STRATEGIC HUMAN RESOURCE MANAGEMENT IN CHANGING ENVIRONMENT

Teena Hassija
Assistant Professor
Faculty in Commerce and Humanities
Manav Rachna International University
Faridabad, Haryana, India

ABSTRACT
Parallel with the changes in the global arena, the requirement of workforce has also been changing. As such, change in human resource management has become sine qua non with changes in business environment. The traditional HRM practices have been becoming inappropriate and obsolete in managing human resources in changing business environment. Modern human resources are characterized by Gen-X employees, wide work-force diversity, flexi work times, tele-commuting, increasing number of women workers, increasing dual earners, etc. These all changes in HR environment have necessitated to evolve new HRM practices. This, among other things, has also led to evolution of strategic approach to HRM. In the changing business environment, HR strategies need to be aligned with business strategies to make business organizations run effectively. In other words, HRM practices have undergone a radical change from traditional approach to strategic approach. Understanding of forces that have caused to such strategic approach in HRM practices and the major approaches of strategic HRM practices are considered necessary to be successful in managing HR in modern changing business environment?

It is against this background, an attempt has been made in the present paper to highlight the changing environment of business and, in turn, changing environment of HRM with special reference to India. The paper also highlights the changing role
of strategic HRM in addressing the challenges of external factors (global) and internal factors (physiological) affecting business performances directly or indirectly. External factors mainly include Outsourcing and offshoring, a global workforce that places a higher premium on cross-cultural sensitivities and skills, work diversity, technological changes and advancement and many more. Whereas internal factors are professional burnout, psycho-social risk, occupational stress, competitive pressure, works holism etc.

Key Words: Strategic Human resource management, changing environment

Introduction

The emergence of the term ‘strategic human resource management’ (SHRM) is an outcome of globalization. Business environment has changed and there is an emergency to change business strategies with the changes in business environment. Personal management was overtaken by human resource management and in present competitive era human resource management is taken over by strategic human resource management. SHRM is largely concerned with ‘integration’ of HRM into the business strategy and ‘adaptation’ of HRM at all levels of the organization (Guest, 1987; Schuler, 1992).

What is strategy?
The origin of this concept can be traced in its military orientation, going back to the Greek word ‘strategos’, for a general who organizes, leads and directs his forces to the most advantageous position (Bracker, 1980; Legge, 1995; Lundy and Cowling, 1996). In context of business the main emphasis of strategy is thus to enable an organization to achieve competitive advantage with its unique capabilities by focusing on present and future direction of the organization (also see Miller, 1991; Kay 1993).

Traditional Strategic human resource management was consisting a process, starting from establishment of mission and vision, analyzing external environment, conducting an internal organizational analysis, setting specific goals, examining possible strategic choices, implementation of chosen choices and regular evaluation of all the above. Organizations adopting such traditional approach follow a clear, rational, planned and deliberate process of strategy formation and aim for
maximization of profits. This approach is most likely to be successful when the organization's objectives and goals are clear, the external environment is relatively stable, and the information about both the external and internal environment is reliable.

However, in practical, it is important to note due to various factors like shortage of time, lack of resources and informations, lack of co-ordination among employees etc. managers do not follow such a ‘formal and rigid organizational strategy.

Based on their experience, instincts, intuition and the limited resources available to them managers adopt an ‘informal and bounded rational approach’ to strategy formation (see Quinn, 1978; Mintzberg, 1978). Mintzberg (1987) says that formal approach to strategy making results in deliberation on the part of decision-makers, which results in thinking before action. In such competitive and uncertain conditions where managers do not feel they are in command, only the best can survive (survival of the fittest or being at the correct place at right time). The key to success thus largely lies with a good fit between organizational strategy and business environment (also see Lundy and Cowling, 1996). Thus evolution strategy formation is strongly influenced by such factors as national and international culture, internal business systems, external business opportunities and demographic composition of a given society and technological changes etc.

What is HRM?

“Human Resource Management (HRM) focuses on managing people within the employer employee relationship. Specifically, it involves the productive use of people in achieving the Organization’s strategic business objectives and the satisfaction of individual employee needs (Stone, 2002). The human resources of an organization consist of all people who perform its activities. HRM influence people who work for the organization and how those people work. The human resources, if well managed, have the potential to be a source of sustainable competitive advantage, contribution to the basic objectives such as quality, profits and customer. Human resource management (HRM) is concerned with the personnel policies and managerial practices and systems that influence the workforce. In broader terms, all decisions that affect the workforce of the organization concern
the HRM function. Major HRM responsibilities include work design and job analysis, training and development, recruiting, compensation, team-building, performance management and appraisal, worker health and safety issues, as well as identifying or developing valid methods for selecting staff. HRM department provides the tools, data and processes that are used by line managers in their human resource management component of their job.

What is strategic HRM (SHRM)?
The concept of strategic human resource management is an emerging concept and many researches indicate its importance in the success of an organization. HR strategies are essentially plans and programmes that address and solve fundamental strategic issues related to the management of human resources in an organization (Schuler, 1992). Broadly speaking, SHRM is all about systematically linking people with the organization; more specifically, it is about the integration of HRM strategies into corporate strategies. They focus on alignment of the organization’s HR practices, policies and programmes with corporate and strategic business unit plans (Greer, 1995). Strategic HRM thus links corporate strategy and HRM, and emphasizes the integration of HR with the business and its environment. It is believed that integration between HRM and business strategy contributes to effective management of human resources, improvement in organizational performance and finally the success of a particular business (see Holbeche, 1999). It can also help organizations achieve competitive advantage by creating unique HRM systems that cannot be imitated by others (Barney, 1999).

SHRM is consisting of two major aspects:
First is integration of human resource management into business strategy and second involvement of human resource practise to meet environment challenges. Brewster and Larsen (1992:411-12) define integration as ‘degree to which the HRM issue are considered as part of the formulation of the business strategy’ responsibility to line managers rather than personnel specialists’. Research in the field (see Lengnick-Hall and Lengnick-Hall, 1988; Purcell, 1989; Schuler, 1992; Storey, 1992; Budhwar and Sparrow, 1997; Truss et al., 1997; Budhwar, 2000a; 2000b) highlights a number of benefits of integration of HRM into the corporate strategy. These include: providing a broader range of solutions for solving complex...
organisational problems; assuring the successful implementation of corporate strategy; contributing a vital ingredient in achieving and maintaining effective organisational performance; ensuring that all human, technical and financial resources are given equal and due consideration in setting goals and assessing implementation capabilities; providing long-term focus to HRM and helping a firm to achieve competitive advantage.

In similar vein, researchers (Budhwar and Sparrow 1997; 2002; Hope-Hailey et al., 1997; Truss et al., 1997; Sisson and Storey, 2000) have highlighted the benefits of devolvement of HRM practices to line managers. These include: highlighting certain issues that are too complex for top management to comprehend alone; developing more motivated employees and more effective control; local managers responding more quickly to local problems and conditions; resolving most routine problems at the ‘grassroots level’; affording more time for personnel specialists to perform strategic functions; helping to systematically prescribe and monitor the styles of line managers; improving organisational effectiveness; preparing future managers by allowing them to practise decision-making skills; and assisting in reducing costs by redirecting traditionally central bureaucratic personnel functions.

Factors affecting human resource management

Factors affecting human resource management include the current labor environment, organizational changes, and the availability of skilled employees in the workforce. Other factors may also be present — such as demographics and multiculturalism — depending on the company’s location and internal needs. These factors can be divided into two parts: internal factors and external factors. Internal factors affect performance of organization directly and controllable factors. Where as external factors are uncontrollable factors and affecting organizational strategies and overall environment. In most cases, these are ongoing issues discussed as below:

Globalization:
The term Globalization refers to processes of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. Advances in transportation and telecommunications infrastructure, including the rise of the telegraph and
its posterity the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities. At the result, trade and financial markets are becoming more advance and integrated which lead to problems in HRM practices as languages, competitions, attitudes of employees, leadership style, work ethics, flexibility in time, work options like work from home, convenient timings etc. Thus, HR managers must have to deal with more problems & challenges and have more involvement in employee’s personal life.

**Labor environment:**
The current labor environment in a particular area is an uncontrollable factor. Labor Legislation of the area may command the use of labor, tight regulations create severe restrictions for hiring employees, wage laws prevent the use of large groups of unskilled workers, or labor unions have a strong presence in the market. There are many factors which control supply of employee in a given area like demographic trends, labor legislation, and skill levels as the output of a society’s educational system, wage levels, the strength and nature of the industrial relation system and, in general, Work culture of organization etc. Where as the demand of employees may affect by such factors as technological advancements, economic forces business cycle, the demand for specific products, legislation, socio-cultural tastes, consumer sentiments and the like. The human resource managers are responsible for keeping tabs on these issues and informing other executives about them.

**Employees profile:**
Now organizations are hiring more young groups then matured ones with the changing profile of employees their expectations are also very high as they want better working facilities, remuneration and comfortable timings. This is a big challenge in front of HR department to have realistic job profile and design a suitable retention strategy and develop quality of work life. The HR department needs to move towards a more inclusive corporate culture and develop a deep understanding which includes demographics, skill sets, personality traits and employee perspectives on the organization and culture.

**Quality Consciousness:**
Now a day’s quality assurance is more demanded by customers, they are more interested in those organizations who deliver quality goods & services. With the increased competition at global level the organizations are compelled to focus more on quality assurance and total quality management. Organizations are required such skills which is vary reactive to these new techniques for this purpose.

**Newer Organizational Design:**
To manage with the changing environment the organizations are adapting new ideas for being in competition. Parts of these business ideas are the organizations following distinctive competencies and which are institutionalized in nature. From the HRM perspective relevant examples of distinctive competencies are: company know-how, knowledge of customer values, shared assumptions and values, leadership style and commitment, staff identification and commitment, culture and internal communications (Van der Heijden, 1996: 61-66). Now day’s organizations have not only interested in new dynamic working strategy but they want something which extremely reduce the burden of cost as well as management. Thus HRM practices needed to be transformed from a rigid bunch of activities to the field of works need to be done.

**Workforce Diversity :**
According to Thomas (1992), dimensions of workplace diversity include, but are not limited to: age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience. Success of any organizations depends on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. Diversity at work place can be turned into a strategic human resource management if the organization utilizes its diverse talent proper. Organizations must develop some strategies to support diverse talent and their retention otherwise they may lose talent to competitors. Thus, a HR manager needs to be rational and predictable and must comply with environmental changes. All employees must be trained and motivate to develop their diverse talent at global level. Thus, the effectiveness of organization diversity management is dependent on the skilful & corresponding act of the HR manager.
Technological advances:
Technologic advancement influencing organizational work criteria and work performance. Even rapid changing technologies has reduced the number of employees at work place and also increased unemployment in the market. More recently there has been and in the future there will be impact of revolutionary Management information system in the business, it covers two primary areas first is application of computers in the managerial decision making process and secondly data base information system will have increasing impact at the coordination and work strategies of organization. Fast changing technologies require considerable skill, versatile staff to cope up with such changes and a appropriate leadership style to manage the employee in changing environment. In other hand, there comes scarcity of skilled manpower. Like this, technological change brings difficulties and challenges in organization. This is a challenge in front of human resource department to motivate their staff in adapting such technical changes and help them in leaning of such techniques (especially to experienced staff). Organization should introduce some monetary and non monetary benefits to motivate them like job promotions, bonus, participation in decision making, salary hikes etc.

Changes in political and legal environment:
Political and legal environment is also fast changing. It affects the environment within which the industries are working. Due to changes in legal and political environment business environment is also changing and organizations must have to follow all prevailing rules while they are doing business. Even these changes affect on our industrial relation i.e. relations among employer and employer, employee and employee, employer and employee. These factors may be minimum wages, minimum age of worker, working conditions, quality of work and quality of product or services, location and employee welfare etc. It is a big challenge for Human Resource manager to anticipate these changes and follow up their implementation. Also inculcate the importance of implementation of rules and motivate them in adapting such political and legal changes.

Changes in the Economic Environment:
Economic environment is also affecting work environment directly or indirectly. Some of the factors may be in scarcity in a specific area where as the other factor may be easily available like electricity, power, demand of quality products, changes in inflation rate and interest rate, devolution of money, ever increasing aspirations of workers for higher wages and other
material benefits and mounting costs on the employee welfare and other benefits and many more. In an inflationary economy, the resources tend to become scarce and the costs of machine, materials and labor multiply. These push up the capital and running costs.

Internal Factors:
Internal factors are basically psychosocial risks which may arise due to poor work organization and management practices. These psychosocial factors affect the health of the employees, resulting in an illness. These factors may be as follow:

**Professional Burnout:**
Professional burnout is a good example of physical, emotional and mental collapse that can occur when the job ceases to give satisfaction; an employee ceases to grow proficiently, feels dissatisfied with the work done by him. Such problems occurs most in businesses characterized by intense contract with people like service sector.

Work pressure is more than employee’s ability or capability; as a result, the range of jobs at risk of professional burnout is increased at every level of employees.

**Work Holism:**
The common meaning of a workaholic is a person who works a lot or enjoys his/her job. In fact, it is an addiction to work. It may be because of over work time, job characters, work outcomes, compulsion, and quality of staff relationship. The work holism phenomenon is typical for white-collar workers, especially managers. Some people consider it advantage for organization, in practice, workaholics are less efficient and success-oriented, whereas their diligence and need for control create difficulties in decision making and ultimately delay the execution of tasks.

**Psychosocial Risk Management:**
Psychosocial risk management should be comprehensive, so that it includes the identification of the causes of hazards, modification of certain elements of work organization and management, as well as information and assistance to employees. A key to the success of any prevention program is commitment from all parties, namely company management, line managers, all employees, HR department, trade unions, health & safety and occupational medicine specialists and, if necessary, professional external consultants.
Occupational Stress:
The World Health Organization (WHO) has found that stress is one of the biggest health threats of 21st century. Occupational stress is a result of non-compatibility of work requirements and employee capabilities. Stress occurs when the requirements of the job exceed the adaptation capacity of an employee – either because the situation is potentially threatening or because it exceeds coping abilities. Stress causes a measurable economic cost to the company, including increased absenteeism, lower productivity, more accidents at work, higher staff turnover, and increased costs associated with employee sick leaves.

Strategic HRM to meet changing environment:
SHRM is considered a relatively new concept, despite its continuous development over the past two decades. Although there is still no consensus on an exact definition of SHRM among scholars, broad agreement has been reached on its basic function, which involves designing and implementing a set of internally consistent policies and practices that ensure the human capital of a firm contributes to the achievement of its business objectives (Schuler and MacMillan, 1984; Baird and Meshoulam, 1988; Jackson and Schuler, 1995). Strategic Human Resource Management (SHRM) is a set of human resource strategies designed and implemented to ensure that business objectives are achieved. (Baird & Meshoulam, 1988; Delery & Doty, 1996; Huselid, et al., 1997; Jackson & Schuler, 1995). Strategic human resource management (SHRM) is a strategic approach to manage human resources of an organization. It is the linkage between the HRM and strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility. By combining the HRM function with business strategy, SHRM reflects a more flexible arrangement and utilization of human resources to achieve the organizational goals, and accordingly help organizations gain a competitive advantage (Wei, 2006). According to Hendry & Pettigrew (1986), SHRM is a logical approach to people management which is based on the organizational philosophy and the strategy and it views the people as the strategic resource for creating competitive advantage. The linkage between HR practice and business strategy has been emphasized in studies related to SHRM (Miles and Snow 1984; Baird & Meshoulam 1988; Wright and
CONCLUSION

Success of an organization depends on the employee’s diverse talent that can bring new ideas and fight with various challenges faced by organization due to change in environment. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena, which must be one of the important organizational goals to be attained. Retention of such talent is a big challenge in front of organizations, to reduce turnover human resource department must have to motivate all level employees from monetary and no – monetary methods. Proper section means right people at right place is required, training plays a vital role in enhancing their diverse talent. Even HRM should introduce performance evaluation system and a proper career development plans should be used in the organization to retain them and to make them more capable for facing changing environment.

REFERENCES


WEBSITES