Creating Human-Resource Management Value by Strategic Human Resources Management: Eight Steps to Strategic HR

Javad.Tajmirriahi¹, Alireza.Sadeghian²

¹, ²Phd Candidate, Human Resources Management, University of Isfahan Mirdamad Campus

Abstract: On the past 22 years, we have worked on more than 50 research projects with HR leaders and organizations to gain a better understanding of what human-resource management leaders can and must do to create value and competitive advantage for their enterprises (Longenecker and Fink, 2011). Across these studies, we have found that HR leaders who are best at properly leveraging and maximizing the potential of their human capital and improving performance tend to engage in specific progressive activities (Fink et al., 2009). Our previous research also makes clear that these HR leaders can frequently face a wide variety of organizational barriers that can get in the way of HR value-creation. These can include lack of top-management support, resource constraints, lack of management buy-in, no strategic voice and “old-school HR paradigms”, among others (Longenecker and Fink, 2012). HR leaders, to be effective, must know how to breach these barriers by engaging in the critical activities needed for success. Based on our findings and experience, we identify the Eight most important activities that HR leaders must practise to leverage their “human assets” to best effect and to get past barriers to strategic HR execution.

Keywords: Value creation, Human-resource management, Strategy,

1. Progressive Strategic HR Thinking and Planning

Examine how your HR-function activities and workforce assets can be aligned optimally to execute your organization’s strategic goals and plans. Effective HR leaders move from a focus on administrative HR practices to promote operational efficiency to a concern with achieving strategic goals. To make this transition, HR leaders and their staff need to understand the “value chain” of the organization and the different ways in which the workforce can contribute to strategy execution. Next, HR leaders must be able to develop a plan to leverage the workforce and diagnose problems that might interfere with the workforce’s contribution to value creation.

2. Staff for Success

Study the staffing requirements of the enterprise to make sure you have the required talent, in proper numbers, in appropriate locations, at proper times. Set up programs to ensure that critical staff members are retained. Successful HR leaders know how to attract, select and retain top talent in the most efficient manner. Ineffective manpower planning, recruitment or selection activities lead to over- or understaffing in critical positions, or people being placed in positions for which they lack the skills to perform. This can lead to countless problems, all of which damage an organization’s ability to compete.

3. Foster Talent Development

Top HR leaders realize that talent acquisition and retention must be supplemented with the requisite education, training and development. No matter how extensive the talent or experience of a workforce, to achieve maximum performance both new hires and existing employees must be trained and retrained, if necessary, to meet the changing demands of the workplace.

Focus must also be kept on nurturing the organization’s culture and making sure that employees understand the organization’s mission and how they contribute to it.

In addition, HR leaders must put developmental programs in place to prepare workers to acquire the new skills required for excellence, make them able to work in dynamic teams and ensure that enough staff members are ready to move to a higher level of responsibility.

4. Create results-orientated Performance-Management and Appraisal Systems

Organizations, particularly in hyper-competitive environments, find it necessary from time to time to evaluate whether their performance-management and appraisal systems contribute to achieving organizational objectives or whether changes are necessary.

For performance-management and appraisal systems to be effective, they must provide performance planning, feedback through coaching and formal appraisals that help employees to understand how they are really doing and what they need to do to improve.

To produce superior results, such systems need to provide managers and employees with the tools, processes and training that encourage ownership and
engagement. Performance-management and appraisal systems need to create a “line-of-sight” that aligns behaviors and reward to the performance outcomes needed to support organizational goals.

5. Align your Compensation and Incentive Systems

Assess the efficacy of the reward systems in place to determine if they are accomplishing the objectives for which they were designed.

Many systems are poorly aligned with the required contributions, ignoring critical contributions and potentially encouraging counter-productive behavior.

All money spent on compensation and incentive systems is wasted if it does not produce needed and desired results.

6. Ensure that all Managers are HR Managers

Ensure that your organizational leaders, at all levels, understand and perform their HR responsibilities with acumen.

It is imperative that HR leaders create a culture where all managers see themselves as HR managers. Line managers need to understand the organization’s HR programs and systems, must be trained to perform their critical HRM responsibilities and need to be assessed on how well they perform these activities.

Starting with top leadership, a message must be put out that these HRM responsibilities are critically important and that the strategic objectives cannot be achieved if they are not properly executed.

Our research suggests that many managers lack the skills necessary properly to perform their HRM responsibilities and HRM leaders must address this skill deficit. Without proper front-line implementation of HRM processes, the organization wastes resources and throws away potential competitive advantage.

7. Foster an ethical culture

Truly effective HR leaders build a culture for ethical behavior in their organizations, build in safeguards to protect confidential information and provide a sounding board and safe harbor for employees to come with ethical concerns.

In tough economic times, where pressures to achieve results are at historic levels, the temptation to engage in unethical or unscrupulous behavior can be great. Only an equally strong ethical culture can counteract such temptation.

HR leaders must be guardians of the ethical culture, be considered the “conscience of the organization” and must put in place practices that either discourage unethical behavior from occurring or catch perpetrators.

The failure of HRM to take on and stop unethical behavior can lead to expensive litigation, fines, loss of reputation or “brand”, among other serious consequences. Effective HR leaders take great responsibility to demonstrate impeccable character and role-model trustworthiness.

8. Audit and accounting, human resource management:

Internal audit refers to assess the human resources systems such as recruitment, selection, planning, compensation, reward, performance management, succession planning External audit to assess the role of human resource management in the company's overall performance, profitability, competitive advantage and it's social responsibilities

9. Conclusion

Did you think about the value?

What is the relationship between value and strategic management of human resources?

As a human resources specialist can see the impact of the application of the above steps

As an HR specialist it is prudent to ask yourself the following questions:

B Is your organization engaging in these critical activities?
B If not, why not?
B If you are engaging in these critical activities, are you performing them in a fashion that provides real value for your stakeholders?

With so many economic pressures facing organizations, a careful review of these activities is warranted. Improvement in any of the activities should help your organization to produce noticeable and needed HR value and performance improvement.

References