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ABSTRACT: The Globalization of individual companies and capital markets over the past two decades has changed the business landscape. The most of firms have expanded operations overseas, and even strictly domestic businesses are facing competition from abroad. To respond to global competition is more necessary than ever to implement a right HR strategy in order to improve the productivity and effectiveness of the business. HR strategy must be aligned with the organization's vision, mission and goals. In developing an HR strategy, the company must analyze the characteristics of its industry, determine its competitive advantage, and identify key processes and key people. Creating different strategies for all groups of people in the organization may be necessary, depending on their skills, knowledge and responsibilities. Planning and the development of an Human Resource strategy is a critical part of the HR process. It is important that all HR processes and initiatives are developed as part of an overall people strategy which is aligned with, and designed to assist in the achievement of, the organizational strategy and goals. A key part of the HR planning role is the development of a workforce plan. This plan is a design for the organization to attract, retain and develop the workforce required in order to meet its present and future needs. Another key role of the HR function is the development and implementation of policies and associated procedures. There are important aspects to include when developing a policy to ensure it is interpreted and implemented correctly when rolled out across an organization.

KEYWORDS: Individual companies, Human Resource, Planning, Organizational Strategy, Productivity

1. INTRODUCTION

This discipline covers the concepts and practices that guide and align Human Resource Management philosophy, tactical planning and practice with the strategic and long term goals of the organization, with a particular focus on human capital. It deals with the macro-concerns...
of the organization regarding structure, quality, culture, values, commitment, matching resources to future needs and other longer term people issues.

Strategic HRM gives direction on how to build the foundation for strategic advantage by creating an effective organizational structure and design, culture, employee value proposition, systems thinking, an appropriate communication strategy and preparing an organization for a changing landscape, which includes downturns and mergers & acquisitions. Sustainability and corporate social responsibility come within the ambit of this discipline, especially with reference to organizational values and their expression in business decision making.

Strategic HRM emphasizes organizational codes of ethics, managing the societal impact of business decisions, philanthropy and the role of the human resource professional in improving the quality of life of employees, their families and the community at large.

Strategic human resource management (strategic HRM, or SHRM) is an approach to managing human resources that supports long-term business goals and outcomes with a strategic framework. The approach focuses on longer-term people issues, matching resources to future needs, and macro-concerns about structure, quality, culture, values and commitment. It is necessarily dependent on the evolving nature of work itself, which is explored in our Megatrends series and our Profession for the Future strategy.

Strategic HRM: the key to improved business performance explains in detail the various definitions and approaches to HRM, strategy and strategic HRM. It states that strategic human resource management is a complex process that is constantly evolving and the subject of ongoing discussion by academics and other commentators. Its definition and relationships with other aspects of business planning and strategy are not absolute and opinions vary.

The issue of strategic HRM initially came to prominence around the early 1990s, at which time academics developed definitions of strategic HRM as:

- The undertaking of all those activities affecting the behaviour of individuals in their efforts to formulate and implement the strategic needs of business.
- The pattern of planned human resource deployments and activities intended to enable the organization to achieve its goals.

2. THE NATURE OF THE HUMAN RESOURCE STRATEGY

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Economic environment is changing rapidly and this change is characterised by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To compete successfully in this environment organizations continually need to improve their performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market. As organizations become more complex, and as business processes further denote the connection between human and monetary capital, leaders and managers tasked with HR oversight must have a focused, particular skillset to guide the best interest of the company while leading the department. The people who make up an organization -human resources- are considered to be one of the most important resources of today’s firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management and strategy [1]. Traditional sources of success such as product and process technology, protected markets, economies of scale, etc. can still provide competitive leverage but an organization’s human resources are more vital for its sustainability.

Parallel to the understanding that human resources are vital for an organization, human resource management function is also going up in organizational hierarchy. Human resource management aims to ensure that the organization obtains and retains the skilled, committed and wellmotivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities. It involves the operation of recruitment and selection procedures, management development and training activities linked to the needs of the business [2].

Strategic human resource management (SHRM) represents a relatively new transformation in the field of human resource management. SHRM is concerned with the role human resource management systems play in firm performance, particularly focusing on the alignment of human resources as a means of gaining competitive advantage. Organizations are becoming aware that successful human resource policies and practices may increase performance in different areas such as productivity, quality and financial performance.

Designed with human resources professionals in mind—individuals experienced in the field who have their sights set on leading human resources teams and excelling in the field—this specialized studies program provides an intensive examination of the scope of demands
placed on HR leadership, and the marriage of strategic and tactical HR practices. Also addressed are traditional structures and emerging trends, business collaboration and integration, organizational structures as relating to HR planning, and the ways in which talented HR professionals can best prepare themselves to take on leadership roles within HR.

3. THE HUMAN RESOURCES AS A SOURCE OF COMPETITIVE ADVANTAGE

What is the current strategic direction of human resource departments? How will HR departments evolve? Traditionally, human resource departments have focused heavily on administrative duties, including managing records, processing standard transactions and dealing with compliance and legal issues. Today's HR professional is also pivotal in high-level planning, consulting with top executives to chart strategic direction and shaping key policies. With more focus on talent as a strategic resource for the organization's overall success, human resource professionals are obtaining more business insight and incorporating that knowledge into daily operations.

The traditional operational role of human resources leaders has seen a dramatic shift in the last decade. More and more organizations have identified HR as a key business unit that has significant implications for achieving corporate objectives. Senior HR executives are expected to create substantial contributions to the strategic decision-making process. As a result, they must first develop credibility and then demonstrate the required capabilities by having a firm grasp of the key concepts, models and language of business and strategy.

The concept of competitive advantage was formulated by Michael Porter. Competitive advantage, Porter asserts, arises out of a firm creating value for its customers.[3] Porter emphasized the importance of differentiation, which consists of offering a product or service ‘that is perceived industry-wise as being unique’, and focus – seeing a particular buyer group or product market ‘more effectively or efficiently than competitors who compete more broadly’. He then developed his wellknown framework of three generic strategies, -cost leadership, differentiation, focus- that organizations can use to gain competitive advantage. Porter’s widely accepted view suggests that the industry – environmental determinants-affects a firm’s performance. Resource-based view, on the other hand, asserts that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of
valuable resources at the firm's disposal [4]. Competitive advantage, according to this view differs from the environmentally focused strategic management paradigm in that its emphasis is on the links between the internal resources of the firm, its strategy and its performance. The resource-based view suggests that human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific [5]. The sustained superior performance of many companies has been attributed to unique capabilities for managing human resources to gain competitive advantage. Conversely, to the extent that HR systems inhibit the mobilization of new competencies and/or destroy existing competencies, they may contribute to organizational vulnerability and competitive disadvantage. In the closing years of the twentieth century, management has come to accept that people, not products, markets, cash, buildings, or equipment, are the critical differentiators of a business enterprise. All the assets of an organization, other than people, are inert. They are passive resources that require human application to generate value. The key to sustaining a profitable company or a healthy economy is the productivity of the workforce [6]. What is important to recognize is why success through human resources can be sustained and cannot readily be imitated by competitors. The reason is that the success that comes from managing people effectively is often not as visible or transparent as to its source. Culture, how people are managed, and the effects of this on their behavior and skills are sometimes seen as the "soft" side of business, occasionally dismissed [7]. Even when they are not dismissed, it is often hard to comprehend the dynamics of a particular company and how it operates because the way people are managed often fits together in a system. It is easy to copy one thing but much more difficult to copy numerous things. HRM needs to achieve the following strategic goals in order for the company to gain and sustain competitive advantage: [8]

A) to invest in people through the introduction and encouragement of learning processes designed to increase capability and align skills to organizational needs, 
B) to ensure that the organization identifies the knowledge required to meet its goals and satisfy its customers and takes steps to acquire and develop its intellectual capital, 
C) to define the behaviours required for organizational success and ensure that these behaviours are encouraged, valued and rewarded, 
D) to encourage people to engage wholeheartedly in the work they do for the organization, 
E) to gain the commitment of people to the organization’s mission and values. To achieve these goals it is necessary to understand the linkage between HRM and business strategy.
4. DISCUSSION AND CONCLUSIONS

The human resource management function has consistently faced a battle in justifying its position in organizations. At good times when there are enough budgets, firms easily justify expenditures on training, staffing, rewards and employee involvement systems, but when faced with financial difficulties, such HR systems get the earliest cutbacks. The advent of the subfield of strategic human resource management (SHRM), devoted to exploring HR’s role in supporting business strategy, provided one opportunity for demonstrating its value to the firm. The birth of the field of strategic human resource management can be dated back to 1984, when Devanna, Fombrun and Tichy extensively explored the link between business strategy and human resources [9].

Strategic human resource management is “the creation of linkage or integration between the overall strategic aims of business and the human resource strategy and implementation. In principle, the processes and people within the company are managed in such a way as to foster the aims of the business strategy and create an integrated approach to managing the various human resource functions, such as selection, training and reward so that they complement each other” [11]. Strategic human resource management may bring a number of benefits to the organization [12]:

- Contributing to the goal accomplishment and the survival of the company,
- Supporting and successfully implementing business strategies of the company,
- Creating and maintaining a competitive advantage for the company,
- Improving the responsiveness and innovation potential of the company,
- Increasing the number of feasible strategic options available to the company,
- Participating in strategic planning and influencing the strategic direction of the company as an equally entitled member of top management,
- Improving cooperation between the HRM department and line managers. SHRM’s spreading popularity owes much to the promise of greater organizational effectiveness achievable, through the development of internally consistent bundles of human resource strategies which are properly linked to business strategies [13].

Organizational effectiveness can be influenced by many factors and methods. Each of these methods to improve organizational effectiveness will have implications for costs, time and emotional investment.

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It can be tempting for managers to implement quick-fixes or initiatives that create 'buzz' in organizations but which are cosmetic in nature and fail to address the fundamental problems in performance or motivation. Changes in managerial systems and processes have been found to make significant improvements in organizational effectiveness but while, technically, they are easy to implement they do require a certain mind-set and organizational culture to exist (and not just in the top management team) as well as the courage, commitment and determination to sustain them. Those organizations that are prepared to do so will reap rich rewards of improved productivity and performance, faster and better decisions and enhanced employee motivation.

REFERENCES


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