

## Chapter 2

### Fundamentals of Strategic HRM

#### Strategic HRM

The pattern of **planned HR developments & activities** intended to enable an organization to achieve its goals (Jiang et al, 2013).

#### Strategic HRM

- 'Bridges' the *business strategy* & *HRM*
- 'Macro' focus rather than each of the *HR functions*
- Links the *management & development* of individuals to the *business and its environment*.
- Fast, proactive and integrated
  - Much of the responsibility for HRM is *devolved down to line managers* rather than personnel specialists. (Truss and Gratton, 1994; Mello, 2007)

#### Importance of HRM

##### HRM has a dual nature:

supports the organization's strategy

represents and advocates for the employees

*Strategic HRM provides a clear connection between the organization's goals and the activities of employees.*

#### The HRM Functions

##### HRM has four basic functions:

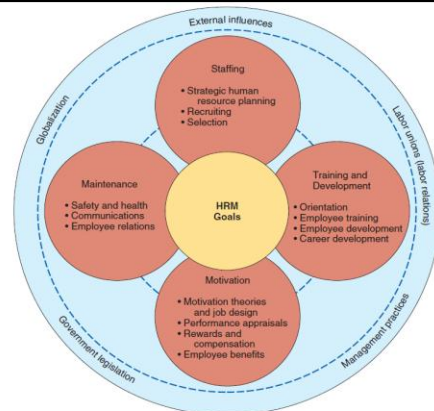
staffing

training and development

motivation

maintenance

*In other words, hiring people, preparing them, stimulating them, and keeping them.*



## The HRM Functions

### staffing

- **strategic human resource planning:** match prospects' skills to the company's strategy needs
- **Recruiting:** use accurate job descriptions to obtain an appropriate pool of applicants
- **Selection:** thin out pool of applicants to find the best choice

*Staffing has fostered the most change in HR departments during the past 30 years.*

## The HRM Functions

### Training and development

- **Orientation:** teach the rules, regulations, goals, and culture of the company
- **Employee training:** help employees acquire better skills for the job
- **Employee development:** prepare employee for future position(s) in the company
- **organizational development:** help employees adapt to the company's changing strategic directions
- **Career development:** provide necessary information and assessment in helping employees realize career goals

*The goal is to have competent, adapted employees.*

## The HRM Functions

### motivation

- **theories and job design:** environment and well-constructed jobs factor heavily in employee performance
- **performance appraisals:** standards for each employee; must provide feedback
- **rewards and compensation:** must be link between compensation and performance
- **employee benefits:** should coordinate with a pay-for-performance plan

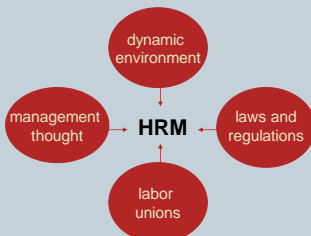
## The HRM Functions

### maintenance

- **safety and health:** caring for employees' well-being has a big effect on their commitment
- **communications and employee relations:** keep employees well-informed of company doings, and provide a means of venting frustrations

*Job loyalty has declined over the past decade.*

## External Influences on HRM



*External influences affect HRM functions.*

## External Influences on HRM

### dynamic environment

globalization      decentralized work sites  
 workforce diversity      technology  
 teams      employee involvement  
 changing skill requirements      ethics  
 continuous improvement

## External Influences on HRM

### laws and regulations

- legislation has an enormous effect on HRM
- laws protect **employee rights** to union representation, fair wages, family medical leave, and freedom from discrimination based on conditions unrelated to job performance
- The Equal Employment Opportunity Commission enforces federal laws on civil rights at work.

## External Influences on HRM

### labor unions

- **assist workers** in dealing with company management
- negotiate wages, hours, and other terms of employment
- promote and foster a grievance procedure between workers and management

*When a union is present, employers can not fire workers for unjustified reasons.*

## Structure of the HR Department

There are four areas in a typical HR department:

employment

compensation /  
benefits

training and  
development

employee  
relations

*Many HR departments also offer services such as operating the company's credit union, making child-care arrangements, providing security, or running in-house medical or food services.*

## Structure of the HR Department

employment

promotes staffing activities, recruits new employees, **but does not make hiring decision**

training and  
development

helps workers adapt to change in the company's external and internal environments

compensation/  
benefits

pays employees and administers their benefits package

employee  
relations

ensures open communication within the company by fostering top management commitment, upward and accurate communication, feedback, and effective information sources

## Careers in HR

### HR positions include:

- **assistants** who support other HR professionals
- **generalists** who provide service in all four HR functions
- **specialists** who work in one of the four HR functions
- executives who report to top management and coordinate HR functions to organizational strategy

*Interpersonal communication skills and ambition are two factors that HR professionals say advance their careers.*

## Careers in HR

### Organizations that spend money for quality HR programs perform better than those that don't.

#### Quality programs:

- reward productive work
- offer a flexible, work-friendly environment
- properly recruit and retain quality employees
- provide effective communications

*Make sure HR services match the overall organizational strategy.*

## HR Trends and Opportunities



- more than half of all companies **outsource** all or some parts of their HR functions
- *professional employer organizations* (PEO) help small- to medium-size companies attract stronger candidates and handle new laws in HR
- *shared services* allow organizations with several divisions or locations to consolidate some HR functions into one central location while retaining certain functions in divisional locations

## Match the Fours

