

The Evolving Strategic Role of HRM

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Week Four

Lecture 03



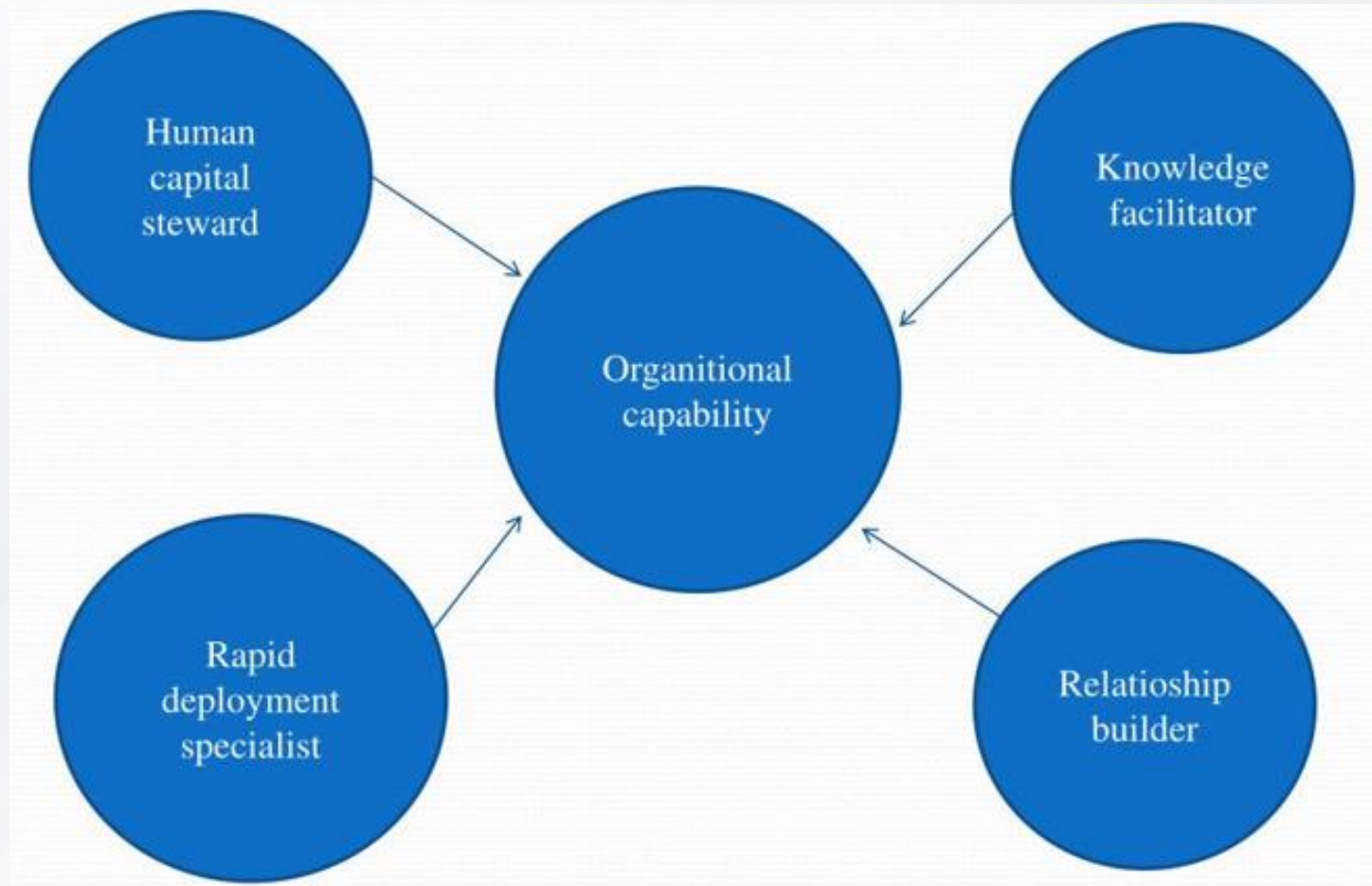
Main Topics Discussed

- **The evolution of SHRM**
- **Four main new roles of HRM professionals**
- **Differences between HRM & Strategic HRM**
- **New competencies for HRM Professionals**
- **Lepak & Snell employment model**
- **Barriers to Strategic HRM implementation**

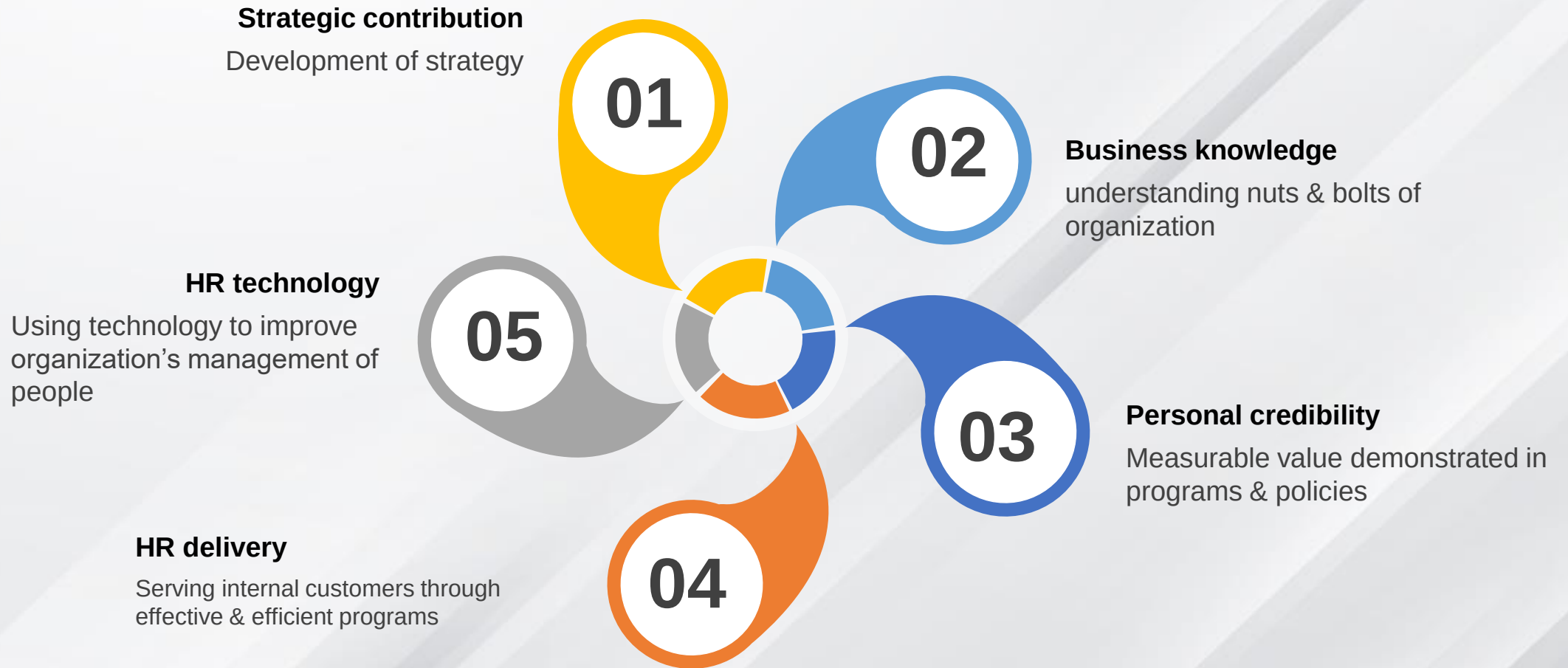
Possible Roles of HR Functions



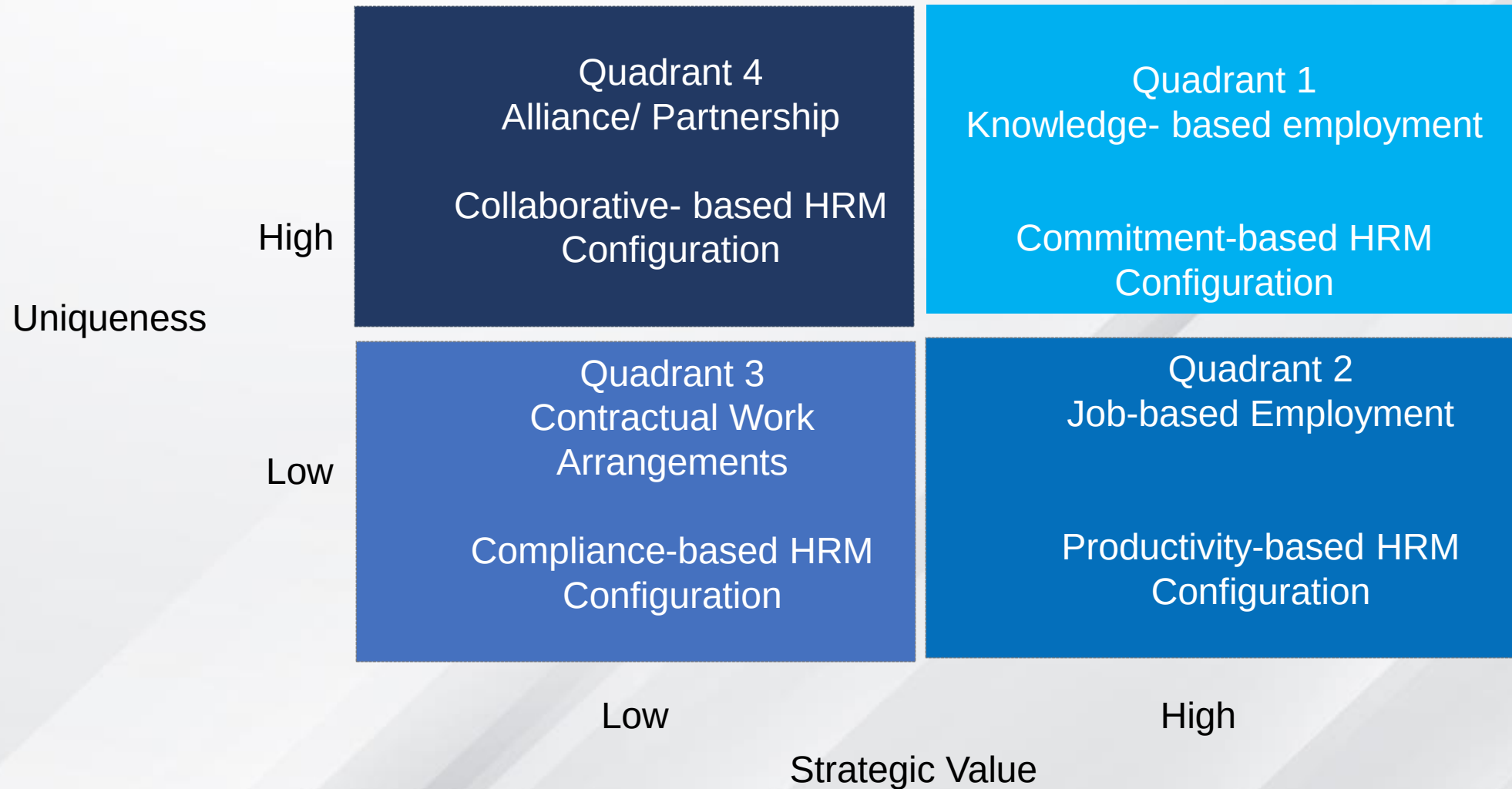
HR Roles in Knowledge-Based Economy



HR Professionals Competencies



Lepak & Snell's Employment Models



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

Strategic contribution

- Short-term focus. - Rewards and evaluations prioritize immediate performance,
- Discouraging long-term planning in HR initiatives that benefit the company years down the line

Business Knowledge

- Limited strategic thinking by HR hinders strategic HR.
- HR's deep technical knowledge can create a silo mentality, hindering understanding of other departments and reducing influence on overall strategy.

Personal Credibility

- Senior management's undervaluing of HR's strategic potential.
- They often see HR as bureaucratic and rule-bound, hindering productivity rather than being a strategic partner.

HR Delivery

- Line managers often neglect their "HR" role, focusing on technical aspects rather than people management.
- Strategic HR requires them to share responsibility for employee relations, with HR acting as a support system.

HR Technology

- Measuring HR program benefits can be difficult, leading to resistance from budget-focused leadership.
- Unlike equipment, human capital requires ongoing investment, which some view as risky.
- Strategic HR recognizes that people, not just technology, drive success, but change itself can be a barrier.

MCQ Quiz

Click Link: <https://quizizz.com/join>

Join Code: 8705 3182

Click Start Game

Case Study: Strategic HR Management at Southwest Airlines

Southwest Airlines' Success:

Southwest Airlines (SWA) was a highly successful airline in the 1990s, known for profitability, customer service, and a unique corporate culture.

Key to Success: HR Practices

SWA's HR practices are integrated and strategically developed to create a competitive advantage. These practices create value for employees (low turnover, high productivity, job satisfaction) which translates to value for shareholders.

Strategic HR Management at Southwest Airlines

The Value Cycle:

SWA creates value for employees through HR practices.

This value is converted to customer value through specific operating processes (short-haul flights, quick turnaround, less congested airports).

Superior service and lower costs compared to competitors lead to capturing value.

Competitive Strategy:

Growth is limited by the ability to hire and train employees who fit the company culture.

Value analysis is used to increase passenger willingness to pay, decrease prices, decrease costs, and reduce employee opportunity cost.

Strategic HR Management at Southwest Airlines

HR Practices for Competitive Advantage:

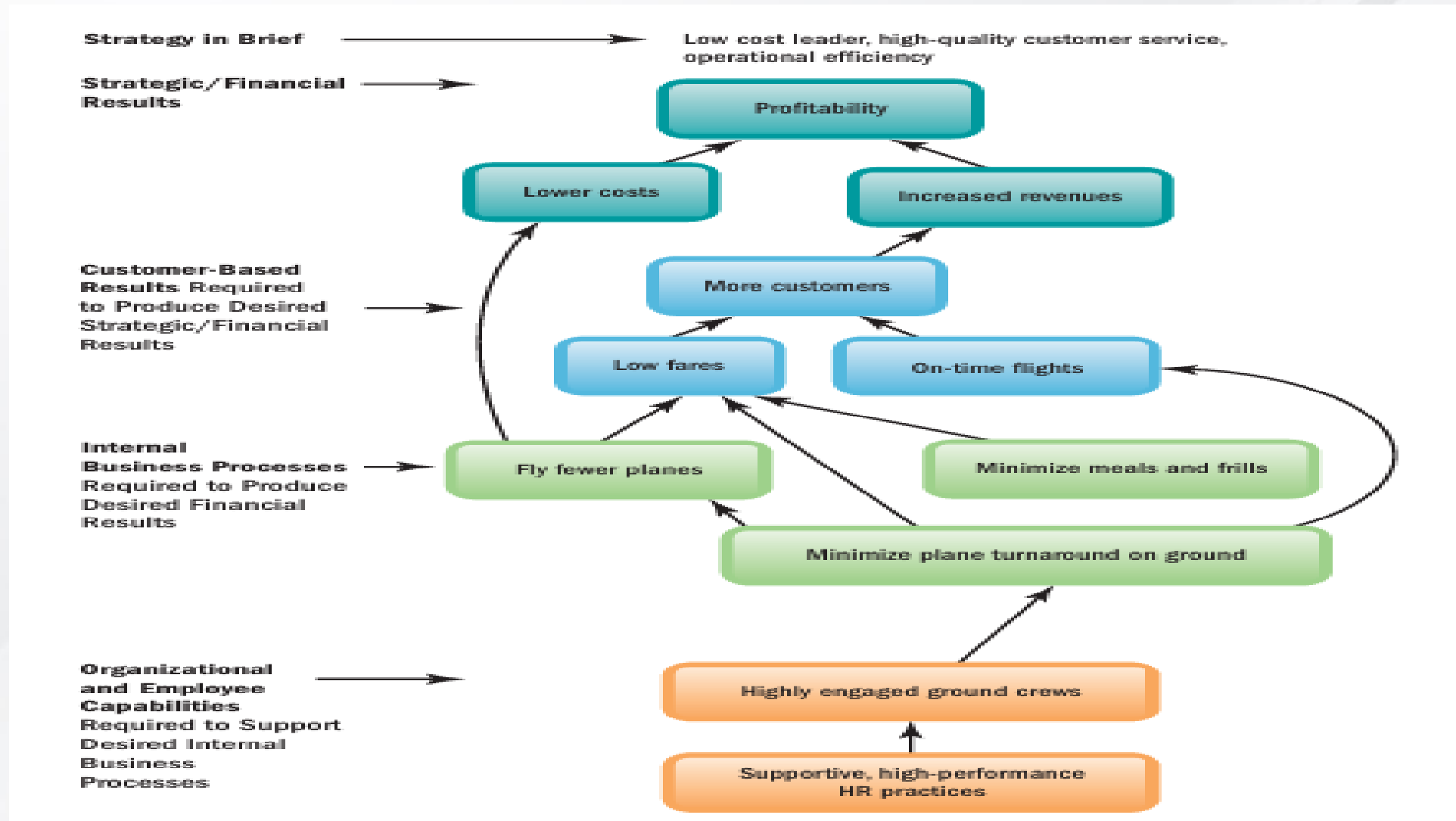
Hiring process emphasizes "LUV" (respect for individuality and genuine concern for others) and "FUN" (employees enjoying work and creating a fun atmosphere for customers).

Compensation includes average salaries with a positive work environment as a form of non-monetary compensation.

Rigorous selection process, ongoing training and development, and soliciting employee feedback are all used to create a unique and valuable workforce.

The nurturing and development of the organizational culture is critical to Southwest's competitive edge.

Strategy Map



Assignment 01

Introduction

ABC Company operates in the industrial manufacturing sector, which is highly competitive with increasing pressures on cost, quality, and speed to market. The company's key strategic objectives include:

- Improving operational efficiency and productivity
- Enhancing product innovation and time-to-market
- Strengthening the company's competitive position
- Developing a skilled, adaptable, and engaged workforce
- Achieving profitable growth and increased market share

Assignment 01

Main challenges

The HR department at the company has been criticized by top management for its inefficiency and inability to support the company's goals.

Top management has decided to restructure the HR department to make it more strategic and able to contribute to the company's success.

The company is facing increasing competitive challenges in the market, leading to pressure on management to reduce costs and improve productivity.

Assignment 01

- There are recurring complaints from executive managers about the HR department's inability to meet business needs and their slow response to changes in job requirements and skills.
- Employee turnover rates are high, affecting the stability and expertise of the workforce.
- The current focus of the HR department is heavily tilted towards traditional administrative functions such as payroll, benefits, and recruitment, with little focus on supporting the company's strategic objectives.
- There is a sense that the HR department is isolated from other departments and does not effectively contribute to institution-level decision-making processes.

These challenges highlight the urgent need to restructure the HR department to make it more strategic and aligned with the company's goals.

Assignment 01

Questions

1. Analyze the traditional role of HR management in the company before the restructuring, highlighting the weaknesses and opportunities for development.
2. Suggest a new design for the HR department that aligns with a strategic human resource management approach. Outline the new roles and responsibilities.
3. Describe how the shift from traditional HRM to strategic HRM will support the company's strategic objectives.
4. Identify potential challenges in implementing this transition and how to overcome them.

Assignment 01- Answer: Q1

- Prior to the restructuring, the HR function was likely focused on more transactional and administrative tasks.
- The HR team may have operated in a silo, with limited integration and alignment with the company's overall business strategy.

Weaknesses in this traditional HR approach include:

- Reactive and tactical orientation, rather than proactive and strategic
- Lack of emphasis on talent management, workforce planning, and capability development
- Limited involvement in key business decisions and strategic initiatives
- Poor utilization of HR data and analytics to drive workforce-related decisions
- Insufficient focus on driving employee engagement, performance, and productivity

Assignment 01- Answer: Q1

However, this traditional HR model also presents opportunities for development, such as:

- Elevating the role of HR to become a true strategic partner
- Aligning HR policies, programs, and practices with the company's business objectives
- Leveraging HR data and analytics to provide valuable insights and recommendations
- Enhancing the HR team's capabilities in areas like change management and organization design
- Fostering a more collaborative and integrated relationship between HR and other business functions

Assignment 01- Answer: Q2

The restructured HR department at ABC Company could have the following key components and responsibilities:

- **Strategic Business Partners:** HR professionals embedded within each business unit, who deeply understand the unit's challenges and priorities, and work closely with leaders to develop and implement talent strategies.
- **Centers of Expertise:** Specialized teams focused on areas such as talent acquisition, learning and development, compensation and benefits, and HR analytics, providing subject matter expertise and scalable services.
- **HR Operations:** A shared service center handling transactional HR tasks, enabling the strategic business partners and centers of expertise to focus on more value-added activities.
- **HR Leadership and Governance:** A centralized HR leadership team responsible for setting the HR strategy, policies, and standards, and ensuring alignment across the organization.

Assignment 01- Answer: Q2

This new structure would enable the HR function to:

- Participate in strategic decision-making and contribute to the achievement of business goals
- Proactively identify and address critical talent and capability gaps
- Implement innovative HR programs and practices tailored to the needs of each business unit
- Leverage data and analytics to drive more informed, evidence-based decisions
- Foster a culture of continuous improvement and organizational agility

Assignment 01- Answer: Q3

The shift to a strategic human resource management approach will support ABC Company's key strategic objectives in the following ways:

Improving operational efficiency and productivity:

- Ensure the right talent and skills are in place to drive operational excellence
- Implement performance management and incentive systems to motivate and engage employees
- Develop training and development programs to build critical capabilities

Enhancing product innovation and time-to-market:

- Attract and retain top talent in R&D, engineering, and product management roles
- Foster a culture of innovation and creativity through targeted HR initiatives
- Implement agile work practices and organizational structures to support rapid product development

Assignment 01- Answer: Q3

Strengthening the company's competitive position:

- Develop robust talent management and succession planning processes
- Implement compensation and benefits strategies to attract and retain top talent
- Enhance employer branding and employee value proposition to differentiate ABC Company

Developing a skilled, adaptable, and engaged workforce:

- Implement strategic workforce planning to anticipate future skill needs
- Design learning and development programs to build critical capabilities
- Implement employee engagement initiatives to drive commitment and adaptability

Assignment 01- Answer: Q3

Achieving profitable growth and increased market share:

- Ensure the right talent and organizational structures are in place to support business expansion
- Implement HR analytics and data-driven decision-making to optimize workforce investments
- Align incentive structures and performance management to drive business results

Assignment 01- Answer: Q3

Some potential challenges in implementing the shift to strategic HRM at ABC Company include:

Resistance to change: Employees and leaders may be hesitant to adopt new HR practices, especially if they are accustomed to the traditional, more transactional approach.

To overcome this, the HR team should:

- **Engage stakeholders early** and communicate the rationale and benefits of the transition
- **Implement change management strategies** to address concerns and facilitate the adoption of new ways of working
- **Demonstrate quick wins and tangible improvements** to build momentum and confidence in the new approach

Assignment 01- Answer: Q3

Aligning HR with the business: Ensuring that the HR function is truly integrated with the company's strategic objectives may require significant effort.

Strategies to address this include:

- Embedding HR business partners within the business units to foster deeper understanding and alignment
- Establishing clear governance and communication channels between HR and other functional areas
- Developing HR metrics and KPIs that are directly linked to the company's strategic goals

Assignment 01- Answer: Q3

Developing HR capabilities: The HR team may need to acquire new skills and competencies to support a more strategic role.

Possible solutions include:

- Investing in training and development programs for HR professionals
- Hiring or partnering with external experts to fill capability gaps
- Implementing job rotation and cross-functional assignments to broaden HR expertise

Assignment 01- Answer: Q3

Data and technology limitations: Leveraging HR data and analytics may be a challenge if the company's systems and processes are outdated.

To address this:

- Assess and upgrade HR technology and data infrastructure
- Upskill HR professionals in data analytics and evidence-based decision-making
- Collaborate with IT and other stakeholders to enhance data integration and accessibility

References

Main Reference

- Mello A .Jeffrey (2011). Strategic Management of Human Resources (3rd ed.) South-Western Cengage Learning.

Additional Resources for extra reading.

- Boselie, Paul (2014). Strategic Human Resource Management: A Balanced Approach .McGraw Hill Companies.
- Millmor, Mike, Philip Lewis, and others (2007), Strategic Human Resource Management Contemporary issues. Ft Prentice Hall.



Thank You