

Strategic Human Resource Management—A Way to Win

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Abstract: Strategic human resources management focused on the linking of all human resource activities with the organizations strategic business objectives. If an organization is to grow and remain competitive, its human resource objectives and strategies must achieve the best alignment of fit between external opportunities and threats and the internal strengths and weaknesses of the organization. If human resource managers are to be involved in strategic planning and decision-making, they need to be not just wish they were strategic contributors. Human resource managers are under increasing pressure to become strategic business partners, to help the organization better respond to the challenges of downsizing, restructuring and global competition by providing value-added contributions to the success of the business. In such a context, human resource managers need to play their strategic role in order to achieve the competitive advantage

Key words: H.R. management

INTRODUCTION

The focus of human resource management is on managing people with the employer – employee relationship. Specifically, it involves the productive use of people in achieving the organizations strategic business objectives and the satisfaction of individual employee needs^[1]. Because human resource management seeks to strategically integrate the interests of an organization and its employees, it is much more than a set of activities relating to the coordination of an organizations human resources^[2].

Strategic human resource management is a major contributor to the success of an enterprise because it is in a key position to affect customer, business results and ultimately shareholder value^[3]. Leading companies, for example, General Electric, Coca cola and Microsoft recognize that human capital is their most important resources and take action to maximize it^[4]. According to Pfeffer^[5] after an exhaustive review of the study literature identified several dimensions of effective people management that produced substantially enhanced economic performance, for example, employment security, rigorous selection, self-managed teams and decentralized decision making, extensive training, reduced status distinctions, extensive sharing of financial and performance information throughout the organization.

The human resource function is recognized for contributing to the bottom line not for being carried out by nice people with good human relations skills^[6]. Confusing people skills with people management is a common mistake made by many human resource management practitioners^[1]. Human resource management

will never be accepted as strategic business partners until they fully understand the organizations business and align human resource strategies, policies, practices with business strategies such as customer satisfaction^[7]. Thus, the central point of all the process, programs, strategies, and the like regarding the firms involvement is on human resources. Therefore, an investigation of the strategic human resource management can enhance our understanding of the issue.

The general objective of this study is to explore the issue of strategic human resource management and linking human resource management to the organizational strategic business objectives. The study also highlights the following specific objectives:

- Analyzing and exploring strategic human resource management and human resource planning.
- Examining human resource information systems
- Evaluating strategic human resource recruitment and selection
- Examining performance appraisal, performance management and human resource development.
- Analyzing human resource motivation and compensation plan.

Strategic human resource management defined: Strategic human resource management is no longer an option, but an imperative^[8]. It is important that human resource strategy accurately reflect an organizations master business strategy to ensure an appropriate fit. Thompson and Strikland^[9] defined strategic management as the process whereby management establish an organizations long-term direction, set specific performance objectives, developing strategies to achieve

these objectives in the light of all relevant internal and external circumstances and undertake to execute the chosen action plan. According to Stone^[1] Strategic human resource management focuses on the human resource activities with the organizations strategic business objectives. Therefore, the need for competitive advantage and particularly sustainable competitive advantage has made the strategic management of the human resource management increasingly important to a long-term business success.

ROLE OF STRATEGIC HUMAN RESOURCE MANAGEMENT

As human resource management becomes more business oriented and strategically focused, the following may be expected as new role of human resource management.

Strategic partner: Strategic partner refers to the human resource managers being an essential part of the management team running an organization and contributing to the achievement of the organizations objectives by translating business strategy into action^[1]. In addition, the human resource manager must develop business acumen, a customer orientation and an awareness of the competition to be able to link business strategy to human resource policies and practices. As Ulrich^[10] rightly mentioned human resource professionals play a strategic partner role when they have the ability to translate business strategy into action.

Administrative expert: Administrative expert refers to the efficiency of human resource managers and effective management of human resource activities so that they create value. Research indicates that competency levels of human resource managers in high performing firms are significantly higher than those of human resource managers in low performing firms^[11]. To become administrative expert, human resource professionals must be able to reengineer human resource activities through the use of technology, rethinking and redesigning work processes and continuous improvement of all organizational processes^[10].

Employee champion: Employee champion requires the human resources manager to be the employee voice in management decisions. The human resource professional must be able to relate and meet the needs of the employees. Helping employees for example, learn how to set priorities, eliminate non-value added work, clarify goals, simplify complex process, become involved in decision making, increased commitments, share in economic gains enable human resource professionals to successfully perform their jobs^[12].

Company champion: Company champion requires the human resource manager to be the company voice in management decisions, meaning allowing the human resource manager to become part of the business team. Nevertheless, the dual responsibility of employee champion and company champion can create tensions as the human resource manager learns to balance the demand of both^[13].

Change agent: According to Ston^[1] a change agent is a person who acts as a catalyst for change. This can be achieved by leading change in the human resource function and by developing problem-solving communication and influence skills^[12]. Therefore, the human resource manager must know how to manage change.

STRATEGIC ORGANIZATION AND STRATEGIC HUMAN RESOURCE MANAGEMENT OBJECTIVES

Strategic human resource management objectives must reflect the strategic objectives and values of the organization^[1]. According to Schuler, *et al*^[14] organizations can improve their environment for success by making choices about human resources planning, staffing, appraisal, compensation, training and development and labor relations that are consistent with and support the corporate strategy. Therefore, human resources objectives, policies and plans must be integrated with organizations strategic business objectives.

Human resource manager must ask questions regarding human resource objectives, policies and plans: Do they work? Are they easy to understand and implement? Do they add value? Do they create a competitive advantage? Do they build the capacity for change? Do they support the organizations long-term business strategy^[1]. These questions are critical because research reveals that policies and practices are often inconsistent with strategy or implemented in a piecemeal fashion^[15]. In a fast-changing, globally competitive world, it is human resources that provide competitive edge, role to play in developing and implementing corporate strategy^[16].

STRATEGIC APPROACH TO HUMAN RESOURCE MANAGEMENT

Many factors affect human resources management. The human resources manager must identify and consider the impact of a particular influence whether from the organizations external or internal environment.

Human resource management is influenced by and in turn influences, factors such as changes in technology, laws, social values and economic conditions which exist outside the organization, as well as internal factors such as organizations objectives, strategy, culture and structure^[17]. An analysis of the strengths and weaknesses of the human resource management function can identify the positive and negative characteristics of human resource management that help or hinder the achievement of strategic objectives^[1]. Organizations that adopt human resource management strategies and practices consistent with the demands of their internal and external environments outperform organizations that adopt less well-matched strategies and practices^[18].

Human resource management objectives, strategies and policies should be evaluated in terms of their contributions to achieving the organizations strategic objectives and satisfying employee needs. Delaney and Huselid^[19] research show positive associations between human resource management practices and perceptions of organizational performance and operational performance when matched with quality and manufacturing strategies. In addition, there is evidence that human resource reputation for being employee-centered has a positive effect on labor turnover, sales, profitability and a companys share price^[20]. Further, an increasing number of studies highlight that it is people who limit or enhance the strengths and weaknesses of an organization and that when done well, human resource management can improve organizational competitiveness, growth, adaptability and profitability^[21]. Therefore, commitment, competence, cost-effectiveness, congruence, adaptability, performance, job satisfaction, employee motivation, and trust should be considered when evaluating human resource management strategies and policies.

STRATEGIC HUMAN RESOURCE MANAGEMENT AND HUMAN RESOURCE PLANNING

As part of the strategic planning process, human resource planning considers both internal and external environmental influence on an organization, its objectives, culture, structure and human resource management. This is because human resource planning must reflect the environmental trends and issues that affect an organizations management of its human resources^[1]. Globalization, for example, is prompting skilled labor to behave like capital flowing across the world to centers that offer the best return and the best future^[22]. In addition, the growing role of women in the workforce, for example, depends on improved childcare facility, availability of part-time work, job security, maternity leave,

partners prepare to share home duties^[1]. Therefore, human resource manager need to forecast the organizations future human resource requirements and determine where they will come from.

Given that the success of an organization ultimately depends on how well its human resources are managed, human resource planning will continue to grow in importance. However, there is a danger that it may become a fad, failing because it cannot satisfy managements unrealistic expectations^[1]. Successful human resource planning requires the human resource manager to ensure that: human resource personnel understand the human resource planning process; top management is supportive; the organization does not start with an overly complex system; the communication between human resource personnel and line management are healthy; the human resource plan is integrated with the organizations strategic business plan; and there is a balance qualitative and quantitative approaches to human resource planning^[23].

STRATEGIC HUMAN RESOURCE MANAGEMENT AND HUMAN RESOURCE INFORMATION SYSTEMS

Human resource managers are under increasing pressure to become strategic business partners to help the organization better respond to the challenges of downsizing, restructuring and global competition by providing value-added contributions to the success of the business^[1]. The primary purpose of an human resource information system is to assist both human resource manager and line managers in decision making using computers to systematically generated accurate, timely and related information to achieve the organizations strategic business objectives. Clearly human resource managers need to reposition their role from that of an information source to that of a strategic source^[24].

Human resource information system is much more than a computerized record of employee information. It is an integrated approach to acquiring, storing, analyzing and controlling the flow of human resource information throughout an organization^[25]. It provides the necessary data for the planning activities, for example, forecasting, succession planning, and career planning and development. An organizational culture and human resource philosophies and practices will influence the choice, design and use of its human resource information systems. However, it must be emphasized that if the human resource information system is not related to the organizations strategic business and human resource objectives, there will be little or no return^[26].

STRATEGIC RECRUITMENT AND SELECTION

The pressures of competition, cost saving, downsizing, and global skill shortages have made recruitment a top priority. According to Stone^[1] strategic recruitment is the linking of recruiting activities to the organizations strategic business objectives and culture. Strategic recruitment avoids the risks and costly waste of time by locating and attracting the right potential candidates to the right job openings within an organization. Although research indicates that truthfulness is a key characteristics preferred by many applicants, recruiters still give general, glowing descriptions of the company rather than a balanced or honest presentation^[27]. However, to be effective, recruitment must satisfy the needs of the candidates as well as the needs of the organization^[28].

Strategic selection on the other hand, is linking the selection activities to the organizational strategic business objectives and culture^[1]. An organizations success depends on it having the right people in the right jobs at the right time, the organizations strategic business objectives and culture should determine the people selected. By employing the likeminded people, organizations are able to increase the strength of their culture and reduce the possibility and consequences of undesired behaviors^[29]. The hiring and retention of key human resources is a critical issue for organizations. Further, poor selection decisions result in increased training time, labor turnover, absenteeism, accidents, industrial unrest, job dissatisfaction and poor performance^[1]. Therefore, a systematic selection process is essential to ensure that the person and the job match^[30].

STRATEGIC PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL

According to Stone^[1] the evaluation of organizational and employee performance permits managers to check that strategic business objectives are valid, and being successfully communicated throughout the organization and are being achieved. He also mentioned that, strategic performance management ensures that jobs are properly designed and that qualified personnel are hired, trained, rewarded and motivated to achieve the organizational strategic business objectives. Research shows that companies that manage performance outperform companies that do not, with higher profits, better cash flows, stronger stock market performance, productivity gains, higher sales growth per employee, and overall better financial performance^[31].

Strategic performance appraisal provides a dynamic link to employee recruitment, selection, training and development, career planning, compensation and benefits, safety and health, and industrial relations for strategy execution^[1]. Performance appraisal signals to managers and employees what is really important; it provides way to measure what is important; it fixes accountability for behavior and result; and it helps to improve performance^[32]. In addition, performance appraisal is necessary to defend the organization against individuals who legally challenge the validity of management decisions relating to promotions, transfer, salary changes and termination^[33]. Further, human resource managers have a critical and challenging role in educating their organizations management and staff on the significance and use of performance appraisal in employee development, performance improvement and achievement of the organizations strategic business objectives^[34]. Therefore, appraising and managing performance strategically are critical management responsibility and a vital part of the organizations strategic management process.

STRATEGIC HUMAN RESOURCES DEVELOPMENT

Human resource development has an important role in generating improved organizational performance and individual growth, but it must be aligned with corporate objectives if an organization is to gain any real benefit from expenditure. Human resources development activities emphasizing key behaviors and competencies must be similarly highlighted in the organizations performance appraisal and reward systems^[5]. Failure to link human resource development to business objectives means that the organizations competitive strategy will not be supported, and training and development will take place for their own sake and will be determined by popularity with management and employees^[1]. However, a strategic approach aims to meet an organizations specific business objectives and the ultimate purpose of human resources development is to help the organization and individuals to compete more effectively, now and in the future^[35].

To add value human resource development activities must derives from an explicit strategy that is consciously link to the business strategy^[36]. Robbins^[37] suggested that the human resource manager should ask questions such as: What are the strategic business objectives? What need to be done to build the employee attitudes, skills, and knowledge needed to achieve those objectives? What is the business need we are addressing? However,

strategic human resources development is virtually non-existent in many organizations, as one survey showing that 70 % of the training was waste^[38]. It is useful for the human resource manager to understand and implement the principles of learning when planning, conducting and evaluating training and development programs and ensuring their success.

STRATEGY AND MOTIVATION

Employee motivation is one of the most challenging aspects of human resource management. According to Spitzer^[39] increasing cost pressures, downsizing and the advent of the lean organization have focused management attention on the strategic importance of employee motivation. Although there is no one generally accepted explanation of what motivates employee at work^[40]. However, strategic business objectives seeking competitive advantages through higher productivity and improved customer service can be achieved only if employees are strongly motivated to performance^[41].

Human resources policies and practices, for example, have both a direct and indirect impact on employee motivation. Further, rigorously enforced health and safety policies and practices can create a sense of well-being; well-designed incentive plans can increase employee effort and goal achievement. On the other hand, poorly designed jobs, subjective performance appraisals and discriminatory hiring and promotion can harm employee motivation and satisfaction^[42].

STRATEGIC COMPENSATION

Compensation can help to reinforce the organizations culture and key values and to facilitate the achievement of its strategic business objectives. Research conducted in the United States of America, for example, suggests that organizations that are seeking to gain a competitive advantage through a high innovation strategy utilize remuneration practices that encourage, facilitate and reward strategy relevant behavior^[43]. Strategic compensation is a formidable communicator and can be a powerful instrument for changes and a major determinant of the culture of an organization, reward systems by themselves will not change a culture, but they can help reinforce a desired culture^[44]. In addition, compensation policies and practices should reinforce employee behaviors that help achieve the organizations strategic business objectives and reinforce its desired culture^[45].

ASSESSING HUMAN RESOURCE MANAGEMENT EFFECTIVENESS

In forward-looking organizations, the human resource managers major goal is to create a new kind of employment relationship, in which employees believe their greatest success and satisfaction will come from actively seeking ways to contribute to the organizations success^[46]. The human resource function is not different and should not be treated differently. Its outcomes must be measured in economic terms^[47]. The human resource climate in an organization has an impact on employee motivation, performance, job satisfaction and morale. The quality of this climate can be measured by examining employee turnover, absenteeism, health and safety records and employee attitude surveys^[48].

High employee turnover involves increased costs in recruitment, selection, orientation, and training. In addition, labor turnover may lead to disruption of production, problems in quality control, poorer communications and an inability to develop teamwork and morale^[49]. Absenteeism, on the other hand, is any failure to report to work, as scheduled, regardless of reason. Unauthorized or unscheduled absenteeism is a major social problem with cost for the individual worker, the economy and the general community^[50].

One of the most objective and economical methods of obtaining information on human resource management performance is the attitude survey. Because attitudes are a major factor in determining employee behavior, they reveal much about how an individual feels towards the organization, toward particular departments and activities and toward management and other employees^[51]. In addition, a well planned and administered employee attitude surveys can give the human resource manager an invaluable insight into what employees are thinking. They can also be used to act as a driver for change and to specifically address business problems associated with productivity, turnover, absenteeism, tardiness, work group effectiveness, mergers, acquisitions or reorganizations, and industrial relations^[52]. The hard reality is that until human resource management can show a substantial and quantifiable positive effort on the bottom line, it will not be given a place at the strategic decision making table.

CONCLUSIONS

The present climate of economic turbulence, savage competition and pressure for increased productivity has led to a need for human resource managers to adopt a

strategic approach, to be part of the top management team, to be involved in corporate planning, to develop business know-how, to become bottom-line oriented and to develop a vision for human resource management. Human resource management activities such as job analysis, recruitment and selection, and training and development must be part of a coordinated effort to improve the productive contribution of people in meeting the organizations strategic business objectives.

An effective human resource planning system is essential for an organization to be pro-active, because such information allows managers to make strategic decisions that ensure optimum performance. In addition, the importance of analyzing human resource management needs must be stressed because each organization will want to use its data in different ways. Further, job enrichment builds motivating factors such as achievement, recognition, responsibility, and opportunities for personal growth.

Accelerating rates of change and global competition have meant that training and development have become important organizational and national issues. Training and development are now recognized as critical to competitive success. In addition, compensation policies and practices should reinforce employee behaviors that help achieve the organizations strategic business objectives and reinforce its desired culture. Therefore, it is strategic human resource management that will enable a firm to develop a win-win situation both for employees and employers.

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