Derived from the Greek word strategos, the term strategy, when it appeared in use during the 18th century, was seen in its narrow sense as the "art of the general", or "the art of arrangement" of troops.
Definition of SHRM

Strategic human resource management can be defined as the linking of human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation, flexibility and competitive advantage.

In an organisation SHRM means accepting and involving the HR function as a strategic partner in the formulation and implementation of the company's strategies through HR activities such as recruiting, selecting, training and rewarding personnel.

The key characteristic of strategic HRM is that it is integrated.
Human Resource Management

Definition 2- Influencing

- HRM is concerned with the people dimensions management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives.

This is true regardless of the type of the organization - govt, business education, health, recreational or social action.
Definition 3 Applicability

- HRM is planning, organizing, directing, and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational and social objectives are accomplished.

Core Elements of HRM

Organizations ------ People ------ Management
Meaning of HRM

It is concerned with management of people from Recruitment to Retirement

To select right person, at the right place for the right job.
SCOPE OF HRM

HRM starts from the employees entry till the exit of the same and hence covers everything under the sun.

Activities
- HR Planning
- Job Analysis – JD & JS - Eg Wipro – implicit JA & Nirma – explicit
- Job Design eg- Bajaj Auto- job rotation and job enrichment
- Employees Hiring --Recruitment & Selection
- Orientation & Placement, Training & Development eg Dupoint Saint Goabain Satyam –team work practiced, Punjab Tractor- Individual
SCOPE OF HRM

- Employee and Executive Remuneration: Eg-infosys prefers a low base of salary & individual negotiation, L&T prefers collective bargaining.

- Employee Maintenance: Motivation, Communication. eg BPOs, Reliance – PLI for its employees with international cons, Google

- Performance Appraisals, Job Evaluation: Eg- Polaris & Bajaj Auto - 1 - behaviour 2. on results

- Industrial Relations: Welfare, Safety & Health eg ONGC
Managerial functions of HRM

**Planning** - plan & research about wage trends, labour mkt etc

**Organizing** - manpower and resources

**Staffing** - recruitment & selection

**Directing** - issuance of orders and instructions to follow plan of action

**Controlling** – to regulate the activities

**Operational Functions of HRM**

**Procurement** - planning, Recruitment & Selection, Induction & Placement

**Development** – T & D, Career Planning & Counseling

**Compensation** - Wage & Salary administration

**Integration**

**Maintenance** – improving work conditions, retentions

**Separation** - caused by resignations, retirement, death, medical reasons etc
Summary

HRM is a tool that helps managers to plan, recruit, select, train, develop, remunerate, motivate and make maximum utilization of human and non human resources for the organization and society at large.

“One machine can do the work of fifty ordinary men. No machine can do the work of one extraordinary man.”- Elbert Hubbard
SHRM Definition

- Link all HR Activities to the Organisation’s Strategic Objectives

“Strategic HRM is an approach that defines how the organization’s goals will be achieved through people by means of HR strategies and integrated HR policies and practices.”

Strategic HR Management Process

Organizational Strategies
Organizational Culture
Competitive/Financial Environment
Current Organizational Situation

Need for Human Resources: Quantity and Skill Levels

Available Financial Resources

HR Activities
- Equal employment
- Recruiting and selection
- HR development
- Compensation
- Performance management
- Employee relations

Figure 2-1
Concerns of strategic HRM

Relationship between human resource management and strategic management in the firm

Strategic HRM addresses broad organizational issues relating to organizational effectiveness and performance, changes in structure and culture, matching resources to future requirements, the development of distinctive capabilities, knowledge management and the management of change.

It is concerned with both meeting human capital requirements and the development of process capabilities, that is, the ability to get things done effectively.
The focus of strategic HRM

Strategic HRM focuses on actions that differentiate the firm from its competitors.

It is concerned with the long term allocation of significant company resources, and with matching those resources and capabilities to the external environment.
How SHRM differs from HRM

- **The primary goal** of strategic human resources is to increase employee productivity by focusing on business obstacles that occur outside of human resources.

- **The primary actions** of a strategic human resource manager are to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation and productivity.

- Strategic human resource management focuses on human resource programs **with long-term objectives** instead of focusing on internal human resource issues.
Key Features of Strategic Human Resource Management

- There is an explicit linkage between HR policy and practices and overall organizational strategic aims and the organizational environment.
- There is some organizing schema linking individual HR interventions so that they are mutually supportive.
- Much of the responsibility for the management of human resources is devolved down the line.
Trends in Strategic Human Resource Management

- Internationalization of market integration.
- Increased *competition*, which may not be local or even national through free market ideology.
- Rapid *technological change*.
- New concepts of line and general management.
- Constantly changing ownership and resultant corporate climates.
- Cross-cultural issues.
- The economic gravity shifting from 'developed' to 'developing' countries.
AIMS OF STRATEGIC HRM

- To generate **strategic capability**; skilled, committed and well-motivated employees
- To provide a **sense of direction** in an often turbulent environment
- Strategic HRM should provide **unifying frameworks** which are at once broad, contingency based and integrative.
There are three models:-

1. High performance management
2. High commitment management
3. High involvement management
Outcomes of STRATEGIC HRM

- **HUMAN RESOURCE MANAGEMENT**
  - HRM planning
  - Manpower planning
  - Recruitment / selection
  - Training / development
  - Compensation / benefits
  - Employee relations / labor relations
  - Safety / health

- **HUMAN RESOURCE DEVELOPMENT**
  - Org. learning
  - Training
  - Education
  - Development
  - E-learning
  - Management development
  - Career planning / development
  - Orientation
  - Induction
  - Performance management
Strategic HR and its contribution to the organisation.

- Strategic HR can contribute significantly to the organisation by enacting the organisation's strategy through a **focused HR plan** which is in line with the organisational goals. It is concerned with **people issues and activities** that affect the behaviour of individuals and their contribution to the goals and objectives of the organisation. Strategic HR offers the HR function the opportunity to act as a **key partner to the business**.

- The HRM strategies developed by a strategic HRM approach are essential components of the organisation's business strategy.
**Approaches to Improving Organizational Productivity**

- **Restructuring the Organization**
  - Revising organizational structure
  - Reducing staff
  - Aiding in mergers and acquisitions

- **Re-designing Work**
  - Changing workloads and combining jobs
  - Re-shaping jobs due to technology changes

- **Aligning HR Activities**
  - Attracting and retaining employees
  - Training, developing, and evaluating employees
  - Compensating employees, and other HR activities

- **Outsourcing**
  - Using domestic vendors/contractors instead of employees
  - Outsourcing operations internationally

**Goals**
- Increase organizational productivity
- Reduce unit labor costs
Strategic HRM has four meanings which helps the organisation:

- The use of **planning**

- A coherent approach to the **design and management of personnel systems**, based on an employment policy and manpower strategy, and often underpinned by a 'philosophy';

- Matching HRM activities and policies to some explicit business strategy;

- Seeing the people of the organization as a 'strategic resource' for the achievement of 'competitive advantage'.
Relationships among strategies in multiple business Firms

Corporate Strategy

Business 1
Competitive Strategy

Business 2
Competitive Strategy

Business 3
Competitive Strategy

Functional Strategies

Functional Strategies

Functional Strategies