HUMAN RESOURCE MANAGEMENT STRATEGIES IN PRACTICE

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ABSTRACT

Competitive pressures have increased the strategic value of a skilled, motivated and adaptable workforce, and the Human Resource Management strategies to support and develop it. A strategic perspective of Human Resource Management requires the firm to identify and adopt human capital initiatives likely to enhance competitiveness and shareholder value. A key question considered here is the extent to which firms adapt internally consistent human resource strategies across national boundaries to address these issues. strategic approaches to human resource management are presented. Findings show that while some adaptation considering local context occurs, the diffusion of headquarters and centrally initiated, but competitively differentiated strategies across cultural boundaries, is significant. Effective human resource strategies were understood as 'configurationally', integrated both vertically and horizontally.

In modern world without proper human resource management organizations cannot compete at par. Strategical approach in training and development, selection process and making the human resource at uphill standard to compete in the high competitive environment. This paper focuses on the links between human resource strategies and organizational effectiveness. It is likely that bundles of, or configurations of, activities are more important in enhancing labour productivity than any single activity. However, studies are typically limited in theoretical rigour, have quite small samples and are typically non-cumulative.

Keywords: *Strategies, Strategically approach, configurationally, integrated*

INTRODUCTION

Organizations exist for a variety of purposes. Some produce goods for local or overseas consumption while others provide necessary services for profit or community benefit. In pursuit of their objectives, all organisations rely on the availability and effectiveness of several kinds of resources, which (for the sake of simplification) can be divided into finances, technology and people. Some organisations emphasise their financial resources (banks, credit unions, stock broking companies), others rely on the sophistication of their technology (telecommunications, manufacturing, information technology), while the growing services sector throughout the world depends heavily on the quality of its employees – its human resources.

Regardless of the particular resource emphasis in an industry, the human resource is almost always the key ingredient for organizational success. People design, operate and repair the technology, people control the financial resources, and people manage other people in all organisations. Compared with technological or financial resources, human resources are the most unpredictable (because of their complex blend of rational and emotional characteristics) and often the largest ongoing cost factor in any organization, and they may also be regarded as its most valuable assets. It is therefore crucial that they are managed effectively, equitably and

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ethically, and that their personal and work needs are satisfied, if organizational objectives are to be achieved.

A number of developments have begun to transform the nature of jobs and the workplaces in which they are performed. These developments include the influences of globalization and technological development, significant changes in demographic and workforce features, as well as political, economic and social changes associated with significant amendments to industrial relations systems and processes. On the positive side, globalisation has broadened the markets for Australian and regional businesses, reshaped labour markets and, with the aid of enhanced information technology and telecommunications systems, begun to fashion new kinds of jobs, new forms of workplaces and, increasingly, more innovative approaches to all human resource management (HRM) processes. Less positively, the economic interconnectedness of countries (possibly the major hallmark of globalisation), coupled with the unethical behaviour of some senior managers (primarily) in the finance industry, have arguably contributed significantly to the recent worldwide financial crisis that resulted in the demise of many businesses; more active intervention of governments in company 'bail outs' and the re-regulation of industries; and associated changes in HRM strategies, including mass retrenchments and major revisions to staffing, performance management, executive pay systems, human resource development, rewards and career development programs. These are discussed in detail throughout this book.

McNally summarises the implications of global pressures on contemporary organisations as the need for international strategic alliances supported by managers with new mindsets; international staff deployment as a common HR strategy; the identification and nurturing of global talent; and increasingly sophisticated management of HRM systems. These imperatives and the difficulties in implementing them in a dynamic world environment. In particular, the changes to industrial relations processes, including increased flexibility and cooperation between employers, employees and unions, has enabled many organisations to adapt their systems to the demands of the 21st century and beyond. Thus, while the former Australian Government's Workplace Relations Act 1996 and the Workplace Relations Amendment (WorkChoices) 2005 legislation favored flexibility, cooperation, and productivity in relationships between employers and their employees through individual contracts, the present Rudd Federal Government has introduced new industrial relations legislation – Fair Work Australia (2009) – which seeks to re-regulate employment relationships at the enterprise level, as a reaction to domestic workplace changes. Similar legislation has been enacted in many other countries in recent years. Dawson (2003) suggests that the major external pressures for organizational change include such new government regulation and legislation, global markets, technological developments and major social political changes; while internal pressures include technology, organizational restructuring, and changing employee expectations.

The implications of these changes to the theories, nature and functions of HRM are discussed later, but at this stage it is important to consider the origins and historical development of the field of study and the profession in order to understand its current and future roles.

HRM AND SHRM – EVOLVING CONCEPTSAND MODELS

HUMAN RESOURCE MANAGEMENT

In essence, HRM differs from earlier personnel management models in relation to its focus, its principles and its applications. HRM can be simply defined as the convergence of three factors – human beings, resources and management – where human beings have the actual and potential resources (knowledge, skills and capabilities) that can be harnessed through effective management techniques to achieve short- and long-term organisational goals as well as personal needs. Thus, the focus of HRM today is on the effective overall management of an organisation's workforce in order to contribute to the achievement of desired objectives and goals. All HR processes (e.g. recruitment, human resource development, performance appraisal, remuneration) are seen to be integrated components of overall HRM strategies.

The Harvard model suggests that SHRM strategies, policies and processes fall into four broad areas.
• Employee influence and involvement: The extent to which employees are encouraged to share their ideas and participate in organizational consultation and decision-making procedures
• Human resource fl ow: All HRM functions involved in employee management (e.g. HR planning, job design, recruitment and selection, performance review, termination)
• Rewards systems: The monetary and non-monetary ways by which staff are recognized • Work systems: Includes consideration of the 'fi t' between employees and their workplaces (e.g. technology, workplace design, teams)

The model further suggests that a strategic approach to HRM strategy, policy and processes fundamentally reflects management choice about how employees are managed – a choice about the nature of the employment relationship, including the 'psychological contract' between employees and their employers.
As this model indicates, the principles on which HRM theories are based are generally broader and more managerial in their emphasis than personnel management. The central principle is, of course, the effective utilization of employees in order to enable the achievement of organizational objectives. Thus, the entire 'resource' of the employee should be tapped (i.e. physical, creative, emotional, productive and interpersonal components) in order to achieve this goal. In contemporary organisations, the emphasis may be more on the 'intellectual capital', 'knowledge worker', or on 'emotional intelligence' than on manual or physical skills. These issues are discussed in more detail later in this chapter.
However, HRM theories also recognize that the human resource, unlike financial or technological 'resources', cannot be manipulated or 'exploited', and that it requires complex and sensitive management in order to fully realize its potential. Variations of HRM theory emphasise different aspects of management of the employment relationship, reflective of diverse national or industry environments. These are discussed later as 'soft' or 'hard' HRM, or un itarist or pluralist

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perspectives, and include such principles as merit selection, equity, ethical conduct and natural justice.

HRM theories have been classified into three main approaches – 'best practice', 'best fi t' (or the ideal 'fi t' between HR and business strategies) or the 'resource-based' view – and therefore differ from personnel management's emphasis on only 'one best way' models of practice. Diverse national, cultural and industrial relations environments demand different HRM applications. Thus, an HRM theory derived from US experience will be diffused and adapted differently in the United Kingdom, Europe, Australia or New Zealand, according to their different social, political and industrial relations histories and circumstances. It may, however, apply in more 'unitarist' industrial relations environments, such as those in Singapore, Malaysia, Indonesia or Thailand.

Different theories of HRM and different principles and applications will be more or less relevant within the contexts of particular countries or esoteric industry environments, sometimes referred to as a 'contingency' perspective. These issues are now discussed in more detail in relation to the 'unitarist' and 'pluralist', and 'hard' and 'soft' perspectives of various HRM theories.

BUSINESS STRATEGY AND HRM

The term 'strategy' has its origins in the military campaigns of ancient Greece and has subsequently been adopted by many national governments, industries and individual organisations as a way of describing their progress towards desired long-term objectives. The links between military and business strategies have recently been given greater impetus through reinterpretations of the Chinese general Sun Tzu's book entitled The Art of War. 'Business strategy' is determined at national government, industry and organizational levels, and is used to explain both the processes (e.g. organizational restructuring, rightsizing, multi-skilling, product development) and the outcomes (e.g. market position, profitability, competitiveness) of chosen long-term directions. It can be either a conscious, planned activity or a series of events that lead to a desirable objective. 'Strategy' is a neutral term, so business strategies can result in both successes and failures. As examples, many organisations have consciously chosen to extend their operations, or even relocate, to other countries to take advantage of less expensive labour markets or to create new market opportunities (e.g. Cathay Pacifi c, Air Asia, HSBC, BHP Billiton, Optus, Country Road, Virgin Records, Singapore Airlines). As a typical example of a truly global HR strategy, the international publisher Palgrave Macmillan outsources its copyediting and proofreading operations to countries such as India, and its printing functions to China, while retaining coordination from the United Kingdom. Other organisations have ' off-shored ' parts of their operations, lured by host government incentives, industry promotions or the promise of lucrative markets. Some of these companies are currently reviewing these business strategies, due to customer complaints, union concerns about the adverse effects on home country jobs, or the variable quality of the provided off-shore services. Porter (1985) divides all business strategies into three categories – cost leadership, product differentiation and market segments 32 – while Storey and Sisson (1990) refine these as innovation, quality

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improvement and cost reduction strategies. 33 Table 1.2 illustrates the 'alignment' between these three kinds of organizational strategies and associated HRM strategies and functions.

Organization strategy focus	Recommended HRM strategies
Innovation	1 Jobs that require close interaction and coordination among groups of individuals 2 Performance appraisals that are more likely to reflect long-term and group-based achievements 3 Jobs that allow employees to develop skills that can be used in other positions in the firm 4 Compensation systems that emphasise internal equity rather than external or market-based equity 5 Pay rates that tend to be low, but that allow employees to be stockholders and have more freedom to choose the mix of components that make up their pay package 6 Broad career paths to reinforce the development of a broad range of skills
Quality improvement	1 Relatively fixed and explicit job descriptions 2 High levels of employee participation in decisions relevant to immediate work conditions and the job itself 3 A mix of individual and group criteria for interdependent behaviour 4 Performance appraisal that is mostly short-term and results-orientated 5 A relatively egalitarian treatment of employees and some guarantees of employment security 6 Extensive and continuous training and development of employees
Cost reduction	1 Relatively fixed and explicit job descriptions that allow little room for ambiguity 2 Narrowly designed jobs and narrowly defi ned career paths that encourage specialization, expertise and efficiency 3 Short-term, results-orientated performance appraisals 4 Close monitoring of market pay levels for use in making compensation decisions 5 Minimal levels of employee training and development

Source: Caro Gill (2002) a fitting strategy. HR Monthly, November, p. 30

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Some organisations may wish to pursue either 'innovation' and 'quality enhancement', or 'quality enhancement' and 'cost reduction' strategies, and some may wish to pursue all three business strategies. In those cases, HRM specialists will need to devise strategies that incorporate comprehensive HRM approaches aligned with desired overall goals and objectives. These may involve macro approaches, such as culture change, or substantial organizational restructuring and/or micro HR techniques, such as job redesign, selective recruitment and career management. HRM strategies (like business strategies) will need to take account of changes in both the external and internal environments of their organisations, and consequently to provide for contingencies that may arise during the planning period. As Rose Holds worth, senior consultant in education and professional development at the Australian Human Resources Institute (AHRI) explains, HR professionals need to understand:

1. the business environment in which (the organization) is operating
2. the industry forces that impact on the ability of the (organisation) to succeed
3. how their initiatives will deliver the human capability for the (organisation) to compete in its nominated markets.

In order to be a 'strategic partner', HRM specialists need to develop close links with all levels of management, and to form relationships that promote the 'bottom line' value of the strategic management of an organization's employees (see Chapter 13). Partnership may involve devolving the majority of practical HR processes (e.g. job design, recruitment and selection, human resource development, performance management) to line managers, or the outsourcing of specialist activities such as payroll administration and employee benefits. Other HRM specialists will focus on the development of close relationships with senior management in order to effectively contribute to the formulation and revision of strategic plans.

Several types of linkages between HR and organizational strategies have been identified, as follows.
• Accommodative : HR strategies simply follow organisational strategies, 'accommodating' the staffi ng needs of already-chosen business strategies.
• Interactive : This is a two-way communication process between HRM and corporate planning in which HRM contributes to, and then reacts to, overall strategies.
• Fully integrated : The HR specialist is intimately involved in the overall strategic process in both formal and informal interactions – a real refl ection of strategic human resource management in practice.
The ideal linkage is, of course, where HR and organisation strategies are 'fully integrated' with each other, and where the HR specialist has direct reporting and communication relationships with the highest levels of management in the organisation. Some US research suggests that the link between senior managers, HR specialists and line managers is best achieved when the practitioners adopt new roles – 'a partner in strategy execution . . . an administrative expert . . . an employee champion . . . [and] . . . a change agent'.

CONCLUSION

In modern world without proper human resource management organizations cannot compete at par. Strategical approach in training and development, selection process and making the human resource at uphill standard to compete in the high competitive environment. This paper focuses on the links between human resource strategies and organizational effectiveness. It is likely that bundles of, or configurations of, activities are more important in enhancing labour productivity than any single activity.

Human resource Management is plying pivotal role in management of various organization. Proper planning and implementation of human resource is giving positive results to the organization. The growth of the organization is depending on the effective utilization of available resources. Human resource strategy is important for the organizational growth.

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