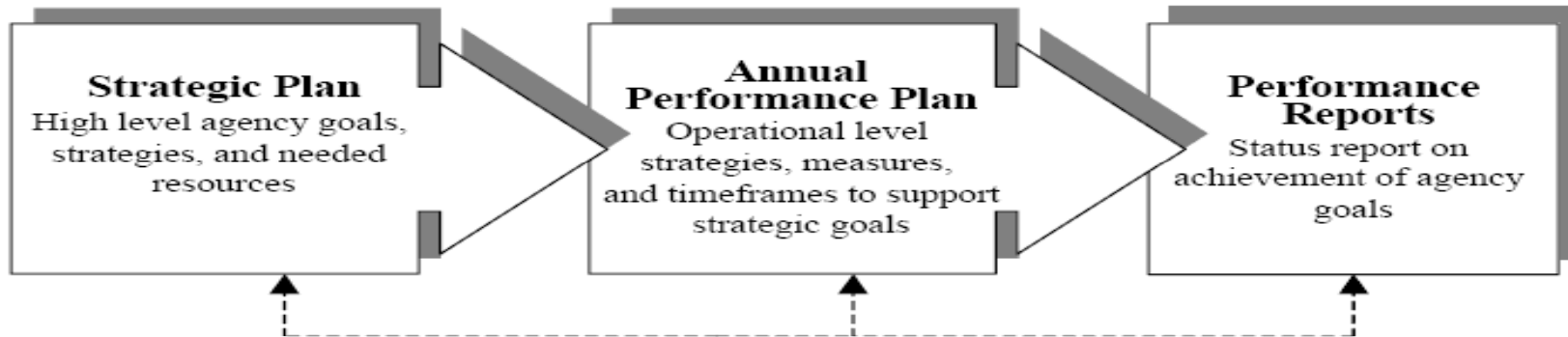
You got to be careful if you don't know where you're going, because you might not get there.

- Strategic planning allows agencies to map out where they are, where they want to go, and how they plan to get there.
- The strategic planning process varies from agency to agency.
- The HRM is an integral part of how an agency is going to achieve its mission goals. Without people, there is no one to do the work; therefore, integrating HRM into the agency strategic plan is the first step in aligning it with the mission.
- Full HRM integration into agency strategic results in having the right people, with the right skills, in the right positions to carry out the agency mission.





Typical Planning Process





Strategic Implementation

Well done is better than well said.

- Strategic implementation of HRM means performing activities that support agency mission accomplishment and measuring how well those activities contribute to achieving agency strategic goals.
- Staffing, development, and employee relations are important HR activities that make a difference to agency goal accomplishment.
- However, there are other areas in which HR contribute to and align with mission accomplishment, such as the followings:
 - Agency Reorganizations:
 - Workforce Planning:
 - Linking Performance Management to Mission Accomplishment:
 - HR Self-Assessment:





Strategic Implementation - HRM Measurement

If you're not keeping score, you're only practicing.

- HR can only determine its value to the organization by measuring it.
- There are quite a few interesting approaches some agencies are using to measure their HRM performance.
 - **Benchmarking** is a systematic process of measuring an organization's products, services, and practices against those of a like organization that is a recognized leader in the studied area.
 - **The Balanced Scorecard** is a framework many agencies are using to translate strategy into operational terms by measuring a full range of perspectives: financial, customer, internal, and learning and growth.
 - **Activity Based Costing (ABC)** is a method of cost management that determines the true cost, including overhead, for a service or product.





Strategic Relationship

- HR and management need to work together to further SHRM's ability to have an impact on decisions.
- The relationship between Corporate HR and Top Management can be motivated by the following factors:
 - **Reporting relationships** - In agencies where there is a **direct reporting** relationship between the head of HR and the head of the agency, HR generally has a more visible role in agency decision-making.
 - **Management advocates** - In agencies where there is a **strong HR advocate** in senior management, HR has more involvement in the agency decision-making.
 - **Credibility** - HR representatives who are **formerly program managers** tend to earn more credibility from the other managers.
 - **Culture** - In some agencies, the recognition that its **people** are its **most important asset** has traditionally been part of the culture.
 - **Value** - In all cases, **HR has to bring value** to the discussion in order to be considered a member of the management team.





Strategic Relationship

- How the HR office interacts with its line managers
- **HR as Consultant:** HR office has become more consultative. Rather than telling a manager he/she can or cannot do something, HR professionals are more helpful in finding solutions to HR issues.
- **HR as Contributor to Mission Accomplishment** HR help managers in terms of recruitment and staffing, employee development, and employee relations that managers would have difficulty doing it on their own.
- **HR as Strategic Partner:** For HR to become more involved in line-level decision-making, managers would like the office to:
 - Have greater knowledge of the organizational mission, and
 - Get more involved and innovative in broad, organizational HR issues that impact most on the organization, such as recruitment and workforce and succession planning.
- **How managers are involved in making decisions about HR programs -** HR/management council should be established to allow them get together periodically to discuss human resources issues and thus get to real integration of managers into the HR program decision-making process.





Accountability

- With the developing relationship between HR and management, both at the top and line levels, accountability should become a shared responsibility.
- Managers are making more and more HRM decisions while the HR staff is becoming more involved in broader organizational issues.
- This means that both the HR staff and managers are ultimately accountable for effective, legally compliant HRM.
- Managers are accountable for the business results achieved through good human resources management, the HR staff is accountable for HR compliance, and both are accountable for the overall effectiveness of the agency HRM program.





Where do we go from here?

- **Fully integrate human resources management into the business planning process.**
 - Agency executives need to recognize the value that HR can impart to discussions about agency activities, priorities, and goals. In turn, HR leaders need to understand agency mission needs and be able to contribute substantive, creative solutions to meet these needs.
- **Focus on organizational activities that assist in agency decision-making.**
 - HR needs to develop strategies based on actual business needs, which will require involving management in the planning process. In addition, it must address concerns about the workforce capabilities of the future, such as workforce planning, succession planning, training needs assessments, skill gap analyses, etc.





Where do we go from here?

- **Measure HRM outcomes.**
 - HRM measures should evaluate the impact these activities have on the organization as a whole. Information from these measures should then be input for agency wide decisions.
- **Advance the collaborative working environment between HR and management.**
 - HR has to have a strong, collaborative working relationship with top agency and line management.
 - HR needs to build its own internal competencies to deal with organizational issues.
 - HR needs to educate itself on agency and program missions, to be able to offer creative and innovative alternatives and solutions to organization wide issues.

To achieve SHRM, all must work together.





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THANK YOU

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