



A STUDY ON STRATEGIC HUMAN RESOURCE MANAGEMENT AND ITS CHANGING DIMENSIONS IN GLOBALISED ERA

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Abstract

A major challenge for Strategic Human Resource Management is to establish a clear, coherent and consistent construct for organizational performance. The roles and responsibilities of Human Resource Managers are changing since the modern business facing the pressures of globalization. Global staffing and management of a workforce diverse in culture and language skills and dispersed in different nations are the key goals of global human resource. Globalization, as it has emerged in the 21st century, presents distinctive HRM challenge to business. Global business is characterized by the free flow of human and financial resources.

The global supply of talent is respectively short of its long-term demand, and the gap occurs is a challenge for employers working scenario. Therefore organization's need is to place greater emphasis on attracting human capital rather than financial capital.

This accentuates the need to manage HR effectively to gain competitive advantage in the global market place. To achieve this, organizations require an understanding of the factors that can determine the efficacy of various HR practices and approaches. There has been drastically change in the dimensions of human resource management from the Personnel Management to Strategic Human Resource Management.

Key words: *HRM Changing Dimensions, Transformational work, Strategic function, Organizational strategies, Personnel Management ("workforce" centred), Human Resource Management ("resource" centred), Strategic Human Resource Management(general methodology), E-HRM.*

Introduction

Human resource management (HRM) is a relatively young field, which has undergone a rapid evolution. From its initial roots as the function involved in the administrative aspects of hiring, firing, and payroll, it has seen stages where Union relations/avoidance, employee satisfaction, and legal compliance have served as dominant areas of emphasis and expertise (Noe, Hollenbeck, Gerhart & Wright, 1997).

Globalization has emerged in the 21st century presents distinctive HRM challenges to businesses especially those operating across national boundaries as multinational or global enterprises. Global business is characterized by the free flow of human and financial resources. This accentuates the need to manage HR effectively to gain competitive advantage in the global market place.

Globalization has elevated the importance of HRM development in organization. These changes have led to the notion of the HR system as a strategic asset. The HR function is realigning itself in response to this process of cross-function globalization (building new alliances with these functions) creating new activity streams and new roles and skills required of the HR function (Sparrow, Brewster and Harris, 2004).

Human Resource Management's role in organizations has been evolving dramatically in recent years. Performing clerical duties such as record keeping, paper pushing and file maintenance were the days of Personal Management Department which are over now. HRM is increasingly receiving the attention as a critical strategic partner, assuming stunningly different, far reaching transformational roles and responsibilities. Thus, an organization cannot build a good team of working professionals without good Human Resources. Human Resource Management as a strategic function that encompasses management of its critical human assets for gaining competitive advantage in a dynamic business environment. The concept that 'human resource' is a valued asset that can help tide an organization over turbulent waters has been very aptly realized in the recent times of economic turmoil by businesses worldwide.

Globalization of Indian economy is compelling organization to rethink their future strategies. It is now widely recognized that transformation is a pre-requisite to their survival and growth. Business organization in India especially public enterprises are experiencing winds of change. For the HR function, there would not be a more existing and challenging opportunity than managing the complexities of change and transformation. HR today is playing a lead role along with business functions in creating the necessary momentum and internal capabilities.



Need And Significance of The Study

HRM explores issues not only in the perspective of the individual employee and their employer, but in circumstance of the wider workplace, the labor market and economic powers shaping the type of work, technological improvement, employment rules and societal trends.

The world of work is fast changing so an understanding of how this all affects the way people are managed in the workplace is of tremendous importance theoretically and practically.

Review of Literature

Multi domestic operations (MDOs), Joint Ventures (JVs) and strategic Alliance (SA) are common forms of business structures across regions. Changes in organizational structures, relationships with overseas operations, state – of – the art communications technology and global market now demand different HR approaches for managing MNCs.

The HR executives needs to give international orientation to whatever he or she does – employee hiring, training and development, performance review, remuneration, motivation, welfare, or industrial relations. International orientation assumes greater relevance as business get increasing interlinked across nations.

SHRM includes the four major strategic HR functions i.e., A) Strategic Recruitment and Selection, B) Strategic Training and Development, C) Strategic Performance Management and D) Strategic Rewards Management.

The essence of Strategic Recruitment and Selection is to ensure that the current and future needs are met in accordance with the internal and external dynamic situation and to select potential future employees with attributes that align with the mission statement and values of the organization. Having a good fit between the personal attributes of the employees and the organization’s goals lays the foundation for success in the long term (Mill more and Baker, 1996).

From a strategic perspective, the selection process should ensure that the candidates have a good fit with the organization’s culture and strategic direction (Nankervis, Compton and McCarthy, 1999).

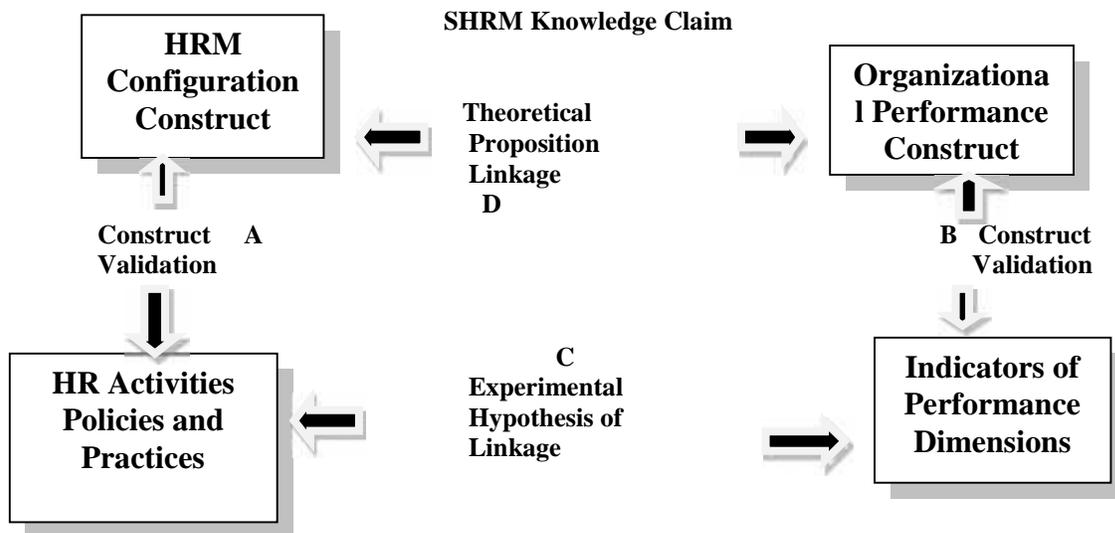
According to Cascio(2006), “a close fit between individual strengths and interests and organizational and job characteristics almost guarantees a happy marriage”. Therefore, to attract and retain talent, firms need to implement strategic recruitment and selection process.

This is followed up by Strategic Training and Development programmes designed to positively enhance or change current knowledge, skills, attitudes and social behaviors to improve future performance at the individual, group or organizational levels. The aim of strategic training is to create and implement a career development program that benefits both the organization and the individual (Nankervis, Compton and McCarthy, 1999).

Developing employees strategically requires that development and training are proactive rather than reactive (Analoui, 2007). To be strategic and effective, strategic human resource development should have top management commitment, link to business strategy and be horizontally integrated with other HRM functions (Cascio, 2006; Millmore et al., 2007).

Strategic Performance Management includes outcomes and targets as well as the strategic competencies that employees need. Aligning the appraisal and performance management practices with the organization objectives is what makes it strategic. The process becomes the key to employee development and improved employee performance (Gomez-Mejia et al., 2004). Implementing strategic appraisal and performance management has the potential to identify and retain good employees and identify development needs for lower level performers.

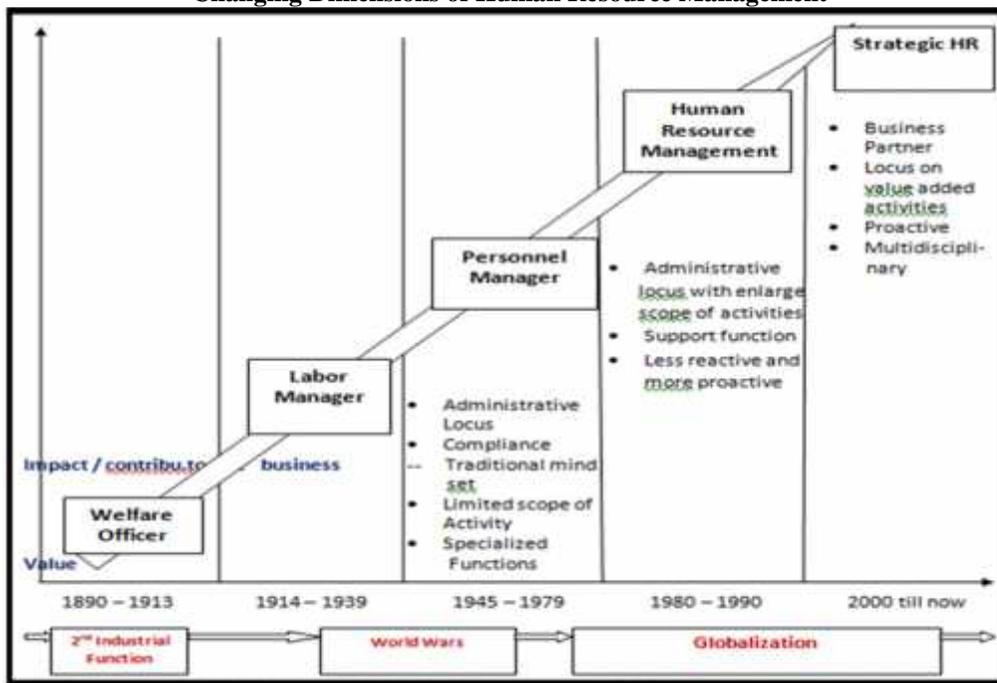
Strategic Rewards Management is defined as “the deliberate utilization of the pay systems as an essential integrating mechanism through which the efforts of various subunits and individuals are directed towards the achievement of an organization’s strategic objective” (Gomez-Mejia and Balking, 1992).



In this figure four links are proposed. Links A and B represent construct validity, or the relationship between constructs and operationalized measures of those constructs. D represents the theoretically specified relationship between two constructs of interest and C represents the empirically observed relationship between the respective measures of the constructs. The importance of construct validity stems from the fact that within the model, any one of the links can be inferred as valid only to the extent that the other three are demonstrated or assumed to be valid. Thus, if a statistically significant relationship at C is observed, the validity of the theoretical proposition D can only be inferred to the extent that both the A and B (construct validity) linkages can be convincingly assumed or demonstrated empirically.

a consequence of inattention to construct validity concerns is that “our knowledge of substantive relationships is not as great as is often believed, and (more speculatively) not as great as would be true if the idea of construct validity received greater attention.” In other words, when inadequate attention is paid to construct validity, our knowledge of substantive relationships is deficient. Given the calls for greater theoretical development in the field of strategic HRM, it seems logical to examine the construct validity of the field’s major dependent variable: organizational performance.

Changing Dimensions of Human Resource Management



The 21st-century workforce is global, highly connected, technology-savvy, and demanding. Critical new skills are scarce—and their uneven distribution around the world is forcing companies to develop innovative new ways to find people, develop capabilities, and share expertise. Trends in leadership, talent acquisition, capability development, analytics, and HR transformation are all impacted by globalization. Companies that learn to leverage global talent markets while localizing their HR strategies will be poised for strong performance. Critical new skills are scarce—and their uneven distribution around the world is forcing companies to develop innovative new ways to find people, develop capabilities, and share expertise. Research shows a significant gap between the urgency of the talent and leadership issues leaders face today and their organizations' readiness to respond. On every critical issue—leadership, retention and engagement, learning and development, analytics—executives recognize the need to take action, but express reservations about their team's ability to deliver results. Today companies have to manage people differently – creating an imperative to innovate, transform, and reengineer human capital practices.

Points of Strategic Focus

1. Lead and develop: The need to broaden, deepen, and accelerate leadership development at all levels; build global workforce capabilities; re-energize corporate learning by putting employees in charge.
2. Attract and engage: The need to develop innovative ways to attract, source, recruit, and access talent; drive passion and engagement in the workforce; use diversity and inclusion as a business strategy; and find ways to help the overwhelmed employee deal with the flood of information and distractions in the workplace.
3. Transform and reinvent: The need to create a global HR platform that is robust and flexible enough to adapt to local needs; re-skill HR teams; take advantage.

Organizational Performance in Strategic HRM

Strategic HRM as “the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals.” The ultimate goal of strategic HRM is to contribute to organizational performance. Within the field of strategic HRM four possible types of measurement could be possible for organizational performance:

1. HR outcomes (turnover, absenteeism, job satisfaction).
2. Organizational outcomes (productivity, quality, service).
3. Financial accounting outcomes (ROA, profitability).
4. Capital market outcomes, (stock price, growth, returns) .

HR strategies were most likely to directly impact human resource outcomes, followed by organizational, financial, and capital market outcomes. This stemmed both from the facts that HR strategies are primarily designed to impact HR outcomes, and that the increasing complexity of factors which influence higher level outcomes would diminish the relative contribution of HR factors to those outcomes.

Human Resource Managers: Their Strategic Role In A Changing Global Business Environment

1. HR professionals must play special roles in dealing with the changes and must develop specific competencies to support these roles. Specified work will become much more collaborative and management will spend nearly all its time managing cross-functional work teams who enjoy a lot of autonomy. In essence, there will be a movement, a trend towards a decentralized model of HR.
2. HR managers have to accommodate employees in their virtual work locations and find ways to manage corporate culture, socialization and employee orientation. In order to obtain and maintain a competent workforce, they must act as organizational performance experts and shape employees behavior without face to face meetings.
3. HR specialists as the facilitators of work across borders and among different cultures. Therefore, they must be knowledgeable of other cultures, languages and business practices. They will be required to develop and manage an international workforce, maintain written and unwritten corporate policies for transportability to other cultures, keep top management informed of the costs of not paying attention to the transnational issues and provide their services to a variety of locations worldwide.
4. Globalization will impact HR managers by requiring new skills like language capabilities. E.g., in order to recruit employees from other cultures, HR managers will either have to learn new languages or else they will certainly have to have foreign speakers on staff. With increasing globalization and competition within the market, a diverse workforce is conducive to attracting and retaining a strong client base. While competing in an international market, employees from diverse national backgrounds provide language skills and understanding of other cultures.
5. HR professionals are expected for providing cultural sensitivity training for the organizations employees and for managers throughout the entire organization.



Conclusion

This paper highlights a framework for Strategic Human Resource Management as a response to prepare organizations for the challenges of globalization. Individual enterprises, whether domestically or internationally-based and organized, are in "the frontline" of these changes. Employers and their organizations therefore have the most important role in generating the responses needed to take advantage of these new and emerging circumstances.

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