

The Evolving/Strategic Role of HRM

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Week Four

Lecture 3



Learning Outcome

01

Understand the fundamental differences between traditional and strategic human resource

02

Explain why some organizations still fail to deliver human resource strategically

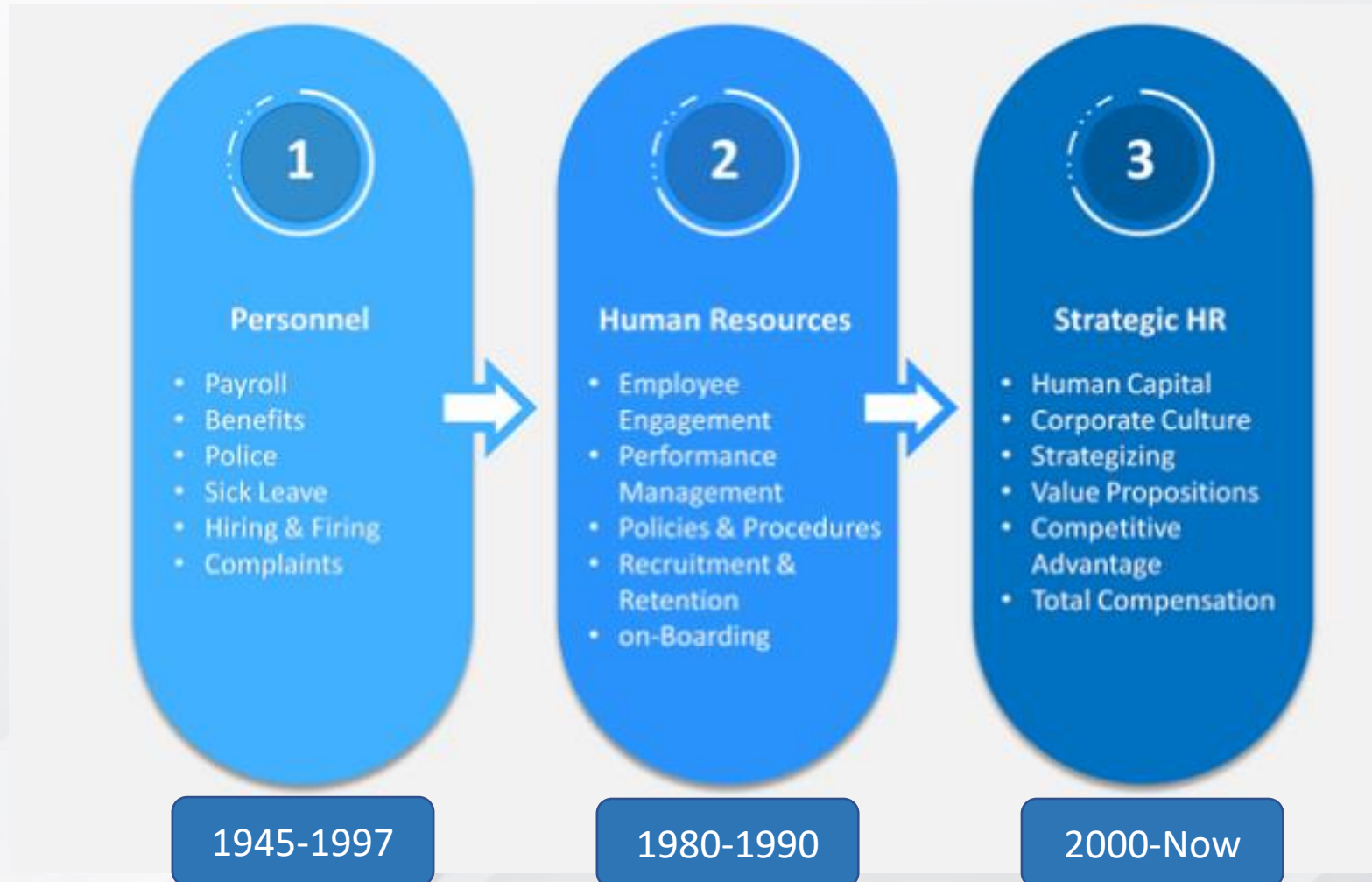
03

Describe the outcomes and benefits of strategic human resource

04

Understand how different company strategies might result in the need for human resource to assume different primary roles

Evolution of HRM



Strategic HR at Netflix

Challenge:

Attract and retain top talent in a competitive market.

Solution:

Cultivate a unique company culture that emphasizes:

Flexibility: No set work hours, virtual meetings, and freedom to come and go.

Trust: Employees manage their own vacation time and expenses.

High Performance: Attracts individuals who thrive in a results-oriented environment.

Competitive Compensation: High salaries adjusted annually with stock options.

Self-Directed Development: Employees take ownership of their career growth

Outcome:

Netflix's approach is reflected in its success: significant growth in revenue, profits, and reputation from 2009 to 2011.

NETFLIX

Possible Roles of HR Functions



Strategic HR Versus Traditional HR

- Traditional HR Strategic HR can be contrasted to the more traditional administrative focus of HR through an examination of four different roles that HR can play in an organization.
- Ulrich developed a framework which proposes an entirely new role and agenda for HR that focuses less on traditional functional activities, such as compensation and staffing, and more on outcomes.
- In this scenario, HR would be defined not by what it does but rather by what it delivers. Ideally, HR should deliver results that enrich the organization's value to its customers, its investors, and its employees.

Possible Roles of HR Functions

1- Strategic Partner

Conduct an organizational audit to help managers identify those components of architecture or structure that need to be changed to facilitate strategy execution.

Identify methods for renovating the parts of the organizational architecture that need it.

Set clear priorities to ensure delivery of results, acquire new skills and capabilities to allow adding value for the executive team.

Possible Roles of HR Functions

2- Administrative Expert

Streamline Administration work, ensure effectiveness and efficiency

Utilize technology to automate HR functions, and hence focusing on its new role as a strategic partner

Possible Roles of HR Functions

3- Employee Champion

Ensuring that employees are fully engaged in and committed to the organization

Partnering with line management to enhance employee morale and training line managers to recognize—and avoid—the causes of low morale, such as unclear goals

Acting as an advocate for employees, representing them and being their voice with senior management

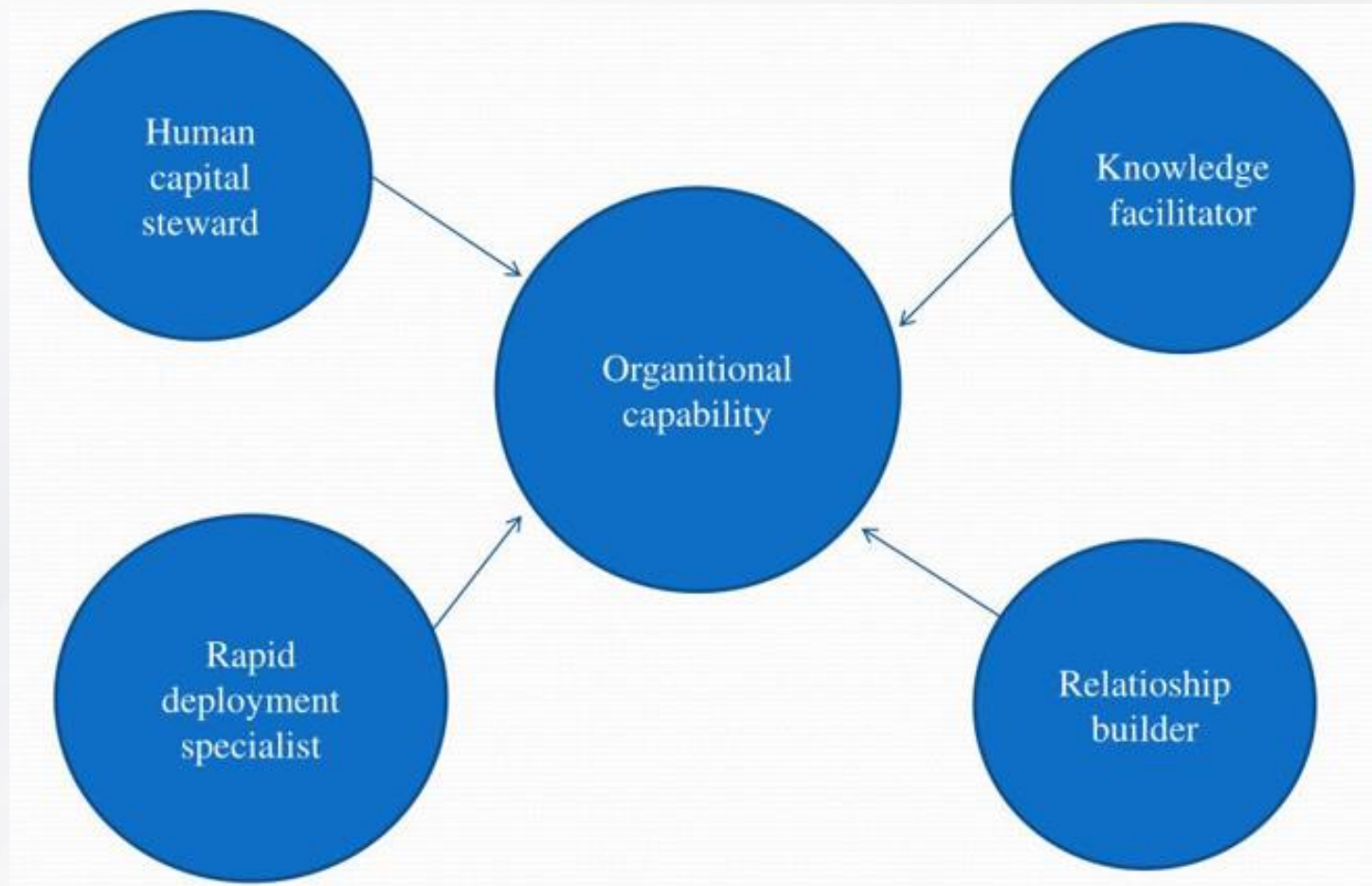
Possible Roles of HR Functions

4- Change Agent

Build the organization's capacity to embrace and capitalize on new situations
Ensuring that change initiatives are defined, developed, and delivered in a timely manner.

Help the organization plan for and overcome any resistance to change that might present itself.

HR Roles in Knowledge-Based Economy



Possible Roles of HR Functions

1- Human Capital Steward

- Creating of an environment and culture in which employees voluntarily want to contribute their skills, ideas, and energy.
- This is based on the premise that unlike raw materials, plant, and equipment, human capital is not “owned” by the organization; it can move freely from organization to organization
- A competitive advantage can be maintained only when the best employees are recruited, duly motivated, and retained

Possible Roles of HR Functions

2- Knowledge Facilitator

- Involves the procurement of the necessary employee knowledge and skill sets that allow information to be acquired, developed, and disseminated, providing a competitive advantage.
- This process can succeed only as part of a strategically designed employee development plan, whereby employees teach and learn from each other and sharing knowledge becomes valued and rewarded.

Possible Roles of HR Functions

3- Relationship Builder

- Involves the development of structure, work practices, and organizational culture that allow individuals to work together, across departments and functions.
- To ensure competitiveness, networks need to be developed that focus on the strategic objectives of the organization and how synergies and teamwork that lead to outstanding performance are valued and rewarded

Possible Roles of HR Functions

4- Rapid deployment specialist

- Involves the creation of an organization structure and HR systems that are fluid and adaptable to rapid change in response to external opportunities and threats.
- The global, knowledge-based economy changes quickly and frequently, and success in such an environment mandates flexibility and a culture that embraces change.

HR Professionals Competencies



HR Professionals Competencies

Strategic contribution—requires the development of strategy, connecting organizations to external constituents, and implementing systems that align employee performance with company strategy.

Business knowledge—involves understanding the nuts and bolts of the organization's operations and leveraging this knowledge into results.

Personal credibility—requires that measurable value be demonstrated in programs and policies implemented.

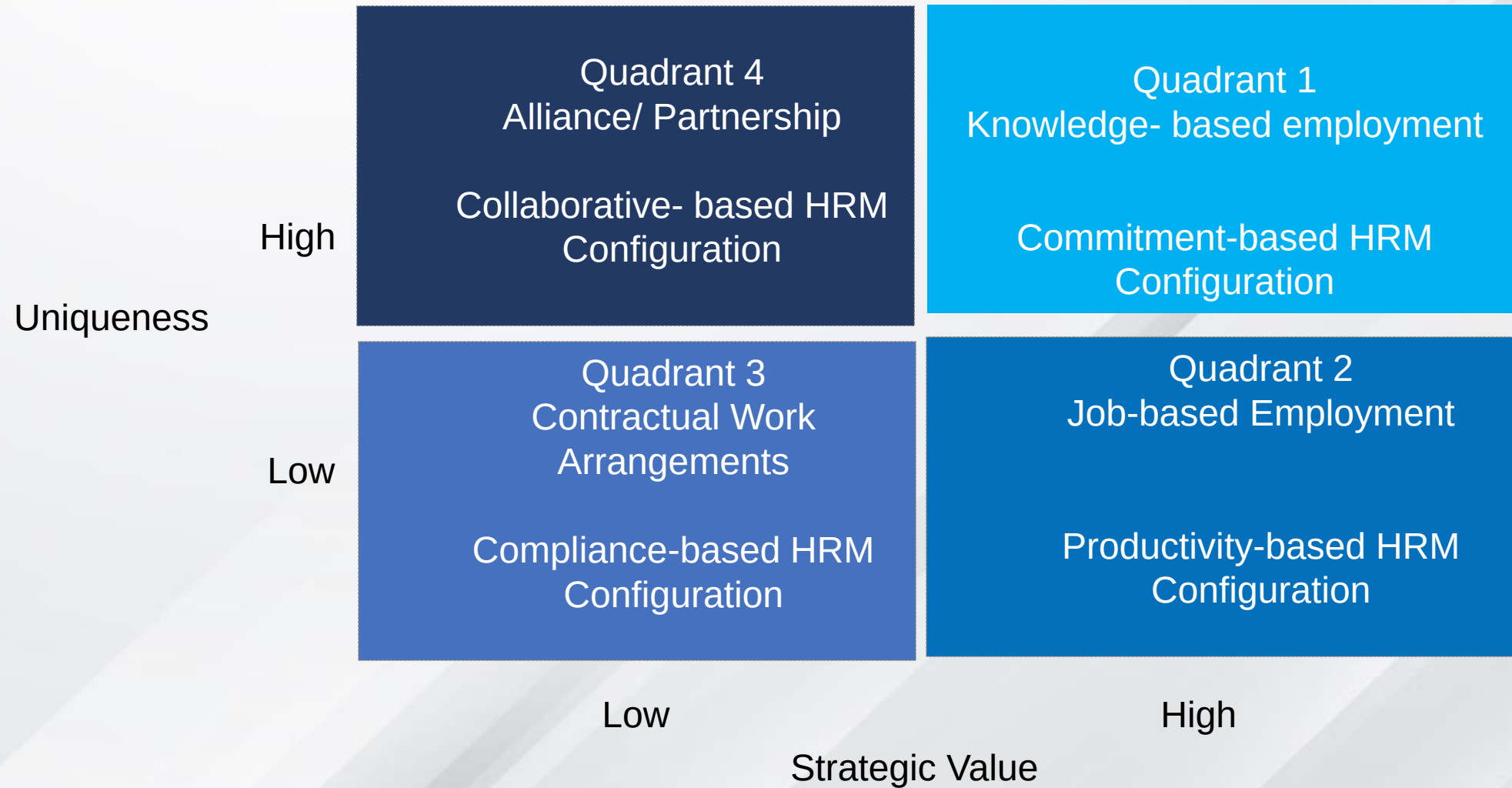
HR delivery—involves serving internal customers through effective and efficient programs related to staffing, performance management, and employee development.

HR technology—involves using technology to improve the organization's management of its people.

Other Roles/ Competencies of HR Professionals



Lepak & Snell's Employment Models



Lepak & Snell's Employment Models

Lepak and Snell developed a system that identifies four different employment models and examines the types of HR systems required by each.

They first analyzed the characteristics of human capital by using two dimensions.

1ST Strategic value, or the extent of its potential to improve efficiency and effectiveness, exploit market opportunities, and/or neutralize potential threats.

2nd Uniqueness, or the degree to which it is specialized and not widely available.

These two dimensions form the matrix, which identifies the four types of employment modes

Lepak & Snell's Employment Models

Quadrant 1: Knowledge-based employment:

Human capital that is unique and has high strategic value to the organization.
This type of employment requires commitment-based HR management.

Commitment-based HR involves heavy investment in training and development, employee autonomy and participation, employment security, and compensation systems that are long term (i.e., stock options) and knowledge based.

Lepak & Snell's Employment Models

Quadrant 2: Job-based employment

Human capital that has limited uniqueness but is of high strategic value to the organization.

This type of employment requires **productivity-based HR management**. Less investment will be made in employees, and the organization will seek to acquire individuals with the requisite skills rather than provide training in skills that are generic.

Shorter time frames will be established for performance and rewards, and jobs will be more standardized.

Lepak & Snell's Employment Models

Quadrant 3: contractual employment

Human capital that is neither unique nor of strategic value to the organization.

This type of employment requires compliance-based HR management.

Structure and direction would be provided for employees and systems established to ensure that employees comply with rules, regulations, and procedures.

Workers would receive little discretion, and any training, performance management, and compensation would be based on ensuring compliance with the set work structures.

Lepak & Snell's Employment Models

Quadrant 4: Alliance/partnership employment

Human capital that is unique but of limited strategic value to the organization.

This type of employment requires collaborative-based HR management.

Much of the work would be outsourced to an outside vendor based on the sharing of information and establishment of trust.

The organization would select alliance partners who are committed to the relationship as well as the organization's success. Performance standards and incentives would be established that mutually benefit both partners.

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

HR Adding Value through effective management of 4 Flows

People Flow

Consider how employees enter, move through, and eventually leave the organization.

Performance Flow

Considers the development of standards and rewards that are consistent with the interests of stakeholders

Information Flow

Considers how employees are made aware of priorities and activities and provided feedback.

Work Flow

Considers the processes in which employees engage and the appropriate responsibility for these processes

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.

Conclusion

- **The evolution of SHRM**
- **Differences between HRM & Strategic HRM**
- **Four main new roles of HRM professionals**
- **New competencies for HRM Professionals**
- **Lepak & Snell employment model**
- **HR adding value through effective management of four flows**
- **Barriers to Strategic HRM implementation**

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