

# Review on Strategic Management of Human Resources

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## ABSTRACT

In recent decades there have been enormous contributions to literature on public management. This paper provides a thorough knowledge of literature through various studies regarding the strategic management of human resources. Strategic management of human resources is substantial in the current business age. It is considered multi-faceted in nature and one of the most important academic disciplines of the study, which emphasizes the strategic approach of the company's perspectives. This paper is divided into three main sections, literature, foreign and Indian studies to review, in which the six subjects were reviewed under review and eventually the research gap with the final analysis with the essence of literature. This paper first contributed to the general and human resources, particularly the trends and problems of surveys conducted in the human resource area. In general, it facilitates the end of research gap.

**Keywords :** Human Resources, Strategic Management, Business Domain Knowledge, Leadership Skills

## I. INTRODUCTION

The need for human resource management in India and government, policy makers and companies should pay attention to this area of research. A research on human resource strategic management in Indian perspective can be developed in a new way of competition to organize the workforce in a strategic way competing in the world arena. They can create a good strategy to fight future global competitors and human resources development, making it easier and more dependent on alternatives to a research on human resource strategic management, policy makers to set up various strategic product targets and targets. Thus it is a tool for creating a niche for India around the globe (Shukla to Tripathi, 2009) to promote human resource strategic management experiments. By investigating explanations of previous studies to document and further research, it is imperative to study in the field of strategic human resource management to understand that both indigenous studies are incomplete without proper and useful

literature review. Literature achieved two goals. First, research methods, goals and valid research questions for study, knowledge of the body already in the area and secondly, framing. Analysis of the literature review is based on analytical or unscientific research, but the narrative is based primarily on the basis of the research area. The review of literature took into account both foreign and Indian studies.

## II. LITERATURE REVIEW

The literature review has been done on the basis of inter linkage about the research area, where the linkage has been categorized into seven specific factors namely 2.1 Traditional Human Resource Management and Strategic Human Resource Management, 2.2 Role of Human Resource Professionals, 2.3 Competencies of Human Resource Professionals, 2.4 Strategic Recruitment and Selection, 2.5 Human Resource challenges and 2.6 Integration of Human Resource Management with organizational objectives.

## 2.1 Traditional Human Resource Management vs Strategic Human Resource Management

Reviews related to the Traditional Human Resource Management and its gradual transformation towards Strategic Human Resource Management has been traced in the section. Areas fundamentally covered in the section include origin of Human Resource Management, Innovative Human Resource Practices, Strategic Human Resource Management and effects of Strategic Human Resource Management.

Advancements in the area of Human Resource Management are recently recognized well in the management literature (Boxall, 1992; Schuler and Jackson, 2008). According to Armstrong (1987), the origin of Human Resource Management can be traced from 1950s. He opined that, the significance of the leadership style with more visionary goal oriented and management of organization's goals alignment with other functional areas was the need of those days. Further, it was thriven by 'Behavioural Science Movement', who stressed on the value concept of Human Resource and were in favor of better quality of worker's working life. Organizational development movement was the next movement which was followed by Behavioural Science movement during 1970s. On the other hand, Flamholtz (1976) came out with the new theory termed as Human Resource Accounting which explained that Human Resource is one of the vital assets of any organization.

Som (2003) in his working paper describes how innovative HRM practices are being adopted by Indian firms to brace competition in the post liberalization period. He opined about the need for new skills, new policies and innovative HRM practices. The article was based on the case research over a period of 5 years (1997-2002) in 11 large Indian organizations in 9 industries. Each organization a leader in its own industry had undergone extensive restructuring processes to brace itself for the

impending competition that has arisen with the phased deregulation of the industries due to liberalization and privatization policy adopted by the Indian Government way back in 1991. The author interviewed numerous manages in each company, analyzed documents provided by the companies and those obtained from public and archival sources. The author kept track of the 11 organizations to record any changes in their business and HRM strategies during the last 5 years. The research focus was to understand the role of HRM strategies during an organizational redesign and performance improvement processes. The adoption of innovative HRM strategies in some of the Indian companies have improved business performance and provided multinational enterprises two important lessons. First Indian corporates are late movers but are fast bracing to competitive pressures. Second Indian firms have now more resources to invest in developing innovative HRM strategies which translates to cost reduction mechanisms, integration of support functions such as information technology, in their work processes, boosting morale of employees and high retention of skilled employees.

Strategic Human Resource Management is not a 'big company' issues. Organizations of all sizes are seeking to maximize their Human Resource investment. It can be implemented under different types of ownership like state-owned enterprises, Foreign-invested enterprises, Private owned enterprises, etc., (Ngo, Lau & Foley, 2008) and evidenced that firms with higher levels of Strategic Human Resource Management receive greater benefit in terms of organizational performance, regardless of ownership type. It has been revealed from the study by Zue who has conducted the study on Private and State owned enterprises in China that, Private owned enterprises are featured with the ability to respond instantly to the environmental changes and possess flexibility in their acquisition practices than State owned enterprises. Yet, they are investing much in

Human Resource development and Human Resource systems in order to up bring their market competitiveness which in turn helps them to attract and retain the talented work force.

## 2.2 Role of HR Professional

The studies taken for the review of literature under the head mainly emphasizes on different types of Human Resource role including e-HR and their effects on the business performance

In order to implement Strategic Human Resource practices (Findlikli, et. al., 2015), the HR managers must have the knowledge of strategic HR role and transform from administrative to strategic. The role of HR manager can be determined by knowing the effects of strategic human resources practices over organizational innovation which may be in terms of exploration of HR Professionals skills, capabilities, creativity and knowledge management capacity. However Woodrow and Guest (2012) have depicted that the HR manager can play their ethical role only when they gain sufficient power which influences their role. On the contrary, if the HR managers possess limited power and lack support from their superiors, it is difficult for them to pursue their ethical objectives and goals. Though their continuous efforts taken to develop new strategic role, still the organizations are failing in implementation of it because the HR managers are still in control of top management in taking decisions related to Human Resource functions

Wright, et.al., (1999) in their study compared HR and line executives' evaluation of the effectiveness of the HR function in terms of its service delivery, roles and contribution. They conducted survey in 14 organizations and collected response from 44 HR and 59 line executives. The survey indicated that HR executives consistently rated the function higher than line executives and the greatest differences were

observed on more important and / or strategic aspects of HR. Execution of HR processes will be effective and efficient if the HR roles are improvised. Dorenbosch et. al., (2006) carried their study among hospital employees and opined that the HR managers role can be divided into operation HR roles namely administrative and employee champion and Strategic role name strategic partner and change agent. Being an administrative expert (Khan, 2014), the HR manager should integrate the technical knowledge with the knowledge and activities of Human Resource functions, which in turn may reduce the cost by adding value to the organization. While playing an employee supportive role, the HR manager helps the employees in increasing their commitments and dedication towards organization. By redressing all the issues of employees, the HR manager contributes to the organization effectiveness.

(Khan, 2014) played by HR manager is participating in the formulation of strategies and help the other top executives in decision making by which he can be termed as strategic partner as he takes part in corporate strategic planning. Overall better utilization of human asset can be done if the HR performs strategic role.

On the other hand Lawler (2009) in his study revealed that the role of strategic partner varies from one organization to the other and found that it is not followed to full extent. He criticized that HR managers are failing to achieve progress through strategic partner. Long term growth view of the organization may be carried out if the HR plays high role in strategy implementation planning. Being the player of strategic advisor, HR can find new opportunities to cut down the cost and on the other hand contributes to the maximization of revenue.

Lopez-Cotarelo (2011) in his study highlighted about the role of line managers. Line managers become partners to HR managers in resolving the administrative issues of employees as well as

organizations. They help HR managers in increasing their capacity in fulfilling the Human Resource activities, other departmental activities along with the individual goals. The view of line managers in Human Resource Management has been done in two ways namely micro or functional and macro or strategic. Line managers view Human Resource department as value-adding partner or business partner. Risk related to decision making may be minimized due to the alignment of line managers with HR managers in decision making and may be considered as fruitful for the organization.

Yost et. al., (2011) made an attempt to bring out the idea of building separate systems and programs which may help the HR practitioners to adapt and adjust themselves to the changing demands of the organization. Human Resource intervention with organizational objectives can be considered as one of the strategic move which help both HR practitioners and the organization to achieve their goals. Apart from achievement of goals, the Human Resource intervention may also help in maintaining long term sustainability and growth of the organization. But on the contradictory, it may also lead to vanishing of other factors. Nature of various Human Resource interventions may help the organization to survive gradually and may result in delivering effective Human Resource activities simultaneously by increasing organization's adaptability to the changing market. The changing role of HR Manager

### **2.3 Competencies of HR Professionals**

Surveys carried out from time to time to identify the core competencies of the HR Professionals are addressed under this section. Different types of competencies and their effects on organizational performance are acknowledged.

Brockbank, et.al., (1999). The competency of HR Professionals can be categorized mainly into

Technical or Functional competency, Managerial competency, Conceptual competency and Logical competency. The distinctive capabilities can be attained by having a perceptive about theories, linguistic, reasoning, exploration and very importantly human resource practices and applying them to particular business settings.

Nevertheless, Perrin (1991) in collaboration with IBM surveyed 3,000 HR executives, Consultants, Line executives and academicians about a broad range of Human Resource issues. Line executives opined that the most critical Human Resource competency was computer literacy where as Consultants were with the view that anticipation of the effects of the change was the critical one and finally HR executives opined that the vital and critical Human Resource competency was educating and influencing line managers.

Findikli, et. al., (2015) in their study opined about the improvements in basic competencies and intellectual assets which can be done only by improving organizational culture and training. Proper management of knowledge and basic competencies is possible only by proper planning of strategic human resource practices.

### **2.4 Strategic Recruitment and Selection**

The literature reviewed under the head mainly emphasizes on the areas such as trends in recruitment and selection process, difference between recruitment and selection, strategies implemented in recruitment and selection process to procure best talent and cost cutting benefits from strategic recruitment and selection.

Today's era of fast changing business environment, demands the organizations to pace up with the innovative transition by investing in human resource and its improvements which can fetch long

term benefit to the organizations. It has been revealed from the study by Yaseen (2013) that Human Resource Management are the policies and procedures that may directly or indirectly affect employee's attitude, actions and performance and these practices may bring in well trained and professional Human Resource managers who in turn able to identify best performers and prepare them for better and ultimate leadership position. One of the important and responsible duties of HR Professionals is recruitment and selection which can be strategically termed as acquisition.

Evaluating about the perceptions of HR managers regarding Strategic Human Resource Management practices in hotel industry Agbodo-Otinpong (2015) described that effective and strategic recruitment and selection is the most vital part of Strategic Human Resource Management formulation and implementation.

Beardwell and Wright (2007) have viewed that recruitment is the process of inducing and attracting the potential candidates and constructing the cluster of qualified talented people whereas selection process involves choosing the right talent among the available human resource who has applied for job. However, the effective strategic recruitment and selection process can help the organization to reduce the employee attrition thereby resulting with high organizational performance

## **2.5 Human Resource Challenges**

Under this head, the studies about the challenges faced by Human Resource department with traditional Human Resource practices and also with the implementation of Strategic Human Resource Management have been taken into consideration

In current era, Human Resource Management practices are not completely linked to the

organization strategies but however it is believed that there is a stronger fit between Human Resource Management practice and strategy in manufacturing firms than service firms which is evidenced by Othman and Ismail (1996) on the assumption that with certain given characteristics of the service firms, they should develop more Strategic Human Resource Management practice in service firms than in manufacturing firms. Hence it is necessary to know whether Strategic Human Resource Management effectiveness significantly affects organizational level outcomes and the effective use of human capital on organizational performance which is tested and proved by Richard and Johnson (2001).

On the contrary, Sels, et.al.,(2006) argued that cost-increasing effects may result due to highperformance work practices such as work intensification, stress and job strain. These negative effects in turn may have an effect on employees as well as financial implications for organizations. The adoption of the finest human resource practices may result with high absenteeism, staff turnover which in turn results in high labor cost.

Implementation of Strategic Human Resource Management is also associated with many challenges which is evidenced by Zheng et.al., (2007) in Central Queensland's coal companies where a number of significant Human Resource Management challenges still remain in the industry like workforce planning and skill training, managing accommodation and shift work, managing safety, managing contractors and achieving work-life balance.

If the linkage between Human Resource Management strategy and organizational outcomes is less than the linkage between business strategy and organizational outcomes, the impact of Human Resource Management strategies on firm performance will not be clearly identified and measured. Complete adoption of Human Resource Management strategies

will show more effective in achieving administrative efficiency, cost effectiveness, employee quality and over all operational and innovative capabilities (Zheng et.al., 2007)

Strategic Human Resource Management adoption will also help the organization to gain competitive advantage which is evidenced by Najia (2008) who examined the role of Strategic Human Resource Management in Jordanian mobile telecommunication industries and their potential sources of creating company competitive advantage. The people will be more committed to their organizations, more satisfied with their jobs and earn more than people who do not learn to fit in with their organizations and if they are well socialized, trained and content with organization they work in are less likely to quit their jobs and more likely to build successful careers within the organizations. In addition to the above mentioned factors, the Strategic Human Resource Practices relate positively to knowledge management capacity, which in turn relate positively to innovation performance. Strategic Human Resource practices work their beneficial effects on innovation performance through the capacity in knowledge acquisition, sharing and application. Knowledge management capacity plays a mediating role between strategic human resource practices and innovation performance (Chen and Huang, 2009)

It is opined by Rucci in the interview taken by Huselid and Becker (1999) that the obstacles to Human Resource playing a high proactive role in the upcoming years are, lack of key economic literary among HR Professionals, taking back their steps to take up new challenges and finally failure to exhibit courage of belief about their values and ethics.

## **2.6 Integration of Human Resource Management with Organizational Objectives**

The need for integration of Human Resource Management with organizational objectives, role of HR competencies in the process, role of HR Professionals in the process and its benefits in gaining competitive advantage, value addition, corporate reputation etc., have been traced out with the help various studies under the head

Budhwar (2000) evaluated the levels of strategic integration of HRM into the corporate strategy and deployment of responsibility for HRM to line managers in the UK manufacturing sector. The aim of the study was to analyze the scenario of integration and devolvement in the UK, second to identify and highlight main determinants that classify organizations into high or low integrated developed ones and third to present the main perceptions of personnel specialists regarding the two concepts so as to gain an understanding about the main logic which surrounds these practices in the UK. The sample for the study was 93 firms having 200 or more employees from six industries (Food processing, Plastics, Steel, Textiles, Pharmaceuticals, and Footwear). The level of integration was measured on the basis of the following four scales.

- 1) Representation of personnel on the board.
- 2) Presence of a written personnel policy.
- 3) Consultation of personnel (from the outset) in the development of corporate strategy.
- 4) Translation of personnel / HR strategy into a clear set of work programmers.

Kulkarni (2013) on the other hand, with the help of Ulrich model has highlighted the four phases of Human Resource transformation which may result in the integrity of Human Resource Management activities with the objectives of the firm. The four phases can be identified when the company and the HR managers question themselves about the (a) Need for the Human Resource transformation, (b) Consequences of transformation, (c) Process of

Human Resource transformation and (d) Identifying people responsible for transformation. To end up with an effective Human Resource transformation in the organization, the HR has to evaluate the reasons for the above mentioned questions. To find the answers for the above questions, HR managers must embrace the competencies like leadership skills, business domain knowledge, logical and reasoning skills, technically sound minded and to sum up ability to analyze why the integrity of Human Resource Management with the organizational objectives is necessary.

### III. CONCLUSION

The importance of strategic management of human resources, their effects on organizational performance, human resource managers, human resources executives, line managers and employees, competitive advantage, company value, corporate Reputation etc., human resources manager The combination of keywords, line managers and employees. Lesser studies have been conducted with regard to human resource managers and human resources consultants in the field of strategic human resource management in India as well as human resources experts, and no study has been conducted. Combining resources of human resources in Telangana, human resources competition, strategic recruitment and organization's goals of human resource management. The review of literature has also contributed to the development of a conceptual research path, which is considered a model based on variables that are considered a dependent variable and others are independent variables.

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