

The Evolving / Strategic Role of HRM

Introduction

The role of Human Resource Management has been developing noticeably in recent years.

Earlier human resource as the *personal department performing administrative duties* like recordkeeping, file maintenance etc. were all over now.

Any organization that continues to utilize its HR function solely to perform these administrative duties doesn't understand the contributions that HR can make an organization's performance.

When we speak from an angle of **strategic approach** to HRM it involves abandoning the mindset and practices of “Personal Management” and **focusing more** on *strategic issues* than *operational issues*.

“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.”

STRATEGIC HUMAN RESOURCE MANAGEMENT

MANAGING
PEOPLE



TO THE MOST IMPORTANT
PRIORITY
INTEGRATION OF
ALL HR
PROGRAMS AND
POLICIES WITHIN
THE FRAMEWORK
OF A COMPANY'S
STRATEGY



ORGANIZATION



STRATEGIC HUMAN RESOURCE MANAGEMENT involves making the function of **Managing People** the most important priority in the organization and integrating all human resource programs and policies within a framework of a company's strategy.

- ▶ Strategic HRM realizes that people make or break an organization because all decisions made regarding finance, marketing, operations or technology are made by the organization's people.

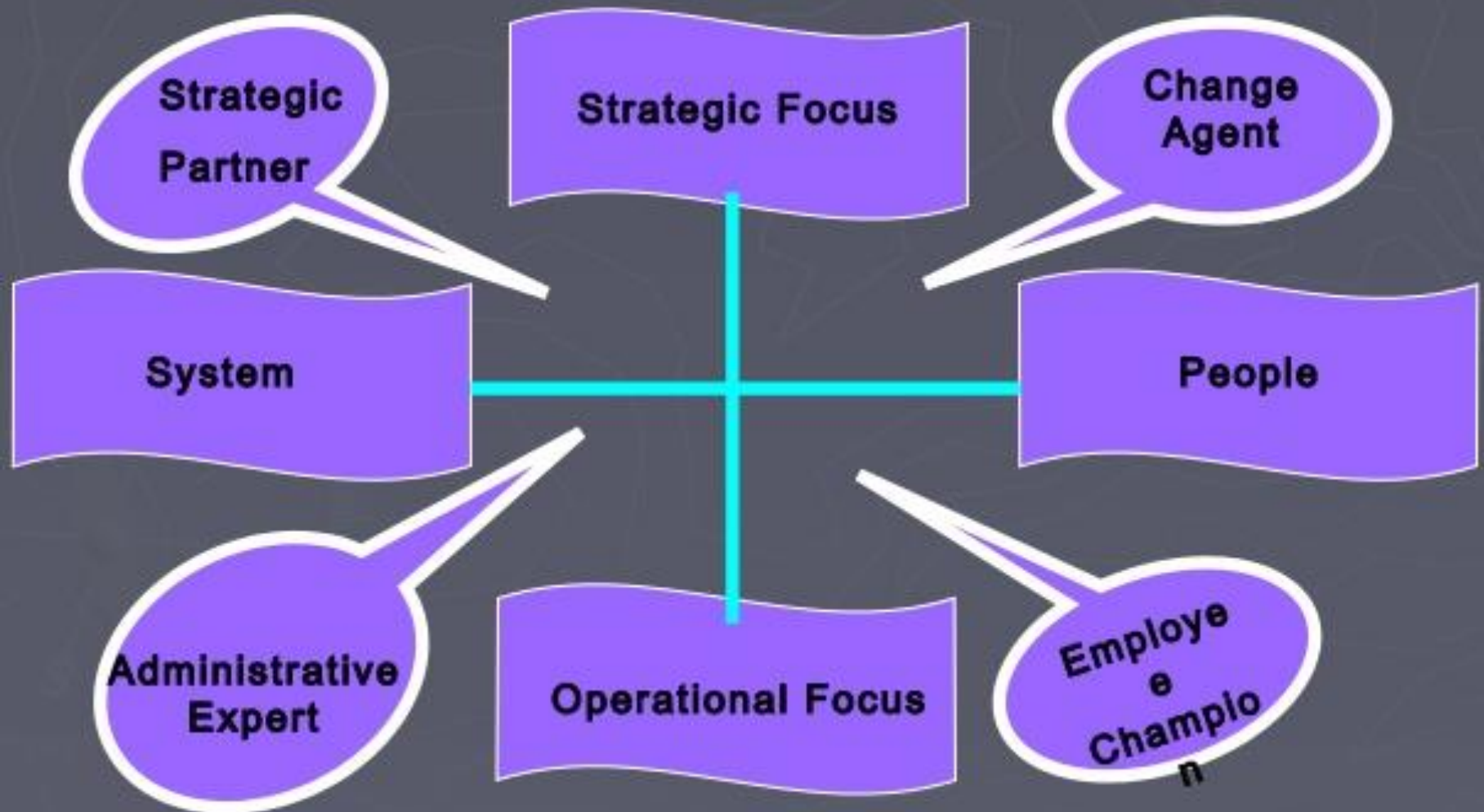
- ▶ ***Strategic Human Resource involves the :***

Development of a consistent aligned collection of practices, programs & policies to facilitate the ***achievement*** of the organization's **strategic objectives.**

- ▶ Strategic HR considers the implications of corporate strategy for all human resource system within the organization by translating companies objectives into specific people management systems.
- ▶ This specific approach and the process applies differs from organization to organization.
- ▶ In general the organizations mission and specifically objectives are considered in this large frame work by the organization.

- ▶ A strong HR strategy that is linked to organizational strategy is not enough, HR strategy needs to be communicated , practiced and most important it should be spelled out and written down.
- ▶ A recent study conducted by price water coopers reveals the fact that those organization with written HR strategies tends to be more profitable one that those without that.
- ▶ In view of above it is necessassry for an organization to have written HR strategy to increase the productivity.

Possible roles assumed by the HR function (ULRICH FRAMEWORK)



As per the Ulrich framework presented in the previous slide, it proposes an entirely new role and agenda for HR that focuses less on traditional functional activities , such as compensation and staffing and more on outcomes.

- ▶ In this scenario the HR cannot be defined by what it does but rather by what it delivers.
- ▶ So the HR should deliver results that enrich the organizations value to its customers, investors & employee.

► This can be accomplish in four ways:

1. By HR becoming a Partner with senior and line managers in strategy execution.
2. By HR becoming an Expert in the way that work is organized and executed.
3. By HR becoming a Champion for employees, working to increase employee contribution and commitment to the organization.
4. By HR becoming an Agent of continuous transformation that shapes process and culture to improve an organization's capacity for change.

HR becoming a Partner with senior and line managers in strategy execution

- ▶ Here HR is responsible for the organizational architecture or structure.
- ▶ HR would then conduct an organizational audit to help managers to identify those components that need to be changed to facilitate strategy execution.
- ▶ HR should identify methods and renovate the parts of organizational architecture that need it.
- ▶ HR should take stock of its own work and set clear priorities to ensure delivery of results.

HR becoming an Expert in the way that work is organized and executed

- ▶ It has been noticed that since for many years HR have fulfilled an administrative function within their organization.
- ▶ In administrative expert role the HR would shed their image of rule making authority while ensuring that the required routine work still gets done effectively & efficiently.
- ▶ This requires “improving or rethinking” a number of traditional HR functions, such as benefits and selection, which now can be automated using the technology, and therefore be most cost efficient.
- ▶ Such streaming function would help HR to increase their credibility.

HR becoming a Champion for employees, working to increase employee contribution and commitment to the organization

- ▶ A successful organization is based on its employees committed to and fully engaged in the organization and their jobs.
- ▶ In this role of employee champion the HR professional are held accountable for ensuring that the employees are fully committed to and fully engaged in the organization.
- ▶ This involves the involvement with the line managers to recognize and to avoid the cause of low moral, demotivation etc.
- ▶ It also involves as an advocate for the employees representing them and being their voice with senior management particularly the decisions that impact them directly.

HR becoming an Agent of continuous transformation that shapes process and culture to improve an organization's capacity for change

- ▶ As a change agent HR has to be able to build the organization's capacity to embrace and capitalize new situations, ensuring that change initiatives are defined , developed and delivered in a timely manner.
- ▶ HR also need to help the organization plan for and overcome any resistance to change that might present itself.

HR roles in knowledge based community

- ▶ There are number of roles developed that an HR can play in becoming strategic partner in Knowledge Based Economy.
- ▶ To build Strategic credibility NEW ROLES IS TO BE ASSUMED APART FROM TRADITIONAL APPROACH TO HR.

These Roles include

- ▶ Human Capital Steward
- ▶ Knowledge Facilitator
- ▶ Relationship Builder
- ▶ Rapid Deployment Specialist

Human Capital Steward

- ▶ It involves the creation of an environment and culture in which **employees voluntarily want to contribute** their skills, ideas, and energy.
- ▶ To maintain competitive advantage by employing best employees ,motivate and retain them.
- ▶ By the employment of the above category of employees or reaching to that level a good environment and culture can be created.

Knowledge Facilitator

- ▶ To reach the level of competitive advantage it is necessary to procure the necessary knowledge and skill sets of the employee.
- ▶ This process can have the success only when employees teach & learn from each other & knowledge sharing is valued and rewarded.

Relationship Builder

- ▶ This role involves the development of structure, work practice & org. culture that allow individuals to *work together across departments & functions of the organization.*
- ▶ To ensure competitiveness, networks need to be developed that focus on strategic objectives and also the teamwork that lead to outstanding performance can be rewarded.

Rapid Deployment Specialist

- ▶ This role involve the creating of organization structure and HR systems according the ***rapid change of the response to the external environment*** (opportunities & Threats).

Society for Human Resource Management view....

- ▶ According to SHRM view the five(5) competencies are responsible for an HR success as a true strategic business unit.
- ▶ These roles are quite different from the past, where HR played more administrative roles.

These five Competencies are:

1. **Strategic Contribution:** Development of Strategies w.r.t. external & internal environment
2. **Business Knowledge:** understanding the nuts & bolts of the org's operations and leveraging this knowledge into results.
3. **Personal Credibility:** The measurable values be demonstrated in programs & policies implemented
4. **HR Delivery:** Serving the internal environment through effective and efficient programs related to staffing , performance, employee development.
5. **HR Technology:** Use of Technology to improve the org. management of its people.

TRADITIONAL HR VERSUS STRATEGIC HR

Areas	Traditional HR	Strategic HR
Responsibility for HR	Staff Specialists	Line managers
Focus	Employee Relations	Partnership with internal and external factors
Role of HR	Transactional, Change follower & respondent	Transformational, change leader& initiator.
Initiatives	Slow, reactive, fragmented	Fast, proactive, integrated
Time Horizon	Short Term	Short, medium, long (as necessary)
Control	Bureaucratic-roles, policies, procedures	Organic-flexible, whatever is necessary to succeed.
Job Design	Tight division of labor, independent, specializations	Broad, flexible, cross-trainings, teams

Areas

Traditional HR

Strategic HR

Key Investments

Capital, products, brand name, technology etc

People and their knowledge & abilities

Accountability

Cost Center

Investment Centre

Shifts in HR management in India

Traditional HR practice

- ❖ Administrative role
- ❖ Reactive
- ❖ Separate, isolated from company mission
- ❖ Production focus
- ❖ Functional organization
- ❖ Individuals encouraged, singled out for praise, rewards
- ❖ People as expenses

Emerging HR practice

- ❖ Strategic role
- ❖ Proactive
- ❖ Key part of organizational mission
- ❖ Service focus
- ❖ Process-based organization
- ❖ Cross-functional teams, teamwork most important
- ❖ People as key investments/assets

SHRM and Organizational Effectiveness

► For a firm to survive and prosper, reasonable goals must be achieved in:

- Performance
- Legal compliance
- Employee satisfaction
- Absenteeism
- Turnover
- Training effectiveness and ROI
- Grievance rates
- Accident rates



Linkage of Organizational and HR Strategies

Organizational

Strategy

Strategic Focus

HR Strategy

HR Activities

Cost Leadership

- *Efficiency*
- *Stability*
- *Cost Control*

- *Long HR planning horizon*
- *Build skills in existing employee*
- *Job and employee specialization efficiency*

- *Promote from within*
- *Extensive training*
- *Hire and train for specific capabilities*

Differentiation

- *Growth*
- *Innovation*
- *Decentralization*

- *Shorter HR planning horizon*
- *Hire the HR capabilities needed*
- *Broader, more flexible jobs and employees*

- *External staffing*
- *Less training*
- *Hire and train for broad competencies*