



**Certified Human Resources
Manager
Sample Material**

V-Skills Certifications

**A Government of India
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Government of NCT Delhi Initiative**



1. STRATEGIC HUMAN RESOURCE MANAGEMENT

1.1 Introduction

Strategic human resource management signifies a direct linkage of strategic business plans with the human resource objective towards the deployment and development of human resources for enriching performance. In the management context, this term has eventually replaced the use of traditional phrase - long-term planning, in order to indicate a specific range of decisions and actions taken by the top level of managers in an organization to achieve organization objectives.

Strategic human resource management is, in essence, a continual activity based on continuous adjustment of three key interdependent aspects: the values of top management, the environment and existing resources. Today, many companies understand the input of Human Resource department to be a critical tool to take a calculative decision in the event of a need for an organization change.

In the contemporary world of business, there are a number of challenges being faced by multinational corporations on account of rising and aggressive competition. This seeks changes to be made in the human resource processes as well as traditional human resource management models. There is an alarming concern over bringing the shift in paradigm from traditional human resource management to strategic human resource management. The latter primarily aims to improve the productivity of employees by emphasizing on business objectives. Each strategic human resource manager is held responsible for meeting Key Performance Indicators (KPIs) of the organizations by identifying important HR areas whereby strategies are executed in the long term that enhances the overall motivation and productivity of the employee. Strategic human resource management cannot be implemented without the involvement and support of top level management in any organization.

Today, in a majority of organizations, the human resource departments are recruited personnel with no human resource experiences or background, which poses a big obstacle in shifting to strategic human resource management.

1.2 Significance of HRM

Of all the assets an organization has, it is the human asset which can never depreciate in value in the balance sheet, amongst other assets such as land, plant, building and equipments that fetch less value upon usage.

As an employee gains knowledge and experience over the years, he or she becomes more valuable to the organization. Today, the Human Resource department merely focuses more on the transactions, but the manpower. Yes, strategic human resource management today looks much beyond the regular data entries, filing and such other monotonous job activities. It is largely focused on cross cultural issues, corporate cultural change, and on the rise of developing countries. Multinational corporations, for instance, may have their payroll systems in India and their IT services in developed countries, such as China. It is imperative for employees to work together, from various parts of the world. In such cases, cross cultural issues like the management of expatriates and that of their families arise. Talking about corporate culture change, the strategic human resource management is the pillar strength for corporate culture change. Where an organization needs to be as cost effective as it could by cutting down on business expenditure and manufacturing products at lowest possible cost, and yet offering the consumers the best products at affordable rates, it also need to compete with other companies in different parts of the world in order to survive in this highly intensive competitive environment. The change of consumer mindset influences the corporate culture change. The purchasing power of the consumer can never be ignored, whether the consumer lives in India, China or any other developing country. This is why the organization tends to change its business plan and become multinational. Such development poses a challenge to strategic human resource management.

Where HR brings considerable benefits to the organizations, the latter still fail to create an association of the HR strategies with the business strategies and this is where the real challenge arises. In the absence of such linkage, the organizational goals are at stake.

Strategic human resource management plays a pivotal role when it comes to managing employees in developing as well as developed countries the most tactfully. It has been

designed such that companies can cater to the needs of their existing employees the best possible way, whilst also fostering the company objectives. It is indeed the fact that human resource management deals with multifaceted business aspects that have a direct bearing on the employees, such as compensation, benefits, administration, hiring and firing, and training / orientation. Human resources include provision of pay incentives, vacation or sick days and safety procedure details.

Strategic human resource management proactively directs and manages people, and therefore, it seeks planning different ways to better act on the needs of the employees and vice-versa. This may influence the way activities are conducted at work, improvising many things from recruiting policies and training courses through to performance appraisals and evaluation techniques.

Organizations that put in greater efforts in meeting the needs of their employees promote favourable work environment that eventually leads to productivity. Strategic human resource management is the ultimate solution to achieve organizational productivity. Planning ahead for the betterment of employees helps in enriching the retention rate of skilled employees and hence, reducing the expenditure incurred on recruiting and training of new employees.

1.3 Objectives of HRM

In an organisation objectives are set in order to achieve predefined results by effectively utilizing the available pool of human resources. The basic objective of any organisation is to ensure that the employees work positively and efficiently direct their energies towards the realization of organisational objectives.

Some of the major objectives of HRM are as follows

- ✓ Achieving organisational objectives by ensuring the availability of adequate number of employees
- ✓ Optimal utilization of available resources
- ✓ Establishing and maintaining sound organisational structure

- ✓ Maintenance of productive and self-respecting working relationship among all the employees of the organisation
- ✓ Enhancing productivity by identifying and satisfying employees needs through financial and non-financial motivators
- ✓ Maintaining high employee morale
- ✓ Proper training and development of employees on regular basis to match in the competitive business environment
- ✓ Efficient leadership, supervision and guidance to employees
- ✓ Favourable work condition and appropriate work environment for employees
- ✓ Hiring the right person for the right job depending on the job profile and work experience

1.4 Functions of Human Resource Management

In order to achieve the objectives of human resource management, a variety of functions are performed. These functions can be categorized into two groups

Managerial Function

Managerial functions primarily involve basic management functions such as

- ✓ **Planning:** Planning involves activities with an objective to achieve organisational goals
- ✓ **Organizing:** Organizing involves development of organizational structure by allocating duties and delegating responsibilities to individuals as and when required.
- ✓ **Staffing:** Staffing involves hiring the right quality of people in the right number and at the right time.
- ✓ **Directing:** The process of directing involves effectively implementing the formulated plan to achieve the organisational objectives.
- ✓ **Controlling:** The process of controlling involves keeping a track of whether a plan has been implemented as required and conducting performance evaluation activities.

Operative Function

Operative functions primarily deal with employment, growth, maintenance and employee compensation. Following are some of the operative function related to human resource department

- ✓ **Human Resource Planning:** Maintaining an adequate pool of talented workforce
- ✓ **Recruitment and Selection:** Searching suitable candidate and opting the best

- ✓ Placement and Induction: Placing the candidate in the right type of job and familiarizing them with the work environment.
- ✓ Training and Development: Providing relevant training as per the job requirement
- ✓ Employee Compensation: Remunerating the employees for their service
- ✓ Performance Appraisal: Evaluating employees performance for appraisal
- ✓ Employees health and safety: Clean and safe working conditions for employees
- ✓ Motivating employees: Inspiring employees to contribute towards organisational goals
- ✓ Grievance Redressal: Addressing the problem and grievances of employees

1.5 Modes of Strategic Human Resource Management

The prescriptive and descriptive management defines strategic management as a cycle that involves multifarious activities dependent upon each other. The strategic human resource management process can be disintegrated into five essential stages: mission and objectives, environmental assessment, strategic formulation, strategic implementation and strategic evaluation. All five stages interact with each other at different levels.

At the corporate level, strategic human resource management involves activities centred towards appraising the objectives of the organization and strategic evaluation. Firstly, the top level managers assess their positions vis-à-vis the current mission and objectives of the organization. The mission broadly signifies the values and aim of the organization, while objectives direct the employees towards a rewarding performance.

Environmental assessment gives an insight of the internal environment of an organization – its strengths and weaknesses, and its external environment – its opportunities and threats. The critical factors with a direct influence over the future of an organization include strategic factors and they could be recapitulated into SWOT (Strengths, Weaknesses, Opportunities and Threats).

In case of strategic formulation, top level managers assess the relationship between strategic factors and composing strategic choices that serve as a guiding tool for the managers to meet the objectives of the organization. Strategies may be formulated at corporate, business as well as various other functional levels. Strategic choices made, involves questions such as

who has the decision-making power and why such decisions were taken.

A strategic choice also defines strategic management as a political system in which both decisions and actions taken on issues are advocated by senior level of managers who have the authority to take decisions in the interest of the organization. It is the strategic choice on making organizational decisions that makes the strategy formulation, more intensive and concrete, and provides vital insights into the management of employment relationship.

Strategy implementation is referred to a particular activity that primarily centres on the techniques used for executing the strategies. Such activities deals with the organizational structure, leadership style, the control systems and the human resource management. Many notable management consultants and academicians are of the firm belief that leadership is a crucial, yet intricate element of the process of strategic implementation.

Strategy evaluation refers to an activity that depicts the limit to which the actual performance and change is in sync with the desired performance and change.

Thus, we see the strategic management model determines five key activities that culminated into a rational and linear process. Most importantly, a normative model indicates the procedure of strategic management in place of what is actually performed by top managers.

1.6 Strategic Planning and Human Resource Practices

In every organization, motivation and incentives should be attached with a goal to work on. A needs assessment and HR development strategies should be deployed focused towards accomplishing the organization's mission. Such needs assessment and HR development and their effective planning leads to improved productivity. It is then implemented by using macro tools, such as Management by Objectives at the individual level, and Total Quality Management at the group level.

Strategic planning is referred to as rational examination, considering 'what should be implemented' and 'what is the right path to implement a strategic plan'. Strategic planning is focused on the future, how and what it should be. Therefore, it steers the development

of an organization. Besides, it also helps in converting individual efforts into a team effort. It helps in the development of goal-oriented performance evaluation and total quality management. Employees can be assigned with accountability for results. The process itself is a team-building course that contemplates into perceptions different individual and different projects and is focused upon achieving systemic viewpoints. All the managers involved in making strategic planning should also make themselves aware of other potential concerns, for which they need ample training as well as revised training in order to cope with unexpected queries that may arise post implementation. There could be fights, ambiguities and chaos in the beginning and for some time thereafter.

The real benefits of strategic planning can only be well utilized if the individuals learn how to implement it and know its value. In a cosmopolitan, knowledge-based organization, strategic planning is basically referred to as strategic human resource planning. The empirical research studies revealed that the strategic human resource management affects organizational performance. Some of the common HR practices include formal training systems, career structure, result-oriented performance evaluation, employee participation, employment security, detailed job profiles and reward-based compensation, which form the basis of the theory of strategic human resource management and contribute significantly to organizational success.

Formal Training Systems

It should not be taken for granted that each employee comes with a required skill set. In today's world of advancement, there is the need for particular adjustment. Not just a fresher but even a well-trained employee would need specific training to become an ideal worker for a particular job and make a valuable contribution to the existing team. It is the supervisor's prime role to arrange for the capacity build of the people in his / her unit. While the managers play the role of coaches, other employees take on the role of implementation. Each manager needs to ensure that the employee is geared up to undertake the task. Though the potentiality of training and development is known, they are often neglected at many organizations.

Career Structure

A career structure is essential for an individual to focus on the strategic concerns of an

organization in the due course. Any goals and incentives attached to the short-term can result into dysfunctional behaviour and objective dislodgment. A long-term perspective encourages an employee's dedication towards the organization. This induces organizations to deploy training and invest in productivity enhancements, with an expectation of reaping benefits through improved knowledge and experience. Trainings are focused on the development of existing job skills instead of that of the employee for further performance improvements.

Result-Oriented Performance Evaluation

A performance evaluation system acts as a support to making informed decisions related to promotion, demotion, compensation, and transfer, and as a guiding tool for assessing training requirements and employee feedback. Besides, it also supports in effectuating various other functions of the organization, in terms of selecting and hiring practices, maintaining employee-employer relationship and fostering the organizational culture.

Employee Participation

When an employee exits the organization, a typology of his/her responses to dissatisfaction should be recorded. The theory of employee self-interest drives on the economic market in relation to socio-political values, and attempts to justify the survival of the organization. The decisions taken on the acceptance or dissatisfaction of an organization's goods or services are correlated to similar decisions taken by the organization's manpower vis-à-vis the organization. Any efforts made to bring change to a perceived depressing situation can evoke voice, which could indicate a political dimension encompassing a basket of behaviours, including participative management, democracy and grumbling. This signifies a feasible, non-market source to ensure the survival of an organization. The voice is based on the internal advocacy of reform, and loyalty on the willingness of the employee to 'stand up' for the organization. Advocacy is an outcome of external criticism and an expression of confidence in the organization.

Employment Security

Employee rights act as a safeguard to assure that employees maintain the dignity every human being has the right to. There ought to be legal, formal systems to cope with abuses and prohibit any wrongful practices. Employment security always remains a characteristic

of public employment, in that it enables employees to focus in doing their job than worrying about losing their job anytime.

Performance-based Pay

It is important that all decisions concerning pay and incentives are designed to attract, motivate and retain employees in an organization. Therefore, the pay structure should be designed such that it adheres to above. However, a majority of organizations put a limit to their pay system to only a percentage of the pay package. Only those who perform well are guaranteed a standard pay package. Nevertheless, this also keeps the employees ensured about their financial security and helps in retaining them in the organization. Various extrinsic performance-based pay systems are adopted by organizations. The most known and frequently used system is the base-pay system. Here, the pay is put at risk without endangering the employee's basic financial security. The employee's overall performance can be addressed, whilst simultaneously the group performance can also be measured at team level. Individual pay systems on the basis of performance increases, whereas bonuses, gratuities and annuities are standard across all skill sets. Also, performance-based incentives are encouraged at all levels to induce employees to work efficiently throughout.

1.7 Limitations of HRM

Some of the limitations of Human Resource Management are as follows

- ✓ Human resource management is a tedious task as no two individuals are alike
- ✓ Integrating individual goals with organisational goals is not always practically possible
- ✓ HRM becomes more complex with globalisation and liberalisation
- ✓ The process of developing concepts and principles of human resource management as per the organisations origin, management, workforce and operations is a difficult task.

1.8 Career in Human Resource Management

People willing to have a career in HRM must enlist their career objectives thoroughly and their approach in accomplishing those objectives. Though HRM offers several advantages, but it has its own limitations. For instance, there are cases where HRM practitioners achieve the same status and salary as their counterparts in line management. Therefore, in order to boost one's personal fulfilment and to achieve professional success, people should carefully analyze their requirements and expectations from a job and be able to collect

maximum details about the HR work, opportunities, benefits and the like. In HRM, job opportunities are plentiful for both generalists as well as specialists. However, the compensation is comparatively lesser to other job functions, such as marketing, accounting and finance. Nevertheless, the median earnings of male HR professionals are better than those of their female counterparts.

Nonetheless, as HRM is taking a gradual transition from a traditional cost centre to being a profit contributor and indeed a strategic business partner to an organisation, the level of monetary differential is declining, especially in hi-tech and banking and financial services sector.

The working conditions of the many HR offices also need to be clean and pleasant to work. HR departments are frequented by job applicants, employees, visitors, union officials and government inspector and so they leave a positive image in their minds that the place represents employment.

Though many people working in HRM have been hired without them having senior academic qualification, but today the demands of the economic situation seeks employers to recruit people with professional competence and know-how and essential tertiary educational qualifications. This is because the HR manager of tomorrow should not only be a strategic business partner, but also an expert in administration and a champion in change management and credibility. Maybe the most advantageous entry to HRM is through a line management function such as marketing and finance, which helps an individual to better understand the hurdles faced by line managers and acknowledge the need of bottom-line impact. This also fosters flexibility and offers enhanced career opportunities outside HRM.

Strategic Human Resource Management and Business Process Re-engineering

The normative models of human resource management focus on the significance of organizational design and are broadly related to job designs that promote horizontal and vertical firmness of activities and better worker sovereignty. Organizational redesigns are also termed as business process re-engineering or high-performing work systems.

Strategic Human Resource Management and Organizational Learning

In the midst of formulations of Strategic Human Resource Management, formal as well as informal organizational learning signifies an important tool that helps managers to attain the human resource management goals related to dedication, quality and flexibility. Therefore, such emergent field of research has been a focal point in the resource-based strategic human resource management models. In the management context, it is often argued that formal and informal organizational learning strengthens the core competencies of an organization and leads to a competitive advantage. Organizational learning, undoubtedly, strengthens the cultural control and the power of the top level managers of the organization and could also be the cause of conflicts on productivity and job control.

Strategic Human Resource Management and Trade Unions

Many writers believe that there is an inconsistency between the normative human resource management model and trade unions in terms of the worker commitment in the model. The culture of collectivism with the “them” and “us” behaviour of one’s organizational performance does not work well with the actual human resource management objective of high employee morale and the employee individualization. Such model is perceived to be against the traditional industrial relations, though for varied reasons. High-commitment human resource strategies are, it is argued, presumably formulated such that the workers are given false sense of job security and the conflict sources in capitalist employment relationship is obscured. Many other scholars though have an orthodox perspective altogether; they argue that high-performance high-commitment human resource model and trade unions cannot just stay together but are rather essential for an effective high performance work system. This argument has been essentially influenced by political, legal and economic developments in the UK and USA in the prior two decades.

Self-Assessment Questions

1. Which one of the following is not a function of HRM?

- Recruitment and Selection Training and Development
 Performance Appraisal Financial Accounting

Answer: Financial Accounting

2. A human resource manager has to perform _____.

- Managerial and Operative functions Destructive Functions
 Constructive Functions Depleting Functions

Answer: Managerial and Operative functions

3. Which of the following is not a challenge to HRM?

- Dynamic Nature of HR Varying needs and desires of HR
 Globalisation and Liberalisation Budgeting

Answer: Budgeting

4. Which of the following is not a feature of HRM?

- Procurement and Development of HR Operative Activities
 Multi-disciplinary Approach De-motivating employees

Answer: De-motivating employees

5. HRM does not draw its knowledge from _____.

- Psychology Anthropology
 Sociology Biology

Answer: Biology