Research Paper Management

Impact of Strategic Management of Human Resources for Modern Corporates

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ABSTRACT

The paper titled on "A STUDY ON IMPACT OF STRATEGIC MANAGEMENT OF HUMAN RESOURCES" clearly states that the various levels of Strategic Management of Human Resources. The main focus of the study is to understand the significance of Strategic management of Human Resources. It also explains the HRM Strategies for Modern Corporate also. The research design used for the study is "Conceptual Theory" provides the structure for the whole study based on Personal Experience and enquiries made from the common folks. Hence, the suggestions and recommendations are constructed which is considered to be the predominant part of the Study.

KEYWORDS

INTRODUCTION

A company's strategies should be formulated by considering the human resources aspects and human resources should be managed based on the company's strategies. The consequences of Liberalization, Privatization and Globalization viz.. Competition, quality, low cost, high speed delivery, customization and customer relationship made the CEOs of

various companies to include the human resources aspect in the strategic management process and manage the human resources based on the company's strategies.

The vital aspect in strategic management is the human resources management. As such strategic human resources management gained its significance in the post liberalization period. Now, human resources manager, in most of the companies is a member of strategic management team.

OBJECTIVES

- To analyze the various levels of strategic management on Human Resource Management.
- To examine how the Strategic Management plays a vital role on Human Resource.
- To determine the impacts of Strategic levels on Human Resource Management.

STRATEGY

In a particular organization, increasing the sales of a particular product by two folds is one of the goals of the company. The goal can be attained by reducing the price of that product, reducing the price of that product, reducing production cost or by improving the product design or increasing the efficiency of the product by mass production etc. Reducing the price, increasing production with cost control and increasing efficiency of the products are known as the Strategies. So, strategy in simple terms would mean a unified course of action to achieve the goals, Gluck defined the strategy as "Unified comprehensive and integrated plan designed to ensure that the basic objectives of the enterprise are achieved."

Henry Mintzberg views that Strategy need not be the outcome of rational planning. Mintzberg defines strategy as "a pattern stream of decisions or actions". The pattern of decision or action is aimed at achieving the goals and objectives of the company.

STRATEGIC MANAGEMENT

Let us take for example TATA Motors. The company has decided to produce motor cars at relatively cheap price and produced Nano cars. The company has to scan the environment prevailing to decide whether they can produce cars at low cost, Whether there will be demand for this in the outside world, Local markets, whether their internal arrangement will be conducive to execute the orders, the existing production strategies of other car manufacturers etc. They have to know the total demand, gap between demand and supply, prices and features, customer preference etc. This information will help the company to find out the opportunities available, threats and challenges posed by external environment..

Similarly the company should also scan its internal environment to know the strengths in various areas like the availability of skilled and committed human resources

reliable suppliers of inputs Bankers to provide financial at reasonable cost etc. Then the company may rely on these strengths and go for production and price reduction strategies, create demand for low priced motor cars and plan their strategies. These decision and actions are generally known as strategic management. The strategic management has been defined by John and Richard as "the set of decisions and subsequent actions used to formulate and implement strategies that will optimize the fit between the organizational and its environment in an effort to achieve organizational objectives".

Samuel and Peter define strategic management as "a continuous Interactive cross functional process aimed at keeping on Organization as a whole appropriately matched to its environment". Analysis of these two definitions revealed that strategic management is

I. Cross functional process to view the organization as a single system
II. Match the organization to its environment i.e. matching the strength with opportunities.
III. Set of decision and actions to achieve the organizational goals.

STRATEGIC MANAGEMENT PROCESS

The series of steps discussed earlier like external environment analysis internal environment analysis, internal environment analysis, formulation of strategic decisions such as price reduction through cost reduction – Labour cost – inventory cost and creating demand for low cost cars increasing sales etc are called Strategic management process.

The Basic steps in strategic management include:

- Vision, mission objectives of the company.
- External environment analysis
- Internal environment analysis
- Revising organizational direction if need be
- Formulation of strategies and alternative strategies
- Selecting the best strategy
- Implementation of strategy
- Strategic evaluation and control.

CORPORATE LEVEL STRATEGIES
The strategic alternatives applicable to the entire company are known as corporate level strategies which revolve around "Whether to continue or change the business currently or improve the efficiency and effectiveness with which the corporate objectives can be achieved".

Gluck and Jauch identify four kinds of corporate level /grand strategies viz "Stability, Growth, retrenchment and combination strategies."

STRATEGIC BUSINESS UNIT (SBU) LEVEL STRATEGIES
Organizational activities are divided into strategic sub systems which have a set of products, services, competitors and a goal distinct from other sub systems. Strategies are formulated for each sub system consistent with the corporate level strategies. These are known as SBU strategies.

SBU Strategies are designed on product differentiation (Customer group, customer needs, technology) market segments distinctive competencies etc such generic strategies are

- Low cost leadership
- Differentiation and
- Focus.

FUNCTIONAL LEVEL STRATEGIES
Strategies at or functional level are formulated consistent with the SBU level strategy which include

- Finance -- Reduction of cost of finance
- Materials -- Reduction of cost inventory
- HRM -- Reduction of cost of Labour
- Production -- Simplification of process to reduce process time
- R & D -- Innovation
- Production -- Flexible manufacturing
- HRM -- Build Skills, Selection based on Attitude & emotion, Pay for performance, Create self managing teams, outsourcing & make employees to think as Customers.

STRATEGIC HUMAN RESOURCES
Retain - Train-- Pay for performance Talent Management– Diversity Management.

Management should formulate appropriate human resources strategy for each of the corporate level and SBU level strategies. HRM activities should be matched or aligned to the corporate and SBU level strategies.

STABILITY STRATEGY
The stability strategies include maintenance of status and sustainable growth. Employees may prefer to change organization or may be frustrate if they carry out same or similar pattern of activities. Appropriate HR strategies should be formulated for motivation and retention of skilled employees by giving job rotation, job enrichment and empowerment.

GROWTH STRATEGIES
Organizations select growth strategies to increase profits, sales, market share and reduce cost of production with internal growth strategy. This is achieved through increasing production capacity, efficiency, quality and image. This also includes training the existing employees, offering appropriate promotion, employ new people at lower level and resorting to outsourcing.

CORPORATE AND HRM STRATEGIES
The core corporate strategies include offering best product, best service and at best price. The successful implementation depends on the alignment of HRM strategies with corporate strategies and functional strategies.

STRATEGY OF OFFERRING BEST PRODUCT
The offering of best product requires availability of best people. The HRM strategy for this purpose will include

- Employing people with original & creative skills.
- Providing resources for experimentation and minimization of controls.
- Encouraging employees for risk taking
- Empowering the people
- Retaining competitive and innovative Brains.
- Providing training and development for skill building
- Integrating, performance analysis, development and reward system to the long run corporate objectives, vision and mission.

STRATEGY OF OFFERRING BEST SERVICE
Corporate competes with best service package. The vital factor in the package is Human Resource. The HRM strategies for this purpose include

- Employing people with right mixture of initiative and skill.
- Developing multi talented team players.
- Providing environment free from precedents, established procedure etc
- Initiate the employees to stay at the forefront of new paradigms and techniques.
- Train the employees continuously to keep their knowledge levels abreast of latest developments.
- Link the appraisal and reward system to the level of customer satisfaction.

STRATEGY OF SELLING AT BEST PRICE
Selling the products at best price is possible by producing the product at low cost. Producing high quality product at low cost is the best strategy in the market economy. The HRM Strategy for this purpose include

- Employing work force with creative skills developing technology and methods of minimizing cost.
- Trimming the work force to cut cost
- Strategically managing the exit policy
- Molding the employee attitude towards low risk taking, and cost cutting.
- Linking the reward to the level of cost reduction.

DIFFERENTIATION STRATEGY
This strategy involves an attempt of the company to produce the product or render the services different from the competitors. The relevant HR strategies include:

- Developing creative skills through training.
- Providing freedom to the employees
- Empowering the employees.
- High participation implicit job criteria, external services, broad career paths, process and result criteria group criteria.
- Employment security incentives, egalitarian pay, Extensive training.
- Cooperative labour /management relations.

FOCUS/NICHE STRATEGY
This strategy focuses on a specific market or customer group. The relevant HR strategies include high employee participation, narrow career paths etc.

HRM STRATEGIES FOR MODERN CORPORATES
- Employ people with most appropriate human resources.
- Create corporate culture for individual excellence.

- Reward the people for meeting organizational goals
- Manage organizational exit for those whose resources are obsolete
- Ensure that the mind set is receptive to changes.
- Facilitate management initiatives.
- Manage cultural transition like merger and alliances.

SCOPE OF THE STUDY

This study determines the significance of Strategic Human resource management. The main criterion has been focused towards the development of Human Resources on various levels.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research design followed by the researcher is "Conceptual Structure". This design constitutes the blueprint for the collection, measurement and analysis of Data. It is to identify the outline of possible course of action from the hypothesis and operation implications to the final analysis of data.

DATA COLLECTION

The researcher has used secondary data for the whole study. Secondary Data are derived from various sources like Books, Periodicals.

SUGGESTIONS

- All the companies should provide adequate facilities to their employees for the improvement of their skills and standard of practices.
- Strategic Human Resource management adopted by any concern will help to easily achieve the vision, mission and goals of the company.
- Employees satisfaction is the "eyes and ears" of an Organization.

CONCLUSION

HR brings distinctive, competitive advantages to the company. Human resources occupy a central role in an organization. The key to a company's success is based on establishing a set of core competencies – integrated knowledge sets within a corporation that distinguishes it from its competitors and deliver added value to customers.

For example:

Canon Corporation developed Core competencies in delivery and employee relations. Infosys has core competencies in inspiring employees towards innovations. Dr. Reddy's Lab has core competency in developing low cost and global quality drugs.

Corporations can achieve sustained competitive advantage through human resources. The resource must be of a value – When people improve organizational performance by adding the value – value is added when employees reduce the cost, increase output, increase fastness in delivery and convenience to the customers- offering something unique to the customers. Employee involvement, employee empowerment totals quality initiatives and continuous improvements. Efforts at shantha Biotech, Nokia, Motorola, caterpillar and Lufthansa internationally enhance the employee value to the organizational success.

The resource must be difficult to imitate. Until the skills knowledge and abilities are difficult to imitate acquire the distinctive competitive advantage will accrue to the company. Disney, South West Airlines and Microsoft created unique cultures of team work and employee empowerment which are difficult to imitate. The resource must be organized – Skills, Knowledge and talents are to be combined and deployed to work on new assignments at short notice to organize potentialities.

Findings of a joint research study by "USA Today" and Deloitte and Touché" indicate that importance of HRM has grown substantially during the last ten years and the HR expenditures are become more significant as skills, knowledge and abilities are the most distinctive and reward able resources. Companies design strategies upon these resources. According to Thomas J.Watson, founder of IBM, "You can get capital and erect buildings but it takes people to build a business".

Globalization and information technology brought significant strides in human resource management. Consequently HRM has taken up a new turn based on challenges and strategies. In fact changing business environment posed a number of challenges causing formulation of Strategies to face the challenges. Thus the traditional Human Resources management has taken up a new shape or Avatar called STRATEGIC HUMAN RESOURCE MANAGEMENT to achieve organizational goals now a days.

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