UNIT I

SHRM - SHRM models - strategic HRM vs Traditional HRM - Barriers to Strategic HR- Adopting an Investment Perspective - Understanding and Measuring Human capital - Human side of corporate strategies - strategic work redesign - Strategic Capability - Bench Marking.

SHRM - SHRM models

Strategy

- Strategy is a high-level plan to achieve one or more goals under conditions of uncertainty.
- Strategy is an action that managers take to attain one or more of the organization's goals.
- Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process".

Chandler defines **Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.**

Mintzberg defines **Strategy is a mediating force between the organization and its environment: consistent patterns in streams of organizational decisions to deal with the environment.**

SHRM Definition

- "Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors that the company needs to achieve its strategic aims."- Gary Dessler
- "Strategic human resource management is an approach to making decisions on the intentions and plans of the organization concerning the employment relationship and the organization's recruitment, training, development, performance management, and the organization's strategies, policies, and practices." – Armstrong
- Strategic human resource management (SHRM) is defined as "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals". – Wright & McMahan

Nature of SHRM

- Long-term Focus: As business strategies have a long-term orientation, therefore, focus of SHRM is also long-term probably more than one year.

- Associated with Goal-Setting: SHRM is highly related with setting of objectives; formulation of policy and allocation of resources and it is carried out at all levels of top management.

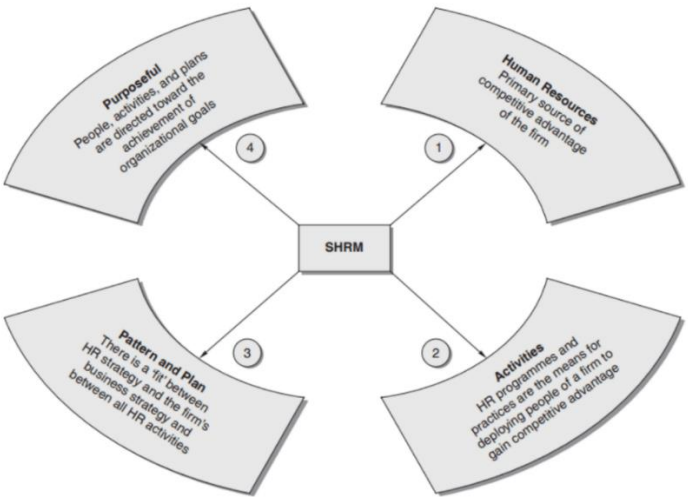
- Interrelated with Business Strategies: There is an interrelation between business strategies and SHRM. E.g. it gives significant inputs when business strategy is formulated, and human resource strategies (like recruitment, staffing, training and performance appraisal).

- Fosters Corporate Excellence Skills: SHRM considers employees as the strategic potential of the organization and on that basis makes effort to differentiate the organization from its competitors present in the markets. It also promotes learning of modern skills.

Components of Strategic Human Resource Management

This definition implies the following four components of SHRM:

- It focuses on an organization's human resources (people) as the primary source of competitive advantage of the organization.
- The activities highlight the HR programs, policies, and practices as the means through which the people of the organization can be deployed to gain competitive advantage.
- The pattern and plan imply that there is a fit between HR strategy and the organization's business strategy (vertical fit) and between all of the HR activities (horizontal fit).
- The people, practices, and planned patterns are all purposeful, that is, directed towards the achievement of the goals of the organization.

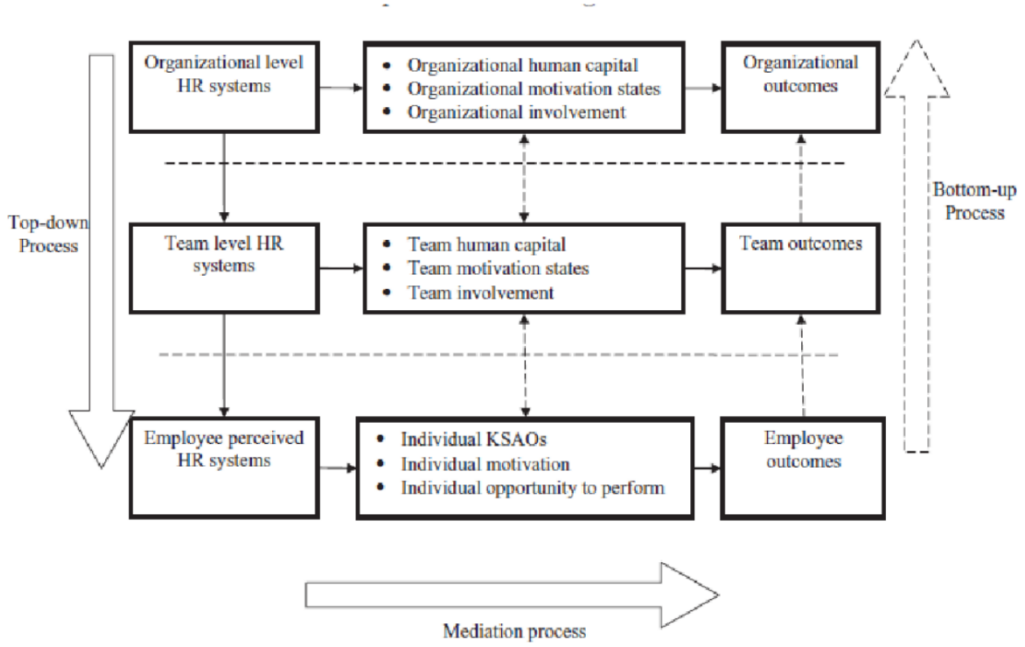


Need for SHRM

- The first & at most concern of SHRM is to focus on actions that distinguish an organization/firm from its competitors.
- It provides idea to allocate the resources of organization to most match & capable Employee.
- It design the foundation of organization to achieve efficient business benefits, structure, culture, employees values propositions and effective communication strategic plan for HRM.
- SHRM also keep track of down turns, down falls, risks and other business acquirement.
- SHRM also take part in employee recruitment, hiring, training and assessments processes.
- SHRM add its expression in business's decision-making task.
- Strategic Human Resource Management give emphasis to organizational codes of moral values and manage public crash of business.
- SHRM provide tactic and proposal to the director of organization.
- SHRM take your business to the new level, integrates HR workflow, defines new goals, aligned employee work force for business flourishment.

MODELS OF SHRM

Multilevel Model Of SHRM



Harvard Model or the Integrated System Model:

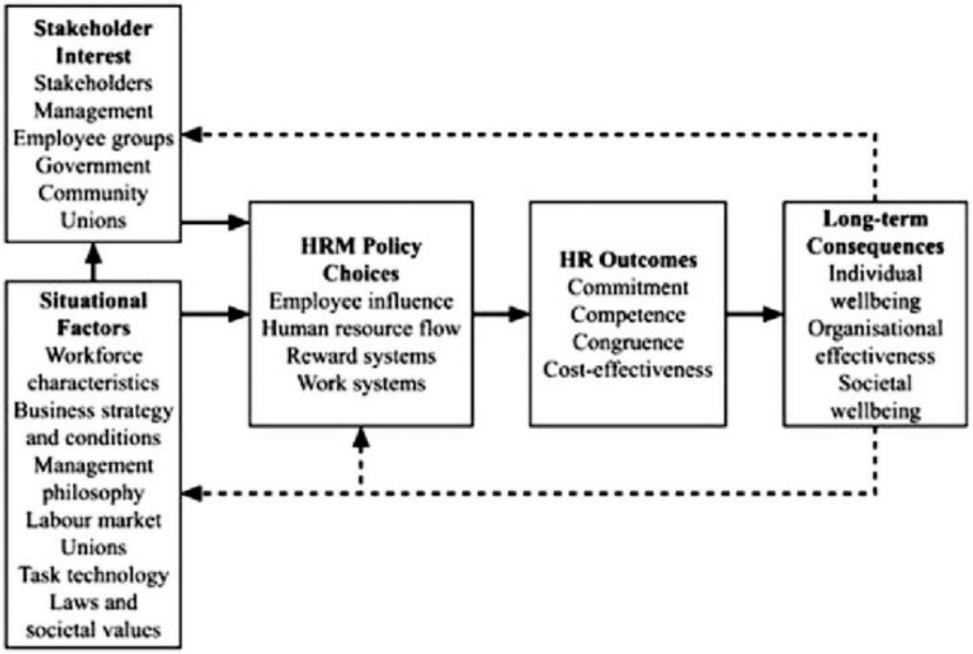
- The Harvard Model was postulated by Beer et al (1984) at Harvard University. The authors of the model also coined it the map of HRM territory. The Harvard model acknowledges the existence of multiple stakeholders within the organisation. These multiple stakeholders include shareholders of various groups of employees, government and the community at large.

- A critical analysis of the model shows that it is deeply rooted in the human relations tradition. Employee influence is recognised through people motivation and the development of an organisation culture based on mutual trust and teamwork.

- The factors must be factored into the HR strategy, which is premised on employee influences, HR flows, reward system etc. The outcomes from such a set up are soft in nature as they include high congruence, commitment, competencies etc.

- The achievement of the crucial HR outcomes has got an impact on long term consequences, increased productivity, organisational effectiveness which will in turn influence shareholder interests and situational factors hence making it a cycle.

- It is thus important to note that the Harvard model is premised on the belief that it is the organisation's human resources that give competitive advantage through treating them as assets and not costs.



Devanna Model / "Matching Model"/ Michigan Model:

This model would be described as 'hard' HRM because it emphasises treating employees as a means to achieving the organisation's strategy, as a resource that is used in a calculative and purely rational manner. Hard HRM focuses more than soft HRM does on using people as resources and as a means towards the competitive success of the organisation.

The Michigan model is 'hard' HRM because it is based on strategic control, organisational structure, and systems for managing people. It acknowledges the central importance of motivating and rewarding people, but concentrates most on managing human assets to achieve strategic goals.

A company practising hard HRM would have a style of management that treats employees in a calculated way, primarily as means to achieving business goals. Its top management would aim to manage the organisation rationally and achieve a 'fit' between the organisation's strategy, structure, and HRM systems.