

# **PERIYAR UNIVERSITY**

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(State Public University Rank 25)  
SALEM - 636 011, Tamil Nadu, India.**

**CENTRE FOR DISTANCE AND ONLINE EDUCATION  
(CDOE)**

**MASTER OF COMMERCE  
SEMESTER - I**



**ELECTIVE COURSE II B  
STRATEGIC HUMAN RESOURCE  
MANAGEMENT**

**(Candidates admitted from 2024 onwards)**

# **PERIYAR UNIVERSITY**

**CENTRE FOR DISTANCE AND ONLINE EDUCATION (CDOE)  
M.Com 2024 admission onwards**

**ELECTIVE – Strategic Human Resource Management**

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## SYLLABUS

### STRATEGIC HUMAN RESOURCE MANAGEMENT

#### **Unit 1 - Introduction to Strategic Human Resource Management (SHRM)**

SHRM- Meaning, Features, Evolution, Objectives, Advantages, Barriers to SHRM, SHRM v/s Traditional HRM, Steps in SHRM, Roles in SHRM: Top Management, Frontline Management, HR - Changing Role of HR Professionals.

#### **Unit 2 – Models of Strategic Human Resource Management**

Models of SHRM – High Performance Working Model, High Commitment Management Model, High Involvement Management Model - HR Environment – Environmental trends and HR Challenges -Linking SHRM and Business Performance.

#### **Unit 3 – Strategic Planning and Compensation**

Resourcing Strategy: Meaning and Objectives - Strategic HR Planning: Meaning, Advantages, Interaction between Strategic Planning and HRP, Managing HR Surplus and Shortages, Strategic Recruitment and Selection: Meaning and Need - Strategic Human Resource Development: Meaning, Advantages and Process - Strategic Compensation as a Competitive Advantage - Rewards Strategies: Meaning, Importance - Employee Relations Strategy, Retention Strategies, Strategies for Enhancing Employee Work Performance.

#### **Unit 4 – Human Resource Policies**

Human Resource Policies – Meaning, Features, Purpose of HR Policies, Process of Developing HR Policies, Factors affecting HR Policies, Areas of HR Policies in Organisation, Requisites of Sound HR Policies – Recruitment, Selection, Training and Development, Performance Appraisal, Compensation, Promotion, Outsourcing, Retrenchment, Barriers to Effective Implementation of HR Policies and Ways to Overcome these Barriers.

#### **Unit 5 – Latest trends in Strategic HRM**

Mentoring - Employee Engagement – Meaning, Factors Influencing Employee Engagement, Strategies for Enhancing Employee Engagement - Competency based HRM: Meaning, Types of Competencies and Benefits of Competencies for Effective Execution of HRM Functions -Human Capital Management: Meaning and Role - New Approaches to Recruitment – Employer Branding.

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## STRATEGIC HUMAN RESOURCE MANAGEMENT

<b>Unit 1 - Introduction to Strategic Human Resource Management (SHRM)</b>		
SHRM- Meaning, Features, Evolution, Objectives, Advantages, Barriers to SHRM, SHRM v/s Traditional HRM, Steps in SHRM, Roles in SHRM: Top Management, Frontline Management, HR - Changing Role of HR Professionals.		
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## Learning Objectives

The unit aims to provide a comprehensive understanding of Strategic Human Resource Management (SHRM). It explores the meaning, key features, evolution, objectives, advantages, and challenges associated with SHRM. The unit contrasts SHRM with traditional HRM, outlines the steps involved in SHRM implementation, and highlights the crucial roles of top management, frontline management, and HR professionals in driving organizational success through strategic human capital management.

# STRATEGIC HUMAN RESOURCE MANAGEMENT

## SECTION 1.1: STRATEGY

### 1.1.1 Introduction to Strategy

- ❖ The word “strategy” is derived from the Greek word “strategos”; stratus (meaning army) and “ago” (meaning leading/moving).
- ❖ Strategy is an action that managers take to attain one or more of the organization’s goals.
- ❖ Strategy can also be defined as “A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process”.
- ❖ A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives.
- ❖ While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers.
- ❖ Strategy can also be defined as knowledge of the goals, the uncertainty of events and the need to take into consideration the likely or actual behavior of others.

### 1.1.2 Meaning of Strategy

Strategy is a high-level plan to achieve one or more goals under conditions of uncertainty. Strategy is an action that managers take to attain one or more of the organization's goals.

### 1.1.3 Definition of Strategy

Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process".

Chandler defines Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

Mintzberg defines Strategy is a mediating force between the organization and its environment consistent patterns in streams of organizational decisions to deal with the environment.

Prahalad defines Strategy is more than just fit and allocation of resources. It is stretch and leveraging of resources

### 1.1.4 Nature of Strategy

Based on the above definitions, we can understand the nature of strategy. A few aspects regarding nature of strategy are as follows:

- Strategy is a major course of action through which an organization relates itself to its environment particularly the external factors to facilitate all actions involved in meeting the objectives of the organization.
- Strategy is the blend of internal and external factors. To meet the opportunities and threats provided by the external factors, internal factors are matched with them.
- Strategy is the combination of actions aimed to meet a particular condition, to solve certain problems or to achieve a desirable end. The actions are different for different situations.



- Due to its dependence on environmental variables, strategy may involve a contradictory action. An organization may take contradictory actions either simultaneously or with a gap of time. For example, a firm is engaged in closing down of some of its business and at the same time expanding some.
- Strategy is future oriented. Strategic actions are required for new situations which have not arisen before in the past.
- Strategy requires some systems and norms for its efficient adoption in any organization.
- Strategy provides overall framework for guiding enterprise thinking and action.

### 1.1.5 Concept of Strategy

The concept of strategy is based on three subsidiary concepts:

#### 1. Competitive advantage

The concept of competitive advantage was formulated by Michael Porter (1985). Competitive advantage, Porter asserts, arises out of a firm creating value for its customers. To achieve it, firms select markets in which they can excel and present a moving target to their competitors by continually improving their position.

#### 2. Distinctive capabilities

A distinctive capability or competence can be described as an important feature that confers superiority on the organization'. Kay extends this definition by emphasizing that there is a difference between distinctive capabilities and reproducible capabilities. Distinctive capabilities are those characteristics that cannot be replicated by competitors, or can only be imitated with great difficulty. Reproducible capabilities are those that can be bought or created by any company with reasonable management skills, diligence and financial resources. Most technical capabilities are reproducible.

#### 3. Strategic fit

The concept of strategic fit states that to maximize competitive advantage a firm must match its capabilities and resources to the opportunities available in the external environment. A critical aspect of top management's work today involves matching organizational competences

(internal resources and skills) with the opportunities and risks created by environmental change in ways that will be both effective and efficient over the time such resources will be deployed.

## Let's Sum Up:

Strategy is the overarching plan for an organization to achieve its long-term goals. It acts as a bridge between the desired future state and the current situation. Effective strategies consider internal strengths and weaknesses, as well as external opportunities and threats. By formulating a clear strategy, organizations can make informed decisions about resource allocation, competitive positioning, and the actions needed to navigate a complex and everchanging environment. This plan can be broad, outlining the overall direction, or more specific, detailing milestones and tactics. Ultimately, a well-defined strategy is essential for achieving sustainable success.



1. Who is called the Father of Strategic Management?  
a. Chandler   b. Igor Ansoff   c. Michael Porter   d. John Nash
2. What is the starting point of Strategic Intent?  
a. Goal   b. Objective   c. Vision   d. Mission
3. Hierarchy of Strategic Intent:  
a. Vision > Mission > Goals > Objectives > Plans  
b. Mission > Vision > Goals > Objectives > Plans  
c. Plans > Vision > Mission > Goals > Objectives  
d. Goals > Vision > Mission > Objectives > Plans
4. SWOT stands for  
a. Services worldwide optimization and transport  
b. Special weapons for operations for timeless  
c. Strength weakness opportunities and threats  
d. Strength worldwide overcome threats

5. Which of the following is not a major element of the strategic management process?
- a. Formulation strategy
  - b. Implementing strategy
  - c. Evaluating strategy
  - d. Assigning administrative tasks
6. Competitive advantage can be best described as
- a. Increased efficiency
  - b. What sets an organisation apart
  - c. a strength and the organisations
  - d. Intangible resources
7. An organisation strategy \_\_\_\_
- a. Remains set in place longer than the mission and objectives
  - b. Generally forms over a period of time as events unfold
  - c. Trends to be formed at the same time the mission is developed
  - d. None of the above

## 1.2 FORMULATION OF STRATEGY

**Definition:** Strategy Formulation is an analytical process of selection of the best suitable course of action to meet the organizational objectives and vision. It is one of the steps of the strategic management process. The strategic plan allows an organization to examine its resources, provides a financial plan and establishes the most appropriate action plan for increasing profits.

It is examined through SWOT analysis. SWOT is an acronym for strength, weakness, opportunity and threat. The strategic plan should be informed to all the employees so that they know the company's objectives, mission and vision. It provides direction and focus to the employees.

### 1.2.1 Steps of Strategy Formulation

The steps of strategy formulation include the following:

#### 1. Establishing Organizational Objectives:

This involves establishing long-term goals of an organization. Strategic decisions can be taken once the organizational objectives are determined.

#### 2. Analysis of Organizational Environment:

This involves SWOT analysis, meaning identifying the company's strengths and weaknesses and keeping vigilance over competitors' actions to understand opportunities and threats. Strengths and weaknesses are internal factors which the company has control over. Opportunities and threats, on the other hand, are external factors over which the company has no control. A successful organization builds on its strengths, overcomes its weakness, identifies new opportunities and protects against external threats.

### 3. Forming quantitative goals:

Defining targets so as to meet the company's short-term and long-term objectives. Example, 30% increase in revenue this year of a company.

### 4. Objectives in context with divisional plans:

This involves setting up targets for every department so that they work in coherence with the organization as a whole.

### 5. Performance Analysis:

This is done to estimate the degree of variation between the actual and the standard performance of an organization.

### 6. Selection of Strategy:

This is the final step of strategy formulation. It involves evaluation of the alternatives and selection of the best strategy amongst them to be the strategy of the organization.

Strategy formulation process is an integral part of strategic management, as it helps in framing effective strategies for the organization, to survive and grow in the dynamic business environment.

## 1.2.2 Levels of Strategy Formulation

There are three levels of strategy formulation used in an organization: levels of strategy formulation

1. **Corporate level strategy:** This level outlines what you want to achieve: growth, stability, acquisition or retrenchment. It focuses on what business you are going to enter the market.

2. **Business level strategy:** This level answers the question of how you are going to compete. It plays a role in those organization which have smaller units of business and each is considered as the strategic business unit (SBU).
3. **Functional level strategy:** This level concentrates on how an organization is going to grow. It defines daily actions including allocation of resources to deliver corporate and business level strategies.

## Let's Sum Up:

Formulating a strategy is the cornerstone of organizational planning. It's a comprehensive process that translates an organization's vision and mission into actionable steps. This involves analyzing internal strengths and weaknesses (SWOT analysis) and understanding external opportunities and threats. By considering these factors, businesses can define clear objectives and craft a roadmap to achieve them. Strategy formulation often involves making tough choices about resource allocation and competitive positioning. Effective strategy development is an ongoing process that requires flexibility and adaptation to a dynamic business environment.



1. The primary focus of strategic management is
  - a. Strategic analysis
  - b. The total organisation
  - c. Strategy formulation
  - d. None of the above
2. The corporate level is where top management directs
  - a. All employees for orientation
  - b. Its efforts to stabilise recruitment needs
  - c. Overall strategy for the entire organisation
  - d. Overall sales projections
3. What are the guides to decision making?
  - a. Rules
  - b. Procedures
  - c. Goals
  - d. Policies
4. Low cost, Differentiation and Focus are examples of
  - a. Corporate strategies
  - b. Operational strategies
  - c. Business strategies
  - d. Functional strategies

5. Which environment can create new markets and new business segments?
  - a. Political environment
  - b. Economic environment
  - c. Sociocultural environment
  - d. Technological environment
  
6. The word tactics is most likely to be associated with
  - a. Business strategy
  - b. Corporate strategy
  - c. Operational strategy
  - d. All of the above
  
7. Strategic Management handles
  - a. External issues
  - b. Administrative issues
  - c. Internal issues
  - d. Management issues

### 1.3. STRATEGY IMPLEMENTATION

**Definition:** Strategy Implementation refers to the execution of the plans and strategies, so as to accomplish the long-term goals of the organization. It converts the opted strategy into the moves and actions of the organisation to achieve the objectives.

Simply put, strategy implementation is the technique through which the firm develops, utilises and integrates its structure, culture, resources, people and control system to follow the strategies to have the edge over other competitors in the market.

#### 1.3.1 Process of Strategy Implementation

- ❖ Building an organization, that possess the capability to put the strategies into action successfully.
- ❖ Supplying resources, in sufficient quantity, to strategy-essential activities.
- ❖ Developing policies which encourage strategy.
- ❖ Such policies and programs are employed which helps in continuous improvement.
- ❖ Combining the reward structure, for achieving the results.
- ❖ Using strategic leadership.

❖ The process of strategy implementation has an important role to play in the company's success. The process takes place after environmental scanning, SWOT analyses and ascertaining the strategic issues.

### 1.3.2 Prerequisites of Strategy Implementation

#### 1. Institutionalization of Strategy:

First of all the strategy is to be institutionalized, in the sense that the one who framed it should promote or defend it in front of the members, because it may be undermined.

#### 2. Developing proper organizational climate:

Organizational climate implies the components of the internal environment, that includes the cooperation, development of personnel, the degree of commitment and determination, efficiency, etc., which converts the purpose into results.

#### 3. Formulation of operating plans:

Operating plans refers to the action plans, decisions and the programs, that take place regularly, in different parts of the company. If they are framed to indicate the proposed strategic results, they assist in attaining the objectives of the organization by concentrating on the factors which are significant.

#### 4. Developing proper organisational structure:

Organization structure implies the way in which different parts of the organisation are linked together. It highlights the relationships between various designations, positions and roles. To implement a strategy, the structure is to be designed as per the requirements of the strategy.

#### 5. Periodic Review of Strategy:

Review of the strategy is to be taken at regular intervals so as to identify whether the strategy so implemented is relevant to the purpose of the organisation. As the organization operates in a dynamic environment, which may change anytime, so it is essential to take a review, to know if it can fulfil the needs of the organization.

Even the best-formulated strategies fail if they are not implemented in an appropriate manner. Further, it should be kept in mind that, if there is an alignment between strategy and other elements like resource allocation, organizational structure, work climate, culture, process and reward structure, then only the effective implementation is possible.

## Let's Sum Up:

Strategy implementation is the critical bridge between crafting a brilliant plan and achieving real-world results. It's the process of turning those well-defined goals on paper into actionable steps. This involves setting clear tasks, assigning ownership, and allocating resources to execute the strategy. Effective implementation requires strong communication to ensure everyone understands their role and how their efforts contribute to the bigger picture. Monitoring progress, measuring performance, and adapting to challenges are also crucial aspects. Successful strategy implementation translates grand visions into concrete results, propelling the organization towards its desired future.



1. SHRM goal of the human resource in such a way to attain the
  - a. Profit
  - b. Organizational goal
  - c. Individual goal
  - d. Market Share
2. Perception of human assets as higher risk investment is a barrier to
  - a. HRM
  - b. SHRM
  - c. HRP
  - d. Economy
3. SHRM was first time evolved in the year
  - a. 1964
  - b. 1974
  - c. 1984
  - d. 1994
4. The primary source of competitive advantage in SHRM is
  - a. people
  - b. pattern
  - c. technology
  - d. Process
5. advantages of Outsourcing doesn't include
  - a. Avoid over staffing
  - b. Avoid difference in HRM
  - c. Reduce cost
  - d. none of the above
6. \_\_\_\_\_ are the resources that provide utility value to all other resources.
  - a. Finance
  - b. Men
  - c. Machine
  - d. Capital



## 1.4 STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic Human Resource Management (SHRM) is a critical concept for organizations aiming to achieve their long-term goals through their workforce. It's not simply about administrative HR tasks; it's about aligning people management practices with the overall business strategy.

SHRM bridges the gap between human resources and the organization's strategic objectives. It involves planning, developing, implementing, and evaluating HR initiatives that directly support the business strategy.

### 1.4.1 Evolution of SHRM

The evolution of SHRM are summarised here:

#### 1. FROM PERSONNEL MANAGEMENT TO HRM:

Traditionally, it was the initial stage to perform the HR functions in the managerial set up in the form of personnel department. There were mainly the functions of staffing and maintaining the labour relations at every sphere of organisational set up. The personnel management was more centralise and bureaucratic with some old and traditional approaches. It was not viewed as involved in the competitive or strategically areas of business. Before the year 1970, the emergence of HRM as replacement for personnel management was taken up.

The main task of HRM is to ensure the achievements of organisational goals through the commitment of people and it is often believed in that HRM is just a more modern term as compared to the traditional personnel management.

#### 2. FROM HRM TO SHRM:

For the last four decades, it was the dynamic and competitive business environment resulting from globalisation has led top managerial cadres to bring a new focus on HR to be organises and managed. It was a basic perception that how the HRM managed and contributes to the effective role and performance of organisation. Now the HR function has to develop more dynamic and strategically viewpoints. The late 1980th and early 2000s witnessed an integrated

approach was developed between HRM and business strategy. More attention was given on the relationship of HRM with the strategic management of organisation. In the 21st century the HRM has the approaches of HR cognition, HR learning, knowledge of HR, network of HR and HR development within the purview of strategic managerial scenario.

It was the proactive role of HRM which have concerned with organisational effectiveness, strategical framework, behavioural aspects, resource utilisation, capacity development and change environment. Since the HR provides and contributes a lot of different competitive advantages to the organisation, it is needful to integrate HR practices with the emergence of new strategical viewpoints of corporate business areas. With the emerging role of strategic planning of HR, integrated approach of HR systems, strategical business environment and new avenues of organisational effectiveness was emerged. There has been a dynamic shift from the concept of HRM to Strategic Human Resource Management.

Strategic human resource management is the process of linking the human resource function with the strategic objectives of the organization to improve performance. Attracting and keeping talented and skilled employees is one of the most important challenges organizations face in today's dynamic business world. No strategy, no matter how well designed, will work unless the organization has the right people, with the right skills and behaviours, in the right roles, motivated in the right way and supported by the right leaders. A company can develop a competitive advantage through the skills and competencies of its people. So to be successful more value must be given to people.

- ❖ Strategic human resource management is the proactive management of people to the desired value to them. It is designed to help companies better meet the needs of their employees while promoting company goals.
- ❖ SHRM is a philosophy of people management based on the belief that human resources are uniquely important to sustain business success.
- ❖ SHRM aims to ensure that the culture, style, and structure of the organization and the quality, commitment and motivation of its employees contribute fully to the achievement of business objectives.

- ❖ HR strategies combine all people management activities into an organized and integrated program to meet the strategic objectives of an enterprise.

### 1.4.2 SHRM - Definition

“Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors that the company needs to achieve its strategic aims.”- Gary Dessler

“Strategic human resource management is an approach to making decisions on the intentions and plans of the organization concerning the employment relationship and the organization’s recruitment, training, development, performance management, and the organization’s strategies, policies, and practices.” – Armstrong

Strategic human resource management (SHRM) is defined as “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals”. – Wright & McMahan

### 1.4.3 Nature of SHRM

- ❖ **Long-term Focus:** As business strategies have a long-term orientation, therefore, focus of SHRM is also long-term probably more than one year
- ❖ **Associated with Goal-Setting:** SHRM is highly related with setting of objectives, formulation of policy and allocation of resources and it is carried out at all levels of top management.
- ❖ **Interrelated with Business Strategies:** There is an interrelation between business strategies and SHRM. E.g. it gives significant inputs when business strategy is formulated, and human resource strategies (like recruitment, staffing, training and performance appraisal).
- ❖ **Fosters Corporate Excellence Skills:** SHRM considers employees as the strategic potential of the organization and on that basis makes effort to differentiate the organization from its competitors present in the markets. It also promotes learning of modern skills.

### 1.4.4 Components of SHRM

This definition implies the following four components of SHRM:

1. It focuses on an organization's human resources (people) as the primary source of competitive advantage of the organization.
2. The activities highlight the HR programs, policies, and practices as the means through which the people of the organization can be deployed to gain competitive advantage.
3. The pattern and plan imply that there is a fit between HR strategy and the organization's business strategy (vertical fit) and between all of the HR activities (horizontal fit).
4. The people, practices, and planned patterns are all purposeful, that is, directed towards the achievement of the goals of the organization.

### 1.4.5 Objectives of SHRM

1. **To set the goals:** To set the goals of an organization with respect to human resources.
2. **To utilize human resources:** To identify the strategic needs of an organization & its utilization.
3. **To select the type:** To select the appropriate organ gram for the organization.
4. **Compensation plan:** To set the appropriate & suitable compensation system for the employees.
5. **To set the evaluation standard:** To set the performance evaluation method & the standard.
6. **To identify the relationships:** To identify the relationships among the different departments & setting their duties & responsibilities.
7. **To set strategies for future challenges:** Organizations should set some strategies to survive in the competition.
8. **Formulate the HR policies:** The HR manager is supposed to take action in this regard.
9. **To review the existing HRM practices:** Employee needs and workability of HRM policies are to be reviewed regularly.

10. **To develop guidelines:** The last objective of SHRM is to develop guidelines for the human resource manager.

### 1.4.6 Need for SHRM

- ❖ The first & at most concern of SHRM is to focus on actions that distinguish an organization/firm from its competitors.
- ❖ It provides idea to allocate the resources of organization to most match & capable Employee.
- ❖ It design the foundation of organization to achieve efficient business benefits, structure, culture, employees values propositions and effective communication strategic plan for HRM.
- ❖ SHRM also keep track of down turns, down falls, risks and other business acquirement.
- ❖ SHRM also take part in employee recruitment, hiring, training and assessments processes.
- ❖ SHRM add its expression in business's decision making task.
- ❖ Strategic Human Resource Management give emphasis to organizational codes of moral values and manage public crash of business.
- ❖ SHRM provide tactic and proposal to the director of organization.
  - ❖ SHRM take your business to the new level, integrates HR workflow, defines new goals, aligned employee work force for business flourishing.

### 1.4.7 Importance of SHRM

#### 1. Increased job satisfaction

An immeasurable statistic known as employee satisfaction is described as a pleasant visceral outburst when performing your duties or being in the workplace. With employee satisfaction evaluations commonplace at most offices, prominent firms are increasingly attempting to quantify the similar experience.

It is critical to keep in mind that each experience works satisfaction differently. The elements that make one person comfortable about his employment might not apply to another worker at the same company within the same circumstances.

## **2. Better work culture**

Work culture is often described as the overall impact on a workforce or corporate consumer that people should be managed, disciplinary procedures, worksite facilities, and organizational regulations. It may be quantified into a good or bad workplace culture.

By informing CEOs of their decisions' influence on staff motivation and participation, as well as how crucial it is for the firm to comply with its principles, HR experts are accountable for bringing the management style to the forefront.

## **3. Forecasting Future Human Needs**

Trying to keep track of the individuals whose workers may be retiring, departing, or being requested to leave enables you to prevent big pauses in your hiring needs. The Human resource will use this data to determine whether to quickly hire new employees or arrange to fill such gaps with qualified recruitment.

## **4. Improved customer satisfaction rates**

Personnel may learn about the company's wide range of offerings and review these with HR specialists in recruitment and training. They can also learn how to market the company's entire complement of items and services. Additionally, HR might offer metrics and incentives which promote cross-selling.

## **5. Communication of Goals and Objectives:**

Communicating is a skill we utilize in cooperation to further our objectives. As a result, fostering open and rapid communication among team members is critical. But what constitutes interaction as the main objective is the act of conveying such concepts in such a way that they can retain their worth.

## **6. Efficient resource management**

An HR division that performs at its best may assist the company in doing the same. Efficiency entails achieving the finest results quickly and creatively and simplifying routine chores though you may focus more on difficult problems.

## 7. A proactive approach to managing employees

Proactive HR researches the company and its objectives to spot prospective issues and develops procedures to prevent and handle problems early on. Strategic planning, statistics, and workforce management are frequently employed to develop an effective proactive HR.

A few examples of a fair and competitive compensation structure, competitiveness, and management methods have been shown to influence workers.

## 8. Productivity boost

Employee team morale would increase when an environment of awareness, transparency, and cooperation is established. Both the quality and quantity of your workforce's output will increase if they are motivated and engaged.

## 9. Selecting and Utilizing Motivational Tools

One of the most popular strategies for improving enthusiasm is job promotion, which exemplifies the reward system. Therefore, a manager must ensure that awards given to staff members possess personal, monetary, or intellectual worth. Communicating, socializing, challenges, and some time off work is also great motivational tools.

## 10. Setting efficient people to achieve specific goals

Every productivity process starts with establishing objectives and ambitions, which lay the groundwork for good execution.

The aims of HRM inside every department in an organization are just to:

- ❖ Assist the achievement of strategic objectives by attracting and retaining competent personnel.
- ❖ Fully utilize every individual's abilities and capabilities possible.
- ❖ Ensure that workers get the required qualifications or are receiving them.

### 1.4.8 Functions of SHRM

#### 1. Employee Engagement

Effective communication is among the most significant markers of quality of work life. The idea of employee engagement in human resources (HR) refers to how enthusiastic and committed an individual is to his profession.

Committed workers are concerned about their job and the organization's success and believe their contributions matter. Employee engagement promotes long-term engagement, increased productivity, higher-caliber output, and organizational success.

## **2. Introduce Best Practices**

Maintaining openness and being candid with employees regarding the company's successes and shortcomings is an essential HR strategy. Workers feel recognized, appreciated, and cherished in organizations that encourage public condemnation and conversation.

## **3. Teach Tools and Techniques**

A collection of software programs called an HRMS, or strategic human resource management system, is used to interact with employees and associated processes across the hiring process. Some of the tools in HRM are training, workshops, mentoring, simulations, onthe-job training, etc.

## **4. Improve HR Effectiveness**

Worker satisfaction and motivation to participate in an organization's growth are fostered by effective HR procedures. Learning, expertise, and capabilities may boost a company's market edge. Efficacious organizations are focusing on this beneficial impact of HR by ensuring that workers train, gain knowledge, and achieve better.

Human resource management is critical in ensuring worker opportunities and increasing company efficiency and quality.

## **5. Publish Research**

Human resource management research assesses HR practices and effectiveness. Mass surveillance, analysis, and conclusion-making are all steps in the structured, scholarly research process. The analysis could occasionally be cutting-edge, reliant on intricate designs and facts.

### **1.4.9 Role of SHRM**

The major roles of Strategic HRM in an organisation are given below:



**Strategic role** – The strategic role of HR involves formulating business decisions, translating corporate strategy into a human resource strategy, and training employees to concentrate on customer needs.

1. **Information and decision-making role** – In this role, the HR department must inform and advise the organisation about the various best practices like efficiency in customer services or new product development. In the information and decision-making role, HR must take decisions about problems in employee relations.
2. **Strategic HR functional role** – This is a very important role. In this role, HR must select, design and implement planning and appraisal systems for the employees. These systems should fit both the strategy and the culture of the organisation concerned.
3. **Administrative role** – In this role, HR must implement policies and procedures for the organisation. In addition, the HR department must try to improve the administrative system of the organisation. SHRM organises various training and development programmes to encourage employee involvement. It thus, motivates the employees to become flexible to achieve the strategic goals of the organisation.

#### 1.4.10 Difference Between HRM Vs. SHRM

The major points of differences between the two are:

Basis	Traditional HRM	Strategic HRM
Responsibility for HR programs	Staff personnel in the HR department.	Line managers; all managers responsible for people are HR managers
Focus of activities	Employee relations—ensuring employee motivation and productivity, compliance with laws	Partnerships with internal (employees) and external (customers, stakeholders, public interest groups) groups
Role of HR	Reactive and transactional	Proactive and transformational, change leader

Initiative for change	Slow, piecemeal, and fragmented, not integrated with larger issues	Fast, flexible, and systemic change initiatives implemented in concert with other HR systems
Time horizon	Short-term	Consider various time frames as necessary (short, medium, or long-term)
Control	Bureaucratic control through rules, procedures, and policies	Organic control through flexibility, as few restrictions on employee behaviour as possible
Job design	Focus on scientific management principles—the division of labour, independence, and specialization	Broad job design, flexibility, teams and groups, and cross-training
Important investments	Capital, products, technology, and finance	People and their knowledge, skills, and abilities
Accountability	Cost center.	Investment center.

### 1.4.11 Difference Between SHRM and HR Strategies

The terms strategic human resource management and human resource strategies are often used interchangeably, however, some distinction can be made between the two.

In a general sense, the difference between SHRM and HR strategies is similar to that between strategic management and corporate business strategies. Both SHRM and strategic management describe an approach adopted by the management and focus on long-term issues and provide direction to the organization.

Human resource strategies and business strategies are outcomes of this approach which focus on the organizational view concerning key issues and specific functions, or activities.

<b>Strategic human resource management</b>	<b>HR Strategies</b>
A general approach to the strategic management of human resources.	Outcome (manifestation) of the general SHRM approach.
Aligned with the organizational intention about its future direction.	Focus on specific organizational intentions about what needs to be done.
Focus on long-term people issues. Defines the areas in which specific HR strategies need to be developed.	Focus on specific issues that facilitate the achievement of corporate strategy.
Focus on macro concerns such as structure and culture.	Human resource strategy decisions are derived from SHRM.
Strategic HRM decisions are built into the strategic business plan.	

#### 1.4.12 Process/Steps of SHRM

##### 1. Identify company objectives

Right at the onset, employees expect the HR department to understand the organization thoroughly. This includes understanding the overall mission, vision, goals, and objectives for which the organization stands for. HR needs to identify both the long-term and the short-term goals of the organization before spelling out an effective strategy. Unless the HR department has a clear picture of the same, it will not be capable of devising a plan for the future of the organization.

##### 2. Evaluate existing HR capabilities

Employees are the core asset of any organization, and every SHRM must revolve around them. While conceiving the SHRM, one needs to identify the HR capabilities within the organization. The HR function needs to have a complete understanding of the working

aspects of the employees in the organization, which can be done through practices, such as skill inventory, that allows focused identification of skill sets of employees right down to the granular level. In other words, HR must be in a position to identify with the domain-expertise of employees who are in alignment to fulfilling the organizational goals and objectives. This will allow HR to identify key employees who can be instrumental in the growth of the organization and can be provided with opportunities for requisite training and development.

### **3. Analyze existing HR capabilities**

The assessment of HR capability will help identify barriers to implementing the plan of action within the organization. It will readily identify threats and capitalize on the opportunities available. The HR function would strategically identify employees with specific skill sets and work with the senior leadership within the company to equip them with enhanced opportunities for growth. This will allow these employees to serve the company better.

### **4. Forecast company's HR requirements**

Now that the HR department has a good understanding of human resources, it is time to put into use some accumulated knowledge. This knowledge can be used to estimate and forecast the future requirements of the organization. Such prediction is based on two factors, namely – the number of employees associated with specific skills required by the company in the future, and the number of current employees with specific skills available to help the company achieve its goals. This kind of forecasting helps the company determine optimum utilization of human resources, estimate the need to create new job roles to secure the organization, and so on.

### **5. Determine tools for employees for effective performance**

The HR department, along with other individual departments, needs to verify the utility of tools used by employees to perform their duties with optimum efficiency. For instance, HR in cooperation with the IT department can conduct an audit on the hardware and software being

currently used in the company. This will help in identifying the existing gaps and facilitate the prevalence of a more organized workforce.

## 6. Implement the Human Resource Management Strategy

After having done the analysis and forecasting, it is time to start with the process of growing your workforce and developing the current workforce to secure the company's future growth. For achieving this, the steps are as follows:

- ❖ **Recruitment:** Start with searching for professionals with skill sets identified during the strategic planning process.
- ❖ **Selection process:** Conduct interviews and relevant tests to understand the aptitude of the candidate to carry out the assigned job role.
- ❖ **Hire Applicants:** Starts making job offers to candidates after ensuring the candidates are suited for the role.
- ❖ **On boarding and Training:** These two practices are key to retaining employees for longer periods. A comprehensive on boarding package must be in place, which includes informing the employees about avenues for training within the job role. This will keep them highly engaged in the job role.

## 7. Evaluation and Correction

The HR needs to decide on a timeline to carry out the HR management review which will help to track their entire process and spot opportunities for improvement. It will help provide insights into whether changes are helping the company achieve its goals or not. If not, then HR must take corrective action to meet its objectives.

### 1.4.13 Linking HR Practices to Business Strategy and One Another

This issue of fitting HR practices to business strategy is becoming increasingly important and relevant HR issues for HR staff and line managers. HR fit involves making sure HR activities make sense and help the organization achieve its goals and objectives.

The three aspects of HR fit are:

### 1. Vertical fit

This aspect of vertical fit concerns the coincidence between HR practices and overall business strategy.

### 2. Horizontal fit

This relates to the extent to which HR activities are mutually consistent. Consistency ensures that HR practices reinforce one another.

### 3. External fit

The third aspect concerns how well HR activities match the demands of the external environment. Ensuring these aspects of fit requires HR practice choices. The challenge is to develop internally consistent configurations of HR practice choices that help to implement the firm's strategy and enhance its competitiveness.

There is a need for **strategic flexibility** along with a strategic fit for the long-term competitive advantage of the firm. The fit is defined as a temporary state in an organization, whereas flexibility is defined as the firm's ability to meet the demands of the dynamic environment. The two types of flexibility identified are:

#### ❖ Resource Flexibility

Resource flexibility is the extent to which a firm can apply its resources to a variety of purposes. It also involves the cost, difficulty, and time needed to switch resources from one use to another.

#### ❖ Coordination flexibility

Coordination flexibility concerns the extent to which an organization has decision making and other systems that allow it to move resources quickly from one use to another. This task is accomplished by having an effective partnership between HR managers and line managers.

### 1.4.14 Principles of SHRM

Price (1997) mentioned ten principles of SHRM, which he claimed are measurable in some way and can be used for 'benchmarking.'

These are given below:

- ❖ **Principle of Comprehensiveness:** HRM should be closely matched to business objectives.
- ❖ **Principle of Coherence:** Allocation and HR activities integrated into a meaningful whole.
- ❖ **Principle of Control:** Effective organizations require a control system for cohesion and direction.
- ❖ **Principle of Communication:** All employees understand and accept strategies open culture with no barriers.
- ❖ **Principle of Credibility:** Staffs trust top management and believe in their strategies.
- ❖ **Principle of Commitment:** Employees are motivated to achieve organizational goals.
- ❖ **Principle of Change:** Continuous improvement and development are essential for survival.
- ❖ **Principle of Competence:** Organizations that are competent in achieving their objectives depend on individual competence.
- ❖ **Principle of Creativity:** Competitive advantage comes from unique strategies.
- ❖ **Principle of Cost-effectiveness:** Competitive, fair reward and promotion systems.

### 1.4.15 Advantages of SHRM

1. **Aligns HR with business goals:** One of the biggest advantages of SHRM is that it aligns HR practices and policies with the organization's business strategy. By doing so, HR becomes more strategic and contributes to the organization's overall success.

2. **Attracts and retains top talent:** SHRM involves developing strategies to attract, retain, and develop top talent. This leads to a high-performing workforce that is committed to the organization's goals and objectives.
3. **Improves organizational effectiveness:** SHRM involves developing and implementing HR practices and policies that are designed to improve organizational effectiveness and efficiency. This can lead to increased profitability and growth.
4. **Enhances employee engagement:** SHRM involves developing strategies to increase employee engagement and motivation. This leads to a more committed and productive workforce.
5. **Supports compliance:** SHRM ensures that HR practices and policies are compliant with applicable laws and regulations. This helps organizations avoid costly legal and reputational risks.

#### 1.4.16 Disadvantages of SHRM

1. **Time-consuming and costly:** Implementing SHRM requires a significant investment of time and resources. This can be a challenge for smaller organizations or those with limited budgets.
2. **Resistance to change:** SHRM often involves significant changes to HR practices and policies. Employees may be resistant to these changes, which can lead to resistance and lower morale.
3. **Difficulty in measuring outcomes:** It can be difficult to measure the outcomes of SHRM initiatives, particularly in the short term. This can make it difficult to demonstrate the value of SHRM to stakeholders.
4. **Lack of flexibility:** SHRM requires a long-term perspective and may limit an organization's ability to be flexible and respond to short-term changes in the business environment.
5. **Overemphasis on metrics:** In some cases, SHRM may lead to an overemphasis on metrics and the use of quantitative data to measure HR outcomes. This may lead to a focus on short-term goals and a lack of attention to qualitative factors that are important for employee well-being and satisfaction.



### 1.4.17 Barriers of SHRM

1. **Short term mentality:** Short-term mentality and focus on the current performance of SHRM is the first barrier. Every manager act, long-term focus, because the organization has been established with long-terms objectives/focus.
2. **Strategic inability:** Very often SHRM does not think strategically and he cannot think it due to incapability. This type of inability may arise for many reasons as lack of technical knowledge, insufficient training and the like.
3. **Lack of appreciation:** Sometimes top managers do not recognize the activities of strategic human resource management. So SHR manager does not get interested in doing any innovative venture. A few appreciations may get them a substantial mental boost up.
4. **Failure in understanding the role:** General managerial roles may not be fully understood by be managers. This failure is due to lack of knowledge about the specialty of a degree of responsibility. This failure may create distance between these managers.
5. **Difficulty in quantifying outcomes:** Many outcomes may not be quantified. But SHRM tries to enjoy the contribution. This is not always possible. Participation, work etc. type function cannot be quantified because of their intangibility.
6. **Wong perception on human assets:** Investment in human assets may be regarded as high risk than that of technology and information. Though these technologies are run by the human resources. This wrong perception may inhibit the progress.
7. **Resistance:** SHR Managers may be resisted because of the incentives for change that might arise. The change implemented demand some incentives for efforts to execute the changed program.

### Let's Sum Up:

Strategic Human Resource Management (SHRM) moves beyond routine HR tasks to become a key player in an organization's long-term success. It focuses on aligning HR practices with the business strategy. This means HR isn't just about hiring and payroll; it's about attracting and retaining top talent, developing their skills, and fostering a work

environment that drives performance. By strategically managing its workforce, an organization can gain a competitive advantage, improve overall business performance, and achieve its long-term goals.



1. Which of the following is not a component of SHRM
  - a. Process
  - b. Pattern
  - c. Procedure
  - d. People
  
2. SHRM develop an organizational culture that fosters
  - a. innovation
  - b. flexibility
  - c. competitive advantage
  - d. All of the above
  
3. SHRM is the linkage between the human resource strategy and \_\_\_\_\_
  - a. Organizational Goal
  - b. corporate-level strategies
  - c. Organizational Policies
  - d. All of the above
  
4. SHRM Considers people as a strategic resource for attaining
  - a. Organizational Goal
  - b. Organizational Objectives
  - c. Competitive advantage
  - d. Top Position in the market
  
5. When does horizontal integration occur?
  - a. When a firm acquires or merges with a major competitor
  - b. When a firm acquires or merges with a an unrelated business
  - c. When a firm acquires or merges with a distributor
  - d. When a firm acquires or merges with a supplier firm
  
6. Divestment is what kind of strategy?
  - a. An asset-reduction strategy
  - b. A weakness-reduction strategy
  - c. A product-reduction strategy
  - d. A cost-reduction strategy
  
7. The three organisational levels are
  - a. Corporate level, business level, functional level
  - b. Corporate level, business unit level, functional level
  - c. Corporate strategy level, business unit level, functional level
  - d. None of the above.

## 1.5 UNIT - SUMMARY

Strategic Human Resource Management (SHRM) goes beyond routine HR tasks. It bridges the gap between people management and an organization's long-term goals. By aligning HR practices with business strategy, SHRM fosters a high-performing workforce that contributes directly to achieving competitive advantage. This involves talent management, performance management, and employee engagement initiatives, all measured through data to ensure effectiveness. While challenges exist in aligning with business leaders and adapting to change, SHRM is a powerful tool for organizations seeking to unlock the full potential of their people and achieve sustainable success.

## 1.6 Glossary

<b>Vertical Fit</b>	Vertical fit refers to the alignment between an organization's Human Resource (HR) strategy and its overall business strategy.
<b>Onboarding</b>	Onboarding refers to the process of integrating a new employee into an organization. It's a crucial phase that sets the tone for their experience and helps them become a productive and engaged member of the team.
<b>Strategic HRM</b>	Strategic Human Resource Management (SHRM) is a comprehensive approach to managing people in an organization. It goes beyond the traditional HR tasks of payroll and benefits, focusing on aligning HR practices with the organization's overall business strategy.

<b>Traditional HRM</b>	Traditional HRM, also known as transactional HRM, focuses on the administrative and operational aspects of human resource management. Unlike Strategic HRM (SHRM) which emphasizes alignment with long-term business goals, traditional HRM takes a more reactive approach to managing people within an organization.
<b>Competitive Advantage</b>	Competitive advantage in SHRM (Strategic Human Resource Management) refers to the strategic use of HR practices to gain an edge over competitors in the talent market and achieve superior organizational performance.
<b>Strategy Formulation</b>	Strategy formulation is the initial phase of the strategic planning process, where a company or organization defines its long-term goals and outlines the actions it will take to achieve them. It's essentially the roadmap for success, translating broad ambitions into a concrete plan.

## 1.7 Self-Assessment Questions

**Short Answers: (5 Marks)** K3/K4 Level Questions

Sl.no	Questions	Level
1.	Explain the nature of strategy?	K3
2.	Explain the concept of strategy?	K3
3.	Explain the formulation of strategy	K3
4.	What are the steps of strategy formulation <b>or</b> process of strategy formulation?	K3
5.	Explain the levels of strategy formulation?	K3
6.	What are the steps or process of strategy implementation?	K3
7.	Explain the prerequisites of strategy implementation?	K3
8.	Explain the nature of SHRM?	K3

9.	Explain the objectives of strategic human resource management?	K3
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Essay Type Answers: (8 Marks) K5/KS Level Questions

Sl.no	Questions	Level
1.	Explain the need for SHRM?	K5
2.	State the importance of strategic human resource management?	K5
3.	Explain the functions of strategic human resource management?	K5
4.	What is the role of SHRM? Explain	K5
5.	What are the differences between traditional HRM versus SHRM?	K5
6.	What are the process/steps strategic human resource management?	K6
7.	What are the advantages and disadvantages of SHRM?	K6
8.	Explain the barriers to strategic human resource management?	K6

## UNIT – 1 – INTRODUCTION TO SHRM – ASSIGNMENTS

### 1.8 Activities - Assignment



Activities

This assignment aims to introduce you to the concept of Strategic Human Resource Management (SHRM) and its role in organizational success. You will explore the key principles of SHRM, its benefits, and its impact on various HR functions.

#### Instructions:

1. **Define Strategic Human Resource Management (SHRM):** Explain the core concept of SHRM, differentiating it from traditional HR practices.
2. **Benefits of SHRM:** Discuss the key benefits organizations can achieve by implementing SHRM practices. Include aspects like improved performance, competitive advantage, and enhanced employer branding.
3. **Alignment with Business Strategy:** Explain how SHRM practices should be aligned with the overall business strategy. Provide examples of how HR initiatives can support specific strategic goals.
4. **SHRM Processes:** Identify and describe the core processes involved in SHRM. These may include strategic HR planning, talent management, performance management, workforce development, and compensation & benefits.
5. **Case Study Analysis:** Find a real-world case study of a company that successfully implemented SHRM practices. Analyze the case and discuss how SHRM contributed to the company's success. Highlight specific strategies and outcomes.

	<p><b><u>Topics for Discussion</u></b></p> <ul style="list-style-type: none"> <li>• <b>Evolution of HRM:</b> From administrative tasks to strategic partner - How has the role of HRM changed?</li> <li>• <b>Aligning HR with Business Strategy:</b> Why is aligning HR practices with business strategy crucial for organizational success?</li> <li>• <b>SHRM vs Traditional HRM:</b> What are the key differences between strategic and traditional human resource management?</li> <li>• <b>Workforce Planning:</b> Forecasting future talent needs based on the organization's strategic direction.</li> <li>• <b>Performance Management:</b> Setting clear expectations, providing feedback, and driving employee development for strategic objectives.</li> <li>• <b>Compensation and Benefits:</b> Designing reward systems that motivate, attract, and retain top talent aligned with the strategy.</li> </ul>
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### 1.9 Answers for Check your progress

1. b	2. c	3. a	4. c	5. d
6. a	7. b	8. b	9. c	10. d
11. c	12. d	13. c	14. a	15. b
16. b	17. c	18. a	19. d	20. b
21. c	22. d	23. b	24. c	25. a
26. a	27. a			

## 1.10 Suggested References

### Academic Journal

- **Academy of Management Journal (AMJ):** <https://aom.org/research/journals/journal> - Publishes research on various management topics, including articles exploring the relationship between SHRM practices and organizational performance.
- **Human Resource Management Journal (HRMJ):** <https://onlinelibrary.wiley.com/journal/1099050x> - A leading journal dedicated to HR research, featuring articles on SHRM theory, practices, and their impact on various HR functions.
- **Human Resource Management Review (HRMR):** <https://www.sciencedirect.com/journal/human-resource-management-review> - A review journal that provides critical analysis and synthesis of current research in HR management, including SHRM.

### Professional Organization Resources:

- **Society for Human Resource Management (SHRM):** <https://www.shrm.org/> - SHRM's website offers a wealth of resources on SHRM practices, including research reports, toolkits, and webinars.
- **World at Work:** <https://worldatwork.org/> - This professional association provides resources and guidance on HR practices, including those related to SHRM.
  - **CIPD (Chartered Institute of Personnel and Development):** <https://www.cipd.org/en/> - A UKbased professional body for HR professionals, offering resources and guidance on SHRM practices relevant to an international audience.

### Additional Resources:

- **Harvard Business Review (HBR):** <https://hbr.org/> - Features articles and case studies on various management topics, including those relevant to SHRM, such as leadership, talent management, and organizational change.
- **McKinsey Quarterly:** <https://www.mckinsey.com/> - Provides insights and analysis on business trends and management practices, including articles on how companies are leveraging SHRM to achieve competitive advantage.



## 1.11 Suggested Readings

### Textbooks:

- **Strategic Human Resource Management** by Dessler, Gary H., et al. (latest edition) - A comprehensive textbook covering all aspects of SHRM, including strategic planning, talent management, performance management, and compensation.
- **SHRM in Practice** by Becker, Beatrice W., and Huselid, Mark A. - Provides practical insights and case studies on implementing SHRM practices in various organizational settings.
- **Human Resource Management** by Gary Dessler (latest edition) - A broader HR management text with a dedicated section on SHRM, offering a solid foundation in HR concepts before diving into strategy.

<b>Unit 2 – Models of Strategic Human Resource Management</b>		
Models of SHRM – High Performance Working Model, High Commitment Management Model, High Involvement Management Model – HR Environment – Environmental trends and HR Challenges -Linking SHRM and Business Performance.		
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<b>Unit Objectives</b>		
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## Learning Objectives

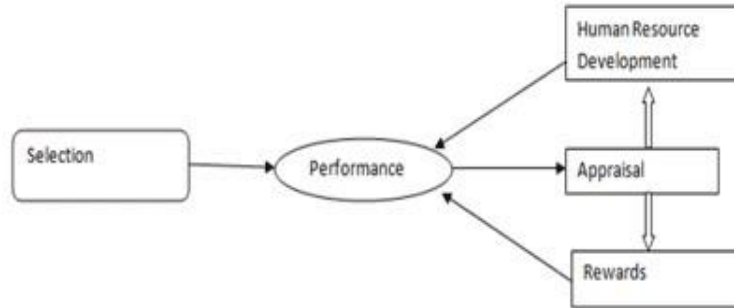
The unit focuses on various models of SHRM, including the High Performance Working Model, High Commitment Management Model, and High Involvement Management Model. It examines the HR environment, encompassing environmental trends and HR challenges. Additionally, the unit explores the critical link between SHRM and business performance, highlighting how effective human capital management can contribute to organizational success.

## STRATEGIC HUMAN RESOURCES MANAGEMENT

### SECTION 2.1: MODELS OF HUMAN RESOURCE MANAGEMENT

#### 2.1.1 Fombrun's Human Resource Cycle Model (1984)

- ❖ This model focuses on strategic human resource management that emphasises on the management of formal groups, and the new employees.
- ❖ The elements of the model consist of selection, performance appraisal, development of employees, and rewards, this model focuses on these four functions and its interrelatedness.
- ❖ The major objective of the model was to regulate the formal structure in the organizational hierarchy, new strategies and policies with the human resource system.



Source : HRM Model

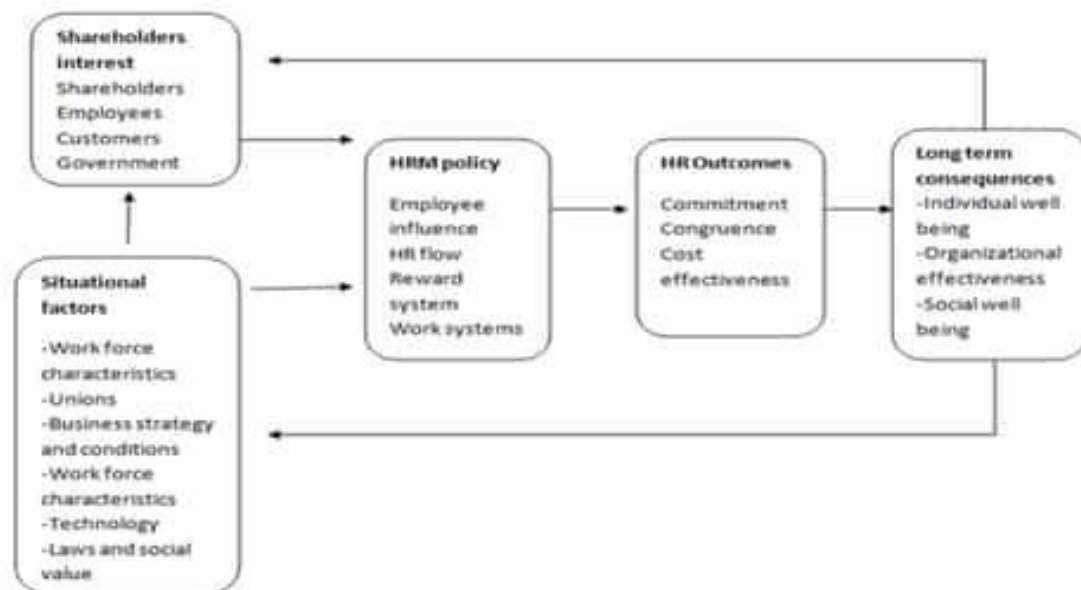
### 2.1.2 The 5 P's Model (1992)

- ❖ Developed by **Randall S. Schuler**, this model emphasizes balancing the five principles which result in gaining an organisation's success.
- ❖ **HR policies** – policies for guiding activities on employee-related business issues and for the development of strategic Human Relation programmes and practices.
- ❖ **HR programmes** – It includes coordination in HR policies targeted at initiating and managing organizational change
- ❖ **HR philosophy** – an ethical statement of human resources should be treated, their role in goal achievement, and management.
- ❖ **HR processes** – the formal and official steps and methods for implementation of strategic plans and policies.
  - ❖ **HR practices** –Practices consist of resourcing, training and development, performance appraisal and reward management, employee relations management.

### 2.1.3 The Harvard Model (1992)

- ❖ Boxall and Beer from Harvard believed in the combination of systems as bureaucrats, markets and clan approach.

- ❖ Their main aim of the model is to find the solution to the problem of human resource management of traditional and routine functions by using modern techniques and strategic approach.
- ❖ This model comprises six components of HRM: stakeholders interests, situational factors, HRM policy choices, HR outcomes, long-term approach and a feedback process.
- ❖ In today's globalized era, in which companies are experiencing fluctuation in economies, the latest technologies and fluctuating customer demands, organizations are compelled to implement the Harvard model.

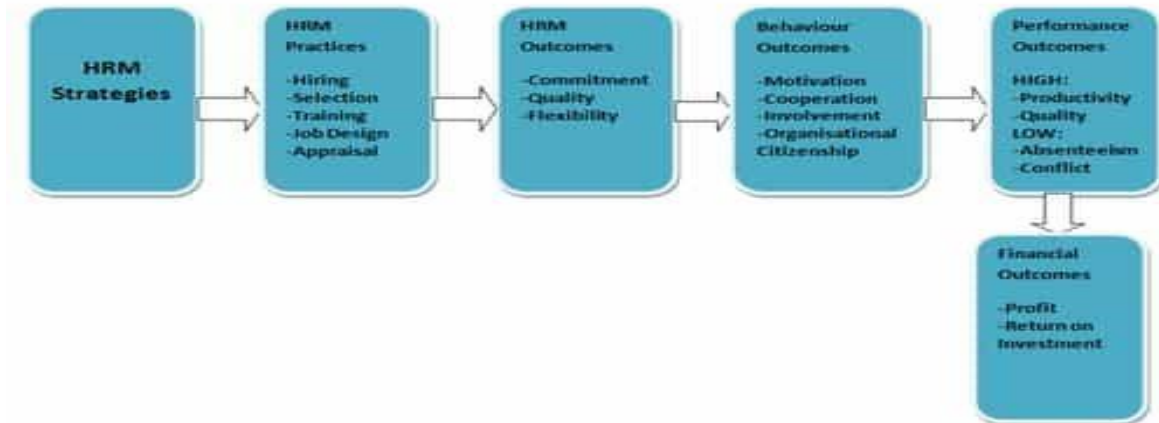


Source :Miles and Snow HRM Model

#### 2.1.4 The David Guest Model (1997)

- ❖ In this model, David Guest stated that there are some specific strategies carried out by human resource managers, which leads to behavioural, performance and financial rewards.

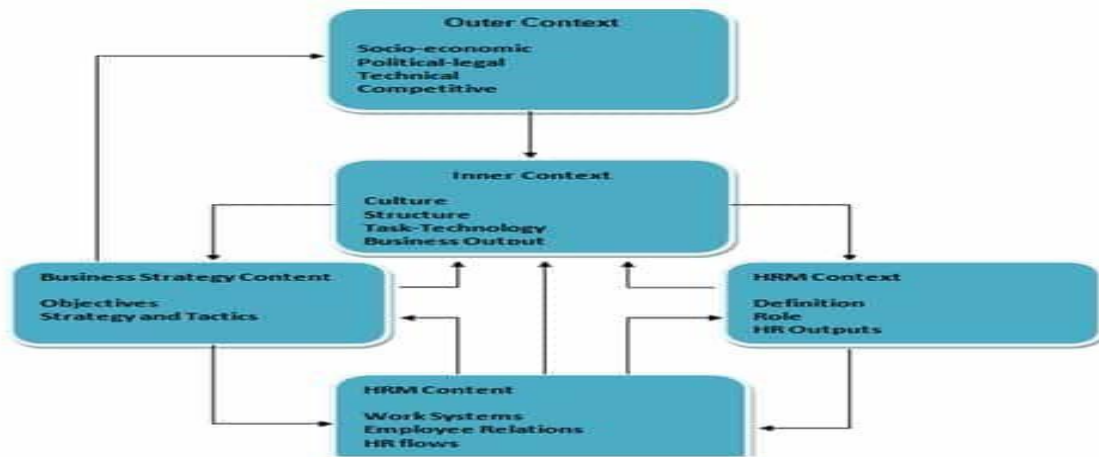
- ❖ This model highlights six components of human resource: HR strategy, HR practices, HR outcomes, behavioural outcomes, performance outcomes and financial outcomes.



Source: AMO Model in Human Resource Management

### 2.1.5 The Warwick Model (1990)

- ❖ The Warwick model was developed by Hendry and Pettigrew of the University of Warwick, they emphasize on five elements:
  - Outer context (macro-environmental factors)
  - Inner context ( micro environmental factors)
  - Business strategy content
  - HRM context
  - HRM content
- ❖ This model analyses essential environmental influences on human resource management. It highlights the connection between the environmental factors and prospects how human resource management accepts and adapts to changes in the strategic context.



Source :Miles and Snow framework

### 2.1.6 The Ulrich Model (1995)

- ❖ It is also known as the Business Partner Model, developed by Dave Ulrich who was also called as the father of modern HR.
- ❖ This Model emphasises on organising and managing all HR functions into four central functions: strategic partner, change agent, administrative expert, and employee champion/ advocate.
- ❖ Instead of focusing on processes and functions, this model focuses more on employees of the organisation and the roles and responsibilities they enact in the grand scheme of functions.



Source: Four Roles of HRM

### 2.1.7 Guest's 1987 Model

The framework of the concept of strategic human resource management, there are a number of prescriptive and descriptive models that form various approaches to the concept's theoretical development and practical implementation. There are those who refer to general approaches to strategic human resource management, and those who prescribe specific approaches to strategic HRM practise, such as resource capability, highperformance management (high-performance working), high-commitment management, and high- involvement management.

SHRM models are either prescriptive or descriptive in nature. HRM can be derived empirically and conceptually from analyses of individual practises over time, leading to testable propositions and finally policy prescription, according to Guest's 1987 model.

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#### **Let's Sum Up:**

Human Resource Management (HRM) models provide frameworks for understanding and implementing effective people management practices within organizations. These models offer valuable insights into how to structure HR functions, achieve strategic goals, and optimize the workforce. Some prominent models include the Harvard Model, emphasizing the strategic partnership role of HR, the Guest Model, focusing on high commitment work practices, and



the 5P Model, highlighting the importance of purpose, principles, processes, people, and performance. By understanding these various models and their core principles, HR professionals can make informed decisions about designing and implementing HR practices that best suit their organization's unique needs and goals.



### Check Your Progress



1. The economic factors which influence human resources management include \_\_\_\_\_.
  - (a) Wage and salary levels
  - (b) ability to attract labour
  - (c) Flow of labour force
  - (d) all of the above
2. \_\_\_\_\_ environment consists of economic system of a country economic policies, volume and direction of domestic and international trade.
  - (a) Economic
  - (b) Technological
  - (c) Social
  - (d) Political
3. Changing demands of employers has been the result of \_\_\_\_\_ and intensive competition.
  - (a) globalization
  - (b) liberalization
  - (c) privatization
  - (d) collaboration
4. A thorough scanning of internal and external environment can help management to reaffirm or \_\_\_\_\_ its organizational direction.
  - (a) revise
  - (b) refine
  - (c) regain
  - (d) all of the above

## 2.2 MODELS OF STRATEGIC HUMAN RESOURCE MANAGEMENT

### 2.2.1 High Involvement Model in SHRM

The High Involvement Model in Strategic Human Resource Management (SHRM) emphasizes employee participation, empowerment, and engagement to enhance organizational performance and competitive advantage. It involves practices like open communication, employee involvement in decision-making, skill development, and sharing

of information. This model assumes that involving employees in decision-making and giving them a sense of ownership leads to higher motivation, commitment, and overall effectiveness within the organization.

#### **HIGH INVOLVEMENT MODEL IN SHRM FUNCTIONS include:**

1. **Employee Participation:** Involves giving employees a voice in decision-making processes, allowing them to contribute ideas and insights that can impact the organization's strategies and operations.
2. **Continuous Development and Learning:** Providing opportunities for skill development and continuous learning, enabling employees to take on more responsibilities and contribute effectively to the organization's goals.
3. **Transparent Communication:** Ensuring transparent communication of company goals, strategies, and performance results, which helps employees understand their role in the bigger picture and align their efforts accordingly.
4. **Performance Management:** Focusing on on going feedback and coaching rather than just annual reviews. This approach helps employees understand their performance, set goals, and improve over time.
5. **Teamwork and Cross-Functional Collaboration:** Encouraging teamwork and crossfunctional collaboration to solve problems and achieve common objectives, fostering a sense of ownership and unity among employees.
6. **Empowerment:** Granting employees the authority to make decisions within their roles, which enhances their sense of ownership and accountability for their work outcomes.
7. **Flexible Work Arrangements:** Offering flexible work arrangements such as remote work or flexible hours, promoting a healthier work-life balance and increasing job satisfaction.
8. **Recognition and Rewards:** Implementing reward systems that acknowledge and appreciate employees' contributions, motivating them to perform at their best and stay committed to the organization.

9. **Job Design:** Structuring roles to incorporate variety, autonomy, and opportunities for skill utilization, leading to higher job satisfaction and engagement.
10. **Open Communication Channels:** Creating platforms for two-way communication, allowing employees to share their opinions, concerns, and suggestions with management.
11. **Employee Growth and Retention:** Offering clear paths for career progression, demonstrating the organization's commitment to employee growth and retention.
12. **Inclusive and diverse workplace:** Fostering an inclusive and diverse workplace where all employees feel valued and respected, contributing to a positive organizational culture.

By integrating these functions, the High Involvement Model aims to create a workplace environment where employees feel engaged, motivated, and empowered, leading to improved organizational performance and sustainable competitive advantage.

### 2.2.2 High Performance Working Model in SHRM

A high-performance working model in Strategic Human Resource Management (SHRM) typically involves aligning HR strategies with the organization's overall goals, fostering employee engagement, providing continuous learning and development opportunities, effective performance management, and creating a supportive work environment that encourages innovation and collaboration. It focuses on optimizing the workforce to achieve better business outcomes and sustained success.

**This model involves several key components and practices:**

- ❖ **Strategic Alignment:** The model starts by aligning HR strategies with the overall business goals and objectives of the organization. This ensures that HR initiatives are directly contributing to the organization's success.
- ❖ **Employees Engagement:** Engaged employees are more likely to be motivated, productive, and committed to their work. The model emphasizes creating a work

environment where employees feel valued, connected to the company's mission, and empowered to contribute their best efforts.

- ❖ **Performance Management:** Effective performance management systems are put in place to set clear expectations, provide regular feedback, and recognize and reward high performance. This involves goal setting, performance appraisals, and addressing any performance gaps.
- ❖ **Learning Development:** Continuous learning and skill development opportunities are provided to employees to enhance their capabilities and keep up with changing industry trends. This can include training programs, workshops, and career development plans.
- ❖ **Culture of Collaboration:** The model encourages a culture of collaboration and teamwork. Employees are encouraged to share ideas, work together on projects, and contribute to the overall success of the organization.
- ❖ **Innovation and Creativity:** A high-performance working model promotes an environment that fosters innovation and creativity. This includes encouraging employees to think outside the box, experiment with new ideas, and contribute to the organization's growth through innovative solutions.
- ❖ **Leadership Development:** Effective leadership plays a crucial role in driving high performance. The model emphasizes identifying and developing strong leaders who can inspire, motivate, and guide teams toward achieving their goals.
- ❖ **Flexible Work Practices:** The model acknowledges the importance of adapting to changing circumstances and market demands. It encourages flexible work practices that allow the organization to respond quickly to challenges and opportunities.
- ❖ **well-being of employees:** The well-being of employees is a priority in the high performance working model. This involves providing support for work-life balance, addressing employee health and wellness, and promoting a positive work environment.

- ❖ **Data Driven Decisions:** The model relies on data and analytics to make informed HR decisions. Data helps identify trends, areas for improvement, and the impact of HR initiatives on overall performance.

Overall, the high-performance working model in SHRM seeks to create a synergy between HR practices and business outcomes, resulting in improved productivity, profitability, and sustainable growth for the organization.

### 2.2.3 High Commitment Management Model in SHRM

The High Commitment Management (HCM) model in Strategic Human Resource Management (SHRM) emphasizes creating a workplace culture that fosters employee engagement, involvement, and commitment. This model seeks to align employee interests with organizational goals, leading to higher productivity and performance. It often involves practices like employee empowerment, skill development, information sharing, and participative decision-making. HCM aims to create a positive and supportive work environment that encourages employees to invest their efforts and contribute effectively to the organization's success.

#### Key functions:

- ❖ **Employees Motivation and Satisfaction:** By involving employees in decisionmaking, fostering skill development, and recognizing their contributions, the HCM model increases job satisfaction and motivation.
- ❖ **Valued and Engaged Employees:** When employees feel valued and engaged, they are more likely to stay with the organization, reducing turnover rates.
- ❖ **Performance of Employees:** Engaged and committed employees tend to put in more effort, leading to higher productivity and improved overall performance.
- ❖ **Innovation and Creativity:** The HCM model encourages employees to contribute their ideas and perspectives, fostering an environment of innovation and creativity.
- ❖ **Flexibility and Adaptability:** Empowered employees are better equipped to handle changes and adapt to new challenges, contributing to the organization's agility.

- ❖ **Improvement of Quality:** With a focus on skill development and involvement, the HCM model can lead to improved product and service quality.
- ❖ **Collaborate and Work:** When employees feel committed to their organization, they are more likely to collaborate and work effectively in teams.
- ❖ **Organization's Reputation:** A positive work environment and high commitment practices can enhance the organization's reputation as an employer of choice.
- ❖ **Reduced Absenteeism:** Engaged employees are less likely to be absent from work, leading to improved attendance rates.
- ❖ **Long-Term Sustainability:** The HCM model contributes to the long-term sustainability of the organization by fostering a culture of continuous improvement and employee development.

Overall, the High Commitment Management model functions to create a symbiotic relationship between employee well-being and organizational success, resulting in a win-win scenario for both parties.

#### 2.2.4 The High Commitment Management (HCM)

This model involves a systematic process aimed at creating a workplace environment that fosters employee engagement, empowerment, and commitment.

The process typically includes the following steps:

- ❖ **Strategic Alignment:** The organization aligns its human resource strategies with its overall business goals and objectives. This involves understanding how employee commitment and involvement contribute to achieving the organization's mission and vision.
- ❖ **Recruitment and Selection:** The organization seeks to hire individuals who align with its values and are likely to thrive in a high commitment environment. This includes assessing candidates' skills, attitudes, and potential for engagement.
- ❖ **Employees Training and Development:** Employees are provided with training and development opportunities that enhance their skills and competencies. This

empowers them to take on more responsibilities and contribute effectively to the organization.

- ❖ **Transparent Communication:** Open and transparent communication channels are established to keep employees informed about organizational goals, performance, and changes. This fosters a sense of belonging and ownership.
- ❖ **Decision-Making:** Employees are involved in decision-making processes, especially those that directly affect their work. This empowers them and makes them feel valued as contributors to the organization's success.
- ❖ **Empowerment and Autonomy:** Employees are given the authority to make decisions within their roles, allowing them to take ownership of their work and contribute to the organization's growth.
- ❖ **Performance Management:** A performance management system is established to provide regular feedback, recognition, and opportunities for growth. Clear goals and expectations are set to align individual efforts with organizational objectives.
- ❖ **Recognizes and Rewards Employees:** The organization recognizes and rewards employees for their contributions. This can include both financial and non-financial rewards, fostering a sense of accomplishment and motivation.
- ❖ **Continuous Improvement:** Regular assessments of the HCM practices are conducted to identify areas for improvement. Feedback from employees is taken into account to refine and adjust the model as needed.
- ❖ **Cultural integration:** The HCM practices become an integral part of the organizational culture, influencing how employees perceive their roles, interact with one another, and contribute to the organization's success.
  - ❖ **Measurement and Evaluation:** The impact of the HCM model on key performance indicators, such as productivity, turnover rates, and employee satisfaction, is continuously monitored and evaluated.

Through this process, the High Commitment Management model creates a positive cycle where engaged and committed employees contribute to organizational success, which in turn reinforces the commitment and involvement of employees.

## Let's Sum Up:

The world of Strategic Human Resource Management (SHRM) utilizes various models to bridge the gap between theory and practice. These models offer frameworks for aligning HR activities with an organization's long-term goals. Some models, like the Guest Model, prescribe specific actions to achieve strategic integration and employee commitment. Others, like the Harvard Model, take a more descriptive approach, highlighting how existing HR practices contribute to the organization's resource capabilities. Ultimately, the most suitable model depends on the specific context and strategic objectives of the organization.



1. \_\_\_\_\_ analysis helps to rank the alternative strategies and select the best strategy.
  - (a) Stepin
  - (b) Pestle
  - (c) Pest
  - (d) Swot
2. \_\_\_\_\_ are the specific targets or end-result, which an organization tries to achieve by means of strategies.
  - (a) Mission
  - (b) Objective
  - (c) Vision
  - (d) Goals
3. The analysis of internal environmental factors indicates the threats and \_\_\_\_\_ provided by micro and macro environment.
  - (a) opportunities
  - (b) weaknesses
  - (c) threats
  - (d) All of the above
4. The analysis of internal environmental factors indicates the strengths and \_\_\_\_\_ of the business firm.
  - (a) opportunities
  - (b) weaknesses
  - (c) threats
  - (d) All of the above



## 2.3 HR ENVIRONMENT IN SHRM

The HR environment in the context of SHRM (Strategic Human Resource Management) refers to the **various external factors and internal elements** that influence how an organization manages its human resources. This includes the organization's culture, industry trends, legal and regulatory landscape, economic conditions, technological advancements, and more. SHRM emphasizes aligning HR practices with overall business strategies to achieve organizational goals effectively.

### 2.3.1 External Factors that can impact SHRM

Certainly, here are some common external factors that can impact the HR environment within the context of Strategic Human Resource Management (SHRM):

1. **Economic Conditions:** Economic growth, recessions, inflation rates, and overall market conditions can affect an organization's hiring, compensation, and workforce planning strategies.
2. **Labour Market Trends:** Factors such as talent shortages, skill gaps, and the availability of qualified candidates influence recruitment, retention, and training efforts.
3. **Technological Advancements:** Rapid changes in technology can require organizations to adapt their workforce skills, training programs, and recruitment methods to stay competitive.
4. **Legal and Regulatory Changes:** Employment laws, regulations, and compliance requirements at local, national, and international levels impact HR policies, procedures, and practices.
5. **Demographic Shifts:** Changes in the age, gender, and diversity of the workforce can affect recruitment, employee engagement, and retention strategies.
6. **Globalization:** Expanding into international markets requires considerations of cultural differences, labour laws, and diverse workforce needs.

7. **Social and Cultural Trends:** Evolving societal attitudes towards work-life balance, diversity and inclusion, and remote work impact HR policies and practices.
8. **Competitive Pressures:** The competitive landscape and industry trends can influence recruitment strategies, compensation structures, and talent development initiatives.
9. **Political Climate:** Political stability, government policies, and geopolitical factors can affect workforce planning and international HR operations.
10. **Environmental Sustainability:** Growing emphasis on sustainability may lead to changes in HR practices related to corporate social responsibility, employee wellness, and environmental impact.

These external factors collectively shape an organization's HR environment and influence its strategic decisions related to human resource management.

### 2.3.2 Internal Factors that play a significant role of SHRM

Some internal factors that play a significant role in the HR environment within the context of Strategic Human Resource Management (SHRM):

- ❖ **Organizational Culture:** The values, beliefs, and norms of the organization shape HR practices, employee behaviour, and overall work environment.
- ❖ **Leadership Style:** The leadership approach and management practices within the organization impact how HR strategies are developed and executed.
- ❖ **Structure and Size:** The organizational structure, hierarchy, and size influence communication, decision-making, and the implementation of HR policies.
- ❖ **Resources:** The availability of financial, technological, and human resources affects the organization's ability to invest in HR initiatives and development programs.
- ❖ **Employee Skills and Abilities:** The existing skill sets and capabilities of the workforce determine the organization's training needs and potential for internal promotions.

- ❖ **Compensation and Benefits Philosophy:** The organization's approach to rewarding employees through compensation, benefits, and incentives affects employee motivation and retention.
- ❖ **Employee Relations:** The quality of relationships between employees and management impacts job satisfaction, engagement, and overall productivity.
- ❖ **Performance Management System:** The methods used to assess, monitor, and reward employee performance influence individual and team behavior.
- ❖ **Workforce Planning:** Aligning HR strategies with the organization's long-term goals requires effective workforce planning to meet future talent needs.
- ❖ **Communication Channels:** The methods of communication within the organization influence how HR policies, changes, and updates are conveyed to employees.
- ❖ **HR Department Structure:** The structure of the HR department and its roles impact the efficiency and effectiveness of HR functions.
- ❖ **Training and Development Initiatives:** The organization's investment in training and development programs affects employee growth, skill enhancement, and career progression.
- ❖ **Recruitment and Selection Practices:** The methods used to attract, assess, and hire new employees determine the quality of the workforce.
- ❖ **Performance Evaluation Criteria:** The criteria for evaluating employee performance guide promotions, career paths, and talent management strategies.

These internal factors interact with external factors to shape an organization's HR practices and strategies within the framework of Strategic Human Resource Management (SHRM).

### 2.3.3 Internal Resources within the context of SHRM

Here's how you can effectively manage internal resources within the context of SHRM:

- ❖ **Align business strategy:** Ensure that HR goals are closely aligned with the overall business strategy. Understand the organization's long-term objectives and identify the human resources needed to achieve them.
- ❖ **Training and Development:** Evaluate the existing workforce's skills, strengths, and weaknesses. Identify any skill gaps or areas where additional training and development are required.
- ❖ **Workforce Planning:** Develop a workforce plan that forecasts the organization's future human resource needs. This includes anticipating potential retirements, promotions, and hiring requirements.
- ❖ **Recruitment Right Talent:** Implement effective recruitment strategies to attract the right talent. Use job analyses to create accurate job descriptions and target candidates who align with the organization's strategic direction.
- ❖ **Training And Development:** Offer training and development programs that enhance employee skills and capabilities. This can involve internal training, external courses, workshops, and mentoring.
- ❖ **Succession Plans:** Identify high-potential employees and create succession plans for key positions. This ensures a pipeline of qualified individuals ready to step into leadership roles.
- ❖ **Performance Evaluation:** Implement performance evaluation systems that align with the organization's strategic goals. Regularly review and provide feedback to employees to ensure they are contributing effectively.
- ❖ **Career Growth and Advancement:** Create opportunities for career growth and advancement within the organization. This can improve employee retention and motivate them to contribute to long-term strategic objectives.

- ❖ **Communication:** Maintain open lines of communication between HR and other departments. Ensure that HR is aware of changes in strategy, so they can adjust their resource management efforts accordingly.
- ❖ **Change management:** As the organization's strategic direction evolves, be prepared to reallocate resources or retrain employees to match new priorities.

### 2.3.4 External Resources within the context of SHRM

Here's how you can effectively manage external resources within the context of SHRM:

1. **Recruitment Process Outsourcing (RPO):** Consider outsourcing certain HR functions to specialized firms. This can include payroll processing, employee benefits administration, and recruitment process outsourcing (RPO).
2. **External Vendors Selection:** Identify external vendors, consultants, or service providers that align with your organization's HR needs. Choose partners who specialize in areas such as recruitment, training, benefits administration, or HR technology.
3. **Partnerships:** Establish partnerships with educational institutions, industry associations, and professional networks to tap into a broader talent pool and stay updated on industry trends.
4. **External recruitment channels:** Utilize external recruitment channels such as job boards, social media platforms, and professional networking sites to reach potential candidates.
5. **Search Firms;** Engage executive search firms to help identify and attract top-level talent for key leadership positions.
6. **Tanning and Development:** Collaborate with external training providers to offer specialized training programs that enhance employee skills and knowledge.
7. **Consulting Services:** Seek HR consulting services to receive expert advice on areas such as organizational design, performance management, and employee engagement.

8. **HR technology:** Invest in HR technology solutions such as applicant tracking systems (ATS), HR analytics platforms, and employee self-service portals to streamline processes.
9. **Legal and Compliance Services:** Work with legal firms that specialize in employment law to ensure your HR practices remain compliant with changing regulations.
10. **Expanding Global Support:** If your organization is expanding internationally, partner with experts who can provide insights into local labour laws, cultural nuances, and workforce practices.

## Let's Sum Up:

The HR environment in SHRM encompasses all the internal and external factors that influence how human resource management practices are designed and implemented. Internal factors include an organization's culture, structure, and workforce demographics. External factors encompass legal regulations, economic trends, technological advancements, and the social and political landscape. SHRM acknowledges these environmental influences and aims to adapt HR strategies to address them effectively. For instance, an aging workforce might necessitate a focus on upskilling and reskilling programs, while technological advancements might require the development of digital literacy programs within the organization. By understanding and adapting to the HR environment, SHRM can ensure its practices remain relevant, effective, and aligned with the organization's strategic goals.

## 2.4 TRENDS IN THE SHRM

Strategic Human Resource Management environment that are shaping the way organizations manage their human resources:

1. **Remote And Hybrid Work:** The continued adoption of remote and hybrid work models due to advancements in technology, changing employee preferences, and the impact of the COVID-19 pandemic.

2. **Digital Transformation:** Increased integration of technology in HR processes, including AI- driven recruitment, virtual on boarding, and data analytics for workforce insights.
3. **Well-Being Employee:** Organizations are prioritizing employee mental, emotional, and physical well-being through wellness programs, flexible work arrangements, and mental health support.
4. **Diverse, Equitable, and Inclusive Workplaces:** A growing emphasis on fostering diverse, equitable, and inclusive workplaces to create a sense of belonging for all employees.
5. **Skills development:** Organizations are investing in up skilling and reskilling programs to address skill gaps and keep up with technological advancements.
6. **Workforce planning:** Organizations are adopting more agile approaches to workforce planning to quickly adapt to changing business needs.
7. **Informed Decisions Making:** Increased use of HR analytics to make informed decisions about talent management, performance, and recruitment.
8. **Work Environments:** Organizations are focusing on creating positive employee experiences through personalized benefits, career development opportunities and improved work environments.
9. **Security Challenges:** Addressing cyber security challenges associated with remote work and ensuring data protection for remote employees.
10. **Developing Leadership:** Organizations are investing in developing leadership skills and cultivating future leaders from within.
11. **Flexible Benefits:** Offering flexible and customizable benefits packages to cater to the diverse needs of the workforce.
12. **Workforce Strategy:** Managing and integrating freelance, contract, and gig workers into the organization's workforce strategy.

13. **Sustainability:** Incorporating sustainability and corporate social responsibility into HR practices and promoting environmentally friendly initiatives.
14. **Employee Engagement:** Employers are focusing on strategies to boost employee engagement and motivation, especially in remote or hybrid work environments.
15. **Work-Life Balance:** Recognizing the importance of work-life balance and providing support for employees to effectively manage their personal and professional lives.
16. **Learning Platforms:** Adoption of digital learning platforms and micro-learning tools to facilitate continuous employee skill development.
17. **Performance Oriented Decisions:** Shifting from traditional annual performance reviews to more frequent, feedback-oriented performance discussions.
18. **Global Workforce Management:** Managing an increasingly global workforce, considering different time zones, cultural differences, and legal requirements.
19. **AI Uses In Recruitment Process:** Using AI and machine learning to streamline and improve the recruitment process, from resume screening to candidate matching.
20. **Human centered HR:** Placing a greater focus on the human aspect of HR, including empathy, understanding, and personalized employee interactions.

### Let's Sum Up:

The landscape of Strategic Human Resource Management (SHRM) is constantly evolving to address the changing needs of businesses and the workforce. Some key trends shaping SHRM include the **integration of technology** like AI for recruitment and performance management, **prioritization of employee well-being** to boost engagement and retention, and the **rise of remote work**, requiring **flexible work arrangements** and strategies for managing a geographically dispersed workforce. **Data-driven decision making** is also becoming increasingly important, allowing HR to measure the effectiveness of their initiatives and their impact on the bottom line. Overall, successful SHRM in today's world requires a focus on **adaptability** and a willingness to embrace **innovative solutions** to attract, develop, and retain top talent in a competitive environment.



## 2.5 SHRM ENVIRONMENT CHALLENGES

SHRM (Strategic Human Resource Management) environment challenges encompass various factors that can impact an organization's HR practices and strategies.

Here are some key challenges organizations may face in their SHRM environment:

1. **Diverse Workforce Management:** Managing a diverse workforce across different cultures, languages, and geographies while ensuring consistent HR practices and fostering inclusivity.
2. **Attracting and retaining skilled talent:** Attracting and retaining skilled talent in a competitive job market, especially for specialized roles.
3. **Technological Advancements:** Adapting to rapidly changing technologies, automation, and artificial intelligence while upskilling employees to remain relevant.
4. **Shortages of Specific Skills:** Addressing shortages of specific skills required for the organization's strategic objectives.
5. **Remote and Hybrid Work:** Effectively managing remote and hybrid work arrangements, maintaining productivity, and ensuring employee engagement.
6. **Change Management:** Successfully implementing changes in HR practices and strategies, such as new performance management systems or organizational restructuring.
7. **Developing leadership:** Developing and preparing leaders to drive the organization's strategic goals and foster employee growth.
8. **Aligning Workforce:** Aligning HR strategies with the organization's long-term goals and anticipating future workforce needs.
9. **Regulatory compliance:** Navigating complex and evolving employment laws and regulations, both domestically and internationally.
10. **Well-Being Employee:** Prioritizing employee mental, emotional, and physical wellbeing to mitigate burnout and enhance job satisfaction.

11. **Data Privacy and Security:** Ensuring the protection of employee data and complying with data privacy regulations.
12. **Performance Evaluation:** Designing effective performance evaluation systems that align with the organization's strategic priorities.
13. **Engagement of Employees:** Maintaining high levels of engagement among employees, especially in the face of remote work and other disruptions.
14. **Planning for Succession:** Identifying and preparing future leaders within the organization to ensure a smooth transition of key roles.
15. **Compensation and Benefits:** Developing competitive compensation packages and benefits that attract and retain top talent.
16. **Crises Management:** Responding to unexpected crises, such as pandemics or economic downturns, while ensuring business continuity and employee well-being.
17. **Continuous Training and Development:** Providing continuous training and development opportunities to enhance employee skills and align with the organization's strategy.
18. **Diverse and Inclusive Workplace:** Creating a diverse and inclusive workplace that leverages the unique strengths of all employees.
19. **Managing contingent workers:** Effectively integrating freelancers, contractors, and gig workers into the workforce while ensuring compliance with labour laws.
20. **Sustainability Environment:** Aligning HR practices with sustainability goals and promoting environmentally responsible behaviour among employees.

### Let's Sum Up:

The environment surrounding SHRM, or Strategic Human Resource Management, presents both opportunities and challenges. Globalization, technological advancements, economic fluctuations, and workforce demographics all significantly impact how HR functions. Attracting and retaining talent becomes more complex in a globalized market. Technological

disruptions necessitate continuous skill development and adaptation of HR practices. Economic downturns may require cost-containment measures while maintaining employee engagement. Demographic shifts, with an aging workforce and diverse talent pool, demand flexible work arrangements and inclusive talent management strategies. Navigating these challenges effectively requires HR professionals to be adaptable, data-driven, and strategic in their approach to managing the human capital that drives organizational success.

## 2.6 LINKING SHRM WITH OTHER BUSINESS OPERATIONS

Linking Strategic Human Resource Management (SHRM) with other business operations is essential for an organization's success. Here are some key ways to achieve this integration:

1. **Alignment with Business Goals:** Ensure that your HR strategies align with the overall business objectives. This means HR should be aware of and support the company's mission, vision, and strategic goals.
2. **Communication:** Foster open communication between HR and other departments. Regularly meet with leaders from various functions to understand their needs and challenges.
3. **Talent Acquisition:** Collaborate with the recruitment team to hire employees who not only have the necessary skills but also fit the company culture and long-term strategic needs.
4. **Training and Development:** Design training programs that directly address skill gaps or competencies required to achieve business goals. Make sure these programs are accessible to all employees.
5. **Performance Management:** Implement performance appraisal systems that tie individual and team performance to organizational objectives. Use Key Performance Indicators (KPIs) to track progress.

6. **Compensation and Rewards:** Develop a compensation structure that rewards employees for contributing to strategic goals. This can include bonuses, profit-sharing, or stock options.
7. **Succession Planning:** Identify and groom talent within the organization to fill key leadership positions in the future. This ensures a smooth transition when needed.
8. **Employee Engagement:** Engaged employees are more likely to contribute to business success. Implement initiatives that boost employee morale, such as wellness programs, flexible work arrangements, and recognition programs.
9. **Data and Analytics:** Utilize HR analytics to measure the impact of HR initiatives on business outcomes. This data-driven approach can help in making informed decisions.
10. **Change Management:** When the business undergoes changes, such as mergers, acquisitions, or restructurings, involve HR early to manage the human side of change effectively.
11. **Legal Compliance:** Ensure HR policies and practices comply with labor laws and regulations, reducing the risk of legal issues that could disrupt business operations.
12. **Continuous Improvement:** Regularly review and adjust HR strategies and practices based on feedback, changing business needs, and industry trends.
13. **Cross-functional Teams:** Form cross-functional teams that include HR representatives to address complex issues or projects, ensuring HR insights are integrated into decision-making.
14. **Technology Integration:** Utilize HR technology solutions that can streamline processes and provide data for better decision-making. Integrate these systems with other business operations where possible.

## Let's Sum Up:

Linking SHRM (Strategic Human Resource Management) with other business operations is crucial for organizational success. It transcends the traditional view of HR as solely focused on administrative tasks. By working collaboratively, SHRM ensures HR practices directly support the overall business strategy. This can involve aligning recruitment efforts with talent needs for upcoming projects in the marketing department, or developing training programs tailored to the specific skills required by the sales team. This integrated approach fosters a shared understanding of business goals across departments and empowers HR to be a strategic partner, driving performance and achieving a competitive advantage.



1. To face threats posed by the environment, the business should enhance its \_\_\_\_\_.  
a. challenges                      (b) strengths                      (c) opportunities                      (d) all of the above
2. Environment provides the opportunities to the business as well as poses threats and \_\_\_\_\_ to the business.  
a. competition    (b) creativity    (c) challenges    (d) none of the above
3. The fundamental basis for strategy formulation is the \_\_\_\_\_ analysis  
a. Environmental                      (b) System                      (c) Organizational                      (d) HR
4. Performance Appraisal is a management technique to:  
A. Motivate the employees                      B. Find out worth of employees  
C. Give promotion to employees                      D. Find out difficulties of employees

## 2.7 UNIT - SUMMARY

Strategic Human Resource Management (SHRM) transcends routine HR tasks by aligning people management practices with an organization's long-term goals. SHRM focuses on how HR initiatives can directly support the business strategy, fostering a competitive advantage. This approach involves data-driven decision making, continuous improvement, and a strong focus on attracting, retaining, and developing a high-performing workforce. By bridging the gap between HR and strategic objectives, SHRM ultimately contributes to improved business performance and a future-proof organization.

## 2.8 Glossary

<b>Job Design</b>	Job design refers to the process of defining the tasks, duties, and responsibilities of a specific job within an organization. It's essentially crafting the role and determining how it contributes to the organization's overall goals.
<b>Inclusive Workplace</b>	An inclusive workplace is one that strives to create a work environment where <b>everyone feels valued, respected, and able to contribute their best</b> . It goes beyond simply tolerating differences; it actively welcomes and celebrates them.
<b>Strategic Alignment</b>	Strategic alignment refers to the process of ensuring that all aspects of an organization, from its goals and resources to its activities and departments, are working together in a unified way to achieve its long-term objectives. It's essentially about creating a cohesive and focused approach to success.

<b>Crisis Management</b>	Crisis management refers to the process an organization follows to deal with unexpected events that threaten to harm its operations, reputation, or stakeholders. It's essentially a plan and set of actions to navigate difficult situations and minimize negative consequences.
<b>Legal Compliance</b>	Legal compliance refers to the state of conforming to the laws, regulations, and standards that apply to a specific organization or individual. It's essentially following the rules set by governing bodies to ensure your actions and operations are lawful and ethical.
<b>Compensation</b>	In the context of Strategic Human Resource Management (SHRM), compensation plays a crucial role in attracting, retaining, and motivating a high-performing workforce that aligns with the organization's strategic goals.

## 2.9 Self-Assessment Questions

**Short Answers: (5 Marks)** K3/K4 Level Questions

Sl.no	Questions	Level
1.	Explain the Models of strategic human resources management?	K3
2.	Explain the strategic human resources management high involvement model?	K3
3.	Explain the high-performance working model in strategic human resources management?	K3
4.	Explain the High commitment management model in strategic human resources management?	K3
5.	Explain the High involvement model in strategic human resources management?	K3

Essay Type Answers: (8 Marks) K5/KS Level Questions

Sl.no	Questions	Level
1.	Explain the External factors that can impact of strategic human resource management?	K5
2.	Internal factors that play a significant role of strategic human resource management?	K5
3.	Explain the Trends in the strategic human recourses management?	K5
4.	Explain the strategic human recourses management environment challenges?	K6
5.	Explain the Linking strategic human resource management with other business operations?	K6

## UNIT – 2 – MODELS OF SHRM – ASSIGNMENTS

### 2.10Ativities - Assignment



This assignment aims to analyze and compare different models of SHRM, evaluating their strengths, weaknesses, and applicability in real-world scenarios.

**Instructions:**

1. **Choose two contrasting SHRM models:** Select two prominent SHRM models from the following list or propose two models approved by your instructor:
  - The Harvard Model
  - The Guest Model
  - The Pfeffer Model
  - The *(Write in your own model option here, if applicable)*
  - The *(Write in your own model option here, if applicable)*
2. **Model Analysis:** For each chosen model, conduct a thorough analysis that includes:
  - **A brief description of the model's core principles.**
  - **An explanation of how the model views the relationship between HR practices and organizational strategy.**
  - **The strengths and weaknesses of the model.**
3. **Comparative Analysis:** Compare and contrast the two chosen models based on the following aspects:
  - **Similarities and differences in their approaches to SHRM.**
  - **The types of organizations for which each model might be most suitable.**
  - **The potential challenges of implementing each model in a practical setting.**
4. **Case Study Application (Optional):** If applicable to your course curriculum, select a real-world case study of an organization (provided by your instructor or chosen with approval). Analyze how each of your chosen SHRM models could be applied to the case study organization. Discuss the potential benefits and drawbacks of using each model in that specific context.
5. **Conclusion:** Summarize your key findings from the analysis and comparison. Briefly discuss the importance of understanding different SHRM models for effective HR strategy development.



Activities

	<p><b><u>Topics for Discussion</u></b></p> <ul style="list-style-type: none"> <li>□ <b>Select two prominent SHRM models (e.g., Harvard Model, Guest David Ulrich Model).</b> Discuss their key strengths and weaknesses in aligning HR practices with organizational strategy.</li> <li>□ <b>Choose a real-world company known for its strong HR practices.</b> Analyze how a specific SHRM model can be applied to understand their approach to talent management.</li> <li>□ <b>Discuss the challenges of implementing SHRM models in organizations with diverse cultures or structures.</b> Propose strategies to overcome these challenges and achieve successful integration.</li> <li>□ <b>The role of technology in SHRM models.</b> Explore how advancements like data analytics and AI can be leveraged to enhance strategic HR decision-making.</li> </ul>
--	--

## 2.11 Answers for Check your progress

1. d	2. a	3. a	4. a	5. d
6. b	7. a	8. b	9. b	10. c
11. a	12. c			

## 2.12 Suggested References

### Academic Journals:

- **The HR Scorecard: Linking People, Strategy, Performance** by Brian Becker, Mark Huselid, and Michael Beatty (1995) - This seminal article in the Harvard Business Review proposes a model for measuring HR's contribution to business strategy,

outlining key metrics for different HR functions. (Accessible through most university libraries)

- **People, Performance, and Pay** by David Ulrich and Wayne Brockbank (2005) - This article in the Human Resource Management Journal presents the Ulrich Model, which categorizes HR activities into four key roles: Champion, Steward, Strategist, and Business Partner. (Accessible through most university libraries)
- **Aligning Human Resources with Strategy: The Guest Relations Model** by David Guest (1987) - This article in the Personnel Review explores the Guest Relations Model, emphasizing the importance of employee commitment and line manager involvement in successful SHRM implementation. (Accessible through most university libraries)
- **Competing on Capabilities: New Strategic Roles for the Human Resource Management Function** by Jay R. Galbraith (2005) - This article in the Strategic Management Journal highlights the role of HR in developing organizational capabilities as a source of competitive advantage. (Accessible through most university libraries)

#### Professional Organizations:

- **SHRM (Society for Human Resource Management):** <https://www.shrm.org/> - SHRM's website offers articles and resources on various SHRM models, including summaries and comparisons. Search for terms like "SHRM models," "Ulrich Model," or "Guest Relations Model."

#### Additional Resources:

- **CIPD (Chartered Institute of Personnel and Development):** <https://www.cipd.org/en/> - The CIPD website provides resources on HR practices, including some on SHRM models. Search for "SHRM models" or browse their SHRM topic area.

## 2.13 Suggested Readings

#### Textbooks:

- **Strategic Human Resource Management** by Dessler, Gary H., et al. (latest edition) - A comprehensive textbook that explores various SHRM models, including the Guest Relations Model, the Harvard Model, the Workforce Capabilities Model, and the Strategic HRM Framework.
- **The HR Answer Book** by Michael Armstrong and Helen M. Armstrong (latest edition) - This reference book provides summaries and explanations of various HR concepts, including a section dedicated to SHRM models.
  - **Managing Human Resources** by Gary Dessler (latest edition) - While broader in scope, this HR management textbook includes a chapter on SHRM models, offering a foundational understanding before exploring specific frameworks.

### Unit 3 Strategic Planning and Compensation

Resourcing Strategy: Meaning and Objectives - Strategic HR Planning: Meaning, Advantages, Interaction between Strategic Planning and HRP, Managing HR Surplus and Shortages, Strategic Recruitment and Selection: Meaning and Need - Strategic Human Resource Development: Meaning, Advantages and Process - Strategic Compensation as a Competitive Advantage - Rewards Strategies: Meaning, Importance - Employee Relations Strategy, Retention Strategies, Strategies for Enhancing Employee Work Performance.

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## Learning Objectives

The unit explores various strategic HR functions, including resourcing strategy, strategic HR planning, recruitment and selection, human resource development, compensation, rewards, employee relations, retention, and performance enhancement strategies. It delves into the meaning, objectives, advantages, and processes associated with each function, highlighting their significance in achieving organizational goals and maintaining a competitive edge.

### SECTION 3.1: RESOURCING STRATEGY MEANING AND OBJECTIVES

#### 3.1.1 Primary Objectives of a Resourcing Strategy

A resourcing strategy refers to a systematic and long-term plan that an organization develops to acquire, allocate, and manage its resources effectively to achieve its goals and objectives. Resources in this context typically include human resources (employees), financial assets, physical assets (such as equipment and facilities), technology, and any other essential inputs necessary for the organization's operations.

The primary objectives of a resourcing strategy are as follows:

##### 1. **Align with Organizational Goals:**

Ensure that the allocation of resources supports the overarching goals and strategic objectives of the organization. The strategy should enable the organization to focus its resources on activities and initiatives that are most critical to its success.

##### 2. **Optimize Resource Utilization:**

Maximize the efficient and effective use of available resources. This involves ensuring that resources are not wasted or underutilized, which can lead to cost savings and improved performance.

##### 3. **Allocate Resources Fairly:**

Fairly distribute resources across different departments, projects, or business units. This ensures that each part of the organization has access to the resources needed to fulfill its responsibilities.

#### **4. Manage Resource Constraints:**

Address resource limitations or constraints proactively. Organizations often face constraints, such as budget limitations or shortages of skilled employees, and the resourcing strategy should outline how to deal with these challenges.

#### **5. Adapt to Change:**

Be flexible and adaptable to changing circumstances. As the business environment evolves, the organization may need to adjust its resource allocation to respond to new opportunities or threats.

#### **6. Promote Innovation:**

Encourage innovation and creativity in how resources are used. This can involve investing in new technologies, training employees, or fostering a culture of continuous improvement.

#### **7. Ensure Compliance:**

Ensure that resource allocation and management practices comply with relevant laws, regulations, and industry standards. This is particularly important in areas like finance and human resources.

#### **8. Risk Management:**

Mitigate risks associated with resource allocation. This includes identifying potential risks, developing contingency plans, and establishing mechanisms to monitor and control resource-related risks.

#### **9. Monitor and Evaluate Performance:**

Establish key performance indicators (KPIs) and metrics to measure the effectiveness of the resourcing strategy. Regularly assess whether the strategy is achieving its objectives and make adjustments as needed.

## 10. Sustainability:

Consider the long-term sustainability of resource use, including environmental and social impacts. Organizations are increasingly focused on sustainable resource management to reduce their ecological footprint and enhance their social responsibility.

### 3.1.2 Strategic HR Planning

Strategic Human Resources (HR) Planning, also known as workforce planning, is the process by which an organization aligns its human capital (employees) with its strategic objectives and long-term goals. It involves forecasting an organization's future talent needs, assessing the current workforce, and developing strategies to bridge the gap between the two.

Here are the key components and steps involved in strategic HR planning:

#### 1. Understanding Organizational Strategy:

Begin by gaining a deep understanding of the organization's strategic goals and objectives. This includes knowing where the organization is heading in terms of growth, expansion, market positioning, and other long-term goals.

#### 2. Environmental Scanning:

Analyze the external environment, including industry trends, economic conditions, labour market conditions, and legal/regulatory changes. This helps HR professionals anticipate potential challenges and opportunities related to talent acquisition and management.

#### 3. Assessing Current Workforce:

Evaluate the current workforce, including skills, competencies, experience, and performance. Identify any gaps between the existing workforce and the future needs of the organization.

#### 4. Forecasting Future Talent Needs:

Based on the strategic goals and environmental analysis, project the future workforce requirements. This includes estimating the number of employees needed, as well as the types of skills, knowledge, and expertise required.



**5. Talent Acquisition and Recruitment Strategies:**

Develop strategies for acquiring the right talent to fill the projected gaps. This may involve recruiting externally, promoting from within, or implementing training and development programs to up skill existing employees.

**6. Succession Planning:**

Identify and groom potential successors for key leadership and critical roles within the organization. Ensure that there is a pipeline of talent ready to step into key positions when needed.

**7. Retention Strategies:**

Develop retention programs and strategies to retain top talent within the organization. This includes employee engagement initiatives, competitive compensation packages, and a positive workplace culture.

**8. Performance Management and Development:**

Implement performance management systems that align individual and team goals with the organization's strategic objectives. Provide opportunities for skill development and career growth to ensure employees are prepared for future roles.

**9. Diversity and Inclusion:**

Consider diversity and inclusion in HR planning to create a workforce that reflects the diversity of the market and fosters creativity and innovation.

**10. Monitoring and Adjusting:**

Continuously monitor the effectiveness of HR planning efforts. Adjust strategies and tactics as needed based on changing circumstances, feedback, and results.

**11. Legal and Compliance Considerations:**

Ensure that HR planning and practices comply with labour laws, employment regulations, and any other legal requirements.

## 12. Communication and Collaboration:

Engage with other departments and leaders within the organization to ensure alignment between HR strategies and overall business strategies. Effective communication is essential to successful HR planning.

### 3.1.3 Strategic HR Planning Advantages

These advantages contribute to the overall success and sustainability of the organization. Here are some of the key advantages:

#### 1. Alignment with Organizational Goals:

Strategic HR planning ensures that HR activities, including recruitment, training, and talent management, are closely aligned with the organization's strategic objectives. This alignment enhances the likelihood of achieving long-term goals.

#### 2. Better Workforce Planning:

It enables organizations to anticipate and plan for future workforce needs more effectively. By understanding future talent requirements, organizations can address skill gaps and ensure they have the right people in the right positions.

#### 3. Talent Attraction and Retention:

It helps in attracting and retaining top talent. When employees see that their skills and career development align with the organization's goals, they are more likely to stay committed and engaged.

#### 4. Cost Efficiency:

Strategic HR planning can lead to cost savings by reducing turnover costs, streamlining recruitment processes, and optimizing resource allocation. Avoiding the need for reactive hiring can also save on recruitment and training expenses.

**5. Succession Planning:**

It ensures a pipeline of qualified internal candidates for key positions. This minimizes disruptions when key employees leave or retire and helps maintain continuity in leadership roles.

**6. Enhanced Employee Development:** Employees benefit from structured development opportunities that align with the organization's goals. This can lead to improved skills, higher job satisfaction, and greater motivation.

**7. Competitive Advantage:**

A well-planned HR strategy can give an organization a competitive advantage by ensuring access to the right talent at the right time. This is especially crucial in rapidly changing industries and markets.

**8. Adaptability:**

Strategic HR planning allows organizations to be more adaptable in the face of change. Whether it's a sudden economic downturn or rapid growth, having a plan in place helps HR respond effectively to changing circumstances.

**9. Improved Decision-Making:**

Data-driven HR planning provides valuable insights into workforce trends, performance metrics, and talent gaps. This information empowers leaders to make informed decisions about resource allocation and talent management.

**10. Enhanced Employee Engagement:**

Employees who see that the organization invests in their development and provides opportunities for career growth are often more engaged and motivated. This can lead to increased productivity and better overall performance.

**11. Legal and Compliance Assurance:**

Strategic HR planning helps ensure that HR practices and policies are in compliance with labour laws, reducing the risk of legal issues and associated costs.

## 12. Crisis Preparedness:

Organizations with strategic HR plans are often better prepared to navigate crises, such as economic downturns or unexpected disruptions, by having contingency plans in place for workforce management.

## 13. Long-Term Sustainability:

By strategically managing its human capital, an organization can build a sustainable workforce that can adapt to evolving market conditions and contribute to long-term growth.

### 3.1.4 Interaction between Strategic Planning and Human Resources Planning (HRP)

Here's how strategic planning and HRP are interconnected:

#### 1. ALIGNMENT WITH ORGANIZATIONAL GOALS:

- ❖ **Strategic Planning:** In strategic planning, organizations define their long-term goals and objectives. This includes determining the direction in which the organization wants to move, such as expanding into new markets or launching new products.
- ❖ **HRP:** HRP involves understanding the organization's strategic direction. HR professionals must align their workforce planning efforts with these strategic goals to ensure that the right talent is available to support the organization's mission.

#### 2. FORECASTING TALENT NEEDS:

- ❖ **Strategic Planning:** During strategic planning, organizations identify the skills, competencies, and workforce size required to achieve their goals.
- ❖ **HRP:** HRP takes the strategic goals into account to forecast the future talent needs of the organization. HR professionals determine how many employees with specific skills and expertise are required.

#### 3. RECRUITMENT AND SELECTION:

- ❖ **Strategic Planning:** Once strategic goals are established, the organization may identify the need to hire new talent to meet those goals.

- ❖ **HRP:** HRP informs the recruitment and selection processes. HR departments use the workforce requirements identified in HRP to target their recruitment efforts effectively.

#### 4. TALENT DEVELOPMENT AND TRAINING:

- ❖ **Strategic Planning:** Organizations may identify the need for specific skills or competencies to execute their strategies.
- ❖ **HRP:** HRP identifies skill gaps within the current workforce and helps design training and development programs to fill those gaps. This ensures that employees have the necessary skills to support the strategic objectives.

#### 5. SUCCESSION PLANNING:

- ❖ **Strategic Planning:** Strategic plans often involve long-term leadership and key position requirements.
- ❖ **HRP:** HRP identifies critical positions and helps in succession planning by identifying and developing internal talent to fill these positions as part of the strategic execution.

#### 6. BUDGETING AND RESOURCE ALLOCATION:

- ❖ **Strategic Planning:** Organizations allocate resources, including financial and human resources, to execute their strategies.
- ❖ **HRP:** HRP provides data on the workforce's cost, allowing organizations to budget effectively for human capital needs. It helps in resource allocation by ensuring that HR budgets align with strategic priorities.

#### 7. MONITORING AND EVALUATION:

- ❖ **Strategic Planning:** Strategic plans include performance metrics and key performance indicators (KPIs) to measure progress toward goals.
- ❖ **HRP:** HRP tracks HR-related metrics and KPIs to assess whether the workforce is contributing to the achievement of strategic objectives. It helps in making adjustments if there are discrepancies.

#### 8. ADAPTATION TO CHANGE:

- ❖ **Strategic Planning:** Strategic plans can change in response to external factors or shifts in market conditions.
- ❖ **HRP:** HRP needs to adapt to changes in strategic direction. HR professionals must be flexible and responsive to ensure that talent management strategies remain aligned with the updated strategic goals.

## Let's Sum Up:

A well-defined resourcing strategy goes beyond simply recruiting employees. It's a comprehensive plan for ensuring an organization has the right people, with the right skills, in the right roles, at the right time. This strategy focuses on attracting, retaining, and developing talent to achieve business objectives. It encompasses activities like workforce planning, recruitment, onboarding, training, and performance management. By effectively managing resources, organizations can build a high-performing workforce, gain a competitive advantage, and ensure long-term sustainability.



**Check Your Progress**



1. Strategic planning is also called as \_\_\_\_\_
  - a. Tactical planning
  - b. Short term planning
  - c. Long term planning
  - d. Business policy
2. Strategic planning is \_\_\_\_\_ exercise.
  - a. nothing but a step by step
  - b. more than a step-by-step
  - c. short term tactical business management
  - d. non-essential and avoidable
3. Strategic planning is done by which level of management?
  - a. floor level management
  - b. middle level management

- c. top level management
  - d. both A & B
4. Strategic planning is formalization of planning where plans are made for \_\_\_\_\_ periods
- a. indefinite
  - b. medium
  - c. short
  - d. long

## 3.2 MANAGING HR SURPLUS AND SHORTAGES

Managing HR surplus (having more employees than required) and shortages (having fewer employees than required) is a critical aspect of Human Resource Management (HRM). Effective management of these situations helps organizations maintain a balanced and productive workforce. Here are strategies for managing both HR surpluses and shortages:

### 3.2.1 Managing HR Surplus

#### 1. Attrition and Natural Turnover:

Encourage natural attrition by not replacing employees who leave voluntarily, retire, or relocate. Implement hiring freezes in departments with surplus staff to gradually reduce headcount.

#### 2. Voluntary Redundancy Programs:

Offer voluntary redundancy packages to employees willing to leave the organization voluntarily. This can be more cost-effective and less disruptive than layoffs.

#### 3. Retraining and Reskilling:

Invest in retraining or reskilling programs to help surplus employees acquire the skills needed for other roles within the organization.

#### 4. Internal Transfers:

Promote internal job mobility by allowing employees to transfer to departments or roles where there is a shortage of skills.

#### **5. Temporary Assignments:**

Offer employees temporary assignments or projects in other areas of the organization to fill gaps in workload.

#### **6. Part-Time or Reduced Hours:**

Allow employees to work reduced hours or part-time if the workload permits, which can help retain talent while reducing costs.

#### **7. Cross-Training:**

Cross-train employees to perform multiple roles, enabling them to step in where needed during shortages.

#### **8. Flexible Work Arrangements:**

Implement flexible work arrangements, such as job sharing or telecommuting, to adapt to fluctuations in workload without laying off employees.

### **3.2.2 Managing HR Shortages**

#### **1. Recruitment and Hiring:**

Actively recruit to fill vacant positions quickly, utilizing various sourcing methods, including online job boards, social media, and employee referrals. Consider hiring temporary or contract workers to address immediate needs while searching for permanent employees.

#### **2. Talent Pipelining:**

Develop talent pipelines by proactively identifying potential candidates for future positions and engaging them early in the recruitment process.

#### **3. Offer Competitive Compensation and Benefits:**

Provide competitive salaries and benefits packages to attract top talent in a competitive job market.



**4. Leverage Technology:**

Use HR technology and applicant tracking systems to streamline the recruitment process and identify suitable candidates faster.

**5. Training and Development:**

Invest in employee training and development programs to up skill existing employees and prepare them for roles with skill shortages.

**6. Employee Referral Programs:**

Encourage existing employees to refer qualified candidates by offering incentives or bonuses for successful referrals.

**7. Global Talent Search:**

Consider international recruitment to access talent pools in regions with skills that are in high demand.

**8. Temporary or Contingent Workers:**

Utilize temporary or contingent workers to fill immediate skill gaps while evaluating long term staffing needs.

**9. Succession Planning:**

Develop a succession plan to identify and groom employees for key positions, reducing the impact of future shortages.

**10. Outsourcing:**

Consider outsourcing certain functions or projects to external vendors or partners to address temporary skill shortages.

**Let's Sum Up:**

Managing both HR surpluses and shortages is crucial for maintaining a well-balanced and productive workforce. When faced with a surplus, organizations can utilize strategies like attrition management (allowing natural turnover to address the imbalance), hiring freezes, early

retirement programs, or even redeployment of skilled employees to different departments. However, these actions should be implemented thoughtfully to minimize negative impacts on morale and company culture. Conversely, during HR shortages, attracting top talent becomes paramount. This can involve employer branding initiatives, competitive compensation and benefit packages, improved recruitment strategies, and a focus on upskilling or reskilling existing employees to fill the gaps. By proactively managing both surpluses and shortages, organizations can ensure they have the right people in place to achieve their strategic goals.



1. Strategic planning is done by \_\_\_\_\_
  - a. high level of management
  - B. middle level management
  - C. low level of management
  - D. floor level of management
  
2. Strategic planning as a broad concept consists of \_\_\_\_\_
  - A. micro and macro environmental analysis
  - B. inputs as well as outputs
  - C. business & corporate strategy
  - D. strategy formulation and strategy implementation
  
3. Another name for strategic planning is \_\_\_\_\_
  - a. business myopia
  - B. short term planning
  - C. long term planning
  - D. tactical business policy
  
4. Strategic planning is done by \_\_\_\_\_
  - a. senior manager's
  - B. middle managers
  - C. top managers
  - D. owners only

### 3.3 STRATEGIC RECRUITMENT AND SELECTION

Recruitment and selection are two key parts of the hiring process that allow companies to find and attract the best talent. Recruitment involves getting a job description in front of as many people as possible. Selection involves narrowing down the pool until you're left with the best person for the role.

### 3.3.1 What is Recruitment?

Recruitment is the process that organisations use to source, attract and identify candidates for their open positions. The goal of recruitment is to gather as many suitable candidates for the role as possible (through as many fitting recruitment methods as possible).

- ❖ **External recruitment:** This is when recruiters search for candidates from outside of their organisation. They might do this by posting on job sites, using social media or posting job descriptions on their own career site. External recruitment can also involve contacting passive candidates — those who aren't actively looking for work.
  
- ❖ **Internal recruitment:** This involves looking for candidates who already work for the organisation in a different role. Many companies choose to advertise the job internally before opening up the search to external candidates. This can allow them to save money since it typically costs less to promote someone than to hire a new candidate.

### 3.3.2 What is Selection?

Selection is the process of assessing candidates' qualities, expertise and experience to narrow down the pool of applicants until you're left with the best person for the role. This process usually involves conducting interviews and using various tests and assessments to evaluate each candidate.

### 3.3.3 Difference between Recruitment and Selection

S.No	Recruitment	Selection
1	A process of actively searching and hiring applicants for a job role is known as recruitment.	A process of choosing suitable applicants from the shortlisted candidates is known as selection.

2	It is an activity to boost the candidate pool.	It is an activity to reduce the candidate pool until we find the ideal candidate.
3	It allows the candidates to apply for a vacant place.	This process allows the HR to proceed further with suitable applicants, and reject the remaining.
4	In recruitment, we advertise the job role and encourage the candidates to apply.	Selection is the process in which we finally appoint the candidate for the particular job role.
5	It is the first step towards the hiring process.	It is the second step towards the hiring process.
6	This process is economical.	The process is comparatively expensive.
7	There is no contractual relation in the recruitment process.	Selection involves a contractual relation between the organisation and employee.

### 3.3.4 Recruitment and Selection is important

Here are four reasons why an optimal recruitment and selection process is key to an organization's success:

#### ❖ **Allows you to attract the best talent:**

An effective recruitment process connects you with top candidates. This is particularly important when you remember that around 70% of the workforce is made up of passive candidates, who probably wouldn't come across your job openings without active engagement from your recruitment team.

#### ❖ **Reduces turnover and absenteeism:**

When it's done right, a strong recruitment and selection process can improve employee engagement, reduce absenteeism and even increase retention. After all, when you find the right person for a role, there's a much better chance that they'll perform to the best of their ability and stick around for the long term.

**❖ Creates a level playing field:**

By formalizing the recruitment and selection process, you can ensure that it doesn't leave room for unconscious bias on the part of hiring managers. This gives everyone with the right skills and experiences the same opportunity to land a role, regardless of their background.

**3.3.5 Six Steps for Recruitment and Selection Process****1. Creating a Job Description**

The first step in the process is to put together a clear and detailed job description for each role. This is the candidate's first introduction to the role — and often to your organisation — so it's important to get it right. To ensure that you only receive applications from candidates with the right skills and experience, make sure your job description is as clear as possible about your requirements for the role.

**2. Advertising In the Right Places**

Next, you'll need to publish your job description. For generalist roles, you could post it on general job sites, social media platforms like LinkedIn and your company careers site. For more specialist roles, you might want to investigate more specialised job boards. If you want to advertise the position internally, you could also publish your job description in your employee newsletter, send it out by email or even post it on a physical notice board.

**3. Resume Screening**

Next, you'll begin screening candidates against the requirements of the role so you can eliminate those who aren't suitable. Many companies use blind screening to assess candidates at this stage. This is when you view CVs or applications with identifying information removed so that characteristics like the candidate's race, age, gender or socioeconomic background don't affect your decisions.

**4. Interviews**

When you have narrowed down your initial pool of applicants, the next stage is usually to interview the strongest ones. An interview is an opportunity to meet the candidates and get a better understanding of their capabilities. It also allows you to determine whether they're a good

fit for your company culture. Depending on the seniority of the position, you might conduct several rounds of interviews with various stakeholders, eliminating the weakest candidates after each round.

## 5. Tests and Assessments

Next, you'll need to determine whether the remaining candidates have the right skills and qualities for the role. Depending on the nature of the role, you might decide to use:

- ❖ **Personality tests:** These are designed to test a candidate's soft skills and determine how they will behave in certain situations.
- ❖ **Knowledge tests:** These present candidates with specific situations or questions that assess their expertise, training and experience.
- ❖ **Psychometric tests:** These are designed to assess candidates' intelligence, and usually involve solving problems within a time limit.
- ❖ **Technical skills assessments:** These provide an objective assessment of candidates' technical skills, making it easy to compare one candidate to another.

## 6. Candidate Selection

The final stage is to review the candidates based on the results of their interviews and any tests or assessments they have completed. This allows you to hone down your pool until you have the best person for the job.

### Let's Sum Up:

Strategic recruitment and selection is a critical process that goes beyond simply filling open positions. It ensures an organization hires individuals who are not only qualified for the job but also a good fit for the company culture and long-term goals. This approach involves aligning recruitment strategies with the organization's overall business strategy and talent needs. It emphasizes attracting high-potential candidates through employer branding, targeted sourcing, and utilizing effective recruitment channels. The selection process focuses on using well-designed assessments, in-depth interviews, and reference checks to identify candidates with the right skills, experience, and behaviors for success in the specific role and the organization

as a whole. By investing in strategic recruitment and selection, organizations can build a strong talent pipeline, reduce turnover costs, and foster a high-performing workforce that drives business success.



1. Strategic planning is based on \_\_\_\_\_ environmental scanning
  - a. external
  - b. extensive
  - c. selective
  - d. short term
2. Strategic planning is a \_\_\_\_\_ process.
  - a. short term
  - b. one time
  - c. continuous
  - d. discrete
3. Strategic planning is the process of determining a company's \_\_\_\_\_.
  - a. long-term goals
  - b. short-term goals
  - c. nearby goals
  - d. current i.e. today's
4. Strategic planning is \_\_\_\_\_ in nature
  - a. descriptive
  - b. theoretical
  - c. creative
  - d. analytical

## 3.4 STRATEGIC HUMAN RESOURCE DEVELOPMENT

**Meaning:** Strategic human resource development can be defined as a systematic process of developing the skills and competencies of people through talent development, leadership development, employee development, performance development, and training/development processes to enable the organization to sustain its.

### 3.4.1 Components of Strategic Human Resource Development

1. **Talent Acquisition:** Attracting and selecting the right talent is the foundation of SHRD. Organizations must identify the skills, knowledge, and attributes required for each position and implement effective recruitment strategies, such as leveraging online platforms, networking, and utilizing pre-employment assessments.
2. **Training and Development:** SHRD emphasizes continuous learning and skill enhancement to keep pace with evolving industry trends. Organizations should provide relevant training programs, workshops, mentorship, and coaching to develop employees' capabilities and foster a learning culture.
3. **Performance Management:** Effective performance management systems are essential to align individual and team goals with organizational objectives. Regular feedback, performance appraisals, and performance-based incentives motivate employees and facilitate their growth, contributing to overall organizational success.
4. **Succession Planning:** Anticipating future leadership and talent needs is a critical aspect of SHRD. Organizations should identify high-potential employees and create structured succession plans to ensure a smooth transition in key positions and maintain organizational continuity.
5. **Employee Engagement and Retention:** Engaged employees are more likely to contribute their best efforts to the organization. SHRD focuses on creating a positive work environment, promoting work-life balance, providing growth opportunities, and recognizing and rewarding employees' contributions, all of which foster employee engagement and retention.



### 3.4.2 Benefits of Strategic Human Resource Development

1. **Enhanced Organizational Performance:** By aligning HR strategies with business objectives, SHRD enables organizations to build a high-performing workforce capable of driving innovation, productivity, and profitability.
2. **Improved Talent Management:** Strategic HRD ensures that organizations attract, develop, and retain top talent. It facilitates succession planning, identifies skill gaps, and creates targeted development programs, resulting in a skilled and agile workforce.
3. **Increased Employee Satisfaction and Engagement:** SHRD focuses on employee development, recognition, and engagement, leading to higher job satisfaction, lower turnover rates, and increased loyalty. Engaged employees are more likely to be motivated, productive, and committed to the organization's success.
4. **Agility and Adaptability:** SHRD equips employees with the necessary skills to adapt to changing market conditions, technological advancements, and industry disruptions. It fosters a learning culture that promotes innovation, creativity, and adaptability throughout the organization.
5. **Competitive Advantage:** Organizations that prioritize SHRD gain a competitive edge by attracting top talent, developing a skilled workforce, and building a strong employer brand. This advantage enables them to respond effectively to market changes, seize opportunities, and outperform their competitors.

### 3.4.3 Strategic Compensation as a Competitive

**Meaning:** Strategic compensation is a human resource management technique that helps companies manage the total employee compensation. It ensures growth, equity, and transparency while helping businesses save money, stay competitive, and boost overall performance.

Strategic compensation also allows companies to establish reward systems that will increase employee retention. For example, you can use it to create merit increase programs for top performers.

### 3.4.4 Importance of Strategic Compensation

Strategic compensation helps you attract top talent and maintain a competitive advantage. An effective strategic compensation strategy helps to ensure pay equity and allows companies to be more transparent with employees regarding compensation amounts and raises. It is also useful when navigating through difficult times such as a recession or a pandemic by making costs easier to track over time.

Here are the main ways in which strategic compensation can help:

❖ **Attract top talent with ease.**

Employees care about transparency and fairness when it comes to compensation. Strategic compensation can help you meet the market and offer benefits that will attract the best people for your company.

❖ **Retain top performers.**

Your efforts to have top performers in your company don't stop once the hiring process is over. On the contrary, retention is just as important. People who feel they're not rewarded for their efforts will leave sooner or later. Strategic compensation can help you offer the correct rewards at the right time. It can also show you when merit increases are due to help you stay competitive.

❖ **Improve the overall performance.** Employees who feel satisfied with their job and the compensation they receive are more likely to perform better.

### 3.4.5 Strategic Compensation as a Competitive Advantages

Creating a strategic compensation strategy requires the following steps:

#### 1. Assess the current compensation strategy

You can't create a new strategy without analyzing the current one. To do so, ask questions like:

- How are you determining the current pay ranges?
- Are there any reward systems in place? If yes, what are your criteria? Is it accessible to everyone?

- Is the compensation you offer competitive? How does it relate to the market ranges?
- Is the current strategy aligned with the company's budget?
- What are the types of compensation you're currently offering? Are you only focused on financial incentives? Is there room for different types of rewards?
- If this is the first time you're thinking of strategic compensation, you might not have an official strategy in place. In this case, run a salary audit. Try to see if the remuneration you're offering meets the market, is compliant with local regulations, and more.

## 2. Gather employee feedback

- More and more people want transparency when it comes to remuneration. And they appreciate it when their voices are heard. So asking for their feedback is crucial. You're not asking them to establish each other's salaries, of course. Your goal is to understand what type of compensation they'd want.
- For instance, older employees may prefer getting a retirement plan. Younger employees might be focused on things like learning opportunities. Others may need day-care options for their children.
- You can gather feedback via one-to-one conversations between leads and their direct reports, company-wide surveys, and any other channel that you use to solicit and gather feedback from your workforce.
- Ideally, you'll want to gather a combination of qualitative and quantitative feedback that both offers suggestions for improvement, and provides concrete data points that you can use as a benchmark.
- By knowing what your employees want, you'll make sure your compensation strategy is aligned with your people strategy and the talent management process.

## 3. Analyze the competition and conduct market studies

- You can't have a strategic compensation strategy if you don't look at the market first. Understanding what your competitors pay for similar positions is the key to a successful compensation strategy. You want to make sure you are meeting the market. Otherwise, you risk having a hard time attracting and retaining top talent.

- But what if you find you can't match what your competitors are offering? Think of other ways to address it. Perhaps you can offer non-financial incentives that your employees desire.
- Go back and look at their feedback. Could you offer more training to help them learn new skills, for instance? Try to get creative — there are many ways to incentivize employees even when your budget is lower.

#### **4. Discuss the budget with managers and stakeholders**

- Before moving forward with the strategic compensation plan, you need to allocate the budget and get approval from the management board.
- Compensation doesn't come out of nowhere. So knowing the company's budget, how much can be used for financial compensation, and what can be done in terms of nonfinancial incentives is a must. Don't forget to factor in taxes, merit increases, and other expenses that might come up down the road.

#### **5. Establish pay grades**

- Pay grades are a good way to ensure equity. For instance, entry-level positions will fall under one pay grade, usually the lowest one. Executives will fall onto another, usually the highest one. In between, you may also have different levels for technicians, or section managers for instance.
- Other data you can use to establish the salary ranges include seniority, training level, studies, and more. Positions that require skills in high demand or that are difficult to find will also come with a higher pay grade.
- Having clear salary ranges improves transparency and takes the guesswork out of the equation when negotiating compensation.

#### **6. Ensure legal compliance**

- Any strategic compensation plan needs to take the local laws into account. Start by making sure you're in line with the minimum wage requirements.
- If your employees work overtime, check out the local laws surrounding overtime pay.
- The Fair Labour Standards Act (FLSA) sets clear requirements for employers in the United States on both minimum wage and overtime pay, but also on equality, child labour, and

record keeping. Depending on your business, you might also need to check laws regarding shift work and more.

- Keep in mind that global companies will need to align with the national, regional, and local compensation laws for all regions in which they employ staff. That includes remote workers.
- It is best if the legal department is involved at this stage. This will ensure that you avoid any mistakes that can later turn into huge fines.

## 7. Create a plan for rewards

To create your rewards plan, answer questions such as:

- What other benefits are you offering besides the salary and when?
- Do you plan on offering bonuses only to the top performers?
- Would you rather offer annual bonuses to everyone in the company?
- What about additional vacation days or retirement plans?
- All these are part of the total compensation package and they need to be carefully planned. Look through the things already discussed—the employees' feedback, the competition, the market, and more—to determine what is most important to your team. When deciding, you need to balance what is desired versus what is attainable from a budget perspective.
- The goal is to offer a benefits package that is too good to walk away from without compromising your own budget.

## 8. Communicate your strategy with the company

- The final step in creating your strategic compensation strategy is to share it with the company. How you do that is up to you. The size and the specifics of the organization may also influence your decision.
- In some cases, holding a meeting with the entire company can be a viable solution. It allows everyone to get on the same page at the same time and you can address any concerns right away.

**Let's Sum Up:**

Strategic Human Resource Development (SHRD) transcends traditional HR practices by aligning workforce development initiatives with the organization's long-term goals. SHRD focuses on proactive strategies to build a future-proof talent pool. This includes identifying critical skills needed to achieve strategic objectives, investing in training and development programs to equip employees, and fostering a culture of continuous learning. By bridging the gap between HR and business strategy, SHRD empowers employees, optimizes performance, and positions the organization for sustained success in a dynamic business landscape.



13. Strategic planning is a process in which \_\_\_\_\_ determine their vision for the future for the organization.
- A. permanent employees    B. organizational leaders  
C. operational managers        D. organisational suppliers
14. A strategic plan is \_\_\_\_\_ a business plan.
- A. different from                      B. same as  
C. not important as compared to    D. none of the above
15. Strategic planning is the art & science of \_\_\_\_\_ in regard to a company's overall long-term goals or desires.
- A. creating specific business strategies  
B. implementing specific business strategies  
C. evaluating results of executed plans  
D. all of the above
16. A strategic plan is typically focused on \_\_\_\_\_ goals.
- A. short term                      B. long term    C. mid term    D. both B & C

## 3.5 REWARD STRATEGY

### 3.5.1 Meaning of Reward Strategy

It involves designing and implementing reward policies and practices that support your organization's objectives, resulting in a motivated and effective workforce.

An organization's pay and reward structure has often evolved without any overall goal, sometimes allowing bias and unequal pay risks to creep in. However, applying a strategy to your pay and reward efforts can deliver real benefits to your workforce and your business. In the same way that our organizational values define our culture, our reward principles define our approach to pay and reward. And enable us to communicate this clearly to employees.

A total reward approach looks at what your organisation is trying to achieve, what your people want, what is affordable, and the structures needed to achieve this.

Approach on the four pillars of workplace fulfilment, which cover the following areas:

#### 1. Pay

Every organisation must pay its employees for the services that they provide (time, effort and skills). This includes both fixed (salary and allowances) and variable (bonus and incentives) pay. The cash compensation provided to employees increases over time and can be linked to a number of different factors, such as performance or career development.

#### 2. Benefits

Organisations use benefits to supplement the cash compensation they provide to employees. These vary depending on the size of the organisation and affordability but can provide security and comfort to the employees and their families. The benefits include holidays, medical cover, income protection and pension schemes.

#### 3. Personal Growth

Providing personal and professional growth opportunities to employees is an essential part of any reward strategy. These can be skills acquired on the job as well as formal training programmes valued by the employees that also serve the organisation's strategic needs.

Alongside this development, however, is the need to manage expectations, assess performance and constantly strive to improve.

#### 4. Positive Workplace

A positive work environment can often be the defining factor in retaining key talent in an increasingly competitive market. Ultimately, we all want to work in an environment where there is a genuine feeling of team spirit and togetherness, with a leader that inspires and supports us to achieve success both at work and at home.

### 3.5.2 Functions and Benefits of a Reward System

Here are some reasons you might implement a reward system:

- **Higher attendance:** You may notice an increase in attendance when you use a reward system because it can provide more motivation to show up to work and do their tasks. It may also encourage employees to stay at the organization longer.
- **Better work quality:** Your team's work quality may increase because its members are working toward something else besides their base salary. This benefits everyone because you receive work of a higher quality and team members get rewarded for their improvement.
- **Greater job satisfaction:** Employees may experience enhanced job satisfaction with a reward system because organizations value and appreciate their contributions. Because of this show of gratitude, your team members may feel more loyalty to the company.
- **Faster project completion:** If your team members are working productively and doing their job well to earn a type of reward, it can help meet deadlines for projects early. This can improve the image of your organization because you're meeting project deadlines earlier than expected and with quality work.

### 3.5.3 Types of Employee Rewards

There are many ways you can categorize rewards, and many of them overlap. When breaking them down into types, the goal should be to break them down into types that clarify how and why to recognize employees. Here, then, are 6 types of employee rewards that you can use as a guide to building an effective rewards program that team members truly value.



## 1. Intrinsic rewards

At the highest level, all rewards are either intrinsic or extrinsic. Intrinsic rewards are intangible, internal motivators, like the prospect of developing a new skill, receiving praise from a leader you admire, or establishing a productive, collaborative relationship with a new co-worker. While these factors don't tend to get as much attention as more concrete rewards, they're an irreplaceable component of any successful rewards system. That's because they engage on a deep level, providing meaning and satisfaction in ways other types of rewards can't replicate.

## 2. Extrinsic rewards

Extrinsic rewards are the other side of the coin. They include all the tangible ways employees are recognized, from a higher salary, to additional PTO, to a heap of reward points provided by a thankful team member. Despite the importance of intrinsic rewards, your company can't afford to neglect these more obvious forms of appreciation. Just as a high salary and great benefits alone don't make a job worthwhile, an exceptional culture, meaningful social recognition, and other intrinsic rewards will eventually seem insincere without tangible indicators that your company values its employees.

## 3. Financial rewards

Many extrinsic motivators fall into the category of financial rewards. It's the rare team member who doesn't appreciate an increase in pay, a surprise bonus, or a gift card to their favourite restaurant. But monetary rewards shouldn't stop there. Rather than limiting financial incentives to occasional rewards handed down by leadership, expand this critical form of recognition across your organization with an employee rewards platform.

## 4. Non-financial rewards

Non-financial rewards include both extrinsic motivators, like a lunch with the CEO or flexibility in when and where an employee works, and intrinsic motivators — primarily in the form of social recognition. Letting employees know how much their work is appreciated, whether it takes the form of a public awards ceremony or a brief message in chat, should be a frequent practice for everyone at your organization, from leadership on down. HR must prioritize training leaders on the importance of non-financial rewards and enable all employees to provide

recognition whenever the urge strikes them with a mobile-first, easy-to-use employee recognition tool.

### **5. Employee incentives**

Employee incentives include all the benefits your company offers to workers. Team members now expect employers to go beyond traditional incentives like retirement plans and health insurance by offering personalized benefits tailored to their unique needs. This can vary from something as simple as more freedom to choose their work responsibilities and projects to tuition reimbursement that enables them to pursue the education they've always dreamed of. Ask your employees what they think of your current benefits, listen to what they have to say, and take action to customize your incentive program accordingly.

### **6. Wellness-based rewards**

Rewards geared towards boosting employee wellness are a powerful way to help improve team members' lives both on and off the job. By integrating your employee recognition platform with a wellness solution, you can reward employees whenever they meet the wellness goals they've set for themselves. You can also encourage both mental and physical wellness across your company by offering appropriate incentives like mindfulness classes and gym memberships.

### **Let's Sum Up:**

A well-designed reward strategy goes beyond just paychecks. It's a comprehensive approach to recognizing, valuing, and motivating employees for their contributions. This strategy aims to attract and retain top talent, boost performance, and align employee behavior with organizational goals. It encompasses various elements like competitive compensation packages, performance-based bonuses, recognition programs, and benefits that cater to employee well-being. By implementing a strong reward strategy, organizations can create a culture of engagement, improve employee satisfaction, and ultimately drive business success.

**Check Your Progress**

1. The primary focus of strategic management is \_\_\_\_\_
  - a. strategy implementation
  - b. the total organisation
  - c. strategic analysis
  - d. strategy formulation
  
2. Compensation is a \_\_\_\_\_ approach to providing monetary value to employees in exchange for work performed
  - a. Traditional
  - b. Modern
  - c. Classic
  - d. systematic
  
3. The two considerations in traditional approach to compensation management are
  - a. Monetary and non-monetary
  - b. Internal and external
  - c. Allowances and rewards
  - d. None of the above
  
4. Which of the below is not a part of indirect compensation
  - a. Insurance
  - b. paid leave
  - c. Medical Assistance
  - d. Conveyance

### 3.6 EMPLOYEE RELATIONS STRATEGY

Employee relations are about creating and maintaining a positive working relationship between an organization and its people. This includes both individual relationships and the collective relationships of a company.

Building a strong employee relations strategy involves creating an environment that delivers what workers want and need. Employees should feel good about the work they do and where they do it.

At the same time, companies want to feel good about their employees' productivity, performance, and ability to become future leaders - all of which are dependent on strong employee relations

### 3.6.1 Benefits of Good Employee Relations

#### 1. Greater employee loyalty

Loyal employees do their best work and perform to their highest of standards. If a company has a staff made up of loyal workers then they can rest assured they will work productively and efficiently.

However, if employees are going to remain loyal to their employers, then the organization has to be loyal to them in return. A company can express loyalty to its employees by nurturing relationships and respect between managers and co-workers.

#### 2. Increased revenue

Strong employee relations have a positive impact on a business's growth and revenue. Workers who feel content and engaged in their role carry out their work to the best of their abilities resulting in better products, greater customer satisfaction, and increased sales. Employees will always be a company's most valuable asset.

#### 3. Less absenteeism

An international survey by SHRM indicates that productivity loss in the U.S. ranges from 22.6% for planned absence to 36.6% for unplanned absence.

Workplace stress and conflicts are often the driving factors behind employee absenteeism. If employers encourage open communication in a safe space, staff members may be willing to share more freely about what's really going on.

#### 4. Enhanced work-life balance

With a satisfactory work-life balance, employers can reap a range of benefits. Productivity is higher, absenteeism is lower, and physical and mental health improves.

On the other hand, when employees are faced with an excessive workload, they become demotivated and often experience burnout in their job. In this instance, good employee relations is key so that employees don't feel forced into hiding their issues and can communicate their true feelings with their managers.

### 5. Other benefits of employee relations:

- Reduces conflict
- Employees have extensive knowledge of company practices
- Reduces staff turnover
- Increases productivity
- Offers better employee engagement
  - Promotes a better workplace culture

## 3.6.2 How to manage Employee Relations?

### 1. Promote open communication

The manner in which employers communicate with their workforce is an important part of employee relations. It is a way of sharing information, ideas, and feelings between employees and managers of a company. Without it, managers would not be able to properly lead the employees they manage.

Tips to improve employee communication:

- Create a long-term internal communications plan
- Create an all-in-one communication system
- Encourage face-to-face communication
- Make company culture the focus
- Share engaging content
- Implement surveys
- Strategize an on boarding process for new employees
- Make internal documents easily accessible
  - Align employee goals with business purposes

## 2. Encourage employee feedback

Employee recognition plays a huge part in boosting performance and maintaining high levels of engagement. When employees receive feedback they feel their work has been noticed and that they are truly a part of the company. Tips for offering employee feedback

- Give timely, 'live' feedback
- Use tact, but don't sugar-coat anything
- Make it clear that you're on the same team
- Be specific and provide context
- Be aware of any imbalance in power

## 3. Focus on company mission and values

These days, most employees want to be part of something bigger than themselves. Gen Z and Millennials, especially, have a desire to be socially responsible and to benefit the world as a whole.

Working at a values-driven organization instills a sense of belonging and identity in employees and makes it easier for them to develop close bonds with like-minded individuals.

Other employee relations strategy examples:

- Inspire and reward workers
- Promote an open dialogue
- Offer career development opportunities
- Create an employee relations policy
- Provide formal management training
- Don't play favourites
- Focus on inclusivity
- Build an official Employee Relations handbook
- Celebrate success

#### 4. Celebrate diversity

Studies show that more diverse companies produce 2.3 times as much cash flow per employee. Meanwhile, companies with higher female representation in top management positions deliver greater returns to their shareholders.

Celebrating diversity is achieved by embracing those characteristics that set each person apart to create a sense of understanding and togetherness among teams. Not only does this improve the workplace culture, but it will also reduce negative employee engagement.

Examples of ways to celebrate diversity

- Pay attention to cultural nuances
- Address communication barriers
- Develop a cultural calendar
- Encourage education
- Create a bulletin board
- Employee diversity training
- Support employee advancement
- Make company culture important
  - Let your employees get to know each other

#### 5. Key Takeaway

Employee relations is the term used to describe the relationship between employers and employees. Today's definition of employee relations refers to the individual as well as collective workplace relationships. Positive employee relations, and learning how to build and maintain them, matter for a whole host of reasons.

With clear employee relations policies in place, employers can align their employees with the culture, values, and mission of the company from the offset, overcome issues by following clear-cut procedures, and benefit from a better togetherness throughout the company.

A positive climate of employee relations - with high levels of employee involvement, commitment and engagement can improve business outcomes as well as contribute to employees' wellbeing.

### Let's Sum Up:

An effective Employee Relations Strategy fosters a positive and productive working environment where employees feel valued and respected. This strategy goes beyond just handling conflicts. It involves proactive measures to build trust, open communication, and a sense of community. By implementing clear policies, effective communication channels, and programs that promote employee well-being, organizations can minimize conflict, improve employee engagement, and reduce turnover. An Employee Relations Strategy is a key component of a strong Strategic Human Resource Management (SHRM) approach, leading to a more successful and sustainable organization.



1. Special allowance is a part of
  - a. Direct Compensation
  - b. Indirect Compensation
  - c. Performance compensation
  - d. None of the above
  
2. Competitive advantage can be best described as
  - a. Increased efficiency
  - b. What sets an organisation a part
  - c. A strength and the organisations
  - d. Intangible resources
  
3. Which of the following is not a major element of the strategic management process?
  - a. Formulation strategy
  - b. Implementing strategy
  - c. Evaluating strategy
  - d. Assigning administrative tasks

## 3.7 EMPLOYEE PERFORMANCE

Employee performance refers to how well employees fulfil their job duties, complete assigned tasks within their deadlines, hit goals, and behave in the workplace. When leaders monitor



employee performance, they look at an employee's effectiveness, quality of work, quantity of work, and overall output efficiency.

### 3.7.1 Strategies for enhancing Employee Work Performance

Employee work performance is a crucial factor in any organization's success. Here are some key strategies to enhance it:

#### Goal Setting and Alignment:

- **Clear and Measurable Goals:** Set SMART goals (Specific, Measurable, Achievable, Relevant, and Time-bound) for individual employees and teams. This provides a clear direction and motivates them to achieve specific objectives.
- **Alignment with Business Strategy:** Ensure individual and team goals are aligned with the overall business strategy. This fosters a sense of purpose and shows employees how their work contributes to the bigger picture.

#### Performance Management and Feedback:

- **Regular Performance Reviews:** Conduct regular performance reviews to provide constructive feedback, identify areas for improvement, and acknowledge accomplishments.
- **Two-Way Communication:** Encourage open communication during performance reviews. This allows employees to express concerns and managers to provide ongoing coaching and support.

#### Training and Development:

- **Skill Development Programs:** Invest in training and development programs to equip employees with the skills and knowledge needed to excel in their roles. This can include technical skills training, soft skills development, and leadership training.

- **Upskilling and Reskilling:** Provide opportunities for upskilling and reskilling to keep employees' skillsets relevant in the ever-changing work environment.

### Employee Engagement and Motivation:

- **Recognition and Rewards:** Recognize and reward employees for their achievements and contributions. This can be through formal recognition programs, bonuses, or other incentives.
- **Positive Work Environment:** Foster a positive and supportive work environment that values employee well-being. This can include offering flexible work arrangements, promoting work-life balance, and encouraging collaboration.
  - **Empowerment and Ownership:** Empower employees to make decisions and take ownership of their work. This fosters a sense of responsibility and increases engagement.

### Additional Strategies:

- **Compensation and Benefits:** Offer competitive compensation and benefits packages to attract and retain top talent.
- **Career Development Opportunities:** Provide clear career development paths to motivate employees and help them see a future with the company.
- **Focus on Health and Wellness:** Promote employee health and well-being through wellness programs and initiatives. Healthy employees are generally more productive and engaged.
- **Utilize Technology:** Implement technology that streamlines workflows, improves communication, and empowers employees to be more productive.

By implementing these strategies, organizations can create an environment that fosters high performance, employee satisfaction, and ultimately, business success. It's important to remember that the most effective approach will depend on the specific company culture, industry, and employee needs.

### 3.7.2 Key to improve Employee Performance

As an organizational leader, you can implement different strategies that may help your team feel more supported and inspired to perform highly in their roles on a day-to-day basis. While the specifics of each strategy may depend on the type of industry you work in and your employees' individual needs, there are a few foundational approaches you can take to boost productivity and morale.

#### 1. Analyze performance metrics

It can be challenging to address inadequate performance without first recognizing where gaps exist in your organizational workflow. To help you understand how your employees are performing, it's a good idea to analyse performance metrics on a regular basis.

Completing analysis tasks regularly can help you get a better grasp on why your employees aren't achieving goals or performing to their potential. You can hold performance appraisals that may lead you to identify the root causes behind performance metrics. After identifying such causes, you can build systems with the expressed goal of providing better support for your employees to succeed.

#### 2. Be purposeful when you communicate

Managers who communicate ineffectively can lead employees to experience heightened confusion and disengagement from their roles. Therefore, to avoid such challenges, you'll want to make it your duty to communicate efficiently, regardless of what you're communicating.

#### 3. Stay goal-oriented

If employees have clear expectations set out for them, they can more easily meet or exceed those expectations. Because of this, you'll want to establish explicit goals that help your employees better understand their roles and how their responsibilities fit into the mission of your organization.

#### 4. Manage your expectations

When setting goals for your team, you need to manage your expectations and maintain a realistic perspective. Even if you're clear with your directions, provide specific objectives and

design benchmarks you will use to measure your team's success, but you're not thinking practically, it's likely that your team won't improve their performance.

### **5. Make accountability a priority**

Keeping your team accountable for meeting specific standards is an important part of improving employee performance. When your employees perform highly, you can enforce positive accountability and offer increased responsibility or constructive feedback.

### **6. Encourage feedback**

Building feedback opportunities into your employees' workflow can help them understand how their performance is stacking up to your expectations. These feedback opportunities should occur on regular intervals and be reciprocal—you should encourage your employees to offer you feedback of how you might better support or lead them.

Comparatively, when giving feedback, tell employees about areas they're excelling in and where they may need some improvement. Implementing such a system can help both you and your employees receive clear, obtainable guidance on how you can work together to achieve goals.

### **7. Offer incentives**

One of the best methods for improving employee performance is through encouraging them to be more efficient by offering rewards and other benefits. You can consider offering special incentives to recognize when your employees perform highly and produce excellent work.

### **8. Train and develop your team**

When employees receive the requisite training for them to understand their roles and foster their skills, it's more likely that they'll perform their jobs with precision. Therefore, you should try to implement robust training programs when employees transition into roles that will prepare them to succeed.

### **9. Promote internally**

It is a common mistake for managers and organizational leaders to seek external candidates over highly qualified internal candidates when a position opens up. The prospect of

promotion can be an incredibly effective incentive for employees to improve their performance and maximize their efficiency to reach organizational goals.

### **10. Embrace flexibility**

Employees often highly value flexibility in their roles. Offering flexible work schedules and telecommuting options to your employees can help them be more productive overall and foster a sense of trust among your staff. While many managers believe employees are less productive when they work unmonitored from home, this is a common misconception.

### **11. Build a culture of well-being and support**

It's important to recognize that employees often perform better when they feel valued and satisfied with their roles. Consequently, carefully crafting a strong culture that demonstrates your respect for your employees is a key part of being a successful organizational leader.

### **12. Create opportunities for collaboration**

When employees often work independently or in isolated environments, it can lead to decreased productivity and creativity. Because of this, you'll want to purposefully create opportunities for your team members to collaborate on projects and tasks. Collaboration can lead to major benefits in individual employee performance and build trust among team members that can lead to better results in the long run.

### **13. Celebrate wins**

Managers often forget to take the time to celebrate employees who achieve significant results and work to advance their organization's mission. Make sure you focus on the wins your team achieves through their work. Taking the time to congratulate your team members on their high-quality work will help them feel valued and can encourage them to remain consistent and perform highly in their future endeavours.

### **14. Find technology solutions**

Part of improving employee performance is empowering them to do their jobs efficiently. If employees have the right tools at their disposal to succeed, they often take the initiative to do

so. Therefore, you should actively seek technology solutions that can help your employees do their jobs faster, easier and better.

## Let's Sum Up:

Employee performance is the measurable output an employee produces in relation to their job duties and expectations. It encompasses factors like quality of work, quantity of output, meeting deadlines, and adhering to company policies. Strong employee performance is essential for organizational success, leading to increased productivity, improved customer satisfaction, and achievement of business goals. However, various factors can influence performance, including skills, motivation, work environment, and available resources. Businesses can significantly enhance employee performance through effective strategies like clear goal setting, regular performance feedback, ongoing training and development, and fostering a culture of recognition and engagement.



- \_\_\_\_\_ is designing and implementing total compensation package with a systematic approach to providing value to employees in exchange for work performance.
  - Compensation Management
  - Performance Management
  - Human Resource Management
  - Personnel Management
- \_\_\_\_\_ is a systematic approach to providing monetary value to employees
  - Salary
  - Allowances
  - Compensation
  - Rewards
- Compensation is a systematic approach to providing monetary value to employees in exchange for \_\_\_\_\_
  - Skills
  - Knowledge
  - work performed
  - damages held

## 3.8 UNIT - SUMMARY

Strategic planning and compensation are like two sides of the same coin in building a successful organization. Strategic planning defines the organization's long-term goals and how

to achieve them. Compensation, on the other hand, translates those goals into tangible rewards that attract, retain, and motivate the workforce needed to execute the plan. By aligning compensation strategies with strategic objectives, organizations can incentivize desired behaviors and skills crucial for achieving their goals. This might involve linking bonuses to specific performance metrics or offering competitive salaries for roles critical to the strategy's success. This strategic alignment ensures that compensation isn't just an expense, but an investment in the talent that will drive the organization forward.

### 3.9 Glossary

<p><b>Strategic HR Planning</b></p>	<p>Strategic HR planning is the cornerstone of Strategic Human Resource Management (SHRM). It's a proactive and systematic process that ensures your organization's human resources are aligned with its long-term goals and business strategy.</p>
<p><b>Environmental Scanning</b></p>	<p>Environmental scanning refers to the continuous process of gathering and analyzing information about an organization's internal and external environment. This information is used to identify potential opportunities and threats that could impact the organization's future success.</p>
<p><b>Environmental Succession Planning</b></p>	<p>Environmental succession planning doesn't directly translate to a standard business practice. However, the concept of succession used in ecology can be applied to environmental management.</p>

<b>Retention</b>	In the context of Human Resources (HR) and business management, retention refers to an organization's ability to keep its employees. It's the opposite of employee turnover, which is the rate at which employees leave a company.
<b>Intrinsic Rewards</b>	Intrinsic rewards are the feelings of satisfaction and fulfillment we experience by doing something itself, rather than external factors like money or praise. They come from within ourselves and are driven by our inherent desire to learn, grow, and achieve.
<b>Incentives</b>	Intrinsic rewards are the feelings of satisfaction and fulfillment we experience by doing something itself, rather than external factors like money or praise. They come from within ourselves and are driven by our inherent desire to learn, grow, and achieve.

### 3.10 Self-Assessment Questions

**Short Answers: (5 Marks)** K3/K4 Level Questions

Sl.no	Questions	Level
1.	Explain the Resourcing strategy meaning and objectives?	K3
2.	Explain the Strategic HR planning?	K3
3.	Explain the Strategic HR planning advantages?	K3
4.	Explain the Interaction between strategic planning and human resources planning (HRP)?	K3
5.	Explain the Managing HR surplus and shortages?	K3
6.	Explain the Strategic recruitment and selection?	K3
7.	Explain the Difference between recruitment and selection?	K3
8.	Explain the Recruitment and selection is important?	K3
9.	Explain the Strategic human resource development?	K3
10.	Explain the Components of strategic human resource development?	K3




Essay Type Answers: (8 Marks) K5/KS Level Questions

Sl.no	Questions	Level
1.	Explain the Benefits of strategic human resource development?	K5
2.	Explain the Strategic compensation as a competitive?	K5
3.	Explain the Important of strategic compensation?	K5
4.	What are the steps to create a strategic compensation strategy or strategic compensation as competitive advantages?	K5
5.	Explain the Functions and benefits of a reward system?	K5
6.	Explain the Types of employee rewards?	K6
7.	Explain the Employee relations strategy?	K6
8.	Explain the Benefits of good employee relations?	K6
9.	Explain the How to manage employee relations?	K6
10.	Explain the Strategies for enhancing employee work performance?	K6

## UNIT – 3 – STRATEGIC PLANNING AND COMPENSATION –ASSIGNMENTS

### 3.11 Activities - Assignment

 <p>Activities</p>	<p>This assignment aims to analyze the relationship between strategic planning and compensation in SHRM. You will develop a compensation plan that aligns with a specific strategic objective.</p> <p><b>Scenario:</b></p> <p>Imagine you are the HR Manager for a mid-sized manufacturing company, ABC Inc. ABC Inc. is facing increased competition in the global market. The company's strategic plan focuses on two key objectives:</p> <ol style="list-style-type: none"> <li>1. <b>Product Innovation:</b> Develop and launch two new, innovative product lines within the next 18 months.</li> <li>2. <b>Operational Efficiency:</b> Reduce production costs by 10% within the next year.</li> </ol> <p><b>Instructions:</b></p> <ol style="list-style-type: none"> <li>1. <b>Compensation and Strategic Objectives:</b> Analyze the relationship between compensation and strategic planning in SHRM. Discuss the benefits of aligning compensation strategies with the organization's strategic objectives.</li> <li>2. <b>Compensation Plan Development:</b> Develop a comprehensive compensation plan for ABC Inc. that specifically targets the two strategic objectives mentioned in the scenario. Your plan should consider the following: <ul style="list-style-type: none"> <li>○ <b>Target Employee Groups:</b> Identify the specific employee groups whose roles are most critical to achieving each strategic objective (e.g., engineers for product innovation, production line workers for operational efficiency).</li> <li>○ <b>Compensation Components:</b> Outline the compensation components you will utilize in your plan. This could include base salary adjustments, bonuses, profit sharing, or non-monetary incentives like recognition programs.</li> <li>○ <b>Performance Metrics:</b> Define clear performance metrics that will be used to measure employee success in achieving the strategic objectives. These metrics should be directly linked to the compensation components.</li> <li>○ <b>Justification for your Recommendations:</b> Explain how each element of your compensation plan incentivizes the desired behaviors and skills aligned with the strategic objectives.</li> </ul> </li> <li>3. <b>Challenges and Considerations:</b> Discuss the potential challenges you might face in implementing your proposed compensation plan. How would you address these challenges?</li> <li>4. <b>Conclusion:</b> Summarize your key takeaways from this assignment. Reiterate the importance of aligning compensation with strategic planning for a successful SHRM approach.</li> </ol>
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	<p><b><u>Topics for Discussion</u></b></p> <ul style="list-style-type: none"> <li>• Discuss challenges and potential solutions for integrating strategic planning and compensation practices.</li> <li>• What metrics can be used to measure the effectiveness of this alignment between strategy and compensation?</li> <li>• In today's competitive job market, how can compensation be used as a strategic tool to attract and retain top talent critical to the organization's success?</li> <li>• Discuss the relative importance of base salary, bonuses, and benefits in attracting and retaining talent for different industries or job roles.</li> <li>• How can compensation strategies be adapted to address the needs of diverse talent pools (e.g., millennials, experienced professionals)?</li> </ul>
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### 3.12 Answers for Check your progress

1. c	2. b	3. c	4. d	5. a
6. d	7. c	8. c	9. b	10. c
11. a	12. d	13. b	14. a	15. d
16. d	17. b	18. d	19. b	20. d
21. b	22. a	23. d	24. a	25. c
26. c				

### 3.13 Suggested References

#### Academic Journals:

- **Academy of Management Journal (AMJ):** <https://aom.org/research/journals/journal> - Features research on the strategic alignment of HR practices, including compensation.
- **Human Resource Management Journal (HRMJ):** <https://onlinelibrary.wiley.com/journal/1099050x> - Publishes articles on how compensation practices can be leveraged to support strategic objectives.
- **Strategic Management Journal (SMJ):** [invalid URL removed] - Explores research on how firms utilize various resources, including human capital (influenced by compensation), to achieve strategic advantage.

#### Professional Resources:

- **World at Work:** <https://worldatwork.org/> - Offers practical guidance and tools for designing compensation programs aligned with business strategy.
- **SHRM (Society for Human Resource Management):** <https://www.shrm.org/> - Provides resources on compensation best practices and their role in supporting organizational goals.
- **Hay Group (now Korn Ferry):** <https://www.kornferry.com/> - A global consulting firm specializing in talent management, with resources on strategic compensation design.

#### Additional Resources:

- **Harvard Business Review (HBR):** <https://hbr.org/> - Articles and case studies on aligning compensation with strategy, talent acquisition for strategic roles, and performance-based pay.
- **McKinsey Quarterly:** <https://www.mckinsey.com/> - Features insights on how leading companies leverage compensation strategies to attract, retain, and motivate talent crucial for achieving their strategic objectives.

### 3.14 Suggested Readings

#### Textbooks:

- **Strategic Management** by Dessler, Gary H., et al. (latest edition) - Explores strategic planning frameworks and their connection to human resource management practices, including compensation.
- **Rewarding Performance: Aligning Pay with Performance** by Milkovich, George T., and Newman, Jerry M. (latest edition) - A practical guide to designing and implementing compensation systems that support organizational strategies.
- **Strategic Human Resource Management** by Becker, Beatrice W., and Huselid, Mark A. - Discusses how SHRM practices, including compensation, contribute to achieving strategic goals.

<b>Unit 4 – Human Resource Policies</b>		
Human Resource Policies – Meaning, Features, Purpose of HR Policies, Process of Developing HR Policies, Factors affecting HR Policies, Areas of HR Policies in Organisation, Requisites of Sound HR Policies – Recruitment, Selection, Training and Development, Performance Appraisal, Compensation, Promotion, Outsourcing, Retrenchment, Barriers to Effective Implementation of HR Policies and Ways to Overcome these Barriers		
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## Learning Objectives

The unit focuses on human resource policies, exploring their meaning, features, purpose, development process, influencing factors, areas of application, and requirements for effectiveness. It also examines the barriers to effective implementation of HR policies and offers strategies to overcome these challenges.

### SECTION 4.1: INTRODUCTION OF HUMAN RESOURCE POLICIES

Human resource policies are defined as specific guidelines that an organization takes in managing its human assets. These are formal rules to recruit, assess, train, and reward the workforce. These are referred to as the framework and the guiding force that assist in making consistent decisions for the welfare of the organization and its employees.

#### 4.1.1 Meaning – HR Policies

**Dictionary meaning of Policy means “plan of action” and that “plan is a policy”**

Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess, and reward the members of their workforce.

The HR policies are an integral part of an organization as it helps to set clear instructions about the working of the company. It is a way to protect your business and prevent any misunderstandings in the future.

When a business entity implements strong policies, it shows its inclination towards a fair workplace that will meet the standards of corporate governance.

The human resource department is entrusted with creating useful and ethical policies for the betterment of the organization.

### 4.1.2 Purpose of HR Policies

While some HR policies are required by law, it's not the only reason they are necessary. In addition to protecting your organization from legal claims, policies play an important role in fostering a culture of trust, fairness, and inclusion.

**The benefits of having clear and comprehensive HR policies include:**

- ❖ HR policies provide legal protection to your company
- ❖ They transparently communicate the conditions of employment
- ❖ They set employee expectations with regard to their career growth
- ❖ They help you address employee grievances and disputes
- ❖ They speed up the decision-making process on various HR matters
- ❖ They help ensure all employees are treated equally and fairly
- ❖ They help create a safe and healthy working environment
- ❖ They serve as a foundation for streamlining and automating HR processes

### 4.1.3 Importance of HR Policies

1. It ensures that employee needs are respected and looked after in the organization
2. It makes sure that proper benefits are provided to the employees for their work

3. It helps to address employee problems, complaints, and grievances and even provides a way of solving them
4. It ensures proper training and development opportunities are presented to the employees to meet the needs of the organization
5. It offers protection to the employees against anyone in the organization
6. They are essential as it ensures that eligible employees are getting allotted holidays and paid vacations as per their due
7. It is considered vital as it helps to maintain the discipline in the organization
8. It ensures that the employees are receiving fair compensation

#### 4.1.4 Features of HR Policies

For the sake of clarification some of the important feature or characteristic of HR policy are discussed below:

##### 1. Guidelines

HR policy is considered as a guideline as it guides its members for taking decisions regarding their course of action. It also explains which work should be performed by whom.

##### 2. Limit the area

The HR policy also limits the area of work within which the managers are required to take their decision through its delegate authority among employees but still the control is retained by top management.

##### 3. Consistency

HR policy is consistent in nature so it ensures uniformity in operations at various levels of organisations. It also provides policies relating to the human resources and operation of an organisation.

##### 4. Relationship with objectives

HR policies have a direct relationship with objectives. It is formulated in such a way so that all activities of organisation should be directed towards the achievement of objectives.



## 5. Long Lasting

The HR Policies are formulated after taking into consideration the long run plans and requirements of the firm, so it is considered as a standing decision of the management.

## 6. Expression of Interaction of top management

Generally, the policies are known as the expression of Interaction of top management. It also provides well designed principles that guide for organisation action.

## 7. Board Definition

The top management always states the policies in the broadcast possible form. The purpose of the policy is to save as well as guide to practise now and in future.

## 8. Written Form

The HR policies are always expressed in written form. So it ensures to carry on various activities in a systematic manner. It also enables the application of various formalities at all times.

## 9. Participation

The success of HR Policy always depends upon the co-operative support of all the executives. So the policies are developed through the active participation of top management that encourages them to support the implementation of such policies.

## 10. Qualitative expression

The last but not the least characteristics of HR policy is qualitative expression. It is generally expressed in a qualitative and conditional way. It also ensures to follow and maintain the terms of policies for the development of the organisation.

### 4.1.5 Objectives of HR Policies

- ❖ To help the organisation to maintain adequate and trend personnel at all levels.
- ❖ To enable the organisation to fulfil and carry out its main objective.
- ❖ To help the sub-ordinate in quick decision making
- ❖ To provide opportunities and scope for the promotion of workers.
- ❖ To provide job security to workers.

- ❖ To develop a sense of loyalty to workers.
- ❖ To develop a sense of cooperation and mutual trust.
- ❖ To develop favourable employment condition
- ❖ To enable organisations to make best and maximum use of available resources.

#### 4.1.6 Essentials of Sound (Good or Successful) HR Policies

Some of most important and essential of sound and smooth HR policies for management system are pointed below:

- ❖ It must be clear and easily understood.
- ❖ It should protect the interest of all the parties in the organisation.
- ❖ It should be supplementary over the policies of the organisation.
- ❖ It should be adjusted according to the changing situation from time to time.
- ❖ It should be a response to the prevailing situation and environment. ❖ It must provide communication between management and workers. ❖ It should be uniform throughout the organisation even after adjustment.
- ❖ It should be able to fulfil the long range purpose of HR relations.

#### 4.1.7 Basic HR Policies or Areas of HR Policies in Organization

Some of the essential human resource policies are as follows-

##### 1. Anti-Harassment And Non-Discrimination-Policy

The human resource policy of anti-harassment and non-discrimination is governed by the state, federal, and local provisions.

This is why it becomes essential to review the applicable laws and then create one that can stand in any court of law as feasible and lawful. It ensures that the employees do not have to face discrimination and harassment in the workplace of any kind

## 2. Performance Evaluation Policy

The organization should have a proper performance evaluation policy that will keep the employees informed about the methods that the company will follow during performance evaluation.

It should also mention how the performance evaluation will have an impact on their jobs and pay scale.

## 3. Confidentiality Policy

HR policies in an organization are confidentiality policy. It has become crucial for organizations to be specific about the confidentiality clause.

This is the time when industrial espionage is a reality, and companies should take proper measures to save themselves from intelligence theft. Be specific and underline the resources that will come under the confidential materials.

## 4. Leave And Time-Off Benefits Policy

Under leave and time-off benefits policy, an organization makes its rules and regulations clear regarding essential aspects like sick leave, vacation time-off, and holidays.

It includes what the organization considers paid leave and what does not come under paid leave. It also informs the employees about leave that has to be taken in case of domestic violence, family issues, voting, and jury duties.

## 5. At-Will Employment Policy

One of the essential policies is at-will employment.

It ensures that both the employer and employee have the power to terminate the employment contract at any given time and even without any rhyme or reason, providing that it is legal and lawful.

## 6. Employment Classifications Policy

An organization will have to stipulate employment classifications in its employee handbook to avoid any related misunderstandings later on. It includes exempt, non-exempt, part-time, and full-time employees.

This classification lays the groundwork for overtime pays and benefits that the employees receive while working in the organization.

## **7. Timekeeping And Pay Policy**

It is about recording the timing of the work of the employees in an organization. The pay policy informs about the frequency of paydays, available methods of receiving payment, and the procedure that will be adopted if the payday is a holiday

## **8. Sexual Harassment Policy**

One of the main concerns in the workplace is sexual harassment. It is the need of the hour to communicate zero-tolerance towards inappropriate sexual behaviour or comments in the workplace.

This policy helps the organization to deal with miscreants appropriately. It is the moral obligation and duty of a business entity to safeguard its employees against any form of sexual harassment. For this, they should have regular sessions in the workplace where related issues can be discussed openly.

## **9. Meal And Break Periods Policy**

One of the essential policies in an organization is that of meal and break periods. It informs all the employees about the duration as well as the frequency of breaks that can be taken.

The rules and regulations should be clear otherwise the employees will keep on taking an innumerable number of breaks, and this will hamper their levels of efficiency and productivity

## **10. Safety And Health Policy**

It is the responsibility of the organization to provide a safe workplace to its employees. This is why they draft a safety and health policy at the onset that describes emergency procedures of the company and how they will deal with employees who report work-related injuries.

## **11. Employee Conduct, Attendance, And Punctuality Policy**

As the name suggests, the employee conduct, attendance, and punctuality policy state the organization's rules and regulations regarding employee conduct, and in case they are not punctual and their attendance in the office is not as per set guidelines.

## 12. Zero-Tolerance For Workplace Violence Policy

An employer is obliged to protect its employees against workplace violence. It includes intimidation of any form as well as physical violence.

The zero-tolerance for workplace violence policy categorically bans weapons in the workplace

## 13. Remote Worker's Policy

Times have changed, and organizations understand the changing circumstances. This is the era where both partners are working, and there might be a need for one of them to work from home.

Organizations are allowing more and more people to work from home or any other location until it does not negatively impact their work. The policy states specific time limits and the pay for the workers that work from home.

### 4.1.8 Functions of HR Policies

The functions of human resource policies are as follows-

1. The function of human resource policy is to act as a viable bridge between the employees and the business entity
2. It lay down specific guidelines for managers and supervisors
3. It helps to communicate the condition of employment to the employees
4. The human resource policies have an essential function of laying down and overseeing employee expectations
5. Its function includes reviewing probable changes that will have an impact on the employees at regular intervals
6. It lay down the groundwork for treating all the employees in an equal and fair manner
7. The human resource policies function is to act as the stepping stone for creating the employee handbook
8. Its function includes communicating the values and goals of the organization to interested stakeholders

9. One of the functions of human resource policies is to communicate the method and way of implementing all the policies across all the levels in an organization
10. To form the context for orientation, employee On boarding, and supervisor training programs.
11. To create a healthy environment in the workplace
12. It tried to provide a clear picture of employee's career growth and development in the organization
13. One of the primary functions of human resource policies is to make sure that the policies are aligned to the best practices and legal compliance

#### 4.1.9 Definition Policy and Procedure

**A policy** is a formal statement of a principle or rule that members of an organization must follow. Each policy addresses an issue important to the organization's mission or operations.

**A procedure** tells members of the organization how to carry out or implement a policy. Policy is the "what" and the procedure is the "how to".

Policies are written as statements or rules. Procedures are written as instructions, in logical, numbered steps.

#### 4.1.10 Process of developing HR Policies

A policy can be created where new legislation makes it obligatory or when a change happens within the company. For example, recent events have led to many companies developing remote work policies which define the rules around working from home.

Creating and implementing HR policies is fundamental to fostering a fair and positive work environment.

##### 1. Identify The Need For A New Policy

Firstly, you'll need to review and analyse the current situation. Each organisation should aim to detect specific requirements and create policies for those needs by also taking into consideration their business culture.

A policy can be created where new legislation makes it obligatory or when a change happens within the company. For example, recent events have led to many companies developing remote work policies which define the rules around working from home.

Another reason to implement a new policy, or adapt an existing one, is to have consistent processes for particular tasks and areas.

**Some of the most common factors that often dictate a company-wide policy include: ❖**

Recruitment

- ❖ Holidays
- ❖ Compensation and benefits
- ❖ Disciplinary action
- ❖ Training and development
- ❖ Health and safety

## **2. Define Clear Roles When Developing Policies**

When it comes to developing policies for your company, you will need to decide who to involve and what roles they'll hold. Sometimes, and often in larger corporations, there are boards or committees appointed with the task of writing and reviewing policies.

For diverse policies that cater to everyone in the business, you can create a crossfunctional team, including leadership, HR and other members of staff. This way, you'll likely produce engaging policies that more people can identify with and are likely to follow. It will also give you access to more accurate information on current practices.

Each policy should have an owner. This is someone who is in charge of implementing and championing the standards and procedures identified within that specific policy.

## **3. Determine Policy Content**

The next step is essentially a plan. In the previous step, you will have gathered the relevant information and key players involved in policy development. Together you can decide what the objective is for each policy. The content can only be produced once there is a clear blueprint of what you want to achieve by devising this policy.

A comprehensive policy should include the following elements:

- ❖ **Policy name**
- ❖ **Objective:** A general outline of the purpose of this policy.
- ❖ **Specifications:** The main policy details.
- ❖ **Procedures:** Instructions of actions to be carried out to comply with the policy.
- ❖ **Eligibility:** Indicating groups to whom the policy applies.
- ❖ **Exceptions:** In some instances, it may be necessary to indicate where exceptions can be made.
- ❖ **Policy owner:** The person responsible for administering the policy.
- ❖ **Reviewer:** The person responsible for updating the policy.
- ❖ **Effective and review dates:** The date at which the policy comes into effect and is modified.
- ❖ **Glossary:** An explanation of any specific terms.

#### 4. Target Company Values

The next part to consider during your policy development process is the values and principles that your company has established. These should be reflected in the policies you choose to apply.

To ensure a successful implementation, the policies should align with the company's goals and general philosophy. This way, employees who identify with the existing culture and code of conduct at the company will be more likely to abide by the new rules and even act as ambassadors for the brand.

#### 5. Use Simple And Clear Language

HR policies are not contracts. They are internal guidelines that set out specific standards for employees. They should be designed to be accessible and easy to understand. It's beneficial for both the business and its employees to use straightforward and concise language. There is no need, therefore, to use lengthy legal speech or technical jargon. If you must add any specific terminology, make sure to define it.

The main idea of policies is to offer a time-saving course of action that allows your company to be more efficient and consistent. It will be counterproductive if your managers and employees need to ask for help just to understand the basic rules.



## 6. Keep It Short

Although it can be tempting to create a long document explaining all the ins and outs of each aspect relating to the policy, it is advisable to be as brief as possible. Over explaining could lead to misinterpretation.

It's also crucial to keep the information relevant. If you write a policy on the dismissal process and start to include all possible outcomes, you're likely going to find it overcomplicates the situation.

## 7. Avoid Information That Could Quickly Become Out-Dated

As businesses grow and laws and technology develop, information can quickly change and become obsolete. Therefore, it's vital to ensure that your policies only include pertinent and general information.

If you choose to have a policy on employment contracts, for example, ensure not to allude to specific legislation as this can frequently change, making your policy null and void. It is best to leave this information to the collective agreements and the contracts themselves. Your policies should simply outline the basic details that your staff need to know so they can act appropriately.

## 8. Clarify Eligibility

Another important aspect to consider when writing your company's policies is the audience. This means who the policy is for. Some policies could be particular to one team or department, while others apply to the whole organisation. This information should be clearly established in each policy.

## 9. Allow For Necessary Exceptions

When choosing which policies apply in your business, you will find that not everything has the same bearing on everyone. This means that you will sometimes need to adapt to circumstances.

It is recommended to use general language where possible as opposed to being overly specific. Words like 'usually', 'typically' or 'may' can help cover the possibility of exceptions. As guidelines, your policies should leave room for interpretation and at the discretion of management to respond to certain conditions.

## 10. Consult Key Stakeholders And The Legal Department

Once the first draft is complete, it will be time to get some feedback. Your company policies may be a team effort, or they may be written up by an individual. Either way, before launching them, you should have both a management and a legal representative review them.

It is also necessary to ensure that your policies don't contradict any collective or individual agreements or specific employment contracts. This task should be undertaken by someone with legal training - either an outsourced lawyer or the internal legal team.

## 11. Communicate Policies To Employees

When the time comes to implement your policies, you'll need to inform everyone they apply to. By this stage, it's likely you'll already have refined the policies, so they clearly reflect the organisation's code of conduct.

The delivery method should be impactful so that this new information isn't overlooked. This means that sending out a mass email and assuming everyone has read it might not be the best communication technique.

## 12. Audit Policies Regularly

Once the policies are completed and have been put into effect, the maintenance begins; for your HR policies to remain valid, you'll need to audit them on a regular basis. Usually, an annual review is sufficient. However, if any specific changes occur, the policies should be revised more often.

To keep your policies up to date, be aware of legal amendments, changes in the market, remodelling or rebranding within the business, technological advances, and business growth.

### 4.1.11 Factors affecting HR Policies

#### A) INTERNAL FACTORS

##### (i) Size Of The Firm

There are two key reasons why one can find a positive relation between firm size and formalization of HRM practices: First, if organizations become larger, the need to decentralize and communicate between employees and departments increases. This, in turn, requires a certain level of standardization, specialization and formalization of HRM. This results in a cost

advantage for larger firms, which is strengthened by the limited supply of financial resources of many small firms.

### (li) Organizational Culture

Today's organization is predominantly dynamic as it poses large opportunities and challenges to the corporate practitioners and policy makers. Understanding such dynamism is very crucial to pursue the organizational strategic objective. Organizational culture adapts overtime to cope with the dynamic changes and meet the varying demands of the organization in its quest for gaining competitive advantage in all its activities. A negative organizational culture kills human resource practice.

## B) EXTERNAL FACTORS

- 1. Government Regulations** – With the introduction of new workplace compliance standards your human resources department is constantly under pressure to stay within the law. These types of regulations influence every process of the HR department, including hiring, training, compensation, termination, and much more. Without adhering to such regulations a company can be fined extensively which if it was bad enough could cause the company to shut down.
- 2. Economic Conditions** – One of the biggest external influences is the shape of the current economy. Not only does it affect the talent pool, but it might affect your ability to hire anyone at all. One of the biggest ways to prepare against economic conditions is to not only know what's happening in the world around you, but also create a plan for when there is an economic downturn. All companies can make due in a bad economy if they have a rainy day fund or plan to combat the harsh environment.
- 3. Technological Advancements** – This is considered an external influence because when new technologies are introduced the HR department can start looking at how to downsize and look for ways to save money. A job that used to take 2-4 people could be cut to one done by a single person. Technology is revolutionizing the way we do business and not just from a consumer standpoint, but from an internal cost-savings way.
- 4. Workforce Demographics** – As an older generation (generation X) retires and a new generation enters the workforce the human resources department must look for ways to

attract this new set of candidates. They must hire in a different way and offer different types of compensation packages that work for this younger generation (generation Y). At the same time, they must offer a work environment conducive to how this generation works.

#### 4.1.12 Characteristics of a Sound HRM Policy

While developing sound personnel policies management should pay attention to the following things:

##### 1. Related to Objectives:

Policies must be capable of relating objectives functions, physical factors and company personnel.

##### 2. Easy to Understand:

Policies should be stated in define, positive, clear and understandable language.

##### 3. Precise:

Policies should be sufficiently comprehensive and prescribe limits and yardsticks for future action.

##### 4. Stable as well as Flexible:

Personnel policies should be stable enough assure people that there will not be drastic overnight changes. They should be flexible enough to keep the organization in tune with the times.

##### 5. Based on Facts:

Personnel policies should be built on the basis of facts and sound judgment and not in personal feelings or opportunistic decision.

##### 6. Appropriate Number:

There should be as many personnel policies as necessary to cover conditions that can be anticipated, but not so many policies as to become confusing or meaningless.

**7. Just, Fair and Equitable:**

Personnel policies should be just, fair and equitable to internal as well as external groups. For example, a policy of recruitment from within may limit opportunities to bright candidates from outside: and a policy of 'recruitment from outside only' would limit promotional avenue to promising internal candidates. To ensure justice, it is necessary to pursue both the policies scrupulously and apply them carefully.

**8. Reasonable:**

Personnel policies must be reasonable and capable of being accomplished. To gain acceptance and commitment from employees, the policy should be conditioned by the suggestions and reactions of those who are affected by the policy.

**9. Review:**

Periodic review of personnel policies is essential to keep in tune with changing times, and to avoid organizational complacency or managerial stagnation. For instance, if the current thinking is in favour of workers' participation in management, the personnel policy should be suitably adjusted to accommodate the latest fad, accepted by many in the organization.

**Let's Sum Up:**

HR policies are the formal guidelines that establish the rules of the game within an organization's workforce. They outline the expectations for both employers and employees, creating a framework for a fair and productive work environment. These policies cover a broad range of topics, from recruitment and onboarding procedures to compensation and benefits packages, performance management, and termination guidelines. Strong HR policies are crucial for several reasons. They help ensure legal compliance by adhering to labor laws and regulations. They foster transparency and clarity for employees, allowing them to understand their rights and responsibilities. Furthermore, well-defined HR policies promote consistency in how employee relations are handled, minimizing ambiguity and potential disputes. Additionally, these policies can be a valuable tool for attracting and retaining top talent by showcasing the organization's commitment to fairness, respect, and a positive work culture. In essence, HR policies serve as the foundation for building a strong and effective workforce that supports the organization's overall goals.



### Check Your Progress



1. \_\_\_\_\_ is the framework defined by the HR department to manage the HR activities systematically.
  - A) HR Goals
  - B) HR Objectives
  - B) C) HR strategies
  - D) HR Policies
2. \_\_\_\_\_ will assist the HR department to take decisions in critical situations with ease
  - A) HR Policies
  - B) HR Goals
  - B) C) HR Objectives
  - D) HR strategies
3. \_\_\_\_\_ are the set of procedures which is developed to make the things happen in a systematic way.
  - A) Standing Order
  - B) Policies
  - B) C) Rules
  - D) Strategies
4. Human Resource Management Policies are developed by the
  - A) Top Management
  - B) Line Managers
  - B) C) HR Department
  - D) HR Manager
5. HR Policies are developed to bring \_\_\_\_\_ in the organisation
  - A) Peace
  - B) Harmony
  - B) C) Systematic Approach
  - D) Cooperation
6. \_\_\_\_\_ is not a policy included in HR Policy
  - A) Compensation Policy
  - B) Strategic Policy
  - C) T&D Policy
  - D) Performance appraisal Policy
7. Allowances and bonus of the employees are discussed in \_\_\_\_\_ Policy
  - A) Payment
  - B) Revenue
  - C) Compensation
  - D) Employee engagement
8. Which is discussed in Compensation Policy
  - A) Tenure of Payment
  - B) % of bonus
  - B) C) Mode of Payment
  - D) Type of Incentive
9. Recruitment & Selection Policy doesn't include the following
  - A) Reservation in Recruitment
  - B) Source of Recruitment
  - C) Selection Procedure
  - D) Interview methods
10. Promotion Policy doesn't include
  - A) When promotion will take place
  - B) Basis of Promotion
  - c) Transfer Policy
  - D) Increment during Promotion
11. Compensation Policy doesn't include
  - A) Gratuity
  - B) Awards
  - C) PF
  - D) Bonus

12. For better implementation of HR strategies \_\_\_\_\_ can be used to improve HR related strategy
- A. SWOT analysis      B. MIS  
C. Brain storming      D. Data analytics
13. The policies and practices involved in carrying out the “people” or human resource aspects of a management position is called
- a) Human Resource Management                      b) Human Resource Planning  
c) Strategic Human Resource Management      d) Human Resource Information System
14. Human resource planning is the process of identifying the number of people required by an organization in terms of \_\_\_\_\_
- a) Quality                      b) Quantity  
b) c) Both a & b      d) None of these
15. \_\_\_\_\_ is an analysis of the kind of person it takes to do the job, that is, it lists the knowledge, skills and attitudes
- a) Job Analysis      b) Job Description      c) Job Specification      d) Job Enrichment

## 4.2 BARRIERS TO EFFECTIVE IMPLEMENTATION OF HR POLICIES AND WAYS TO OVERCOME THESE BARRIERS

### 4.2.1 Barriers of Human Resource Policy

#### 1. Lack of Support:

People think that the human resource planning is unnecessary and time consuming. Workforce can be arranged anytime at the time of requirement, with attractive benefits and incentives show human resource planning. They think it is an easy task to manipulate the workforce in the organization.

#### 2. Wrong Perception about Human Resource Practitioner:

In this competitive business world, it is very difficult and challenging to compete with the rivals without formulating proper strategic plan. Many have the perception that the people who formulate the human resource plan are not expert in business, as a result of which they may commit error while formulating the human resource plan.

#### 3. Incompatibility of Information:

A strategic plan is set for achieving the long-term goals or objectives of the organization. At the time of formulation of strategy, the used information is basically long term oriented.

But the human resource planning is formulated using the short-term information. So, the information of human resource does not often match with the information of strategy formulation.

#### **4. Approach Confliction:**

While formulating human resource planning the organization must consider that how many people and how efficient people are needed for the smooth functionality of the organization. Many human resource practitioners give emphasis on number of employee and many other give emphases on the quality of the employee. But both the approaches are equally important for the organization.

#### **5. Absence of Operating Managers' Co-Ordination:**

Human Resource planning is one of the major functions of Human Resource department of every organization. Successful planning depends on the co-operation of all other existing departments. Mainly the operation managers' coordination and support play very vital role in the success of human resource planning. But very often things do not go in right direction.

**Main problems in the process of Human Resource Planning (Policy) are as follows:**

#### **6. Employees Resistance:**

Many of the employees in India do not have faith in adopting manpower planning as a strategy to achieve objectives. Many business houses are planning to adopt more and more scientific techniques and using human resources with as much care as they give to physical and financial resources. Employees and trade unions feel that due to widespread unemployment people will be available for jobs as and when required. Employees may also resist resources planning feel that it increases cost of manpower.

#### **7. Time Consuming and Expensive:**

Manpower planning is a time consuming and expensive method. A good deal of time and cost are involved in data collection and forecasting.

#### **8. Uncertainties:**

Absenteeism in India is quite high and trend shows that it has increased in the past few years with the result that it has assumed considerable magnitude in determining manpower requirements.



**9. Inefficient Information System:**

In Indian industries human resource information system has not fully developed. There is no reliable data due to which it is not possible to develop effective human resource plans.

**10. Inaccuracy:**

Human resource planning involves forecasting the demand for and supply of human resources. Therefore, it cannot be a cent percent accurate process. Longer the time horizon, greater is the possibility of inaccuracy. Inaccuracy increases when departmental forecasts are merely aggregated without critical review.

**11. Under Utilization of Manpower:**

The greater obstacle in the case of manpower planning is the fact that industries in general are not making use of their manpower to the optimum degree and once planning starts, it encounter heavy odds in stepping up utilization.

**4.2.2 Overcome of the Barriers of Human Resource Policy****1. Adequate organisation:**

Human resource planning function should be properly organized. A separate cell section or committee may be constituted within the human resource department to provide adequate focus, and to coordinate the planning efforts at various levels.

**2. Organized system:**

A separate cell section or committee may be constituted within the human resource department to provide adequate focus, and coordinate the planning efforts at various levels.

**3. Support from top management:**

Before starting the human resource planning process, the support and commitment of top management should ensure, moreover the exercise should be carried out within the limits of a budget.

**4. Proper information system:**

An adequate information system should be developed for human resources to facilitate human resource planning.

#### **5. Tailor made:**

Human resource plans should be balanced with the corporate plans of the enterprises. The methods and techniques used should fit in the objectives, strategies and environment of the particular organisation.

#### **6. Appropriate time:**

The period of human resource plan should be appropriate to the needs and circumstances of specific enterprises.

#### **7. Greater participation:**

Greater participation of line managers at all levels in human resource planning process should be there.

#### **8. Flexibility:**

Enough flexibility in human resource plans to take care of changing situations.

#### **9. Proper focus:**

The quantity and quality of human resources should be stressed in balanced manner. The focus should be on filling up future vacancies with right kind of people who can help in achieving the objectives of the organisation.

### **Let's Sum Up:**

Implementing effective HR policies is crucial for a well-functioning organization, but several roadblocks can hinder this process. One key barrier is the lack of support from senior leadership. If HR initiatives aren't seen as strategically valuable, securing resources and buy-in becomes difficult. Additionally, poorly designed or communicated policies can lead to confusion and non-compliance among employees. Incompatibility between existing HR practices and new policies can also create friction. Furthermore, a lack of clear roles and responsibilities for implementing the policies can lead to finger-pointing and a delay in achieving desired outcomes. Fortunately, there are ways to overcome these challenges. Gaining buy-in from leadership requires effectively communicating the strategic benefits of HR initiatives. Policies should be

clearly written, translated into multiple languages if necessary, and communicated effectively through various channels. Regularly reviewing and updating policies ensures they remain relevant and compatible with existing practices. Finally, assigning clear ownership and accountability for implementing policies creates a focused effort and ensures everyone is on the same page. By addressing these barriers and taking proactive steps, organizations can create a strong foundation for successful HR policy implementation.



1. The interview in which the interviewer asks questions about what the applicant would do in a hypothetical situation is
  - a) Situational Interview
  - b) Behavioural Interview
  - c) Exit Interview
  - d) Stress Interview
2. The process of choosing from a group of applicants those individuals best suited for a particular position is:
  - a) Decision - making
  - b) recruiting
  - c) manpower planning
  - d) selection
3. The following is (are) concerned with developing a pool of candidates in line with the human resources plan.
  - a) Selection
  - b) Recruitment
  - c) Staffing
  - d) Enrolment
4. \_\_\_\_\_ strives (purpose is) to have right number & right kind of people at the right place & at the right time.
  - a) Human Resource Acquisition
  - b) Human Resource Planning
  - c) Human Resource Development
  - d) Human Resource Planning
5. The following type of recruitment process is said to be a costly affair.
  - a) Internal recruitment
  - b) External recruitment
  - c) Cost remains same for both types
  - d) None of these
6. \_\_\_\_\_ can be defined as a written record of the duties, responsibilities and conditions of job.
  - a) Job description
  - b) Job specification
  - b) c) Job profile
  - d) None of the above

7. The process of collecting information about a job from which job descriptions & job specifications are developed is called\_\_\_\_\_.
- a) Job analysis                      b) Job evaluation  
c) Job enrichment                  d) Job enlargement
8. \_\_\_\_\_ is/are the main concern of human resource management.
- a) Machines                      b) Technology  
c) People                          d) Management
9. Which one is not the specific goal of human resource management?
- a) Attracting applicants              b) Separating employees  
c) Retaining employees              d) Motivating employees
10. On the date of joining employee is introduced to the company and other employees. This process is called as
- a) Training                          b) Orientation  
c) Introduction                      d) Fresher Welcome
11. Which one of the following is not the part of process of human resource planning?
- a) Analysing existing HR              b) Implementation of HR plan  
c) Recruitment                      d) Analysing Organizational objective
12. KSA represents
- a) Knowledge, skill & aptitude              b) Knowledge, system & aptitude  
c) Knowledge, skill & approach              d) Knowledge, skill & attitude
13. A group of positions that have similar duties, tasks & responsibilities is called
- a) Job                                  b) Duty  
c) Designation                      d) Grade
14. Campus selection is a \_\_\_\_\_ source of recruitment
- a) Fresh                              b) Modern  
c) Internal                          d) External
15. Which is not an advantage of internal source of recruitment?
- a) Time saving                      b) New blood  
c) Less expensive                  d) None of the above

## 4.3 UNIT - SUMMARY

Within Strategic Human Resource Management (SHRM), Human Resource (HR) policies play a crucial role in translating strategy into actionable practices for managing the workforce. These policies establish clear guidelines and expectations for employees and managers on various aspects of the employment relationship. Well-defined HR policies promote consistency, fairness, and legal compliance across the organization. They cover a broad range of topics, including recruitment and selection, performance management, compensation and benefits, workplace safety and health, and employee conduct. By outlining disciplinary procedures and grievance processes, HR policies ensure a fair and transparent work environment.

Furthermore, SHRM emphasizes the importance of aligning HR policies with the organization's overall strategy. For instance, a company focused on innovation might have policies that encourage risk-taking and reward creativity. Effective HR policies communicate the organization's values and culture, fostering a positive work environment that attracts and retains top talent. However, developing and maintaining a comprehensive set of HR policies requires ongoing review and updates to reflect legal changes and evolving business needs.

## 4.4 Glossary

<b>HR Policy</b>	An HR policy, in the context of Strategic Human Resource Management (SHRM), is a formal document that outlines the rules, expectations, and procedures governing the employment relationship between an organization and its employees.
<b>Employee Conduct</b>	Employee conduct refers to the expected behavior of employees within the workplace and, in some cases, outside of it if it affects the company's reputation. It encompasses a wide range of actions and attitudes that contribute to a professional and productive work environment.

<b>Outsourcing</b>	Outsourcing refers to the business practice of contracting with a <b>third-party</b> to provide goods or services that would traditionally be performed in-house by an organization's own employees. In essence, the company is <b>paying another company</b> to specialize in a task and deliver it, often at a lower cost.
<b>Retrenchment</b>	Retrenchment, in the context of employment, refers to the process of <b>reducing the workforce by letting employees go</b> . It's a <b>downsizing</b> strategy typically undertaken by organizations facing economic hardship, restructuring needs, or other challenges that necessitate a reduction in personnel.
<b>Appraisal</b>	This is the formal evaluation of an employee's job performance against set expectations and objectives.
<b>Generation X</b>	Generation X, often shortened to Gen X, is the demographic cohort following the Baby Boomers and preceding Millennials. There's some variation on the exact birth years depending on the source, but typically it's considered to be:  <b>Birth Years:</b> Mid-1960s to late 1970s (e.g., 1965-1980)

## 4.5 Self-Assessment Questions

**Short Answers: (5 Marks)** K3/K4 Level Questions

Sl.no	Questions	Level
1.	State the purpose of human resource policies?	K3
2.	What is the importance of human resource policies?	K3
3.	State the features of HR policy?	K3
4.	Explain the objectives of HR policies?	K3
5.	Explain the essentials of sound HR policies?	K3

## Essay Type Answers: (8 Marks) K5/KS Level Questions

Sl.no	Questions	Level
1.	Explain the basic HR policies <u>or</u> areas of HR policies in organisation?	K5
2.	Explain the functions of HR policies?	K5
3.	Explain the process of developing HR policies?	K5
4.	Explain the factors affecting HR policies?	K5
5.	Explain the requisites of sound HR policies or characteristics of a sound HRM policy?	K5
6.	What are the barriers to effective implementation of HR policies and ways to overcome these barriers?	K6

## UNIT – 4 – HR POLICIES – ASSIGNMENTS

### 4. 6 Activities - Assignment



Activities

#### HR Policy Development (50%)

1. **Scenario:** Imagine you are working as an HR professional for a company undergoing a significant strategic shift. Briefly describe the company's new strategic focus (e.g., increased focus on innovation, expansion into a new market).
2. **New HR Policy Development:** Develop a new HR policy that directly supports the company's new strategic direction. Choose a specific area of HR practice (e.g., performance management, talent development) to focus your new policy on.
3. **Policy Content:** Clearly outline the key elements of your new policy, ensuring it is:
  - **Aligned with Strategy:** Demonstrate how the policy directly supports the company's new strategic focus.
  - **Comprehensive:** Address the relevant aspects of the chosen HR practice area.
  - **Fair and Clear:** Ensure the policy is written in a clear and understandable manner, promoting fairness and transparency for employees.
4. **Implementation Considerations:** Briefly discuss some of the key considerations for implementing your newly developed HR policy within the organization. This might involve communication strategies, training for managers and employees, and potential challenges to address.



	<p><b><u>Topics for Discussion</u></b></p> <ul style="list-style-type: none"><li>• How do technological advancements, like remote work arrangements or artificial intelligence in recruitment, impact HR policy development?</li><li>• What new policy considerations arise with emerging technologies in the workplace?</li><li>• Discuss strategies for keeping HR policies relevant and adaptable in a constantly evolving technological environment.</li><li>• Explore the ethical considerations when creating HR policies related to employee monitoring, data security, and privacy (e.g., email monitoring, social media use).</li><li>• How can HR policies balance the need for productivity and workplace security with employee privacy rights?</li><li>• Discuss best practices for ensuring ethical and transparent HR policies regarding data and monitoring.</li></ul>
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#### 4.7 Answers for Check your progress

1. d	2. a	3. b	4. c	5. c
6. b	7. c	8. b	9. a	10. c
11. b	12. d	13. a	14. c	15. a
16. d	17. b	18. d	19. b	20. b
21. a	22. a	23. c	24. b	25. d
26. c	27. d	28. a	29. d	30. b

#### 4.8 Suggested References

##### Academic Journals:

- **Human Resource Management Journal (HRMJ):** <https://onlinelibrary.wiley.com/journal/1099050x> - Publishes research on various HR practices, including articles on HR policy development, compliance, and the impact of policies on employee behavior.
- **Academy of Management Journal (AMJ):** <https://aom.org/research/journals/journal> - Features research on the strategic role of HR practices, with potential articles exploring how HR policies can influence organizational culture and performance.
- **International Journal of Human Resource Management (IJHRM):** [invalid URL removed] - Explores HR practices across different countries and cultures, including research on how HR policies are adapted to comply with international and regional legal frameworks.

##### Professional Resources:

- **SHRM (Society for Human Resource Management):** <https://www.shrm.org/> - Provides a wealth of resources on HR policies, including sample policies, legal guidance, and best practices for developing and maintaining compliant policies.
- **World at Work:** <https://worldatwork.org/> - Offers practical guidance on HR policy development and compliance, along with tools and templates.
- **National Labor Relations Board (NLRB):** <https://www.nlr.gov/> - The official website of the NLRB, a US federal agency that enforces labor laws, provides resources on employee rights and legal requirements for HR policies.

**Additional Resources:**

- **HR Magazine:** [invalid URL removed] - SHRM's monthly magazine features articles on various HR topics, including HR policy trends and legal updates.
- **Forbes Human Resources Council:** [invalid URL removed] - A platform for HR leaders to share insights and best practices, with potential articles on innovative HR policy approaches.

## 4.9 Suggested Readings

**Textbooks:**

- **Human Resource Management** by Gary Dessler (latest edition) - A comprehensive HR management textbook with a dedicated section on HR policies, covering legal considerations, policy development, and best practices.
- **Strategic Human Resource Management** by David Ulrich (latest edition) - Explores how HR policies can be strategically designed to support the achievement of organizational goals.
- **Managing Human Resources** by Wayne Cascio (latest edition) - Provides a practical guide to HR management, including developing and implementing effective HR policies.

<b>Unit V– Latest trends in Strategic HRM</b>		
Mentoring - Employee Engagement – Meaning, Factors Influencing Employee Engagement, Strategies for Enhancing Employee Engagement - Competency based HRM: Meaning, Types of Competencies and Benefits of Competencies for Effective Execution of HRM Functions -Human Capital Management: Meaning and Role - New Approaches to Recruitment – Employer Branding.		
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## Learning Objectives

The unit explores various HR topics, including mentoring, employee engagement, competency-based HRM, human capital management, and new recruitment approaches like employer branding. It delves into the meaning, factors, strategies, and benefits associated with each topic, highlighting their importance in fostering a positive work environment, attracting and retaining talent, and enhancing organizational performance.

### SECTION 5.1: MENTORING

#### 5.1.1 Meaning of Mentoring

Mentoring is the Employee training system under which a senior or more experienced person (the mentor) is assigned to act as an advisor, counsellor, or guide to a junior or trainee. The mentor is responsible for providing support to, and feedback on, the person in his or her charge.

Mentoring is a process of using specially selected and trained individuals to provide guidance, prag-matic advice, and continuing support that will help the people in their learning and development pro-cess.

Mentoring is the process of sharing your knowledge and experience with an employee.

### 5.1.2 Definitions of Mentoring

According to David Clutterbuck, 'mentoring involves primarily listening with empathy, sharing experience, professional friendship, developing insight through reflection, being a sounding board, encouraging'.

According to Jacobi, 'mentoring is a one to one helping relationship or nurturing process'.

#### MENTORING CAN BE INFORMAL OR FORMAL:

- ❖ Informal mentoring takes place spontaneously between senior and more junior employees.
- ❖ Formal mentoring occurs through a program with an established structure

### 5.1.3 Characteristics of Mentoring

- ❖ Mentoring requires a high degree of mutual trust between the mentor and the mentee.
- ❖ Effective communication is the key to the mentoring programmes.
- ❖ The success of mentoring depends on the availability of the mentor and predictability.
- ❖ It is a systematic process of building a partnership.
- ❖ Self-esteem and confidence is necessary for effective mentoring.
- ❖ Mutual respect between each other is also required.

### 5.1.4 Importance of Mentoring

#### 1. Recruitment:

Mentoring helps an organization in identifying suitable candidates from internal sources of recruitment as well as from outside.

#### 2. Building Relationships:

It helps in building the structure of the organization.

#### 3. Motivation to Employees:

It also helps the employees acquire motivational trends from the mentors.

#### 4. Securing Knowledge Capital:

Mentoring assists in securing knowledge capital apart from physical capital.

##### 5.1.5 Purpose of a Mentorship

- ❖ The purpose of a mentorship program is to match up a manager or other experienced employee with someone new to the company or position.
- ❖ The mentor takes a mentee, or protégé, under her wing and helps groom his professional career.
- ❖ A mentor program can be formal, as in the case of assigning a mentor to a protégé and following specific guidelines for the program, or it can be informal, such as to encourage people to volunteer their services or seek out a mentor and meet on their own terms.
- ❖ A successful mentoring program will not only help retain employees, it will assist your training efforts and help boost employee morale.

##### 5.1.6 Responsibilities of a Mentor

The responsibilities of all mentors:

1. Assist the employee in developing talents.
2. Maintain objectivity and balance.
3. Allow the employee to grow and become more independent.
4. Foster a sense of risk-taking and independence.
5. Balance the responsibilities you take on for the employee.
6. The additional responsibilities of mentors in a formal program:
7. Listen to and acknowledge the employee without undermining the role of the manager.
8. Encourage the employee to resolve problems directly with the manager.



### 5.1.7 Qualities of a Good Mentor at Workplace

Successful people usually attribute a part of their success to their mentors. A good mentor can actually guide and advise a mentee in reaching great professional heights. Here are five ways you can become a great mentor.

#### 1. Have interest

Being a great mentor works only when you have genuine interest on your mentee. Choose your mentees well so that you happily invest time in the relationship. Understand the mentee's background and narrative and help him figure out his current situation as well as dreams and aspirations.

#### 2. Perceive

Be sensitive to the mentee's environment and situation and use your understanding and personal experience to hear and understand the things that the mentee did not share. Be perceptive in anticipating challenges and share from your life to encourage communication. Maintain confidentiality to increase trust.

#### 3. Listening and learning

Have a regular conversation with your mentee. At least once a month works well. Find a common time and informal environment for meeting. Give your mentee undivided attention and ask open ended questions to help the mentee speak freely and openly. For best outcomes, constantly learn from your interactions.

#### 4. Commitment

Have an open door policy for your mentees to approach you and seek help whenever required. If they are serious and committed to their personal growth, use your network to make the appropriate connections for them. Be committed to fulfilling your promises to your mentees and hold them accountable too.

## 5. Provide feedback

Ask questions before you advise. Be non-judgmental and drop biases before you give feedback. Be proactive and assertive in discussing areas of improvement. Figure out how your feedback chats can be structured for maximum effectiveness. Finally, encourage your mentees to take their own decisions.

### Let's Sum Up:

In the context of Strategic Human Resource Management (SHRM), mentoring programs play a crucial role in developing talent and fostering a culture of learning within organizations. Mentorship pairs a more experienced employee (mentor) with a less experienced employee (mentee) to provide guidance, support, and career development opportunities. **Effective mentoring programs** benefit both parties: mentors can gain leadership experience and share their knowledge, while mentees receive valuable insights, career advice, and role models. SHRM emphasizes **strategic mentoring programs** that align with organizational goals. These programs might focus on developing specific skills needed for succession planning, fostering innovation through knowledge sharing, or promoting diversity and inclusion by pairing mentors and mentees from different backgrounds. Mentoring programs can contribute to **increased employee engagement, retention, and improved job performance**. However, successful mentoring programs require careful planning, matching compatible individuals, and providing ongoing support and resources to ensure a productive and rewarding experience for both mentors and mentees.



1. Which of the following is not one of the 3 Key Drivers of Employee Engagement?

- a) Relationship with direct manager
- b) Compensation
- c) Belief in senior leadership

- d) Pride in working for the company
2. \_\_\_\_\_ them to contribute effectively in the processes of the organization.
- a) SHRM
  - b) HCM
  - c) HRD
  - d) HRM
3. Types of Human Capital doesn't include
- a) Behaviour
  - b) Intellectual
  - c) Spiritual
  - d) Social

## 5.2 EMPLOYEE ENGAGEMENT

### 5.2.1 Meaning of Employee Engagement

Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work.

Employee engagement is a workplace method designed to improve an employee's feelings and emotional attachment to the company, their job duties, position within the company, their fellow employees, and the company culture. HR departments can use employee engagement tactics to boost wellbeing and productivity across all company levels.

### 5.2.2 Factors influencing Employee Engagement

#### 1. Autonomy

Employees dislike micromanagement; having leadership and management breathing on their necks with a rule book, closely monitoring everything they do.

As long as the end outcome of their decisions aligns with the company's goal, organizations should allow employees to find their own way and make their own choices. Giving them the freedom to complete their tasks in their own space will give them a sense of responsibility.

## **2. Communication**

Employee engagement is influenced by a variety of factors, including communication. There will always be issues inside the organization if there is a misunderstanding between you and your employees.

## **3. Pay Structure**

Salaries can be a sensitive issue but it is an unavoidable conversation. Ultimately, earning a monthly salary is everyone's driving force in any organization. So, if there aren't sufficient opportunities to progress in an organization and earn promotions, employees are bound to feel demotivated.

## **4. Lack of Opportunities to grow**

One of the variables that contribute to employee engagement is growth opportunities. If employees see that their employers are not concerned with their career advancement, they will not put in the time or effort to learn and grow.

To avoid this, managers and HR representatives should constantly inform employees of growth opportunities within the organization and pave the path for them to work smarter and better to secure these positions.

## **5. Trust**

Employees look up to their senior managers and trust them to guide them on the right path. Managers can create positive employee engagement by being a mentor to them. It makes employees acknowledged and cared for.

## 6. Peer culture

When employees have a good peer-to-peer relationship, they are more willing to help out their co-workers. This is a good sign as employees then become highly responsible and engaged towards the organization's growth.

It also leads to high productivity and healthy competition.

## 7. Type of job

Employee engagement increases when they are provided assignments that interest them. Managers could also engage employees in tasks that give them a healthy challenge provided that they align with their experience and qualifications, of course.

## 8. Recognition

Employees need to be recognized for their hard work and efforts. Companies that prioritize recognition and award their employees with promotions, incentives, or corporate gifts are better positioned to succeed in their employee engagement manoeuvres.

An interesting point to note here is that employees who have a strong bond with senior management are more likely to be engaged. So, getting recognized by seniors can have a positive impact on employee engagement.

## 9. Alignment

Employees work together in sync towards the organization's goals. Keeping them aligned towards the bigger picture directly contributes to employee engagement and impacts productivity.

## 10. Cultural Diversity

In a generation full of multicultural diversity, we need to have the same environment on the office floors too. A good cultural diversity happens when companies hire employees from various backgrounds regardless of their religion, culture, and ethnicity.

### 5.2.3 Strategies for enhancing Employee Engagement

Employee engagement is a complex and wide-reaching subject. However, it isn't impossible to attain higher engagement levels. All it needs is the right strategies to make your people emotionally connected and feel more valued at work.

**To bring that into action, here are a few approaches to that can help:**

#### **1. Purposeful Mission:**

Just having a mission statement doesn't cut it. Instead, make it more purposeful by establishing feelings of value alignment. Your employees should see a clear connection between their work and the company's greater purpose.

#### **2. Improve Communication:**

Effective communication at the workplace is about keeping misunderstandings at bay and ensuring everyone fulfils their daily tasks smoothly.

#### **3. Give Timely Recognition:**

Recognition has the power to make your employees' motivation reach sky-high. It's a way to show your workforce that you value every effort and contribution they make to the company.

#### **4. Encourage Feedback:**

Receiving constructive feedback from time to time is an essential part of fostering employee engagement. When you take time to know what your employees feel and think, you will gain better insights into what's happening at all levels within the organization, which helps you make informed decisions.

#### **5. Build Positive Company Culture:**

Company culture is vital for employees to enjoy work while developing healthier relationships with co-workers and being more productive. Also, a good workplace culture drives engagement, drives performance, attracts new talent, and impacts job satisfaction.

#### **6. Introduce team building activities**

Team building activities can be a great way to improve employee engagement and foster a positive work culture. Here are a few ideas for team building activities that you might consider:

## **7. Provide incentives for hard work**

Incentives can be a powerful tool for motivating and engaging employees. Here are a few ideas for incentives that you might consider:

### **8. Monetary rewards:**

Bonuses, pay raises, and other financial incentives can be effective at motivating employees to work harder.

### **9. Time off:**

Offering additional vacation days or flexible work arrangements can be a powerful incentive for employees who value work-life balance.

### **10. Professional development opportunities:**

Providing employees with opportunities to learn new skills or advance their careers can be a highly motivating incentive. This might include training programs, mentorship opportunities, or professional certification courses.

### **11. Encourage transparency:**

Be open and transparent with employees about company goals, plans, and challenges. This can help build trust and foster a sense of collaboration and teamwork.

### **12. Provide opportunities for feedback:**

Regularly solicit feedback from employees and actively listen to their ideas and concerns. This might involve hosting team meetings or one-on-one conversations with employees.

### **13. Offer flexible hours**

Offering flexible work hours can be a powerful way to improve employee engagement and foster a positive work culture. Here are a few benefits of offering flexible hours:

### **14. Greater employee retention:**

Offering flexible work hours can help retain top talent, as employees may be more likely to stay with an organization that values their work-life balance.

**15.Improved morale:**

Offering flexible work hours can help improve employee morale and foster a positive work culture, as employees may feel more valued and appreciated.

**Let's Sum Up:**

In Strategic Human Resource Management (SHRM), employee engagement is a critical concept that goes beyond mere job satisfaction. It reflects an employee's **dedication, enthusiasm, and willingness to exert extra effort** towards organizational goals. Engaged employees are more productive, less likely to leave the organization, and contribute to a more positive work environment. SHRM emphasizes strategies to **foster employee engagement**, as it directly impacts business performance.



1. Drivers of HCM doesn't include
  - a) Leadership practices
  - b) Employee engagement
  - c) Workforce Optimization
  - d) Management Support
2. Valuation of human resources in a strategic level includes
  - a) Replacement Cost
  - b) Skills and Upgrading
  - c) Strategic Partner
  - d) All of the above
3. Methods of Valuation of HR doesn't include
  - a) Replacement Cost
  - b) Delphi Method
  - c) Acquisition Cost Method
  - d) Present value of future earnings



## 5.3 COMPETENCY BASED HUMAN RESOURCE MANAGEMENT

### 5.3.1 Meaning

Competency-based HRM is about using the concept of competency and the results of competency analysis to inform and improve the processes of performance management, recruitment and selection, employee development and employee reward. The language has dominated much of HR thinking and practice in recent years.

### 5.3.2 Types of Competencies

The abilities and skills that make up an individual's competitive advantages are their core competencies.

- ❖ Cross-functional competencies
- ❖ Functional competencies
- ❖ Organisational competencies
- ❖ Job competencies
- ❖ Technical competencies
- ❖ Personal competencies
- ❖ Behavioural competencies

## I. BASED ON FUNCTIONING

You can further categorise functioning competencies into three different types:

### 1. Core competencies

The abilities and skills that make up an individual's competitive advantages are their core competencies. It is important for you to identify, develop and capitalise on your core strengths to ensure you have a versatile competency for your field to make yourself more employable. You can enumerate these competencies on your resume to highlight them when applying for jobs.

Analytical capabilities, creative thinking and problem-solving abilities are some examples of key personal characteristics.

## **2. Cross-functional competencies**

These competencies are those that are specifically not chosen as core competencies. These skills are often necessary for a variety of occupations in several roles. Examples of these competencies include budgeting, computer proficiency and other topics. There are several advantages to cross-functional abilities that you might anticipate.

## **3. Functional competencies**

Functional competencies are usually exclusive to a field, division or job category. Businesses may encounter a variety of difficulties in operating and growing due to changing market requirements. For a firm to succeed, it typically requires a certain set of individuals with specialised skills.

# **II. COMPETENCIES BASED ON ROLES**

## **1. Organisational competencies**

Organisational competencies are the skills necessary for the organisation to excel and maintain its position as a market leader. These competencies include a list of anticipated attitudes, abilities and behaviours that contribute to the organisation's effective performance. The skills of the organisation's personnel can often determine its overall performance. Organisational competencies are those properties that the employees of an organisation may apply to be successful in their respective positions.

## **2. Job competencies**

These comprise the skills that, when displayed, lead to efficient work or task performance. For instance, competencies for a sales job role may require those relevant to the sales function, such as fulfilling weekly goals, convincing clients or customers of the product's benefits and customising offers and items to suit the client's requirements. Employers often prioritise a candidate's job competencies to assess and ensure the new recruits can perform their professional responsibilities per the company requirements and assist in the company's performance and growth positively.

### 3. Technical competencies

Technical competencies refer to how knowledge and you can apply abilities to complete a particular job or collection of jobs within the company framework successfully. Technical competencies are behaviours that have a direct relationship to the type of instruction received and the level of technical expertise required to exercise effective operational control. Competency in a job demands alignment between the operator's capabilities and those required to do the work safely and efficiently.

### 4. Personal competencies

Personal competencies emphasise performance or output from the job, whereas job role competencies show the variety of inputs required for the task. Personal competencies relate to one's ability to carry out tasks as required by a job function. Though technology continues to develop, personal abilities continue to be a top priority for most companies. For instance, recruiters seek candidates who are more adaptable, open-minded, think critically after considering different perspectives, take on multiple roles, adapt behaviours to team requirements, manage uncertainties and can remain motivated even when encountering setbacks.

### 5. Behavioural competencies

Behavioural competencies refer to the knowledge, abilities, attitudes and behaviours that can help complete tasks effectively independently or in collaboration. They are any actions, attitudes or character attributes that may gauge a candidate's likelihood of succeeding in the position for which they are applying. These competencies may also comprise information, abilities and behaviours that can differentiate a candidate from the rest.

### 6. Management competencies

The abilities, routines, professional goals and approach required to manage people as management competencies. When you cultivate management competencies, they may improve leadership and aid in corporate performance. Human capital, which is roughly described as the knowledge and abilities that contribute to workplace productivity, is a category that includes

management competencies. For a workforce that is productive, the human resources required for management competency are also often essential.

## **7. Leadership Competencies**

You can consider a leader as an individual with a versatile skill set to perform their duties effectively. A leadership position in a company may call for a variety of personality or behavioural qualities. To assume a leadership role, it is important for an employee to possess a few fundamental skills, though. These may be based on five crucial factors, including business savvy, effect and influence, communication abilities, honesty and conceptual skills. While the first four characteristics are usually fundamental to being a successful leader, business savvy is also as crucial.

### **5.3.3 Effective execution of HRM Functions**

#### **1. Competency Based Job Analysis**

It finds the competencies essential for becoming successful in a job by detailing the jobs in terms of quantifiable, observable, and behavioural competencies which workers need to show to complete the job.

#### **2. Competency Based Selection**

The main purpose of Competency Based Selection is to bring the HR managers fairly close to moving forward and backward in time to make efficient forecast about candidate's performance at work by recreating earlier performance, determining personality patterns, and imagining future performance.

#### **3. Competency Based Training & Development**

Competency Based Training is an organized method of training and assessment which is targeted at accomplishing certain results. The focus is on performing as opposed to just knowing.

#### **4. Competency Based Performance Management**

Competencies depict the language of performance. They are able to state both the predicted results from an individual's efforts and the procedure by which these functions are performed. Competency Based Performance Management System focuses on the "how" of performance.

### 5.3.4 Benefits of competency based HRM

- ❖ It requires lower communication, training, and management time. Managers need to master just one group of competencies for each and every position.
- ❖ It requires less training time to set up a new program as the competencies are fully understood, and key concepts, like centring on organizing behaviour into competencies, are employed throughout the company.
- ❖ Information from various sources could be easily compared and evaluated. Data from one process enables you to examine the potency of the others. For instance, performance review rankings could be employed to validate the strength of a selection or training process.
- ❖ Making use of the definitions and rating scales effectively in one HR process reminds managers of the significance of utilizing them in other functions. By way of example, successfully employing a performance management system structured around competencies will certainly support employing a selection system structured around competencies.
- ❖ The complete system and each subsystem could be authenticated employing a contentoriented validation strategy (for example, the subsystem could very well be associated with described job requirements)

### Let's Sum Up:

Competency-Based Human Resource Management (CBHRM) represents a strategic approach to managing human resources within SHRM. It emphasizes **identifying, developing, and leveraging the specific skills, knowledge, behaviors, and attributes** (competencies) necessary for successful job performance and achieving organizational goals. **Unlike traditional HR practices** focused on job descriptions, CBHRM builds a framework around competencies.



1. Which of the following statement describes HCM properly
  - a) Reinforces the need to be strategic
  - b) Emphasizes the role of HR specialists as business partners

- c) Provides guidance on what to measure and how to measure
  - d) All of the above.
2. HCM Human capital management is
- a) Set of practices
  - b) set of Theory
  - c) Set of rules
  - d) All of the above
3. The core concept of HCM Contains
- a) Talent acquisition
  - b) Talent management
  - c) Talent optimization
  - d) All of the above

## 5.4 HUMAN CAPITAL MANAGEMENT (HCM)

### 5.4.1 Meaning & Definitions

Human Capital management refers to managing an organization's employees for them to contribute significantly in the overall productivity of organization. In a layman's language managing workforce of an organization refers to human capital management.

Human capital management (HCM) is a set of practices related to people resource management. These practices are focused on the organizational need to provide specific competencies and are implemented in three categories: workforce acquisition, workforce management and workforce optimization.

Human Capital Management is defined as the process of acquiring, training, managing, retaining employees for them to contribute effectively in the processes of the organization.

Human Capital Management (HCM) is defined as a set of practices for human resource management, with the goal of achieving organizational competency for workforce acquisition, management and optimization.

## 5.4.2 Components of HCM

### 1. Talent management

Talent management nurtures employees to develop new skills and enhance their work performance. It begins when a candidate first interacts with a company and never really ends.

### 2. Recruitment and hiring

One of the most important aspects of human capital management is to attract and hire talent that helps the organization achieve its goals. It provides the tools the human resources department needs to position the organization as an ideal workplace for employees and streamline the recruitment process.

### 3. On-boarding and training

Managing human capital requires the effective on-boarding of new employees. It introduces them to the company culture, job requirements and expectations and creates an environment that helps them fit into their roles. Another function of HCM is to train employees to deliver their best performance for the organization.

### 4. Benefits administration

HCM can help you simplify the complex task of managing your workforce benefits and make planning and decision-making easier for your employees. Set up your benefit plans once, driving enrolment and deductions throughout the system.

### 5. Time, attendance and payroll

Managing schedules, hours worked and time off is critical for payroll accuracy and compliance. The right HCM process can make it easier to track and manage on-the-job hours, leave applications and security requirements, and automate your payroll.

## 6. Employee service and self-service

HCM can offer self-service application and tracking systems for time and attendance, service delivery including HR help desks, intranet portals, employee self-service and manager self-service.

## 7. Reporting and analytics

Human capital management offers a database of actionable insights to help organizations add value to their employees. Data from performance reviews, employee benefits claims, skills, turnover rate and other statistics can help them adjust their practices to improve the work environment and achieve objectives.

### 5.4.3 Benefits of HCM

#### 1. Hire the right people for the right role

Organizations can match employees with positions where they can use their skills and talents. HCM provides processes that can identify the individual strengths and competencies of employees and match them to the best role.

#### 2. Increase workforce productivity and efficiency

By investing in training that develops specific capabilities the organization needs to accomplish its goals, human capital management helps boost productivity. It also improves efficiency because the system places employees in roles where they can perform at their best.

#### 3. Streamline HR functions

HCM can accelerate human resource processes by consolidating disparate HR systems, leveraging analytics for more intelligent workforce decisions, and automating manual processes globally and locally.

#### 4. Reduce costs and increase ROI

An efficient human capital management system can enhance performance management to simplify processes, reduce costs, boost revenue and increase your return on investment (ROI).



## 5. Strengthen employee development and career planning

Another function of human capital management is to provide adequate training to help employees deliver their best performance and plan their future. It identifies capability gaps through training, surveys, performance reviews and other sources of feedback.

### 5.4.4 Challenges of HCM

If you're like most business owners, you might be concerned about overcoming today's obstacles and anticipating tomorrow's needs. Here are some common challenges that human capital management can help you address:

#### 1. Talent strategy

There are many opportunities throughout the employee lifecycle to engage your people and align their performance with your business goals.

#### 2. User experience

Technology that's intuitive and easy to use can increase workforce productivity and improve morale.

#### 3. Big data

From optimized schedules to competitive compensation packages, data can power better decisions.

#### 4. Administrative burdens

Tools and resources that save time allow you to focus more attention on business strategy.

#### 5. Systems integration

Integrated systems may save you time, resources and money. They also help maintain visibility across borders.

#### 6. Compliance

Sound data and proactive approaches to changing regulations can help you maintain compliance.

## 7. Data security and privacy

Gold-standard protections and assured response measures are critical to data security.

### 5.4.5 Differences Between Human Resource and Human Capital

The difference between “Human Resources” and “Human Capital” Perhaps the simplest explanation is “Resources” means “The total means available for economic and political development, such as mineral wealth, labour force and armaments. An available supply that can be drawn on when needed.” “Capital” is defined as “Any form of wealth employed or capable of being employed in the production of more wealth.”

#### TRADITIONAL HR FUNCTIONS VS HUMAN CAPITAL MANAGEMENT

HR FUNCTIONS	HUMAN CAPITAL MANAGEMENT
The human resource function performs <b>work</b> according to the law and company directives.	Human capital management is related to all employees' issues and other elements such as employment, utilization, compensation, and development.
Uses simple benchmarking techniques.	Uses complicated evaluation techniques.
Host-only default outcome processes.	Can be driven regularly by HR.
Only expose integration of HRM.	Only executes interaction of human capital management.
Defines its true objective with a perfect reputation.	Can only be driven under some special case of organization performance.
Never defines its true objectives.	Defines its true objective with perfect reputation.

HR function often delivers a major solution with the perfect end.	Can able to deliver solutions for minor instances.
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#### 5.4.6 Purpose and Importance of Human Capital Management

- ❖ **Communication Principle:** Using proactive communication strategies to interact with an organization's employees in a respectful and professional manner. Additionally, treating them as responsible adults following policies and procedures.
- ❖ **Flexibility Principle:** Recognizing employees' needs according to other kinds of societal pressures in association with the organization's requirements.
- ❖ **Consultability Principle:** Acknowledging that employees are rational individuals with their own ideas and opinions. This can bring mutual benefits to both the employer and the employee.

#### Let's Sum Up:

Within the framework of Strategic Human Resource Management (SHRM), Human Capital Management (HCM) takes center stage. HCM goes beyond traditional HR practices by viewing employees as strategic assets, investments with the potential to generate significant value for the organization. SHRM emphasizes practices that focus on attracting, retaining, developing, and leveraging the full potential of a talented workforce. HCM practices encompass various aspects of the employee lifecycle, from recruitment and onboarding to performance management, training and development, and career progression.

A key concept in HCM is **talent management**, which involves strategically acquiring, developing, and retaining high-performing employees critical for achieving organizational goals. HCM also recognizes the importance of **employee engagement**, fostering a work environment that motivates employees to contribute their best effort and feel a sense of connection to the organization's success.

SHRM, through HCM, promotes the alignment of HR practices with the organization's overall strategy. By investing in the development of its human capital, an organization can gain

a competitive advantage by building a highly skilled, motivated, and innovative workforce. Effective HCM practices not only contribute to improved financial performance but also enhance the organization's employer brand, attracting and retaining top talent in a competitive job market.

## 5.5 RECRUITMENT

### 5.5.1 Approaches to Recruitment

- ❖ **Internal recruitment** can be a massive time-saver because there isn't a protracted interview and on boarding process. The downside is that keeping everything close to home can stymie new ideas, innovation and diversity.
- ❖ **External recruitment** brings in new ideas, a fresh approach and renewed energy. But it is a costly and time-consuming process. Candidates have to be sourced, interviewed, assessed and verified before making a hiring decision.

### 5.5.2 Modern Approaches to Recruitment

Employees are the best asset a company could have since they contribute significantly to its success. So, what are modern methods of recruitment to help you identify quality talent? Below are the top-rated modern techniques of recruitment and selection.

#### 1. Artificial Intelligence Technology

For organizations to find talent, they use AI technologies, one of the most effective modern techniques of recruitment. Since recruiting is a complicated process, artificial intelligence technology streamlines the complex processes and uses less time and resources than previous recruitment tactics.

#### 2. Social Media Sites

Currently, recruiters are using several social media platforms to find prospects. Considering social media as one of your modern strategies for your hiring process is essential because the vast majority of individuals use these platforms. In addition to interacting and

communicating with candidates, recruiters utilize social media to investigate the applicants' backgrounds.

The platforms also allow you to post employment advertisements, luring both passive and active applicants to submit applications to your business. As a result, social media gives you access to many prospects simultaneously and from any location.

### **3. Applicant Tracking Systems**

ATS has enabled recruiters to automate time-consuming administrative tasks in the modern recruitment process. The system assists in collecting applicant data from resumes and cover letters, ranking applicants based on their qualifications, and examining the applications to weed out those that don't fit the job description.

### **4. Mobile Optimization and Video Interviews**

Given that nearly everyone uses mobile devices, many firms, if not all, have adopted mobile recruitment methods. It is another cutting-edge hiring method that guarantees instant access to candidates, particularly millennial and Generation Z. These candidates frequently utilize their mobile devices for all activities, including job searching. Since the devices are portable, you won't miss any applications because job seekers can submit their applications as soon as they view the job advertisement from anywhere.

### **5. Virtual Reality Interaction**

Virtual reality is a trending technique for recruitment and selection of candidates, which is also exciting. Using this technology, you may effectively engage with prospects by holding three-dimensional meetings, virtually introducing them to the workforce, and demonstrating your workplace culture.

### **6. Passive Candidates and Talent Rediscovery**

Another modern recruitment process that guarantees you receive the best candidates for your company is engaging prospects who are not currently looking for work. This process can

be possible by providing them with better employment opportunities and salaries than they are now receiving.

Another modern recruitment technique is talent rediscovery, which enables your application tracking system (ATS) to compile data on previous candidates who meet the requirements of the open positions.

## **7. Organization Reviewing Platform**

With this modern method of recruitment, candidates can look for firms to which they would like to apply. The candidates learn more about what it's like to work there and ask essential questions to understand the company's principles better.

Glass door is a perfect example of a review site that informs potential employees on what to expect from working in the company. Additionally, workers can provide reviews while working in your company.

## **8. Search Engine Optimization Tools**

With these updated tools, recruiters may easily construct a job description for prospects to access. The tools concentrate on keywords that job seekers are most likely to utilize. Due to the skilful integration of keywords within the job description, candidates can find your posting, regardless of the search engine used. Furthermore, SEO technology increases your company's visibility.

## **9. Virtual Personality Assessment**

When interviewing applicants, personality testing is crucial to determining whether they will fit into the culture of your business. Before interviewing potential candidates, you can use online personality questionnaires to learn more about their personality types. The surveys may take the shape of inquiries about respondents' ethical standards at work and personal conduct.

## **10. Virtual Recruitment Marketing**

Virtual recruitment marketing is an approach a recruiter can utilize to draw potential employees' attention to the job ad. You can use direct messaging to post the job advertisement

on several social media platforms and communicate with the applicants directly. As a result, you will receive more applications, giving you a wide selection of qualities.

### Let's Sum Up:

From a Strategic Human Resource Management (SHRM) perspective, recruitment is a crucial function for attracting and acquiring top talent aligned with the organization's strategic goals. It goes beyond simply filling open positions; it's about building a talent pipeline for future needs. **SHRM emphasizes strategic recruitment**, ensuring practices are tailored to attract candidates with the skills and experience necessary to achieve the organization's objectives. This might involve targeting specific talent pools, utilizing data analytics to identify highpotential candidates, and crafting compelling employer branding that resonates with the desired talent.

**Effective recruitment strategies** within SHRM involve utilizing various methods like online job boards, professional networking platforms, employee referral programs, and attending industry events. The focus is on attracting diverse and qualified candidates through effective job descriptions, clear communication about the role and company culture, and a streamlined application process. **SHRM also emphasizes employer branding**, ensuring the organization is perceived as an attractive workplace with opportunities for growth and development. By implementing a well-designed recruitment strategy, organizations can build a competitive advantage by attracting and retaining a high-performing workforce that fuels their long-term success.



1. Through HCM The companies can
  - A. Enhance Future value
  - B. Properly invest on employees
  - C. Assess current value
  - D. Assess current value and enhance Future Value
2. Human capital is the collective value of the
  - A. capabilities, knowledge, skills, life experiences and overhead cost of work force
  - B. capabilities, knowledge, skills and overhead cost of work force
  - C. capabilities, knowledge, skills, life experiences of work force

- D. capabilities, knowledge, skills, life experiences, training cost of work force
3. The concept of HCM the concept of HRM
- A. complements and strengthens      B. Replace
- C. Overwrites      D. Differs from

## 5.6 EMPLOYER BRANDING

### 5.6.1 Introduction

**'Employer'** means a person or an institution that hires people.

**'Branding'** means a strategy that allows an organization to differentiate itself from competition and in the process, to bond with their customers to create loyalty. Thus, a position is created in the marketplace that is much more difficult from the competition to poach. A satisfied customer may leave, hut a loyal customer is much less likely to leave.

Just like any other brand, an Employer Brand has value and positioning. Employer branding is critical to build an image in the minds of potential employees and market the company as a 'great place to work'.

### 5.6.2 Meaning

An employer brand is an important part of the employee value proposition and is essentially what the organization communicates as its identity to both potential and current employees. It encompasses an organization's mission, values, culture and personality.

'Employer Branding' could also be defined as the image an organisation has, as a place for work, in the minds of the present **employees and key stakeholders**. Often considered as a combination of art and science, the discipline of Employer Branding concerns itself with



attraction, engagement and retention initiatives driven through enhancement of an organisation's employer brand. It is all about advertising your workplace culture, values and goals to potential and existing employees.

### 5.6.3 Definitions

"Employer Branding can be defined as the package of functional, economic and psychological benefits provided by employment, and identified with the employing Company. (Simon Barrow: 1996)

"Employer Branding may be defined as an organic set of convictions an audience holds about a product, candidate idea or organization." (HP: 2002)

### 5.6.4 Importance of Employer Branding

#### 1. Attracts Quality Candidate

When your organization has a solid reputation in the market, you have no problem in attracting the best people for the job. Moreover, you spend less time reaching out to qualified people as the applications pour in.

#### 2. Reduces Cost Per Hire

When your company has a reputation for being a top employer in the market, candidates approach you directly, and these candidates are a better fit since they already know what the company stands for and what is expected from them.

With the increased inflow of qualified candidates, you tend to spend less time and lesser money on sourcing the right people for your open roles. The money you save can be reinvested in further enhancing the employer brand or in product development to get ahead of the competition.

#### 3. Enhances Employee Experience

Employees who work for top employers take pride in their work. They are generally more motivated and enthusiastic. Highly motivated employees are great assets to the employer. They are more productive, and that translates into better business growth, ensuring higher revenue

and increased financial stability of the company. While a financially stable company makes employees feel secure in their jobs, it also becomes attractive to potential candidates.

#### **4. Increases Employee referral rate**

If your current employees are happy working with you, they become your brand ambassadors. They spread positive reviews, opinions, and statements about you, making you an ideal employer. The more your employees talk positively about you, the more referrals they generate.

#### **5. Improves company perception on social media**

Your brand is what other people say about you when you're not in the room. So, when these people talk good about you on social media channels, people reading about you on these channels form a positive opinion about you. So, when the time comes, they won't think twice about approaching you for a job directly.

## Factors That Influence Employer Branding



Source: Harvard Business Review

### Let's Sum Up:

In Strategic Human Resource Management (SHRM), Employer Branding is a critical concept for attracting and retaining top talent. It goes beyond traditional recruitment efforts and focuses on building a strong reputation as an attractive employer. This employer brand encompasses the company's work environment, culture, values, and employee development opportunities. SHRM emphasizes creating a positive and authentic employer brand that resonates with the target talent pool. Effective employer branding communicates the unique value proposition an organization offers to potential employees. This can include competitive compensation and benefits, opportunities for professional growth, a commitment to work-life balance, and a positive and inclusive work culture. A strong employer brand attracts high-caliber candidates who are a good fit for the organization's culture and values. This leads to a more

qualified applicant pool, reduces recruitment costs, and fosters a more engaged and productive workforce. SHRM stresses the importance of aligning employer branding efforts with the overall business strategy. The employer brand should reflect the company's mission and vision, attracting talent who share the organization's goals and aspirations. By actively managing and promoting a positive employer brand, organizations can gain a competitive edge in the talent market and build a sustainable pipeline of skilled and motivated employees.



1. \_\_\_\_\_ can be regarded as vital component in the process of people management
  - a. HRM
  - b. SHRM
  - c. HCM
  - d. All of the above
2. Upgrading the existing skills of an employee and extracting the best out of him/her refers to
  - a. Human capital management
  - b. Human Resource Development
  - c. Personal Management
  - d. None of the above
3. To reap the most benefits from employees the business needs to
  - a. Train the employees
  - b. Plan the activities for them
  - c. invest actively on them
  - d. Observe right candidates
  - e.

## 5.7 UNIT - SUMMARY

The landscape of Strategic Human Resource Management (SHRM) is constantly evolving to address the changing needs of businesses and the workforce. Here's a look at some of the latest trends shaping SHRM:

- **Technology and Automation:** The rise of artificial intelligence, automation, and big data analytics is impacting HR practices. SHRM is adapting to leverage technology

for tasks like recruitment, performance management, and employee training. However, a key challenge is ensuring these technologies are used ethically and responsibly, while also focusing on the human element of HR.

- **Focus on Employee Well-being:** Organizations are increasingly recognizing the importance of employee well-being for overall performance and retention. SHRM strategies are incorporating initiatives that promote mental health, work-life balance, and a positive work environment.
- **Evolving Talent Management:** The war for talent intensifies, prompting SHRM to focus on attracting, developing, and retaining top talent. This includes a shift towards skillsbased hiring, personalized career development opportunities, and fostering a culture of continuous learning.
- **Remote and Flexible Work:** The rise of remote work arrangements necessitates adjustments in SHRM practices. Managing a geographically dispersed workforce requires effective communication tools, strategies for virtual collaboration, and addressing challenges like maintaining company culture remotely.
- **Data-Driven Decision Making:** SHRM is increasingly data-driven, utilizing analytics to inform HR decisions. This involves collecting and analyzing employee data to understand workforce trends, identify skill gaps, and measure the effectiveness of HR programs.
- **Diversity, Equity, and Inclusion (DE&I):** SHRM prioritizes fostering a diverse, equitable, and inclusive workplace. This involves creating a culture that values different perspectives, promotes equal opportunities for all employees, and eliminates unconscious bias in HR practices.

By staying up-to-date on these trends and adapting SHRM strategies accordingly, organizations can create a competitive advantage, attract and retain top talent, and ensure a successful future in the ever-changing work environment.

## 5.8 Glossary

<b>Mentoring</b>	Mentoring is a <b>developmental relationship</b> where a more experienced or knowledgeable person (the mentor) guides and supports a less experienced person (the mentee) in their professional or personal growth. It's a two-way street that benefits both parties.
<b>Behavioural Competency</b>	In the context of human resources and recruitment, a behavioural competency refers to a specific skill, knowledge, attitude, or personality trait that contributes to an individual's success in a particular job role. It's not just about technical skills or qualifications,
<b>Big Data</b>	Big data refers to extremely large and complex datasets that are difficult to store, process, and analyze using traditional methods.
<b>HR Compliance</b>	HR compliance refers to the practice of ensuring an organization's human resource (HR) policies, procedures, and practices adhere to all applicable laws, regulations, and ethical standards. It's a crucial aspect of SHRM (Strategic Human Resource Management) as it protects both the organization and its employees.
<b>Search Engine Optimization</b>	Search engine optimization (SEO) is the process of improving the quality and relevance of a website to increase its visibility in organic search results on search engines like Google. The goal of SEO is to rank higher for specific search terms or keywords, ultimately leading to more website traffic from organic (non-paid) searches.
<b>Employer Branding</b>	Employer branding refers to the process of creating a positive image and reputation as an employer. It's essentially how you market your company to attract and retain talented individuals.

## 5.9 Self-Assessment Questions

**Short Answers: (5 Marks)** K3/K4 Level Questions

Sl.no	Questions	Level
1.	Explain the Characteristics of mentoring.	K3
2.	States the Importance of mentoring.	K3
3.	Explain the Responsibilities of a mentor.	K3
4.	What are the Qualities of a good mentor at workplace?	K3
5.	Explain the Factors influence employee engagement.	K3
6.	How to improve employee engagement or strategies for enhancing employee engagement?	K3
7.	Explain the Types of competencies.	K3

**Essay Type Answers: (8 Marks)** K5/KS Level Questions

Sl.no	Questions	Level
1.	Explain the Competency based HRM processes or effective execution of HRM functions.	K5
2.	Explain the Benefits or advantages of competency based human resource management (HRM).	K5
3.	Explain the Roles or functions or components of HCM.	K5
4.	Explain the Human capital management (HCM) benefit an organization.	K5
5.	Explain the Human capital management (HCM) challenges.	K5
6.	What is the difference between human resources & human capital?	K6
7.	Explain the New or modern approaches to recruitment.	K6
8.	Explain the Important of employer branding for a company.	K6

## UNIT – 5.11 – LATEST TRENDS IN STRATEGIC HRM – ASSIGNMENTS

### 5. 10 Activities - Assignment



Activities

This assignment aims to assess your understanding of the latest trends shaping SHRM and their potential impact on organizations.

#### Instructions:

1. **Identify Two Trends:** Select two of the most recent trends in SHRM discussed in class or your readings (e.g., AI in HR, focus on employee well-being, remote work, etc.)
2. **Trend Analysis:** For each chosen trend, provide a concise analysis that includes:
  - **Brief description of the trend.**
  - **Explanation of how this trend is impacting SHRM practices.**
  - **Potential benefits and challenges associated with this trend for organizations.**



	<p><b><u>Topics for Discussion</u></b></p> <ul style="list-style-type: none"> <li>• How can HR leverage technology (AI, automation) to improve efficiency and effectiveness?</li> <li>• What are the potential ethical considerations and challenges associated with using AI in HR practices?</li> <li>• How can HR ensure a human-centric approach despite automation in the workplace?</li> <li>• Discuss the growing importance of employee well-being in attracting and retaining talent.</li> <li>• What specific strategies can SHRM implement to promote employee well-being (mental health, work-life balance)?</li> <li>• How can HR measure the impact of well-being initiatives on business outcomes?</li> </ul>
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### 5.11 Answers for Check your progress

1. b	2. b	3. a	4. d	5. d
6. b	7. d	8. a	9. d	10. d
11. c	12. a	13. d	14. a	15. c

•

## 5.12 Suggested References

### Academic Journals:

- **Human Resource Management Journal (HRMJ):** <https://onlinelibrary.wiley.com/journal/1099050x> - Features research on emerging trends in HR practices, including technology adoption, talent management approaches, and the future of work.
- **Academy of Management Journal (AMJ):** <https://aom.org/research/journals/journal> - Publishes research on various management topics, with articles exploring the impact of trends like remote work and artificial intelligence on HR strategy.
- **Business Horizons:** <https://www.sciencedirect.com/journal/business-horizons> - A thought leadership journal that features articles on how businesses are adapting to new trends and their implications for HR practices.

### Articles and Reports:

- **McKinsey & Company:** <https://www.mckinsey.com/> - Look for articles and reports on the future of work, technological disruption, and the skills workforce trends. McKinsey publishes valuable insights on how leading companies are adapting their HR strategies.
- **Harvard Business Review (HBR):** <https://hbr.org/> - Features articles on trends like remote work management, reskilling and upskilling the workforce, and leveraging HR analytics for better decision-making.
- **SHRM (Society for Human Resource Management):** <https://www.shrm.org/> - SHRM publishes articles, blogs, and research reports on various HR trends, offering practical guidance for HR professionals. Look for their annual SHRM Talent Management Trends & Predictions report.

**Additional Resources:**

- **World at Work:** <https://worldatwork.org/> - Provides thought leadership and resources on key HR trends, including talent acquisition strategies for a changing workforce and fostering a culture of diversity and inclusion.
- **Forbes:** <https://www.forbes.com/> - The Forbes Human Resources Council features articles by industry leaders on various HR trends, offering insights into how businesses are navigating the changing work environment.

### 5.13 Suggested Readings

**Textbooks:**

- **The Future of Human Resource Management** by Ulrich, Dave, et al. (latest edition) - Examines the changing role of HR and explores key trends like digital transformation, data-driven HR, and the evolving skills gap.
- **Managing Human Resources** by Gary Dessler (latest edition) - Offers a comprehensive foundation in HRM, with dedicated chapters on current trends like remote work, talent management strategies, and building a diverse workforce.
- **Strategic Human Resource Management: Winning the War for Talent in the 21st Century** by Beard, David (latest edition) - Emphasizes the strategic role of HR in achieving organizational goals and analyzes how SHRM practices adapt to the evolving business environment.