



Strategic
Human Resource
Management

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CHAPTER 4

THE EVOLVING/ STRATEGIC ROLE OF HUMAN RESOURCE MANAGEMENT

Strategic Human Resource Management

- Involves the development of a consistent, aligned collection of practices, programs, and policies to facilitate the achievement of the organization's strategic objectives.
- Requires abandoning the mindset and practices of “personnel management” and focusing on strategic issues than operational issues.
- Integration of all HR programs within a larger framework, facilitating the organization's mission and its objectives.

EXHIBIT 4-1: POSSIBLE ROLES ASSUMED BY THE HR FUNCTION



Traditional HR versus Strategic HR

EXHIBIT 4-2: TRADITIONAL HR VERSUS STRATEGIC HR

	Traditional HR	Strategic HR
Responsibility for HR	Staff specialists	Line managers
Focus	Employee relations	Partnerships with internal and external customers
Role of HR	Transactional, change follower, and respondent	Transformational, change leader, and initiator
Initiatives	Slow, reactive, fragmented	Fast, proactive, integrated
Time horizon	Short-term	Short, medium, long (as necessary)
Control	Bureaucratic—roles, policies, procedures	Organic—flexible, whatever is necessary to succeed
Job design	Tight division of labor, independence, specialization	Broad, flexible, cross-training, teams
Key investments	Capital, products	People, knowledge
Accountability	Cost center	Investment center

Barriers to Strategic HR

EXHIBIT 4-3: BARRIERS TO STRATEGIC HR

- Short-term mentality/focus on current performance
- Inability of HR to think strategically
- Lack of appreciation of what HR can contribute
- Failure to understand general manager's role as an HR manager
- Difficulty in quantifying many HR outcomes
- Perception of human assets as higher risk investments
- Incentives for change that might arise

EXHIBIT 4-4: OUTCOMES OF STRATEGIC HR

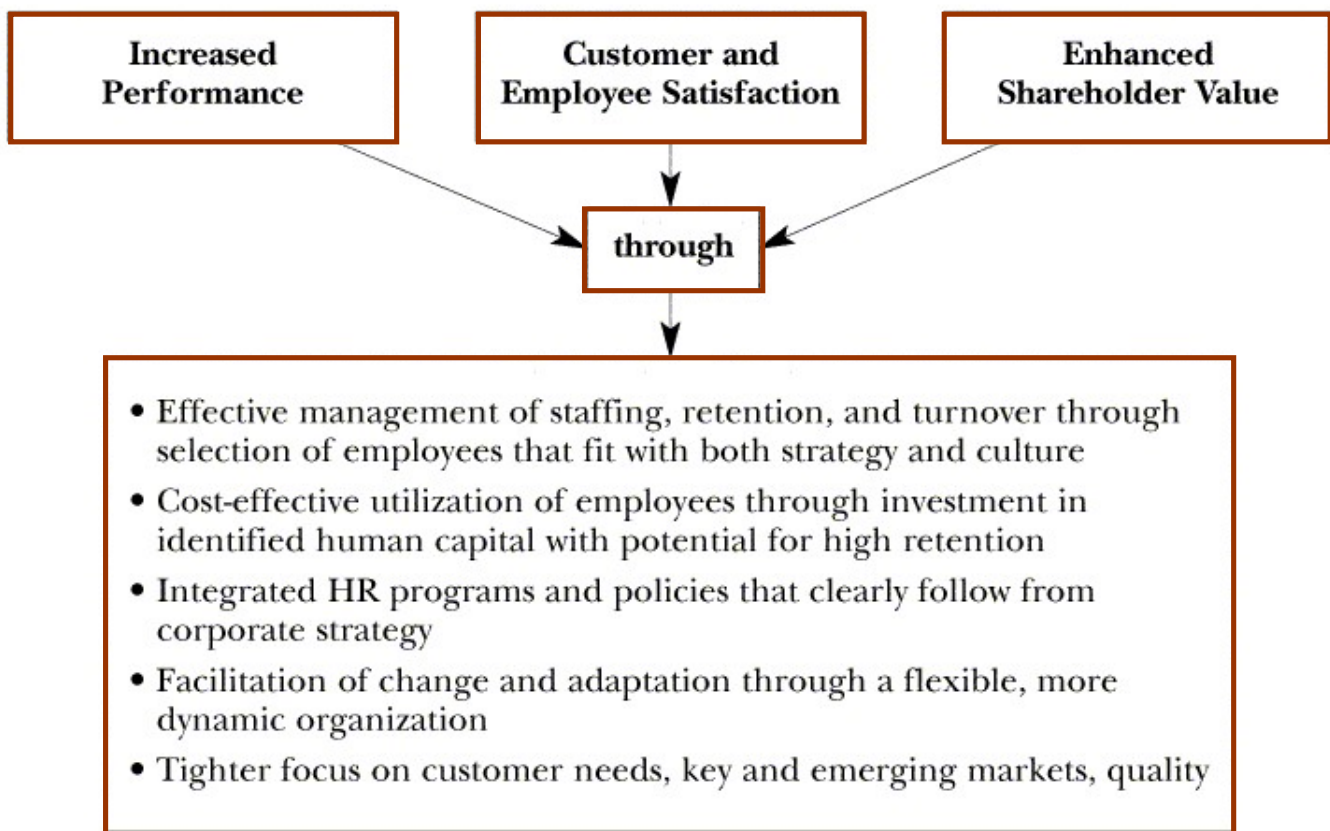
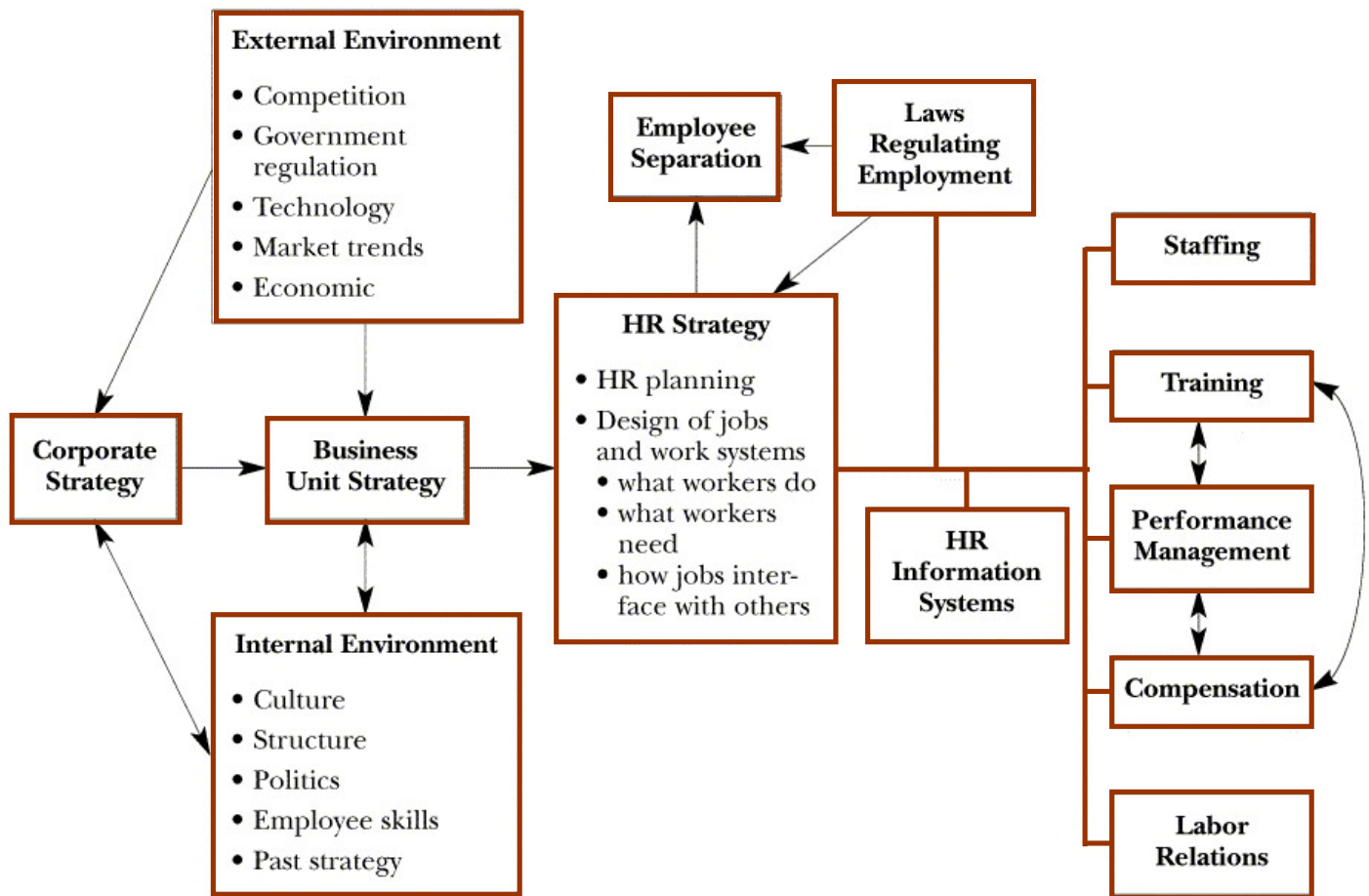


EXHIBIT 4-5: A MODEL OF STRATEGIC HUMAN RESOURCE MANAGEMENT



Reading 4.1: HR and Organizational Excellence

- HR can help deliver organizational excellence by:
 - Becoming a partner with senior and line managers in strategy execution.
 - Becoming expert in the way work is organized, delivering administrative efficiency to ensure that costs are reduced while quality is maintained.
 - Becoming a champion for employees, representing their concerns to senior management and working to increase employee contributions.
 - Becoming an agent of continuous transformation by shaping processes and organizational culture.

Reading 4.1: Five Critical Business Challenges

Globalization

Profitability through Growth

Technology

Intellectual Capital

Change, Change, and More Change

Reading 4.1: HR as Strategy Execution Partner

- HR is responsible for defining an organizational structure as the model for the company's way of doing business.
- HR must be accountable for conducting an organizational audit.
- HR is to identify methods to renovate part of the organizational architecture.
- HR must take stock of its own work and set clear priorities.

Reading 4.1: HR and Organizational Culture

- HR can help bring about a cultural change by:
 - Defining and clarifying the concept of cultural change.
 - Articulating why cultural change is central to business success.
 - Defining a process for assessing the current culture and the desired new culture, as well as measuring the gap between the two.
 - Identifying alternative approaches to creating culture change.

Reading 4.1: Four Changes for the Line

- How senior operating management can create an environment in which HR becomes focused on outcomes instead of activities:
 - Communicate to the organization that the “soft stuff” matters.
 - Explicitly define the deliverables from HR, and hold HR accountable for results.
 - Invest in innovative HR practices.
 - Upgrade HR professionals.

Reading 4.2: Human Capital Management

- To become effective human capital managers, HR managers must develop competencies in:
 - Knowledge of the business.
 - Human resource functional expertise.
 - The management of change.

Reading 4.2: New Functional Role for HR

- HR must focus on business level outcomes rather than HR level inputs.
- HR must become a strategic core competency rather than a market follower.
- Strategic competencies are more important than functional competencies.
- The most important missing element in the HR function expertise is a systems perspective.

Reading 4.3: Organization Culture Questionnaire

- Topics to be included in the questionnaire:
 - How is performance defined, measured and rewarded in the organization?
 - How are information and resources allocated and managed in the organization?
 - What is the operational philosophy of the organization with regard to risk-taking, leadership, and concern for overall results?
 - Does the organization regard its human resources as costs or assets?

Reading 4.3: Analyzing Dysfunctional Cultures

- Which components of the culture are misaligned?
- What priorities should be assigned each of the gaps between what the culture is and what people feel that it should be?
- What resources are needed and how should they be used to change the culture?
- How should the change effort be managed and who does what?
- What role should HR strategy play in signaling, making and reinforcing the necessary changes?