

MBA 3.14

MASTERS OF BUSINESS ADMINISTRATION

STRATEGIES AND PRACTICES OF HRM

UP Rajarshi Tandon Open University

Allahabad

BLOCK 1 - 3

Curriculum Design Committee

Prof Omji Gupta**Coordinator**

Ex-Director,

School of Management Studies, UPRTOU, Allahabad

Dr Gyan Prakash Yadav

Asst Professor

Member

School of Management Studies, UPRTOU, Allahabad

Dr Devesh Ranjan Tripathi

Asst Professor

Member

School of Management Studies, UPRTOU, Allahabad

Dr Gaurav Sankalp**Member**

School of Management Studies, UPRTOU, Allahabad

Course Preparation Committee

DR EKTA VERMA**Author****BLOCK 1,2 & 3**

SR. Asst. Professor

Department of Commerce;

UNIVERSITY OF ALLAHABAD, PRAYAGRAJ

Prof R.D. SHARMA**Editor**

FORMER VICE CHANCELLOR

UNIVERSITY OF JAMMU, JAMMU

Dr Gaurav Sankalp**Coordinator MBA SLM writing**

Asst. Professor

School of Management Studies, UPRTOU

BLOCK I

(STRATEGIES AND PRACTICES OF

HRM)

BLOCK OBJECTIVES:

This Block comprises four units namely Unit 1, Unit 2, Unit 3 and Unit 4.

UNIT 1: Business Strategy and Organizational Capability

UNIT 2: Global Environment of HR: Change & Diversity

UNIT 3: Strategic Human Resource Management

UNIT 4: Strategic Human Resource Management Approach

UNIT 1: BUSINESS STRATEGY AND ORGANIZATIONAL CAPABILITY

Unit Structure

1.0 Unit Objectives

1.1. Introduction and Concept of Business Strategy

1.2. Types of Business Strategy

1.3. Introduction and Concept of Organizational capability

1.4. Types of Organizational capability

1.5. Summary

1.6 Self –Assessment Questions

1.7 Suggested books/References

1.0 Unit Objectives

The objective of the present unit is to present the concept of business strategy and its types and also the concept of organizational capability and its types.

1.1 Introduction

1.1.1 Business Strategy

Business strategy is the strategic initiatives a company pursues to create value for the organization and its stakeholders and gain a competitive advantage in the market. This strategy is crucial to a company's success and is needed before any goods or services are produced or delivered. According to Harvard Business School, Business Strategy course, an effective strategy is built around three key questions:

1. How can my business create value for customers?
2. How can my business create value for employees?
3. How can my business create value by collaborating with suppliers?

Many promising business initiatives don't come to fruition because the company failed to build its strategy around value creation. Creativity is important in business, but a company lasts

without

prioritizing

value.

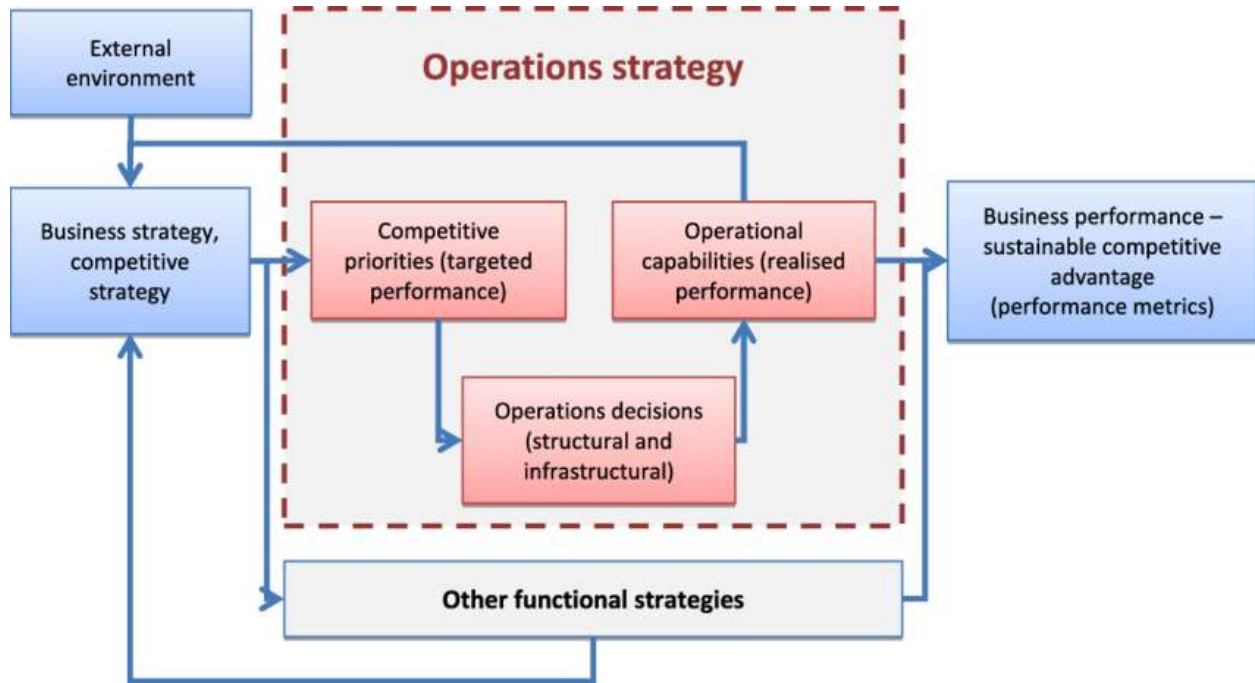


Figure 1.1: Functionality of Business Strategy

Source: <http://dx.doi.org/10.1016/j.biombioe.2015.06.013>

1.1.2 The Importance of Business Strategy

A business strategy is foundational to a company's success. It helps leaders set organizational goals and gives companies a competitive edge. It determines various business factors, including:

- Price: How to price goods and services based on customer satisfaction and cost of raw materials
- Suppliers: Whether to source materials sustainably and from which suppliers
- Employee recruitment: How to attract and maintain talent
- Resource allocation: How to allocate resources effectively

1.1.3 Creative Value

To craft a successful business strategy, it is necessary to obtain a thorough understanding of value creation. In the online course Business Strategy, Harvard Business School Professor Felix Oberholzer-Gee explains that, at its core, value represents a difference. For example, the difference between a customer's willingness to pay for a good or service and its price represents the value the business has created for the customer. This difference can be visualized with a tool known as the value stick. The value stick has four components, representing the value a strategy can bring different stakeholders.

- Willingness to pay (WTP): The maximum amount a customer is willing to pay for a company goods or services
- Price: The actual price of the goods or services

- Cost: The cost of the raw materials required to produce the goods or services
- Willingness to sell (WTS): The lowest amount suppliers are willing to receive for raw materials, or the minimum employees are willing to earn for their work.

The difference between each component represents the value created for each stakeholder. A business strategy seeks to widen these gaps, increasing the value created by the firm's endeavors.

1.1.4 Increasing Customer Delight

The difference between a customer's WTP and the price is known as customer delight. An effective business strategy creates value for customers by raising their WTP or decreasing the price of the company's goods or services. The larger the difference between the two, the more value is created for customers. A company might focus on increasing WTP with its marketing strategy. Effective market research can help a company set its pricing strategy by determining the target customer's WTP and finding ways to increase it. For example, a business might differentiate itself and increase customer loyalty by incorporating sustainability into its business strategy. By aligning its values with its target audiences an organization can effectively raise consumer's WTP.

1.1.5 Increasing Firm Margin

The value created for the firm is the difference between the price of an item and its cost to produce. This difference is known as the firm's margin and represents the strategy's financial success. One metric used to quantify this margin is the return on invested capital (ROIC). This metric compares a business operating income with the capital necessary to generate it.

1.2. Types of Business Strategy

There are generally 3 (sometimes broken into 4) Types of Business Strategies:

- Organizational (Corporate) Strategy
- Business (Competitive) Strategy
- Functional Strategy
- Operating Strategy



Figure 1.2: Business level Strategies

Source: *Business and Accounts* by Rajesh Pant October 30, 2022

1.2.1. Corporate Strategy

A corporate-level strategy, often referred to as an organizational-level strategy, focuses on the vision, mission, values, or purpose of the organization.

To achieve it often relates to the company's core value proposition and objectives that it hopes so. It may also regard what the company stands for and how it will be perceived by stakeholders and third parties.

Organizational Strategies are generally broken down into:

- Growth-Based Strategies,
- Stability Strategies,
- Retrenchment Strategies, or
- Mix of these Strategies

1.2.2. Competitive Strategy

A competitive strategy, often referred to as a business-level strategy, focuses on how a business unit will compete against competitors within the market.

Implementing a business unit's competitive strategy should further the organization-level strategy.

The primary understanding of competitive strategies comes from Michael Porter's Generic Strategies, which include:

- Cost-Based Strategy,
- Differentiation Strategy, and

- Focus (Niche) Strategy.

The objective of competitive strategy is to create a sustainable competitive advantage.

Another influential source on competitive advantage is the Resource-Based View (RBV) of the firm, which focuses on the effective use of firm resources to create competitive advantage.

Porter's Value Chain, and the concept of a value chain in general, which quantifies activities along the value delivery process. This provides an understanding of where competitive strategies can be effectuated.

1.2.3. Functional Strategy

A functional strategy concerns how a functional division of a company will achieve its objectives. Carrying out a functional strategy is in support of a business unit's competitive strategy through maximizing resource productivity. It focuses on developing competence in pursuit of a competitive advantage. Major functional areas include marketing, accounting, finance, operations), Research and Development, and Human Resources.

Three factors characterize the formulation of functional-level strategies:

- Short-term nature of the objectives,
- How specific are the objectives, and
- Extent of involvement of managers.

The functional strategy will revolve around key individuals in the functional area and focus on key operational aspects in the value chain, such as productivity, pricing, logistics, cost-effectiveness, efficiency, product design, product branding and image, product-life cycle, etc.

1.2.4. Operating strategy

While often included within a functional strategy, an operating strategy is concerned with how the component parts (operating divisions) of an organization deliver effectively the corporate, business and functional -level strategies in terms of resources, processes and people. They are at departmental level and set periodic short-term targets for accomplishment.

1.3 Organizational Capabilities

1.3.1. Introduction

Organization capabilities (OC) are the intangible, strategic assets that an organization draws from to get work done, execute its business strategy, and satisfy its customers. These capabilities cannot originate from a single effort or by following an external template. Instead, they are acquired and refined internally from multiple interactions to be organization- specific. They can include expertise, activities, information, knowledge, procedures, processes, skills, systems, technologies, or unique adaptive features.

The strength and alignment of such assets define a company's identity and differentiate it from competitors. Each organization develops and integrates these attributes into its culture over time, so they are challenging for others to pinpoint and replicate.

For instance, Coca-Cola could sell its soft drink formula to another company, but that company would not be able to emulate the same emotional connection customers have with Coke.

Building organizational capabilities is an indispensable part of the organizational development process. An organizational capability is the means by which an organization brings together its people and other resources to respond to changes in the business environment and deliver value to its customers and stakeholders.



Figure 1.3: Organizational Capabilities

Source: Published in Human Resources Terms category by MBA Skool Team

1.3.2. Importance of organizational capabilities

The most successful and admired companies have distinct combinations of attributes that make them stand out from the competition. People respect organizations like Starbucks, Apple, and Disney because of their capabilities, not their structures. It's their knack for innovation and their willingness to adapt to consumers' changing needs that make them trustworthy and relevant.

Boston Consulting Group (BCG) conducted a detailed survey and interview of senior executives from international corporations in various industries to determine why their companies are thriving. The results pointed to a clear correlation between organizational capabilities and success.

The right mix of organizational capabilities helps businesses operate effectively and deliver excellent service and satisfaction to customers. Organizational capabilities are a driving force in:

- Gaining competitive advantage – The ability to manage resources and information effectively helps focus an organization on meeting customer demands with its distinctive products and services. This leads to surpassing competitors and gaining prominence in the marketplace.
- Adapting to change – An organization that makes an effort to align with employees, customers, and emerging trends and markets can better foresee and plan for the new directions it must take.
- Driving business performance – Investing in the development of organizational capabilities hones a company's strengths and identity. Harnessing this intangible value promotes stability and makes the most of what everyone has to offer. This delivers optimal performance.

1.4. Types of organizational capabilities

In order to focus on building organizational capabilities, it is helpful to understand the big picture of what they are. Definitions of organizational capabilities might vary, as there are multiple different types and categorizations of OC. Here's an overview of a few broad categories:

1.4.1. Operational capabilities

These attributes reflect a company's ability to align skills, routines, and processes to successfully operate in specific markets and meet its stakeholders' requirements.

Operational capabilities materialize gradually over time, according to the specific characteristics of each business. They often blend into the background, so they are less obvious and more difficult to imitate. Hence, they can be a competitive advantage.

Let's use a restaurant as an example of operational capabilities. Whatever training chefs have needs to be customized to a specific restaurant's type of menu, prices, available ingredients, etc.

The recipes used may be very similar to other restaurants, but the unique process for making certain dishes is developed over time and passed on to new chefs. The capacity to leverage resources and the chefs' skills will reflect the restaurant's cooking style and character to its customers.

1.4.2. Strategic capabilities

These are connected to strategy and vision and indicate how well an organization handles its business environment and sets itself apart. Strategic capabilities are what take an idea to a successful reality.

For example, a manufacturing company wants to have more products available for a growing customer base. The company must evaluate whether it has the resources to create the products and get them to the customers. Do the usual suppliers have the raw materials needed? Is our warehouse adequately staffed? Are the shipping companies able to handle an increase in products? The company's capability to execute this strategy will ensure that the process doesn't get bogged down.

1.4.3. Dynamic capabilities

These focus on how well a company adapts to a changing business environment by building, integrating, and reconfiguring its competencies.

David J defined this concept in 1997 and explains it as the capacity to: “(1) Sense and shape opportunities and threats, (2) seize opportunities, and (3) maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise’s intangible and tangible assets.”

Apple demonstrated dynamic capabilities back when it was still just a computer manufacturer by creating the iPod. Although MP3 players already existed, Apple saw the need for a device that was smaller, sleeker, and more appealing to consumers. The iPod increased Apple’s share price immensely and started it on the path to becoming a revolutionary consumer electronics design company.

1.4.4. Core vs. non-core capabilities

Organizational capabilities have varying levels of value and connection to each company. One way to break them down is into core and non-core capabilities. Core capabilities are integral to a company’s business and competitive edge and are held inside the organization. Non-core capabilities can be outsourced to a strategic partner.

Whether a capability is core or non-core depends on the type of business. A mobile app development company has in-house developers because that’s what they do. A utility provider that wants to develop a mobile app to better serve its customers would need to outsource this capability.

Examples of organizational capabilities

Organizational culture	<p>An inclusive company culture empowers and engages employees, and supports organizational goals:</p> <ul style="list-style-type: none">– Culture supports development and shapes the organization’s identity.– Employees’ mindsets help them function well.– Collaboration promotes teamwork, forms alliances, and allows cross-functional communication.
Leadership performance	<p>Business leaders represent the company well and effectively manage and inspire employees:</p> <ul style="list-style-type: none">– A clear leadership brand exists that distinguishes the company from competitors.– Perception of leadership is positive.– Leadership qualities remain consistent throughout teams.– Leadership competencies are embedded throughout the organization, with learning opportunities for all employees.

<p>Strategic unity</p>	<p>Strategic point of view is articulated and embraced throughout the organization:</p> <ul style="list-style-type: none"> – There is a continual investment in the practices and procedures necessary for strategy development and to implement the strategy. – All employees throughout the organization consistently understand the business strategy and why it matters. – Employees recognize how their role supports the strategy. – Employees feel heard and see their suggestions acted on.
<p>Innovation</p>	<p>Delivering successful new products and services. Regularly updating processes for continuous improvement:</p> <ul style="list-style-type: none"> – Focused on the future, not the past. – Willingness to re-invent parts of the organization. – Sound processes are in place that can take on something new. – An atmosphere of excitement is created over new concepts.

<p>Agility</p>	<p>Being responsive and flexible concerning changes in the internal and external environment:</p> <ul style="list-style-type: none"> – Skilled and knowledgeable employees who are prepared to adapt. – Prompt decision-making processes that don't rely on bureaucracy. – Proactive planning that can be adjusted to respond to the competition or unexpected events. – Flexible systems and workflows that can accommodate the organizational change process or expansion.
<p>Talent</p>	<p>Employees at all levels are competent in what they do:</p> <ul style="list-style-type: none"> – Employees are equipped with the skills and tools they need to perform their roles in the present and for future requirements. – Employees are committed to doing their jobs well and consistently. – Learning and development is championed and provided. – Ability to motivate and retain competent employees.

Customer connectivity	<p>Established customer relationships based on trust and overall strong customer focus are the mainstay.</p> <ul style="list-style-type: none"> – Priority is placed on dedicated teams who have a meaningful connection with customers. – Committed accountability to customers. – Strong customer data collection and analytics.
------------------------------	---

1.5. Summary

Business strategy is the strategic initiatives a company pursues to create value for the organization and its stakeholders and gain a competitive advantage in the market. This strategy is crucial to a company's success and is needed before any goods or services are produced or delivered. These refer to a business's ability to successfully employ competitive strategies that allow it to survive and increase its value, overtime. They focus on the organization's assets, resources and market position, projecting how well it will be able to employ strategies in the future.

1.6 Self –Assessment Questions

1. What do you mean by business strategy? Explain its types?
2. Explain organizational capability and its types?
3. Why is business strategy important for any organization? Examine.

1.7 Suggested books/References

1. Mathur, SP Strategic Human Resource Management 1St Edition 2015 , New Age International (P) Ltd Publishers
2. Dr. Ashvine Kumar, Strategic Human Resource Management 2022, Book Rivers.
3. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st Edition 2008,Wiley India Pvt Ltd.

UNIT 2: GLOBAL ENVIRONMENT OF HR: CHANGE & DIVERSITY

Unit Structure

2.0 Unit Objectives

2.1. Introduction

2.2. Strategic HR issues in Global expansion

2.3. How HR strategies can be applied globally

2.4. Summary

2.5 Self –Assessment Questions

2.6 Suggested books/References

2.0 Unit Objectives

The objective of the present unit is to give the introduction of Strategic HR issues in Global expansion and How HR strategies can be applied globally.

2.1 Introduction

This unit will provide a platform for participants to understand the need for developing local and global HR strategies to enable rapid business growth in emerging economies. They can learn about the challenges faced by large ever expanding organizations in global integration and local customization of their HR strategies with particular insight into the strategies adopted by McDonald's. We will discuss whether companies today are equipped with the right HR models to face rapid globalization and what is needed for companies to succeed in this context.

2.1.1 Need for Global and local HR strategies

According to the global human capital trends survey conducted by Deloitte in 2014, Global HR and talent management is the second most urgent and important trend for large companies around the world (those with 10000 or more employees). Economic, technological and competitive forces have pushed many organizations from a domestic to a global focus. Advanced communication technology, ever expanding markets and seamless transportation have created a new highly competitive landscape. Countries like China, Brazil, Taiwan and Russia are redefining their place in Fortune magazine's list of Global 500 with 13 Chinese companies making their debut in the list in 2016. This indicates the fact that economics is no more concentrated in the United States but shows a transformation in the world's business landscape. In such a context, companies face the challenge of blending their global and local HR strategies. They need to develop a model that integrates their business globally and is also effective enough

to develop people locally and capitalize on their talent. Business strategies should be global in scale and local in implementation .Global integration is essential to maintain stability, however local customization is necessary to bring about flexibility and it is right here that companies need to strike a balance.

2.1.2. Strategies for Global versus Local Opportunities

One dilemma that organizations face while formulating a global strategy is choosing whether to emphasize on global standardization or local responsiveness. Managers must decide whether they want activities to be standardized across countries or whether each global affiliate should act autonomously. Globalization strategy means that product design, manufacturing, and marketing strategy are standardized across the world. For example, Gillette Company which makes grooming products, such as Mach3 shaving system for men and Venus Razor for women has large production facilities that manufacture products whose technical specifications are standardized around the world. Localization strategy encourages product design, assembly and marketing tailored to the specific needs of each country in which it operates.

For example, KFC gives local managers real decision making powers and allows them to offer regional dishes that appeal to tastes in specific areas of the country. Different global organization designs are suited to the needs of either global standardization or local responsiveness both global and local opportunities simultaneously.

2.2. Strategic HR issues in Global expansion



Figure 2.1: Expansion Strategy

Source: Expansion Strategy by Business Jargons

Global human resources present some unique contingencies:

2.2.1. Leading companies often need to move talent from region to region to address key talent gaps. They face the need to move high performers to global assignments rapidly.

2.2.2. Managing people in global settings requires HR to address a broader range of functional areas. This includes clarifying taxation issues, coordinating foreign currencies, exchange rates and compensation plans; and working directly with the families of employees who may be accepting overseas assignments.

2.2.3 It requires more involvement in the employee's personal lives. They are assisted in acquiring housing in the host country, selling or leasing domestic accommodations, arranging

and paying for school for the employee's children, and locating and securing domestic help for the employee.

2.2.4 Companies may require setting up different HR departments for different geographic locations and hence maintaining co-ordination among them becomes a challenge.

2.2.5 Global assignments often involve a heightened exposure to risks that include health and safety of the employee and family; legal issues in the host country; possible terrorism; and the human and financial consequences of mistakes which may exceed the cost of those made domestically.

2.2.6 Proper training of employees is required so that they are well equipped to work on global assignments. A platform or a system is necessary for global integration of talent practices to match business needs with existing skills.

2.3. How HR strategies can be applied globally

To achieve globally integrated and locally customized HR strategy, organizations should take note of the following points:

2.3.1. Use global technology platforms: If organizations are unable to leverage technology to their advantage, they will be forced to work in functional silos and will not be able to grow or succeed. Thus implementing a common global technology platform is necessary to share useful resources of the company so it can act as a backbone for the HR function. Managers and employees can easily use them to coordinate activities and be up-to-date on the business of their organization.

2.3.2. Nurture HR Leaders: Organizations should invest in training and development of their HR team to ensure that each member is skilled in using all tools and data and feels connected to the larger HR community. They should be constantly encouraged to be aware of leading practices and new ideas in the global marketplace.

2.3.3. Empower local teams: Once global objectives and processes are established, local expert teams should be given autonomy to innovate and to customize corporate programs according to the demands of local people and culture. They can leverage corporate standards to optimize HR strategies in each business and geography steering growth in local countries. This will not only motivate them to work for the organization but also enhance the image of the company in the foreign country.

2.3.4. Establish core set of global HR practices: Organizations can create a team of experts who will learn the best practices from all the local business partners and establish a core set of HR services for the whole community.

2.3.5. Create deep specialists: Implementation of a proper information system will reduce the need for HR generalists and they can be reallocated to other important areas such as recruiting, talent management, organizational learning and development, employee relations, compensation and reward management, etc. These specialists should be well connected and should share knowledge and expertise with each other.

2.3.6. Define appropriate standards of performance for HR: Success of HR should be defined not simply in terms of cost-cutting, but by HR's ability to drive business performance and growth.



Figure 2.2: HR strategies can be applied globally

Source: www.tokiomarinehd.com

2.4 Summary

Global HR is how international employers manage geographic, linguistic and cultural differences amongst their workforce to achieve maximum productivity and engagement. Its primary responsibilities include: Recruiting suitably skilled employees. Supporting regulatory compliance. Standardizing processes and systems.

2.5 Self –Assessment Questions

1. Strategic HR issues in Global expansion. Explain.

2. How HR strategies can be applied globally?
3. Distinguish between Strategies for Global and Local Opportunities.
4. What is the Need for Global and local HR strategies?

2.6 Suggested books/References

1. Dr. Ayan Das Gupta, Dr. B.S. Mishra, Mrs. S. Shiny, STRATEGIC HUMAN RESOURCE MANAGEMENT Edition: 2023, PUBLISHER Book Rivers.

2. Dr. Rekha Joshi, Dr. Rituraj Pant, STRATEGIC HUMAN RESOURCE MANAGEMENT 2023, Redshine Publication.

3. 2. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, PUBLISHER Book Rivers.

UNIT 3: STRATEGIC HUMAN RESOURCE MANAGEMENT

Unit Structure

3.0 Unit Objectives

3.1 Aligning HR with Corporate Strategy

3.2 Summary

3.3 Self –Assessment Questions

3.4 Suggested books/References

3.0 Unit Objectives

The objective of the present unit is to align HR with Corporate Strategy

3.1 Aligning HR with Corporate Strategy

Strategic human resource management (SHRM) is, indeed, one of the most momentous concepts in the field of business and management today. The idea of SHRM is to promote high performance workplaces and human capital management. SHRM can be defined as the linking of human resources (HR) with organizations' strategic goals and objectives so as to improve business performance and develop organizational culture that nurture innovation, flexibility and competitive advantage.

In an organization, SHRM means accepting and involving the HR function as a strategic partner in the formulation and implementation of the company's strategies through HR activities such as recruiting, selecting, training and rewarding personnel. It basically centers on HR programs with long-term objectives i.e. instead of focusing just on internal HR issues, the major focus is on addressing and solving problems that affect people management programs in the long run. Therefore, the primary goal of strategic HR is to increase employee productivity and to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation along with productivity.

Strategic orientation of human resource management (HRM) is important for all organizations irrespective of its size and domain. It simply requires the alignment of every HR function with business strategy. It establishes a relationship between HRM and strategic management of the

organization and facilitates the HRM to change its image as a “cost center” to that of a “strategic business partner”.

Thus, the SHRM can be defined as the organization's action plan to align HRM with strategic business objectives so that the competitive advantage can be achieved through its skilled, committed and well-motivated workforce. This can only be possible if every HR function is strategically aligned.

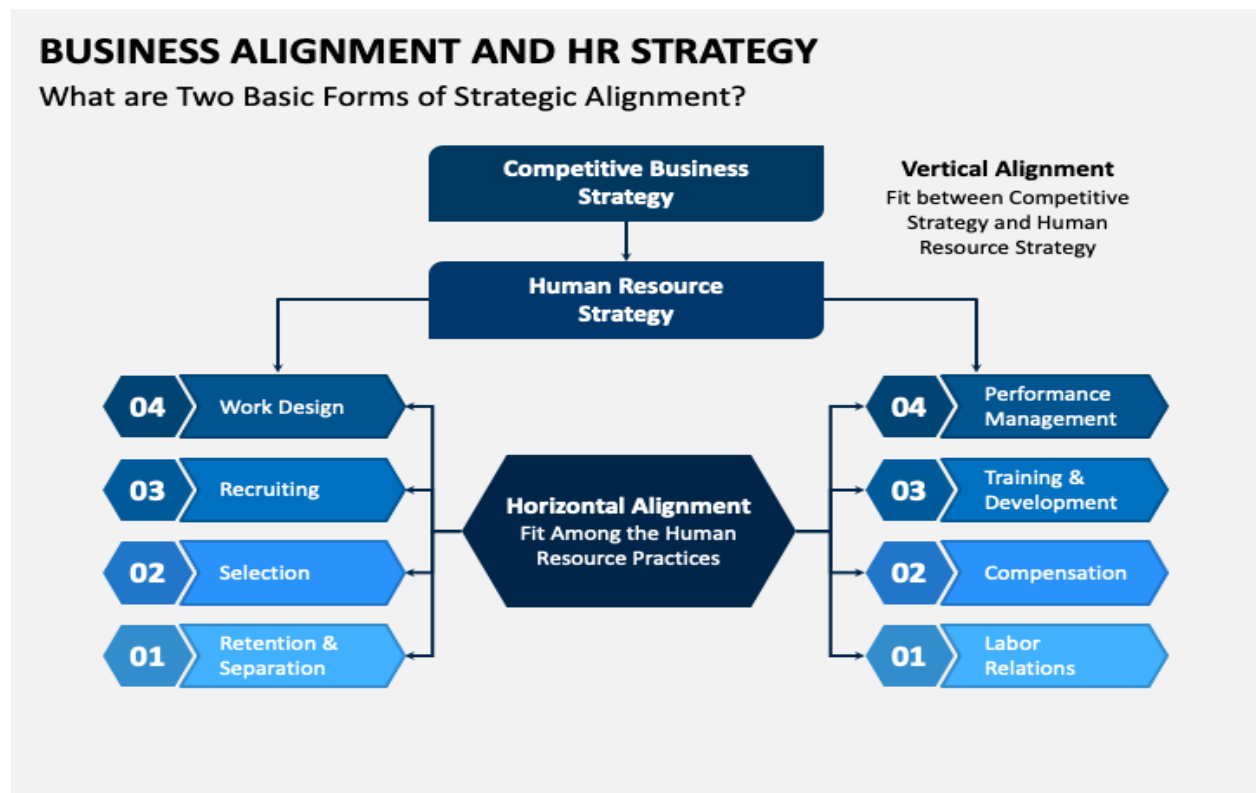


Figure 3.1: Aligning HR with Corporate Strategy

Source: Business Alignment And HR Strategy by SketchBubble

3.1.2 Strategic Human Resource Planning

Human resource planning (HRP) is a process of analyzing and identifying the need for and availability of HR so that the organization can meet its objectives. The need for HRP is to reduce the significant lead time between recognition of job requirements and getting a qualified person to fill that need. This means HR is required to have an idea of the job market and how it can match to hiring needs as no organization can meet its goals without recruiting talented workers.

Hiring, indeed, is an important aspect of HRP, as it provides the doorway for bringing in new employees and choosing individuals suited to the company's culture and requirements. During hiring, the HR department looks for an applicant who specifically fits the job criteria or someone who is the most versatile individual.

However, today HRP is viewed as a strategic operational process and its focus has shifted from traditional Hiring and Staffing to towards forecasting and succession planning that can handle different contingencies which in turn impacts the success of business operations. Effective HRP can reduce turnover by keeping employees apprised of their career opportunities within the company. The success of HRP depends on how meticulously the HR department can integrate effective HRP with the organization's business planning process. Strategic human resource planning (SHRP) is based on close working relationships between HR department and line managers. SHRM can be defined as a deliberate attempt of HR deployment to empower the organization to meet organizational goals, objectives and consistencies.

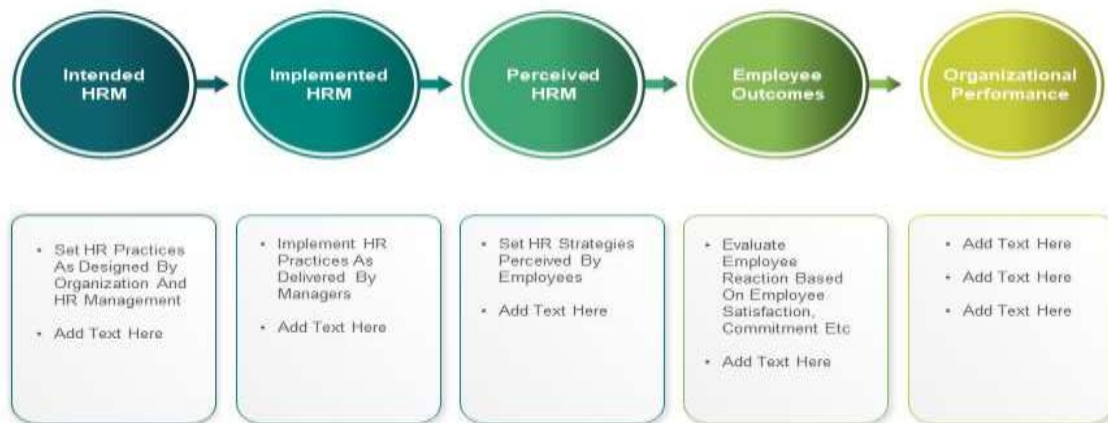
Succession planning plays an important role in the strategic alignment of HRP. Through succession planning, organizations recruit skilled employees, develop their knowledge, skills,

and abilities further, and prepare them for advancement or promotion into ever more challenging roles. This process ensures that employees are constantly developed and fill each needed role. So, a talent pipeline is maintained.

3.1.2 Strategic Recruitment and Selection

The core responsibility of recruitment and selection processes is “identifying the right pool of talent for establishing the right candidates”. Earlier, recruitment and selection was considered as a traditional function with a standard approach where the focus was on person–job fit. However, nowadays, organizations are aiming at person–organization fit and, therefore, applicants are selected against organizational characteristics rather than job-specific criteria. Today, choosing the correct employee is, indeed, essential to the development of an effective SHRM system.

Human Resource Strategic Planning Process



This slide is 100% editable. Adapt it to your needs and capture your audience's attention.

Figure 3.2: Strategic Human Resource Planning

Strategic recruitment and selection (SR&S) can be defined as strategic integration of recruitment and selection with long-term business objectives so that strategic demands of the organizations can be translated into an appropriate recruitment and selection specification. In this, the alignment of candidate's objective and business's objective has become must. However, not all the job positions in the company are strategic and are not critical for the business operation. The strategic recruitment is focused only on the key job positions in the organization. It is focused on the hiring of the job positions needed for the accelerated growth of the business. The strategic recruitment can be a separate process from the usual recruitment process for the mass job positions.

3.1.3 Strategic training and development

Increasingly high performing organizations today are recognising the need to use best training and development practices to enhance their competitive advantage. Training and development is an essential element of every business if the value and potential of its people is to be harnessed and grown. By definition, training and development refers to the process of obtaining or transferring knowledge, skills and abilities needed to carry out a specific activity or task. Strategic positioning of training and development directly promotes organizational business goals and objectives. Key business challenges require that organizations thoughtfully gauge their market position and determine the talent, skills and knowledge to be successful. By adopting a strategic approach to training and development rather than an unplanned and *ad hoc* one, training and development initiatives become more targeted, measurable and effective. The strategic

training and development (ST&D) is all about identifying, designing and delivering training programmes to employees to make them capable of delivering in accordance with business strategy. In addition, the evaluation of the outcomes to check the effectiveness of the training programme based on planning to determine whether the training was effective to its contribution to the business strategy.



Figure 3.3: Strategic training and development

Source: The Key to Success: Strategic Training & Development / Acorn

3.1.4. Strategic performance management

Traditional performance management systems often fail to deliver desired business objectives because communications from the top are not always clearly understood further down the line, leading to a mismatch between corporate strategy and how it is translated into targets at a team

or individual level. Then, if the business goals and strategy and the employee motivation and culture are not in harmony, results certainly suffer. This missing link can be complemented by the strategic performance management (SPM) approach.

Top management must address how they actually want to manage performance? What targets must be met and by when? And how do they want managers and employees to work to achieve them? It is important not only to identify HR competencies in accordance with the business needs and develop selection and development practices to secure those competencies but also to evolve and implement a performance evaluation plan that links the performance of the employees to the strategic goals.

It is certainly essential to have a strategically linked compensation system to improve firm performance and to retain employees with required competencies. SPM creates this link between the strategy and culture of an organization and its ability to manage employees' performance to have a direct impact on business performance. SPM is actually about strategy implementation to deliver value by delivering the desired outcomes in accordance with business strategy. SPM links the individual's objectives and performance management, driving the skill and capability requirements and ensuring its alignment to the core values of the organization.



Figure 3.4: Strategic performance management

Source: Kainat Zehra [Empower.Elevate.Excel/Xey/MBA-HR@IoBM](https://www.researchgate.net/publication/344111111) Published Sept 3,2020

3.1.5 Strategic compensation and reward management

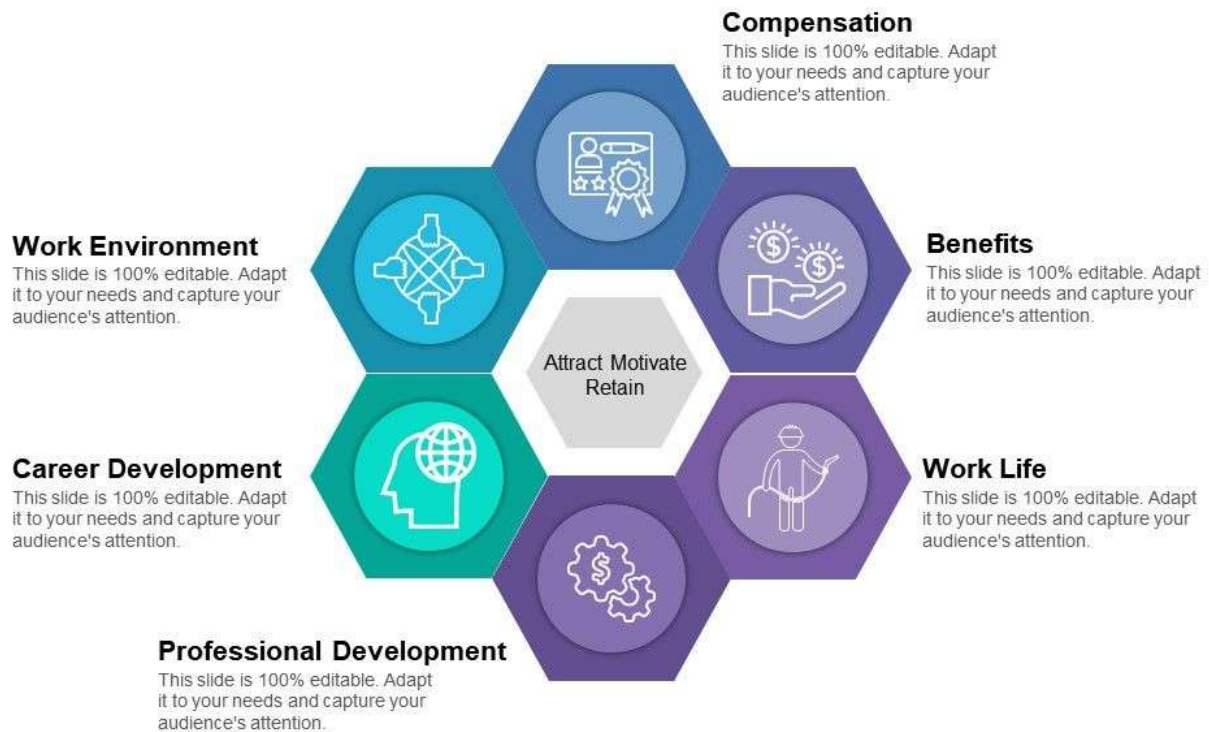
The main objective of compensation policy is to give the right rewards for employee performances, their skills, competencies, their knowledge and experience to attract and retain them. It is again certainly an important motivator to reward the employees for their market worth and also for achievement of the desired organizational results.

However, the traditional compensation and reward system alone cannot ensure the fulfillment of the business objectives. Strategic compensation and reward management (SCRM) facilitate the alignment of compensation and reward policy with business, which can be achieved by taking a data-driven approach so that the pay and benefits are allocated to only those positions and workers that produce the greatest return.

One of the healthier ways to motivate employees and reward the stellar performers is to have a variable pay rewards system based upon the individual and team performance to their contribution towards the achievement of organizations business objectives.

Figure 3.5:

Reward Strategy Showing Compensation Benefits...



Strategic compensation and reward management

Source: Incentive Compensation Management for Rewards Professionals | Guide 2023

MARCH 21, 2023 DAILY DIGEST

3.2 Summary

Aligning HR with the business strategy is essential for unlocking productivity, sustaining growth, achieving corporate objectives, and remaining competitive. Today's HR function is more than just administrative cost-centers. To align the people strategy with the business strategy, it's important that the people leadership—your HR function—understands the main strategic goals of the business and the current situation. All strategies and tactics must be aligned toward the same outcomes.

3.3 Self –Assessment Questions

1. How HR aligns with Corporate Strategy?
2. Discuss Strategic compensation and reward management.
3. Elucidate Strategic performance management.

3.4 Suggested books/References

1. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st Edition 2008 ,Wiley India Pvt Ltd
2. Dr. Ayan Das Gupta, Dr. B.S. Mishra, Mrs. S. Shiny, STRATEGIC HUMAN RESOURCE MANAGEMENT Edition: 2023, PUBLISHER Book Rivers.

UNIT 4: STRATEGIC HUMAN RESOURCE MANAGEMENT APPROACH

Unit Structure

4.0 Unit Objectives

4.1 Strategic Human Resource Management

4.2 Universalistic

4.3 Contingency

4.4 Configuration

4.5 The Best Practice Approach

4.6 Best Fit

4.7 Summary

4.8 Self –Assessment Questions

4.9 Suggested books/References

4.0 Unit Objectives

To enumerate various approaches of Strategic Human Resource Management

4.0 Strategic Human Resource Management

Strategic human resource management (SHRM) can be defined as the process of managing people in a way that optimizes the business's goals and objectives.

Basically, strategic HRM is a process that helps companies align their HR activities with the broader business strategy and objectives.

It involves identifying and prioritizing the skills, competencies, and experiences needed for success in your organization. After that, it develops a plan on how to use those skills to push the company's goals.

Now, there are five main approaches to SHRM that are used by organizations today.

These approaches are:

- Universalistic
- Contingency
- Configuration
- Best Practice
- Best fit

4.1 The Universalistic approach

The universalistic approach to HR management suggests that the best practices for most HR issues can be applied to all organizations equally.

To be honest, this approach isn't the best out there. It's based on the assumption that all employees are motivated by similar things and have similar expectations for their careers.

This approach is too simplistic and ignores the fact that people are different and will react differently even if they're in similar situations.

4.2 The Contingency approach

The contingency approach is the opposite of the universalistic approach to HR practices and problems.

In fact, it highlights the necessity for HR approaches to be arranged into a comprehensive and wide-ranging set of organizational policies.

This approach argues that there is no one-size-fits-all approach to human resource issues; rather, it emphasizes that HR policies should be tailored to meet the specific needs of individual organizations in order to be effective.

This means that there's no single best way of organizing work or managing employees. Instead, organizations should consider their own culture and environment when developing policies.

4.3 The Configuration Approach

Finally, we have the configuration Approach. This is the "best of both worlds" approach because it combines the strengths of both the universalistic and contingency approaches.

The configuration approach to SHRM emphasizes the need for HR policies that are contingent on organizational circumstances.

However, it also acknowledges that policies must be flexible enough to fit the organization's general strategy.

In order to understand how this works, let's look at an example: You're a restaurant owner in the middle of a big city.

You need to hire staff and train them so that your customers can get served quickly and efficiently. Plus, you need to make sure that your staff members get along well enough with each other, so they can work together effectively.

A universalistic approach would suggest creating a set of job descriptions and training programs that could be used across all restaurants without modification.

However, this may not work well for your restaurant because your employees will need specialized training based on your kitchen layout.

A contingency approach would suggest creating different sets of job descriptions and training programs depending on your needs. Sadly, this may take way too long.

To make sure your restaurant's core values don't clash with those of other establishments, you'll need to develop a strategic plan with your HR management.

The SHRM model proposed by Wright and Snell (1998) aims to achieve both fit and flexibility. On the one hand, they emphasize the distinction between HRM practices, skills, and behavior in relation to strategy, and on the other, the issue of tight and loose coupling of HR practices and strategy.

4.4 The Best Practice Approach

This strategy is based on the assumption that there are a set of best HRM practices that can lead to improved organizational performance. Pfeffer's (1994) list of the seven HR practices in successful organizations is perhaps the most well-known view (RBV) on the other, because the former focuses on intangibles, while the latter focuses on tangibles.

HR, which enables a company to outperform its competitors, and the latter, which focuses on treating people as resources.' While the former emphasizes a broad approach to high performance, the latter focuses on specific resources. "How can the universalism of best practice be reconciled with the belief that only some resources and routines are valued because they are rare and imperfectly imitable?" he asks. According to the contingency theory, accepting that there is such a thing as a universal best practice is difficult. What works well in one company may not work well in another due to differences in strategy, culture, management style, technological requirements, or working practices. 'Organizational high-performance work systems are highly idiosyncratic,' says Becker (1997), and must be tailored carefully to each firm's individual requirements in order to achieve the best results. However, knowledge of best practise should inform decisions on what course of action the organization should take, as long as it is known what makes it best practise, and Becker and Gerhar (1996) argue that the idea of best practise underpins the choice of practises rather than the practises themselves. It's more of a criterion for making a decision than a feature of an organizational practice.

4.5 Best Fit

For the reasons stated above, the term "best fit" is preferred over "best practice." This isn't to say that "best practise" or "leading-edge practise" (practise that works well in a single successful environment) should be overlooked. Benchmarking can be useful for identifying areas for innovation or good development practices that can be applied elsewhere. However, after learning

what works and what doesn't in similar situations, the organization must decide what general policy to implement and what lessons can be learned in order to tailor the adopted idea to its specific strategic and operational needs. The requirement is an analysis of the organization's business needs within its own unique context (culture, structure, technology, and processes), clearly indicating what needs to be done. Following that, combining various 'best practise ingredients' to develop an approach that applies appropriate practices in a way that is conducive to identified business needs may be useful. However, the best-fit approach has flaws, according to Purcell (1999), who, after dismissing the concept of best practice, did the same for best fit. The difficulty of modeling all contingent variables, showing their interconnections, and the way that changes in one variable impact others limit the search for a contingency or matching model of HRM performance is a function of both. As a result, there are a variety of ways to motivate employees to learn the necessary skills to augment their 'ability,' as well as a variety of incentives to enhance, induce, and reinforce motivation. A study by Dyer and Reeves (1995) of the various models listing HR practices that create a link between HRM and business performance revealed that involvement, careful selection, extensive training, and contingent compensation appeared in the most successful models.

MacDuffie (1995) noted that flexible production mode gives employees a much more central role in the production system based on his research in flexible production manufacturing plants in the United States. They must solve problems as they arise, that is, at the point where they appear in the line, which requires both a conceptual understanding of the manufacturing process and analytical skills to pinpoint the source of problems. However, in flexible production organizations, workers' multiple skills and conceptual knowledge are useless unless they are motivated to contribute in both mental and physical capacities. Workers will put forth such

willing effort only if they believe that their personal interests are aligned with the company's, and that the company will make a reciprocal investment in their well-being. Flexible production techniques must be accompanied by high-commitment human resource practices such as job security and fair pay, which, if ignored, create barriers between management and employees. This psychological contract of reciprocal commitment is aided by a company's investment in developing worker skills through training and positive reinforcement. Plants that incorporate flexible production systems and human resource practices into a system that is integrated with production and business strategy outperform plants that use more traditional mass-production systems in terms of both productivity and quality, according to research. The goal of 'bundling' is to achieve organizational coherence in practice. When a mutually reinforcing set of HR policies and practices is developed, it contributes to the achievement of an organization's strategies, matching resources to organizational needs, improving performance and quality, and achieving competitive advantage in commercial enterprises.

4.6 Summary

The universalistic approach to HR management suggests that the best practices for most HR issues can be applied to all organizations equally. To be honest, this approach isn't the best out there. The contingency approach argues that there is no one-size-fits-all approach to human resource issues; rather, it emphasizes that HR policies should be tailored to meet the specific needs of individual organizations in order to be effective. The configurational approach because it combines the strengths of both the universalistic and contingency approaches. The configurational approach to SHRM emphasizes the need for HR policies that are contingent on organizational circumstances.

4.7 Self –Assessment Questions

1. Define Strategic Human Resource Management. Explain its approaches.
2. Distinguish between Contingency and Configuration approach.

4.8 Suggested books/References

1. Regis, R. (2009) “Strategic Human Resource Management & Development” Excel Books
2. Sparrow, P.R, Brewster, C. & Harris, H. (2004) “Globalising Human Resource Management”
Routledge.
3. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st Edition
2008, Wiley India Pvt Ltd

BLOCK II

(STRATEGIES AND PRACTICES OF

HRM)

BLOCK OBJECTIVES:

This block comprises five units namely Unit 5, Unit 6, Unit 7, Unit 8 and Unit 9.

Unit 5: Strategic HR Planning

Unit 6: Corporate Strategy

Unit7:Managing

Employee

Relations

Unit8:

Collective

Bargaining

Unit 9 : Restructuring and SHRM

UNIT 5: STRATEGIC HR PLANNING

Unit Structure

5.0 Unit Objectives

5.1 Introduction

5.2 Development of Strategic HR Planning

5.3 Importance

5.4 Advantages

5.5 Limitations

5.6 Summary

5.7 Self –Assessment Questions

5.8 Suggested books/References

5.0 Unit Objectives

The objective of the present unit is to present the concept of Strategic HR Planning and its importance, advantages and limitations also the Development of Strategic HR Planning.

5.1 INTRODUCTION

Strategic Human Resource planning starts with human resource strategy, which is solely dependent on the Strategic goals and long term objectives of the organization. Human Resource strategy cannot avoid the bigger goals of the organization. Hence HR strategy needs to be a consistent, integrated, correlative grid of guidelines and protocol for administering and developing human (personnel) resources. The nascent phase of the human resource management game plan is the personnel outlining. The next most important task for managing human resources is designing the appropriate work systems and developing the other functional HR activities. The HR activities like staffing, training, pursuance supervision, heading remittance, chartering the holistic professional graph, staff separation, labor relation and union management, are derived and should flow from Human resource planning process. Moreover, HR planning cannot be reactive in nature. Personnel outlining is a proactive progression which aids organizations to certify the fact that it owns the accurate count of qualified staff at the correct time and venue, competent enough to successfully deliver the completion of jobs at hand, which help the organization to accomplish its mission. Personnel outlining makes assumptions for the future and considers all the possible scenarios of the future from one extreme to another. In the given uncertain business environment, effective HR planning is a complex task for contemporary organizations.

5.1 The overall purpose of strategic HR planning is to:

- Ensure adequate human resources to meet the strategic goals and operational plans of your organization – the right people with the right skills at the right time
- Keep up with social, economic, legislative and technological trends that impact on human resources in your area and in the sector
- Remain flexible so that your organization can manage change if the future is different than anticipated

Strategic HR planning predicts the future HR needs of the organization after analyzing the organization's current human resources, the external labor market and the future HR environment that the organization will be operating in. The analysis of HR management issues external to the organization and developing scenarios about the future are what distinguishes strategic planning from operational planning.

5.2 Developing HR strategies to support organizational strategies

5.2.1. Training and development strategies

These strategies include:

Providing staff with training to take on new roles

Providing current staff with development opportunities to prepare them for future jobs in your organization

Training and development needs can be met in a variety of ways. One approach is for the employer to pay for employees to upgrade their skills. This may involve sending the employee to take courses or certificates, or it may be accomplished through on-the-job training. Many training and development needs can be met through cost effective techniques.

5.2.2. Recruitment strategies

These strategies include:

- Recruiting new staff with the skill and abilities that your organization will need in the future
- Considering all the available options for strategically promoting job openings and encouraging suitable candidates to apply

Each time you recruit you should be looking at the requirements from a strategic perspective. For example, if your organization has several supervisors that are nearing retirement age, your recruitment strategy should include recruiting staff with the ability to assume a supervisory role in the near future.

5.2.3. Outsourcing strategies

These strategies include:

- Using external individuals or organizations to complete some tasks

Many organizations look outside their own staff pool and contract for certain skills. This is particularly helpful for accomplishing specific, specialized tasks that don't require ongoing full-time work. Some organizations outsource HR activities, project work or bookkeeping. For example, payroll may be done by an external organization rather than a staff person, a short-term project may be done using a consultant, or specific expertise such as legal advice may be purchased from an outside source.

When deciding to outsource to an individual, ensure you are not mistakenly calling an employee a consultant. This is illegal and can have serious financial implications for your organization. To understand the differences between employees and self-employed people, visit the [Canada Revenue Agency's website](#).

Each outsourcing decision has implications for meeting the organization's goals and should therefore be carefully assessed.

5.2.4. Collaboration strategies

The strategic HR planning process may lead to indirect strategies that go beyond your organization. By collaborating with other organizations you may have better success at dealing with a shortage of certain skills.

Examples of collaboration include:

- Working together to influence the types of courses offered by educational institutions
- Working with other organizations to prepare future leaders by sharing in the development of promising individuals
- Sharing the costs of training for groups of employees
- Allowing employees to visit other organizations to gain skills and insight

5.25. Restructuring strategies

If your assessment indicates that there is an oversupply of skills, there are a variety of options open to assist in the adjustment.

These strategies include:

- Reducing staff either by termination or attrition
- Regrouping tasks to create well designed jobs
- Reorganizing work units to be more efficient

Termination of workers gives immediate results. Generally, there will be costs associated with this approach depending on your employment agreements. Notice periods are guaranteed in all provinces. Be sure to review the Employment and Labour Standards in your province or territory to ensure that you are compliant with the legislation.

Termination packages are governed by case law as well as by employment standards legislation (which only states the bare minimum to be paid). Consult with a lawyer to determine the best approach to termination packages.

5.3 Importance Of Human Resource Planning

When we take stock of the types of human resource planning, the importance of human resource planning also becomes clear. Here is a recap of the value organizations can gain by investing in their HR process:

- It Allows Organizations To Create An Appropriate Working Environment
- It Helps Organizations Account For Changing Industry Trends Before They Become Pressing Issues, Allowing Them To Adapt Well In Time
- There's A **Need For Human Resource Planning** To Create A Blueprint For Growth For The Entire Organization
- An HR Plan Balances The Human Needs Of An Organization Alongside The Growth Needs
- A Well-Articulated Plan Can Help Create An Environment Of Inclusivity And Diversity

The importance of human resource planning can be misunderstood by managers. But it's a core function that needs due attention and thought. Keeping human resource planning objectives in mind will help an organization grow in a balanced and harmonious way, which allows for growth of employees.

Human resources are essential to creating teams that work well together. Another way to boost productivity with better teamwork is Harappa's **Lead With Empathy** pathway. This leadership course will help you build better team culture, create and build trust and boost team outcomes. It'll teach different leadership styles and conflict resolution. Most importantly, it'll help build empathy. Become a better leader today!

5.4 Advantages of Human Resource Planning

5.4.1. Building skills. Human resource planning helps your staff to do their jobs better. If you invest in providing the training and education necessary to build skills and increase capacity, your company will be able to achieve more high-quality work with the people you currently have on staff rather than having to rely on outside contractors.

5.4.2. Increasing retention. If you show your employees that you value them enough to invest time and resources in giving them the tools they need to grow, they're more likely to stay with your company over time. Not only will you make their jobs more interesting, but you will also show them that you value their work and their tenure.

5.4.3. Predictability. Your business faces enough day-to-day uncertainties from market conditions, the economic climate and supply-chain issues. Devoting thought and planning to giving your employees what they need to do a good job and stay with your company over time lessens some of these inevitable uncertainties by providing an extra degree of certainty in scheduling, staffing and handling your ongoing workload.

5.5 Limitations of Human resource planning

5.5.1. Expense. It costs money to train and invest in your staff. Whether you're paying for dedicated training or diverting employee hours from tasks that are more likely to directly increase your incoming revenue, human resource planning may likely decrease your bottom line in the short term before it increases your profits in the long term.

5.5.2. Unpredictability. Although human resource planning has the potential to give your business a greater degree of stability by building the skills of your workforce, there is no guarantee that the workers you train will stay with your company long enough for you to reap the benefits of your investment.

5.5.3. Illusion of certainty. While human resource planning can make your workforce better able to do their jobs, you may be training personnel to perform functions that become obsolete as your company and your industry evolve. This can give you a false sense of security and may prevent you from reacting quickly enough to developments.

5.6 Summary

HR strategic planning involves the identification of and response to HR functional and talent risks that inhibit the successful execution of strategic priorities. It refers to the way that HR leaders plan for business risks and opportunities by prioritizing and allocating resources to HR initiatives. A strategic HR plan can be created by thoroughly evaluating an organization's strengths, weaknesses, opportunities and threats. This is known as a SWOT analysis. Once employers know this information, they can create realistic goals that account for what they do well and where they need improvement.

5.7 Self –Assessment Questions

1. What is HR strategic planning?
2. How will you introduce strategic HR planning?
3. Critically evaluate how a human resources plan can contribute to meeting an organization's objectives.

5.8 Suggested books/References

1. William J. Rothwell & H.C.Kazanas , Planning & Managing Human Resources 10 November 2005 , Jaico Publishing House.

2. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st Edition
2008, Wiley India Pvt Ltd.

3. Jeffrey A. Mello , Strategic Human Resource Management 15 November 2013 **4th edition**,
South Western college Publishing.

UNIT 6: CORPORATE STRATEGY

Unit Structure

6.0 Unit Objective

6.1 Introduction

6.2 Types of Corporate strategies

6.3 Advantages

6.4 Disadvantages

6.5 Summary

6.6 Self –Assessment Questions

6.7 Suggested books/References

6.0 Unit Objectives

The objective of the present unit is to present the concept of corporate strategy and its types and also the advantages and limitations.

6.1 Introduction

A corporate strategy is a multi-level strategy employed by a company to define its goals and structure its approach to attain them. Depending on the size and nature of the business, the strategy may be formed with the aim of increasing profits, selling a business or expanding to new markets. It aims to achieve the most profitable allocation of resources and organizational structure.

Difference between Corporate Strategy And Business Strategy

There are a few notable differences between corporate and business strategy. A corporate strategy looks at the larger structure that is the mother company, its various business units and products, how they connect and the overall brand. It seeks to identify the markets to enter and the products it may produce.

A business strategy only focuses on the individual business unit and how to grow its profits or get a bigger share of the existing market. A corporate strategy has a much wider scope compared to a business strategy, which is limited to a specific product or market. The business strategy usually complies with the goals of the corporate strategy.

Importance of Corporate Strategies:

A corporate strategy is important, as it can help indicate the future success and health of the company. Here are some reasons why a corporate strategy is important:

6.1.1. Larger company overview: Instead of considering each business unit, this strategy focuses on the entire company.

6.1.2. Organizational rearrangement: It can help re-engineer an organization radically if required.

6.1.3. Problem identification: A corporate strategy helps identify existing or potential problems in an organization that could impede its ability to achieve its goals.

6.1.4 .Prevent counterproductive measures: It can help prevent the implementation of any other plan or strategy that can be counterproductive or not viable for the company's healthy growth.

6.1.5. Guidance for business strategies: A corporate strategy gives a starting point to build individual business unit strategies.

6.1.6. Contingency plans: It can help the company create appropriate contingency plans to implement when the need arises.

6.2. Types of Corporate Strategies

The primary aim of formulating a corporate strategy is to distribute its resources in the best way to derive maximum returns and achieve the company's goals. Here are the different types of corporate strategies:

6.2.1. Stability strategy

A stability strategy is often preferred by many companies that are currently satisfied with its market position. They continue to delve into the same market and sell the same product but may incorporate research and development and innovation to the existing products. This type of

strategy ensures a continuous flow of revenue. The company may try to engage their target market by presenting offers and trials to them.



Figure 6.1: Types of Corporate Level Strategy

Source: Corporate Level Strategy 20 March 2020 by INDIAFREENOTES

6.2.2 . Expansion strategy

The expansion strategy is suitable for a firm that has already established its foothold within a certain market and aspires to grow in other markets or expand its product offerings. They may want to develop and sell new products, increase their market share or internationalize a business that has already saturated the domestic market. Expansion may involve the diversification of the business functions and thus a larger allocation of resources. This strategy results in greater returns as compared to the previous performance of the company. It can also mean more growth opportunities for the employees.

6.2.3. Retrenchment strategy

Sometimes, an organization retreats from its current position or performance to prevent itself from becoming insolvent. This may occur during an economic recession or crisis, or if the initial business plan failed to produce the desired results. A company may implement a retrenchment strategy at various levels and in different areas of the business. For example, a company may decide to completely stop the production of a particular product and thus eliminate all costs associated with it. This can reduce the number of employed staff or its fixed assets and variable costs.

6.2.4. Combination strategy

This type of strategy is a combination of the previous three types: stability, expansion and retrenchment. A company may adopt a combination strategy after they have weighed the pros and cons of each of their products or business units. The retrenchment strategy works for some of its businesses that do not yield enough in returns compared to the efforts or costs involved. Other products or businesses that may have been performing well can get a further boost with an expansion or stability strategy.

6.3. Advantages of Corporate Strategies

6.3.1. Increase of the profitability

In case if you enter a joint venture or invest in some companies, there will be a good profit, and also you will have some part of ownership.

One must know that in case if their company is getting involved with many companies, they also need to diversify their corporate strategies according to the situation. One must understand that calculating the actual return in your investment is necessary for the overall growth of the company.

6.3.2. Offers a Strategic Direction

With this **strategy**, one can completely change their business environment. Making up a strategy and discussing the goals of the organization will not only provide functional purposes, but even the company will know how to react best in the difficulty levels. It gives an excellent strategic direction for further development in case a company needs any business units.

6.3.3. Improves Decision Making

It enhances the decision making of any form. As the firm will come out with different approaches, it will not only improve the way of thinking about business but also at the corporate level. It will also motivate the employees as it will give them faith in having a clear direction and also of knowing their organization's *goals*. It will provide a reasonable translation of better results by coming up with different decisions and finalizing the best one for the company. It prepares the company for undesirable situations. As they are already prepared up with substantial corporate strategies that will develop and grow the business positively?

6.3.4. Improves management skills

It makes sure that everything is manageable in an organization. As various opportunities come up for a business, in case they are planning to expand, they need some funding. It not only

develops management skills, but it also gives the employees a better understanding of their company's growth. By management skills, a company can do wonders in the corporate sector. By having proper research about various firms, a company can build up a strategy and come up with the best ones to credit economic growth.

6.3.5. Minimizes the Risk

It makes sure that the risk is minimal as various strategies are built by a company to be prepared for the worst. As a business cannot be stable in this economy, and it goes with ups and downs over a duration. A proper strategy can not only save their money, but it also helps to focus on the resources of the company.

6.3.6. Provides sustainability

It develops sustainable development in business. It can easily measure the growth of your business if your company's policies are worth it. One can easily invest in various ventures if their company is capable of handling multiple risks. One can quickly form subsidiaries, and it can soon become an independent business, but it comes with a cost. Introducing a company at global marketing needs a diversified strategy. And there are many activities which one needs to manage if they are already into various ventures.

6.4. Limitations of Corporate Strategies

6.4.1. The process of strategy formulation is not an easy one. The process of forming corporate strategy is complex, cumbersome and complicated.

6.4.2. Corporate strategies are useful for long range problems. They are not effective to overcome current exigencies.

6.4.3. The corporate strategy formulation process calls for considerable time, money and effort. Developing appropriate corporate strategy is not a simple and economical proposition. For financially weak companies, cost becomes a great hindrance.

6.4.4. As the future is uncertain and cannot be predicted accurately, the strategic planning system based on hazy and uncertain estimates is not exact.

6.4.5. Implementation of corporate strategy is influenced by organizational factors and motivational factors. The gap between formulation and implementation of corporate strategy does not give desired results to the organization.

6.5 Summary

Corporate level strategies are the 'big picture' plans organizations employ to reach their overarching objectives. These strategies usually span beyond one business unit or product line and focus instead on overall company goals such as growth, stability, and profitability. A corporate strategy is a long-term plan that outlines clear goals for a company. While the objective of each goal may differ, the ultimate purpose of a corporate strategy is to improve the company. A company's corporate strategy may be to focus on sales, growth or leadership.

6.6 Self –Assessment Questions

1. What do you mean by corporate strategy? Explain its types.
2. What are the advantages and disadvantages of corporate strategy?

6.7 Suggested books/References

1. Mathur, SP Strategic Human Resource Management 1St Edition 2015 , New Age International (P) Ltd Publishers
2. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, Book Rivers.
3. Dr. Ayan Das Gupta,Dr. B.S. Mishra,Mrs. S. Shiny, STRATEGIC HUMAN RESOURCE MANAGEMENT 2023, PUBLISHER Book Rivers.
4. Dr. Rekha Joshi, Dr. Rituraj Pant, STRATEGIC HUMAN RESOURCE MANAGEMENT 2023 , Redshine Publication.

UNIT 7: MANAGING EMPLOYEE RELATION

Unit Structure

7.0 Unit Objectives

7.1 Introduction

7.2 Relevance

7.3 Types

7.4 Advantages

7.5 Limitations

7.6 Trade Union

7.7 Summary

7.8 Self –Assessment Questions

7.9 Suggested books/References

7.0 Unit Objectives

The objective of the present unit is to give the introduction of Managing employee relation, Relevance, Types, advantages, Limitations and what are Trade Unions.

7.1 Introduction

Employee relations is the relationship which exists between employers and employees, employer and trade union/s (as representative/s of workmen/staff) and employer and the state (as the third party). A positive employee relations environment characterized by congenial relationship between management and the workmen based on mutual trust, collaborative orientation and joint problem solving and decision making is a prerequisite for not only industrial peace but also for improved effectiveness and sustained growth of the organization.

According to Ordway, Ten and Metcalfe, employee relations is the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and coordination of the activities of an organization with minimum efforts and friction with an animating spirit of cooperation and with proper regard for the genuine well being of all members of an organization. While the employer's objective is to maximize the return on investments/profits so as to provide better working conditions, better compensation benefits like incentive schemes to employees towards even more improved employee – employer relations and thus better results/outcomes, the objectives of employees are better wages, working conditions, better control over work, better grievance redressal and initiation of political action if need be. Fahlbeck suggests that employers follow one of the following three approaches to industrial relations: 'My boat' attitude: Get off, if you do not like it.

· 'Shared boat' attitude: We sail together. Do not rock the boat.

· 'Our boat' attitude: It is our own common enterprise. Let us combine our efforts to better it.

· 'Your boat' attitude: With a sense of ownership and pride, the purpose is to let employees

· whole heartedly contribute to the cause of the enterprise. The role of the state/government then becomes crucial to maintain policies towards harmonious employee relations for realizing the goals of social and economic development. With ever increasing emphasis on welfare activities by the government, the state is required to protect the interest of the public. The legislative task of balancing the conflicting interests in the arena of employee relations proves to be an extremely difficult one. Therefore, employee relations is the relationship between employee and employer vis-à-vis the government. This relationship may be a cordial and collaborative partnership or a dysfunctional and lose-lose partnership depending on how proactive or reactive it is or how much both parties want to contribute towards the shared business goals or want to hold genuine ownership/accountability and responsibility towards the growth of the business. The attitude may be of an agitational approach or of

mutuality of interest. Sometimes both parties are involved in maximizing only their share and try to augment their respective income and power position. In such a case law plays an important role in shaping the structure of employee relations. It represents the foundation from which the present system and procedure flow to deal with the problems of employee relations.



Figure 7.1: Employee relationship Management

Source: <https://www.researchgate.net/publication/349494041>

7.2 Relevance of Managing Employee Relation

Historical perspective of Employee Relations The term 'Industrial Relations' came into common usage in the 1910s particularly in 1912 upon the appointment of a Commission on IR by the US President William Taft. The Commission was to investigate causes of widespread, often violent

labor conflict and make recommendations on methods to promote greater harmony among employers and employees. Post World War-I with the demand for industrial democracy, in the early 1920s universities began to teach IR to understand the dynamics of employer - employee relations. Industrial relations has been the field of study that covers employment relationships in its entirety. In the present day scenario membership in unions/industrial relations is declining due to the following reasons: Automation, globalization, and technology have reduced jobs in unionized manufacturing sectors.

- Unions have been more successful in organizing workers in the public sector.
- Management has become better at resisting union organizing efforts.
- Employers now use the term "employee relations," which refers to relationships that exist in both unionized and nonunionized workplaces. Employers hope to manage employee relations successfully with each respective individual, as a means to raise morale and productivity. 'Employee relations' is a concept that is being preferred over the older industrial relations because of the realization that there is much more at the workplace than industrial relations could look or cover. In general, employee relations can be considered to be a study of relations between employees as well as employer and employees so as to find ways of resolving conflicts and to help in improving productivity of the organization by increasing motivation and morale of the workers. The field is concerned with providing information to employees regarding the goals of the organization so that they have a better understanding of the aims and policies of the management. Employee relations also take care of grievances and the problems of the employees and let them know all about their rights and what to do in case of discrimination. Therefore "new employment relationship" goes beyond the collective bargaining level to include non-union organizations where dialogue might be between employers and their employees, although with alternative bargaining structures. John Dunlop defined industrial relations as a complex of inter-

relationships among managers, workers or their organizations or government agencies. These dramatic personnel or actors combine to create a complex of rules & practices, which ensure that they function together without constant conflict

7.2.1. Relevance of Employee Relations in today's business context

Employee relations have a strategic importance in organization if it is well integrated as part of Human Resource Management. Employee relations following the Human Resource development approach focuses on involvement and participation of each employee, with the aim to bring in commitment and mutuality of interest towards the total organization. The strategic ER approach aims for the creation of a sense of belongingness in all, through various interventions in collaboration with the HR function for the creation of an enabling work climate. In today's context business functioning is highly complex involving the management of not only internal resources such as people, capital etc. but also and most importantly the external environment. With employees at all levels having much more opportunities, in this scenario managing employer – employee relations becomes much more challenging. In such times, employee relations is crucial towards achieving high productivity on a long term basis by minimizing loss of productive man- hours, aiming at a trouble free work environment with fairness and justice through speedy settlement of disputes in all matters pertaining to employees. Through collaborative and participative methods of working employee relations aims at a culture of openness and transparency so that each employee can deliver her/his best. Employee empowerment schemes such as suggestion box, management – employee communications and skip level interactions are such interventions that work in the interest of the overall business.

7.3. Types of employee relations

Following are the well-known types of employee relations:

7.3.1. Vertical employee relations

Simply put, both vertical and horizontal employee relationships are of a hierarchical nature. This means that the relationship between the manager and the employee is vertical.

An employee-manager relationship is unique because such relationships have some limitations. Managers must strive to be empathetic, communicative, grateful and friendly with their employees. Managers need to understand that they don't need to get legitimacy from their subordinates but they must be open to new ideas and changes. There is a fine line between an ideal boss-employee relationship.

7.3.2. Horizontal employee relations

Internal employee relationship is the relationship between team members or employees of the same level within the company. An example of a great horizontal employee relationship is the relationship between those who engage in casual water cooling discussions. These employees may not be part of the same group or even the same vertical but they have strong relationships due to their casual conversations several times a day.

Horizontal employee relationships can be mapped by active HR professionals to find influential employees within the organization who cannot be given too much space in the classification.

Other Types of Employee Relations are as follows:

1. Employee Branding

2. Recruiting
3. Onboarding
4. Leadership
5. Public Relations
6. Performance Management

7.4 Advantages

7.4.1. Less Conflict

Knowing how to approach each of your employees and how they react to various situations makes it easier to understand the best way to broach a potentially difficult situation. A strong employee-employer relationship means that you have likely already been through enough conflict together to understand how either party reacts to different situations. It could also mean that you have learned enough about each other to know how to handle each other in these situations. Ultimately this means a lot less conflict, and minimal conflict goes a long way in high-stress jobs.

7.4.2. Better Employee Engagement

Employees yearn for recognition, and they need to know that their efforts are being noticed. Building a strong employee-employer relationship requires the employer to know exactly what their employees are doing and how well they are doing it. This lets the employee know that the employer is aware of their contribution.

Even if employers aren't always praising an employee for their work, something as simple as asking a question about how a specific part of the project is going can go a long way to make employees feel more engaged at the workplace.

7.4.3. Reduced Attrition

Happier employees feel that they have a personal connection with their employers, which means that they are likely to stay in the organizations longer. A major benefit of cultivating a meaningful and strong employee-employer relationship is that employees learn to trust you, and you learn to trust them. This kind of environment breeds healthier attitudes towards work and improves work ethics. Employees who feel trusted by their employer aren't going to seek a change anytime soon.

7.4.4. Better Understanding of Skillset

Here is another great benefit of having a strong employee-employer relationship: you know your people, so you know what their skills are and what they are capable of. This means that you know how to put the team together for the project. You also know what kind of projects you can take on.

Understanding who is capable of what kind of work precisely, takes time. When you hire someone, you hope they always give their best. However, once you've built a good relationship with someone, you know how much effort they will actually put into their jobs.

7.4.5. Open Communication

While you don't necessarily want your employees hugging you or jabbing you in your side with their elbows, you do want to have a pretty free atmosphere. It definitely shouldn't be that the entire floor goes silent when the boss walks in.

Create a healthy employee-employer relationship so that your employees can talk freely to you. This could be about how they think the process can be improved or how they feel about the work they do. This also means that you can communicate openly with your employees and give them your honest feedback.

This leads to a much healthier work environment and ultimately creates a great feedback culture.

7.4.6. Equality

In many cases, employers only spend time with their immediate subordinates. This could mean that you are partial to their views and don't necessarily take the time to listen to all your other employees. A good employee-employer relationship means that you are linked to everyone who works for you. This means that no one gets special treatment, and everyone has access to you. While this is surely possible in small and even some medium-sized organizations, it can be impossible in larger organizations. In this case, you have to create ways of representing yourself as an employer and still remain accessible to your workforce.

7.4.7. Loyalty

A strong employee-employer relationship fosters loyalty, employees who understand their employer and who feel understood are likely to be more loyal. Taking the time to network with your employees and understanding them helps them feel that they can always come to you for

anything. This means that you always have their back. If you can make them feel that, then rest assured that they will always have your back.

7.4.8. Easier to Create Employee Development Plans

Creating development plans to improve your workforce is essential. However, creating effective development plans can be a nightmare. Different people in the team likely need different approaches and development plans.

However, if you have a healthy employee-employer relationship, you already know what kind of development plans would work for specific employees. This could mean getting them trained in specific areas or just knowing which employees you are going to promote to positions of responsibility.

7.4.9. Flatten the Hierarchy

When employees feel like they have become a vital part of the organization and have become a part of a family, they naturally take on more responsibility and ownership. This implies that they don't necessarily feel like employees, but like stakeholders who are executing a particular task in order to further the interests of '*THEIR*' organization. Take the time to truly bond with your people and create a strong employee-employer relationship. The results are going to be phenomenal.

7.5. Limitations

7.5.1. Lack of Clear Guidelines

The lack of clear guidelines often results in confusion in the workplace. It's difficult for workers to develop their own protocols when rules are not firmly established. The protocols they do write differ from each other, which cause headaches for management. An employer will likely prefer certain procedures over others. This can lead to bias by the employer toward certain employees. This can, in turn, cause anxiety and anger among the non-favored employees.

7.5.2. Misunderstanding Employee Relations

Inappropriate relationships can develop between management and employees when only informal procedures are in place. Inappropriate relationships between management and employees can develop. An employer and worker might become too personally involved. This can lead to gossip and resentment among others at the job. According to the Reference for Business website, office romances can also develop and result in problems. For instance, these relationships can cause the pair to lose focus at work. A break-up can also cause problems due to the likely development of hurt feelings.

7.5.3 Lack of Paper Trail

Informal procedures can add to the problems that typically occur between employers and employees. This is especially true when a conflict arises. According to the University of Louisville, it's often difficult to mediate a workplace dispute when a paper trail is not present due to the office's reliance on informal procedures. The resolution of the problem is then more difficult as it's harder to prove who has erred and in what respects.

7.5.4. Conduct Issues

There can be more conduct issues when formal procedures aren't in place at work. Employees and management might have looser attitudes toward their conduct in an informal environment. Among the problems that can occur are vulgar joke-telling, which can be interpreted as sexual harassment. Other less serious issues that can occur due to lack of formal protocol are poor time management and decreased productivity among employees

7.6 Trade Unions

The Indian Trade Union Act, 1926 defines a trade union as any combination whether temporary or permanent formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, between employers and employers or for imposing restrictive conditions on the conduct of any trade or business and includes any federation of two or more trade unions. Trade unions originated from ordinary workers' perception of weakness and to protect themselves from actions such as lay-offs and termination of employment. The basic objectives of forming trade unions are the following: To protect workers jobs by fighting the might of an employer collectively

- To improve social and economic status of workers by presenting their needs collectively
- To improve working conditions of workers
- To ensure more humane treatment from managers and supervisors

Employees form unions because they think that unionization would be socio-economically beneficial to them. Higher wages, better or expanded benefits, greater job or employment security, and improved working hours and conditions are some of the perceived economic benefits. A sense of community, a joint catering to personal issues and needs relating to their

jobs and lifestyles can all be integrated as social benefits. Political benefit also comes as a sum of numbers. When negotiating for the employment contract or policy /legal matters the voice of a single employee is quite weak as compared to the management / the organization. The union represents a collective force which brings in more power to the employee's voice. Management may be able to do without individual employees, but they cannot do without their entire workforce. Unions let workers have a greater say in ensuring fair treatment from the organization.

7.6.1. How involving trade unions in strategic business plans can be of advantage to employers?

Unions represent not only the workers in particular businesses, but many others in similar, related organizations. This provides them with a broad perspective on many workplace issues, and industry knowledge that can be very useful to companies. Informing and consulting with experienced union representatives can also – with input from workers – help companies make better-informed business decisions, for example in relation to shift patterns or the type of equipment to invest in. Some benefits of having unions are:

7.6.2. They help build high-trust workplaces where workers are healthier, better skilled and more able to resolve grievances – all of which leads to a more committed and productive workforce. Unions can also help maintain productivity during periods of employer innovation. Collective bargaining arrangements provide an important means of consulting with workers over change and reducing the chances of staff resistance.

7.6.3. Business Strategy & Trade Unions:

A company's business strategy is about its intention to do business in a particular way which has been decided upon after taking into account the changing conditions of external and internal environments of an organization.

In order to ensure success of this business plan, all employees must understand its meaning and significance. However as the trade union leaders are closer to the employees any communication routed with the union leaders kept in alliance or through the leaders itself reach the employees in much more acceptable way.

For example if a company cannot pay out the annual bonus of employees in a particular year due to a genuine concern of not having made profits the best way to send out this communication to the employees will be through the trade union. Also this collective body can facilitate the generation of new ideas on how to cope up with certain types of problems such as external competition, coping up harmoniously with falling financial health. Unions have direct contact with employees so they can provide an alternative and easy to implement solutions. Some of the areas where trade union and employer partnership can bring in better results are through proper planning and execution of job cuts due to implementation of technology, skill enhancement for workers for long term benefits towards productivity.

7.7 Summary

This unit begins with an introduction to employee relations. It covers the working of employee relations in sync with human resource management in order to create a culture of performance by enhancing camaraderie and belonging in employees. It also covers a brief description of trade unions and their involvement in strategic planning and how the involvement can make it easy for an organization to implement its strategic plan. It also points out that employers don't prefer

trade unions because of slow decision making because of their inexperience in understanding the macro environment such as market share, profits, competition and their bureaucratic structure.

Self –Assessment Questions

- 1.Examine the Managing Employee Relationship.
2. What are the types of employee relations?
3. Write down the advantages and disadvantages of employee relations?

7.8 Suggested books/References

1. William J. Rothwell & H.C.Kazanas , Planning & Managing Human Resources 1994 , Jaico Publishing House.
2. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, Book Rivers.

UNIT 8: COLLECTIVE BARGAINING

Unit Structure

8.0 Unit Structure

8.1. Introduction to Collective Bargaining

8.2. Framework and Types

8.3 Advantages

8.4 Limitation

8.5 Summary

8.6 Self –Assessment Questions

8.7 Suggested books/References

8.0 Unit Objectives

The main aim of this unit is to give Introduction to Collective Bargaining, its Framework and Types, and also elucidate its Advantages and Limitations.

8.1 Introduction

Collective Bargaining: The Concept “collective bargaining” benefits all negotiations that take place between an organization or a group of organizations whether it be employer & employer, employer & employee or employer & trade union. It is used as below to:

Determine the working environment and terms in the contract

- Facilitate employer – employee relations
- Regulate relations between employers and trade unions
- Collective bargaining is a process by which workers' organizations protect workers interests, especially their safety and benefits. It is a forum that promotes mutually agreeable formulation of rules and guidelines.

As the name suggests, the collective bargaining process involves a group of stakeholders and is not individualistic in nature. The process of collective bargaining is sometimes viewed as one of unions sharing governance with management. In other cases economic and political factors and forces together determine the results of collective bargaining.

Collective Bargaining

Negotiations between a group of workers and a firm(s) over pay and working conditions



Figure 8.1: Collective Bargaining

Source: Collective Bargaining – Definition / Explanation / Types

2 November 2021 by Tejvan Pettinger

8.1.2 Definitions of Collective Bargaining

As defined by Encyclopedia Britannica, collective bargaining is 'the ongoing process of negotiation between representatives of workers and employers to establish the conditions of employment. The collectively determined agreement may cover not only wages, but also hiring practices, lay-offs, promotions, job functions, working conditions and hours, worker discipline and termination, and benefit programs'. As per Encyclopedia of Social Sciences it is 'a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in consent. The resulting bargain is an understanding as to the terms and conditions under which a service is to be performed. More specifically, collective bargaining is a procedure by which employers and a group of employees agree upon the conditions of work.' The International Labour Organization (ILO) defines it as 'Negotiations about working conditions and terms of employment between an employer, a group of employers, or one or more

employers' organizations, on the other hand, and one or more representative workers' organizations on the other hand, with a view to reaching an agreement.

Importance of collective bargaining Collective bargaining is beneficial in some of the ways as suggested below: Economic viability and growth is an imperative factor in any business. The collective bargaining process ensures that all parties involved in the process are growing and their interests are safeguarded mutually. It helps establish and sustain fair employment practices. It helps resolve disputes and helps build industrial democracy.

8.2 Types of Collective Bargaining



Figure 8.2: Types of Collective Bargaining

Source: Types of Collective Bargaining by Business Jargons

8.2.1 Conjunctive or Distributive Bargaining: In this form of collective bargaining, both the parties viz. The employee and the employer try to maximize their respective gains. It is based on the principle, “my gain is your loss, and your gain is my loss' ' i.e. one party wins over the other.

The economic issues such as wages, bonus, and other benefits are discussed, where the employee wishes to have an increased wage or bonus for his work done, whereas the employer wishes to increase the workload and reduce the wages.

8.2.2 Co-operative or Integrative Bargaining: Both the employee and the employer sit together and try to resolve the problems of their common interest and reach to an amicable solution. In the case of an economic crisis, such as a recession, which is beyond the control of either party, they may enter into a mutual agreement with respect to the working terms.

For example, the workers may agree for the low wages or the management may agree to adopt the modernized methods, so as to have an increased production.

8.2.3 Productivity Bargaining: This type of bargaining is done by the management, where the workers are given the incentives or the bonus for the increased productivity. The workers get encouraged and work very hard to reach beyond the standard level of productivity to gain the additional benefits.

Through this form of collective bargaining, both the employer and the employee enjoy the benefits in the form of increased production and the increased pay respectively.

8.2.4 Composite Bargaining: In this type of collective bargaining, along with the demand for increased wages the workers also express their concern over the working conditions, recruitment and training policies, environmental issues, mergers and amalgamations with other firms, pricing policies, etc. with the intention to safeguard their interest and protect the dilution of their powers.

Thus, the purpose of Collective Bargaining is to reach a mutual agreement between the employee and the employer with respect to the employment terms and enjoy a long term relationship with each other.

8.3 Advantages of Collective Bargaining

8.3.1 It is pro-employees.

Advocates for collective bargaining posit that with collective bargaining, it will be easier for employees to fight for their rights as hard-working people. By being members of trade unions, they will have a voice through the representatives of the unions whose aim is to work for the betterment of its employee members such as higher wages, shorter working hours, safer workplaces and better health care.

8.3.2 It keeps abusive employees powerless.

In collective bargaining, employees who normally will not have the means and confidence to fight for their rights if they are not part of a trade union will have individuals who will challenge employers who take advantage of their workers. Supporters of collective bargaining say that employees have better chances to get compensated accordingly or leave their jobs if they want to without having to worry they will be sued or not get their wages.

8.3.3 It prevents employees from going on strikes.

When there are big issues between employees and employers that are not settled, a popular option for employees is to go on strikes. These actions hamper operations and consequently

cripple businesses. In the end, consumers suffer. With collective bargaining, there is no need for workers to stop working because they have representatives with them who will work for their benefits, collective bargaining protects employers as well. This is because collective bargaining will result in an agreement. And normally, this will also be agreed upon if the negotiations are beneficial for both parties. With collective bargaining, employers are also protected in a way since business operations will not be totally affected.

8.3.4. It gives protection to all employees.

People who are in favor of collective bargaining say that in the contracts signed by the employers and trade union representatives, all employees in the company will benefit from whatever conditions are stipulated in the agreement, regardless if they are members of the trade union or not. Additionally, this gives employees the right to question the policies of the company they belong to.

8.3.5. It provides security and stability.

On the part of employees, this will give them security of tenure since they will not have to worry about getting terminated unlawfully and in case they will be, they have a support system as well as representatives to fight for their rights as employees. Conversely, business owners will be able to project the expenses to finance operations and compensation packages and benefits. This way their businesses will be more stabilized.

8.4 Disadvantages of Collective Bargaining

8.4.1 It is prone to inequality.

Critics of collective agreement say that this can lead to either the employers or employees getting less of what they deserve. If representation is weak on the side of employers, chances are, the business will lose a substantial amount of money from over-compensation or excessive benefits. On the other hand, if representation for employees is weak, they might not get employment benefits they should be enjoying.

8.4.2. It can be biased to employers.

Some groups not in favor of collective bargaining argue that this process gives too much power to employees and leave the employers with tied hands when it comes to running their businesses. Since trade unions can demand from employers and ask for collective bargaining negotiations, critics are worried that this practice may become a habit even if in truth, there is nothing irregular with how these employers run their businesses.

8.4.3. It takes a long period of time.

Another disadvantage claimed by anti-collective bargaining is the time it takes for the negotiations to finish and materialize. They talk about bureaucracy and what it does to the people involved in the process. Negotiations can take months and even years to finish, excluding the time it will take to execute the stipulations in the agreement contracts.

8.4.4. It can be unfair to senior employees and member employees.

If the issue is about salaries and benefits, say equality in wages, employees who have been working for long years for an organization are taken advantage of since they will be getting the same benefits with that of their junior and newer colleagues. For critics, this is not appropriate. Also, they contend that since all the benefits included in the collective bargaining agreement will be handed down even to non-member of the trade union, for example, this is not fair to members who pay for their dues.

8.4.5. It can widen the gap between employers and employees.

Although collective bargaining is aimed to come up with solutions beneficial to both the management and employees, there are cases where nothing is agreed upon. When talks become futile, the situation might aggravate instead of mitigate. For the opposing group, this can, at times, create a barrier between employers and employees instead of a healthier relationship.

Collective bargaining has both advantages and disadvantages which can work for or against the parties involved. Although mutual benefits can be achieved legally with this, abuse and inequality can also take place. So long as the benefits outweigh the setbacks and employees get what they deserve without negative effects on the company's resources and growth, collective bargaining can be a good thing.

8.5 Summary

Collective bargaining emerged initially as purely Metter between the plant level union and the plant management. The negotiations either at the state or at the industry level are yet not frequent. The collective bargaining has not decentralized beyond the plant level because crafts unions are absent. There are three important reasons as to why collective bargaining has not gone beyond the plant level: a) the varying sizes not permit uniform employment conditions; b) the absence of homogeneous labor market owing to lack of uniform skills and pattern of training which does not promote free mobility of labor market owing to lack of uniform skills and pattern of training which does not promote free mobility of labor so that uniform employment conditions could be evolved for the industry as a whole. c) the plant union leadership which at present enjoys enormous powers and faces prospects of political climb is reluctant to get integrated into an industry wise union where its power is likely to be restricted.

8.6 Self –Assessment Questions

1. What do you mean by collective bargaining? Explain its types.
2. What are the advantages and disadvantages of collective bargaining?

8.8 Suggested books/References

- 1.Susan Hayter, The Role of Collective Bargaining in the Global Economy, Edward Elgar 2011,Publishing Limited.
2. A Deshpande, Industrial Relations and Labour Law 1 November 2014, Nirali Prakashan.
3. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, Book Rivers

UNIT 9: RESTRUCTURING AND SHRM

Unit Structure

9.0 Unit Objectives

9.1 Introduction

9.2 Types

9.3 Advantages

9.4 Disadvantages

9.5 Organizational Restructuring

9.6 Summary

9.7 Self –Assessment Questions

9.8 Suggested books/References

9.0 Unit Objectives

This unit shows Strategic human resource management involving HR departments working with other organizational units to identify their aims and develop tactics that help both their and the company's core goals.

9.1. Introduction

Strategic human resource management is the link between a company's workforce and its plans, goals, and ambitions. Strategic human resource management has the following objectives:

1. First, make your organization's structure meet its goals.
2. Boost operational efficiency.
3. Enhance originality, adaptability, and strategic edge.

HR must be a major strategic collaborator in formulating and executing corporate policies for implicit human resource management to succeed. Strategic HR is part of examining how human capital might directly influence a team's growth. To satisfy the demands of the long ambitions, Recruiters must take a strategic approach to employee development and retention. For several businesses, dealing with Dilemmas may be a challenge. Numerous various aspects of HR really can confound businesses and lead people to make poor decisions that delay operations for both their workers and their company. The consequence was that the human resources department's objectives correspond with and serve to further the objectives of the whole company. Instead of being viewed as a requirement for compliance with the law or pay, Strategic Leadership is recognized as a collaborator in organizational success. HR Strategy uses the skill and potential within the human resources division to strengthen and enhance the performance of many other divisions.

9.1.1. Resource-based Strategy

Resource-based theory can be difficult to understand because the word "assets" is employed throughout common English in various ways. This is critical to separate strategic resources from all other types of resources. For example, cash is a precious asset for most people.

A person's home, as well as an automobile, are two examples of key resources.

Conversely, while studying companies, ordinary resources like money or automobiles are not regarded as strategic resources. Resources like money and automobiles have been valued, but other businesses may easily obtain them. Therefore, a company cannot develop a long-term competitive advantage upon shared resources. High Commitment Management: High-performance management seeks to influence the company's overall performance through its employees in terms of growth, earnings, client satisfaction, and efficiency, including, eventually, its creation of more value for shareholders.

9.1.2. Achieving Strategic Fit

A strategic alignment between business strategy and human resource management plan aids worker retention and motivation, increasing organizational productivity and giving a company a competitive advantage.

9.1.3. High Involvement Management

Five characteristics are mentioned below:

- Selective hiring.

- Extensive Training.
- Decision Power.
- Information Sharing.
- Incentive Compensation.

9.1.4. High-Performance Management

Even though no group is the same and there is no easy way to gauge a firm's effectiveness, there appears to be a consensus on what makes a successful group function.

Rules and guidelines, authority and independence, dispute, collaboration, effectiveness, management, aptitude, abilities, behavioral ethics, compensation, and inspiration are all components of high-performing workplace teams.

9.1.5. Manpower planning

Manpower planning, often known as human resource planning, entails placing the correct amount and type of personnel in the appropriate locations at the appropriate times to carry out tasks for which they're qualified.

Planning for human resources also involves specifics such as how and when you should hire new staff. In addition, the institution's objectives, future economic forecasts, and evolving technology developments are all considered during the overall process. With the appropriate workforce at their fingertips for economic development aids the group's readiness for the foreseeable.

9.1.6. Train the employees on technology

Employee usage is required for any new employee-facing technology to enable participation and industry learning, whether it be an eLearning system or another. If not, any tool—no matter how great—will rarely produce the desired outcomes or return on investment. It will accumulate electronic sludge. New technologies eventually depend on effective change strategy and operational flexibility.

9.1.7. Employee motivation

In the absence of any individuals or workers, organizations are not. It has been seen that when workers give the jobs their everything and are highly committed to them, a firm will expand over time. Therefore, every organization needs its workers' outstanding skills and persistent efforts to succeed.

Improve industrial relations: Workers' rights refer to the interactions between employers and employees in organizational contexts. The study of employment law focuses on the interaction among managers and supervisors, especially members of unionized work teams.

These relationships among companies, workers, and the state, as well as the organizations and groups that manage these relationships, are called industrial relations.

9.2. Types of the Strategic Human Resources of Management

An individual's approach to solving an institution's biggest problems has been outlined in the Human resource strategy. The said strategy enhances the significance of hiring, management

consulting, remuneration, long-term planning, and business culture and requires HR input during policy creation.

Types of strategic hrm are mentioned below:

9.2.1. Recruitment and Selection

9.2.2. Offering employee job

9.2.3. Learning and Development

9.2.4. Creating regulations that impact the whole company's working environment.

9.2.5. Compensation and Advantages

9.2.6. Resolving job difficulties of current workers.

9.3 Advantages of SHRM:

9.3.1. 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.

9.3.2. 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.

9.3.3. 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.

9.3.4. Enhances employee engagement: SHRM involves developing strategies to increase employee engagement and motivation. This leads to a more committed and productive workforce.

9.3.5. 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.

9.4 Disadvantages of SHRM:

9.4.1. 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.

9.4.2. 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.

9.4.3. 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.

9.4.4. 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.

9.4.5. 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.

9.5.1. Staffing considerations—involve Human Resources

We operate in a complex employment, statutory, regulatory, and procedural environment. It is critical that you involve UW Human Resources when you are planning changes to your organizational structure that may result in adding new positions, eliminating or reducing existing positions, significantly changing work assignment, and/or modifying reporting relationships for current employees.

Such changes can result in the need to:

- adjust compensation (upward or downward)
- change a professional staff position's duties in a way that requires review of its civil service exemption status
- change a professional staff position's payroll titles
- change a position's FLSA overtime eligibility status

- change the bargaining unit assignment as a result of changes to a position's job classification
- layoff or reduce employees

Your Human Resources consultant will review the factors affecting your need for reorganization, including your reorganization plan, if you have developed one. Your HR consultant will also review before-and-after organizational charts and proposed job descriptions for new positions, if you have already prepared them. Your HR consultant will assess the scope of the reorganization and bring in the necessary HR partners to help you understand impact on staffing, procedural requirements, implementation costs, and communication requirements.

9.5.2. Labor relations considerations

Reorganizations that affect classified staff covered by a labor contract often raise concerns about:

- “skimming,” the practice of shifting work away from a bargaining unit
- the obligation to bargain over issues associated with changes to the wages, hours and working conditions of employees in your organization

Your HR consultant will help you identify, understand, and plan for potential labor relations issues that may arise.

9.5.3. Change management considerations

Managing change effectively is no easy task. Take advantage of UW expertise by contacting Professional & Organizational Development (POD). POD can connect you with an

organizational development or change management consultant to provide a framework for change, including:

1. Setting the Tone – Creating the climate for the change and determining what is changing.
2. Communication – Preparing and delivering a single message and vision for change.
3. Recognizing and Rewarding Positive Behavior – Implementing and sustaining the change, enabling action, and celebrating short-term wins.

9.5.4. Communications considerations

Ensuring that employees, clients, and partners know what is happening, why it is happening, and how it affects them is critical to successful organizational change. The Layoff & Reduction Communications Planning web pages can help you develop your communications plan.

9.6 Summary

Companies often undergo restructuring to improve their competitiveness by cutting costs, improving efficiency, and boosting profits. The financial aspects of corporate restructuring strategies may be aided by extensive valuations of firm assets, which can help optimize the advantages of reorganization. Restructuring is when a company makes significant changes to its financial or operational structure, typically while under financial duress.

9.7 Self –Assessment Questions

1. Evaluate the contribution of strategic human resource management to the achievement of an organization's objectives.
2. Explain the importance of strategic human resource management in organizations.

9.8 Suggested books/References

1. Mathur, SP Strategic Human Resource Management 1St Edition 2015 , New Age International (P) Ltd Publishers.
2. A Deshpande, Industrial Relations and Labour Law 1 November 2014, Nirali Prakashan.
3. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, Book Rivers.

BLOCK III

(STRATEGIES AND PRACTICES OF

HRM)

BLOCK OBJECTIVES:

This Block comprises four units namely Unit 10, Unit 11, Unit 12 and Unit 13.

UNIT 10: Strategies of wages and Compensation

UNIT 11: Corporate Ethics

UNIT 12: Competencies of HR Professional in a SHRM

UNIT 13: Evaluating the Effectiveness of SHRM

UNIT 10: STRATEGIES OF WAGES AND COMPENSATION

Unit Structure

10.0 Unit Objectives

10.1 Introduction

10.2 Framework and Types

10.3 Importance

10.4 Summary

10.5 Self –Assessment Questions

10.6 Suggested books/References

10.0 Unit Objectives

The objective of this unit is to define Strategies of wages and Compensation and Explain its types. It also presents how to develop effective compensation strategies.

10.1 Introduction

Compensation strategies are plans that describe how a company determines employee benefits and pay. These plans include information on the company's goals for providing compensation and remuneration ranges for roles within the company. It also outlines how the company evaluates employees when determining compensation. Implementing an effective compensation strategy can provide a company with a competitive advantage. It can also encourage employee loyalty.

10.2. Types of compensation strategy:

10.2.1. Base pay: This is the initial salary an employee receives without benefits, bonuses, or raises.

10.2.2. Bonus: A bonus is the amount added to an employee's pay as a reward for excellent performance.

10.2.3. Commission: This is the amount an employee receives for completing a task, which typically involves selling products or services.

10.2.4. Overtime pay: Overtime is the amount employees receive for working extra hours.

10.2.5.. Paid time off (PTO): PTO is the money employees receive while away from work.

10.2.6. Flexible schedules: This enables employees to work at a more convenient period other than regular nine-to-five hours.



Figure 10.1: Implementation of Compensation Strategies

Source: HUMAN RESOURCES MANAGEMENT – 2ND ONTARIO EDITION

10.3 Importance of compensation strategies

Compensation strategies help to formalize staff remuneration. Here are common reasons to develop and implement a compensation strategy where you work:

10.3.1. Ensure company goals

Developing a compensation strategy can encourage employees to work toward reaching the company's objectives. By structuring compensation to reward performance that aligns with the company's objectives, you can motivate new hires and tenured employees. This can also lead to improved productivity and a more positive work environment.

10.3.2. Improve the recruitment process

A company's compensation strategy can also impact recruitment and encourage employees to continue in their positions. For example, if the company where you work has competitive compensation strategies, candidates may prefer this company over its competition. Having an attractive compensation strategy can also help you target employees that can provide the best results in a company.

10.3.3. Ensure budget management

Following a compensation strategy can help a company operate within its budget. For example, with a compensation strategy that states \$400,000 is available for promotion bonuses, you can plan promotions to ensure you stay within this amount. Similarly, if a company's strategy is to offer \$500,000 to \$600,000 in raises every year, you can estimate how many employees to offer a raise.

10.3.4. Ensure equity in the company

Having an effective compensation strategy can ensure pay equity, which is equal pay for equal value of work. As a strategy outlines the compensation packages and how employees earn them, companies that implement a plan can be more transparent about compensation. Creating and following a compensation strategy where top performers receive the highest compensation can also encourage others to perform at higher productivity levels.

10.4. How to develop effective compensation strategies

Developing a company's compensation structure is easy if you know the steps. If the company where you work needs a compensation strategy, follow these steps to create one:

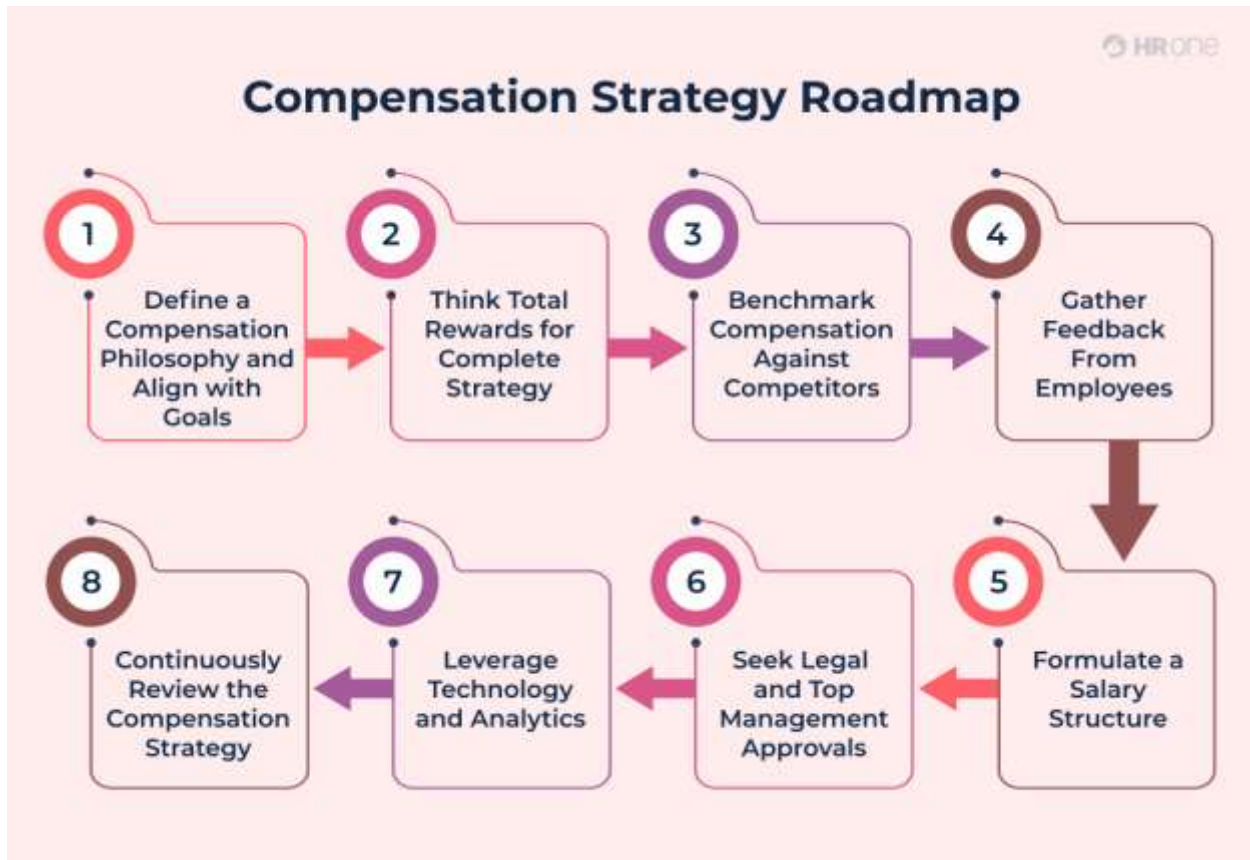


Figure 10.2: Compensation Strategy Road Map

Source: *How to Build a Better Compensation Strategy: A Step-by-Step Guide*

8th Sep 2022 Rishikesh Kumar

10.4.1. Assess the company's goals

Start by evaluating the company's goals and what it wants to achieve using a compensation strategy. For example, a company may require a compensation strategy to reduce employee turnover or attract quality candidates. As a compensation strategy is part of a company's overall strategy, it's important for your plan to align with company goals.

10.4.2. Identify the company's competitive advantage and current strategy

Next, recognize what makes the company unique. By determining the company's current advantage over its competition, you can understand whether to use it to plan for compensation. For example, suppose a marketing agency offers discounts on client products to employees who meet a performance target on a particular campaign. Identifying this advantage can help them plan to update their strategy by including incentives or other employee benefits, such as management training.

10.4.3. Seek employee input

When developing a compensation strategy, consider employee satisfaction and morale. You can inform employees of the plan to create an effective compensation strategy, as it directly affects them. By discussing current compensation packages and requesting employee feedback, you can also determine how to make compensation more attractive. For example, employees may provide ideas on how to update the compensation strategy and ensure pay equity.

10.4.4. Research compensation data and evaluate the talent market

Next, analyze the talent market and your competitors' strategies. Doing this provides insights into what strategy to create. For example, researching compensation data can help you discover more diverse compensation strategies than what others may offer. Consider the duties and qualifications of employees when comparing compensation strategies with other companies.

10.4.5. Determine your priority for competition

As companies may have several goals for implementing compensation strategies, consider prioritizing the company's most important need. For example, you may develop a strategy that

focuses on hiring quality talent over addressing employees who currently receive appealing benefits. Alternatively, you may focus on creating a strategy that targets employees more than potential candidates to ensure high retention rates. Determining your priority also involves considering the budget for your compensation strategy.

10.4.6. Select compensation packages

Next, identify what rewards to offer employees. For example, you may offer a vacation package to entry-level hires and retirement packages to senior employees. Depending on the company's needs and budget, you may also offer the same compensation packages across departments or have different rewards for different departments. Assess various ways of using the compensation budget by referring to your research and the feedback employees provided.

10.4.7. Create compensation ranges

After determining packages for employees, consider creating compensation ranges instead of set values. For example, you may provide two to four weeks of paid vacation to employees who meet a performance target. Doing this enables you to adjust your offers based on employee performance, experience, and qualifications.

10.4.8. Check compensation strategy for legal compliance

After developing a compensation strategy, ensure you confirm it aligns with all federal and provincial or territorial laws. For example, suppose your compensation strategy is to offer four per cent to six per cent of earnings to eligible employees for two weeks of vacation. Check that this strategy aligns with laws on annual vacation and vacation pay by the Canada Labour Code.

You can collaborate with a legal professional to ensure the company can legally implement your compensation strategy.

10.4.9. Seek upper management approval

Next, present your compensation strategy to the management team for approval. When meeting with upper management, prepare a report that outlines competitor strategies, compensation data, and employee feedback. You also want to show your proposal's benefits to improve the likelihood of getting a response. Depending on your strategy, the management team may adopt your proposal or request updates that align with the company's goals.

10.4.10. Compensation strategy

After receiving approval, write a document explaining the parameters concerning the compensation strategy. You may collaborate with human resources professionals to include the strategy in the company's employee handbook. Writing the compensation strategy is important for future reference.

10.4.11. Monitor and review the compensation strategy

Finally, implement the compensation strategy and track the results relating to the company's goals. Doing this can help you determine the plan's impact. For example, if employee retention increases by 40 per cent because of your compensation strategy, the compensation plan you developed is successful. Regardless of the goals reached by implementing a compensation plan, review and update it regularly. You may have annual or biannual reviews to achieve this.

10.5 Summary

Compensation strategies are plans that describe how a company determines employee benefits and pay. These plans include information on the company's goals for providing compensation and remuneration ranges for roles within the company. It also outlines how the company evaluates employees when determining compensation. Compensation is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction.

10.6 Self –Assessment Questions

1. Define Strategies of wages and Compensation. Explain its types.
2. How to develop effective compensation strategies?

10.7 Suggested books/References

1. Joseph J. Martocchio, Strategic Compensation: A Human Resource Management Approach, 9/e 3 January 2016, Publisher(s) Pearson.
2. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, Book Rivers.
3. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st edition (9June2008), Wiley India Pvt Ltd.

UNIT 11: CORPORATE ETHICS

Unit Structure

11.0 Unit Objectives

11.1. Introduction

11.2. Types

11.3 Summary

11.4 Self –Assessment Questions

11.5 Suggested books/References

11.0 Unit Objectives

The purpose of this unit is to explain business ethics so as to ensure a consistent moral attitude within the company, from executive-level management to the new hire. Business ethics helps to ensure everyone in a workplace is treated with respect, fairness and honesty.

11.1. Introduction

Corporate ethics are a set of beliefs to which a company adheres that govern its behavior in the ways it conducts business. Some corporations have well defined ethical parameters and others don't, or they sacrifice ethical behavior to profit and determine that gaining profit and power are the most desired motives. When discovered in this type of activity, there is often a strong backlash that results in losing profits. This suggests that even if the decision to adopt defined corporate ethics is purely motivated by profit, it may be good business.



Figure 11.1: Corporate Ethics

Source: Corporate Ethics Business Diagram Illustration Stock Illustration - Illustration of direction, respect: 53022602

Get this image on: [Dreamstime](#) | [Licence details](#) Creator: Kheng Guan Toh | Credit: Dreamstime

11.1.2. What are business ethics

The term business ethics refers to the set of moral principles that guides a company's conduct. These principles govern every aspect of the company's operations, including its interaction with the government and other businesses, its treatment of its employees and its relationship with its customers. Whenever any ethical dilemmas or controversies arise, a business references these foundational principles to help resolve those situations.

11.1.3. Why is business ethics important

Business ethics ensure that companies operate according to all applicable laws. This maintains the company's respect among its peers and customers and protects it from legal liability. A company's ethics also help it attract quality team members. Businesses that care for their teams according to the highest ethical standards are often attractive to job seekers. Ethical treatment can also increase employee retention and reduce hiring and training costs.

A business that treats its customers or clients ethically can build trust and create long standing relationships. These customers are likely to return and may recommend the business to people within their sphere of influence. Also, a business known for its effective ethical principles can gain respect and elevate the quality of its brand.

11.2. Types of business ethics

There are various types of business ethics. Both the nature of the company's business and its location can affect its code of ethics. The following are some common business ethics:



Figure 11.2: Types of Business Ethics

Source: Ethics Types Business Image & Photo (Free Trial) / Bigstock

11.2.1. Personal responsibility

Personal responsibility is a vital attribute for employees in both entry-level and senior positions. This could entail completing tasks your manager has assigned or simply fulfilling the duties of your job description. If you make a mistake, you acknowledge your fault and do whatever you need to do to fix it.

11.2.2. Corporate responsibility

Businesses have responsibilities to their employees, their clients or customers and their board of directors. Some of these may be contractual or legal obligations, others may be promises.

For example, a commitment to conduct business fairly and to treat people with dignity and respect. Whatever those obligations are, the business has a responsibility to keep them.

11.2.3. Loyalty

Loyalty is a valuable quality for both corporate leaders and team members. It's important for team members to be loyal to their coworkers, managers and the company. This might involve speaking positively about the business in public and only addressing personnel or corporate issues in private. Customer or client loyalty is important to a company not only to maintain good business relations but also to attract business by cultivating a positive reputation.

11.2.4. Respect

Respect is an important business ethic, both in the way the business treats its clients, customers and employees and in the way its team members treat one another. When you show respect to someone, that person feels like a valued member of the team or an important customer. It indicates that you care about their opinions, you keep your promises to them and you work quickly to resolve any issues they may have.

11.2.5. Trustworthiness

A business cultivates trustworthiness with its clients, customers and employees through honesty, transparency and reliability. Team members should feel they can trust their companies to keep to the terms of their employment. Clients and customers should be able to trust the business with their money, data, contractual obligations and confidential information. Being trustworthy encourages people to conduct business with you and helps you maintain a positive reputation.

11.2.6. Fairness

When a business exercises fairness, it applies the same standards for all team members, regardless of rank. The same expectations of honesty, integrity and responsibility placed upon the entry-level employee also apply to the chief executive officer (CEO). Fairness means that a business strives to treat its customers with equal respect, offering the same goods and services to all based on the same terms.

11.2.7. Social and environmental responsibility

Corporate social and environmental responsibility means that a company recognizes its impact outside of the marketplace. Many companies look for ways to help their communities through volunteer work or financial investments. They may also adopt measures to reduce waste and promote a safe and healthy environment.

11.3 Summary

Ethics begins at the highest level that implies that anyone in charge should work and live ethically to give more people who work for them a prime example. It is important to develop ethical behavior throughout the corporate world to build confidence and to provide sincere products or services.

11.4 Self –Assessment Questions

1. Evaluate corporate ethics?
2. What are the types of corporate ethics?

11.5 Suggested books/References

1. Mathur, SP Strategic Human Resource Management 1St Edition 2015 , New Age International (P) Ltd Publishers

2. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st edition (9June2008),Wiley India Pvt Ltd.

UNIT 12: COMPETENCIES OF HR PROFESSIONAL IN A SHRM

Unit Structure

12.0 Unit Objectives

12.1. Introduction

12.2. Types

12.3 Summary

12.4 Self –Assessment Questions

12.5 Suggested books/References

12.0 Unit Objectives

This unit defines several competencies of HR professionals in SHRM.

12.1. Introduction

Competency models define what performance success should look like within the organization for each individual job. The model is applied to recruitment practices, talent management, training and performance assessment.

A competency model is a collection of competencies considered essential to an organization and a particular function which in this case is job groups and types within human resources. Individual competencies are usually defined and supported by key behaviors. Competency models can apply to all employees and professionals, while other models may apply to specific occupations or positions. Competencies and their models provide a map for professionals. It's important to remember that not every competency in the occupation-specific model may be relevant to an individual's position and career.

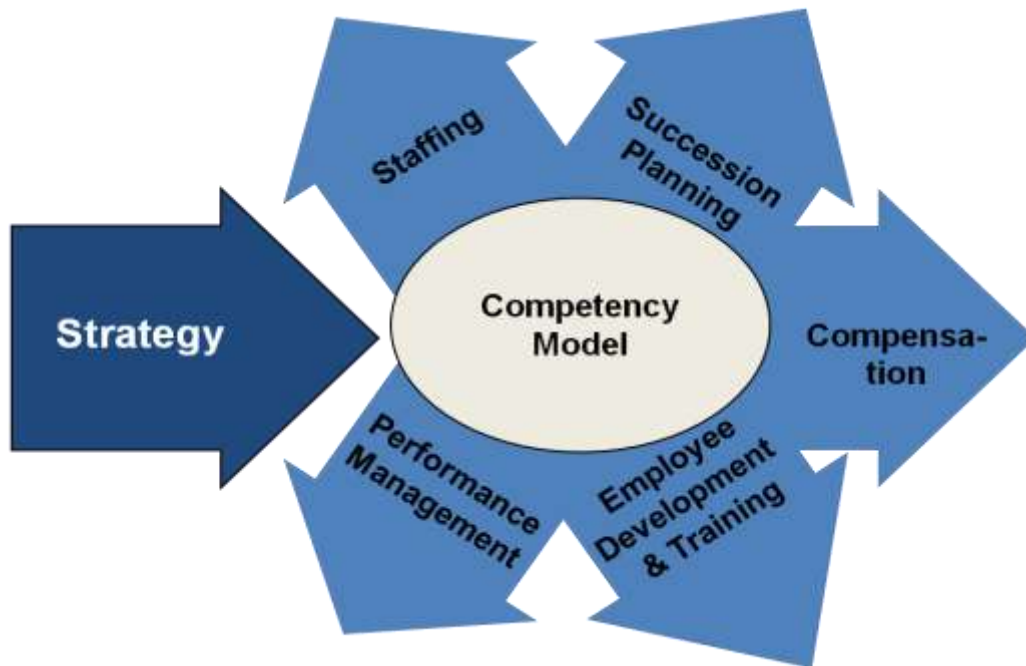


Figure 12.1: An HR Competency Model

Source: *INSIGHTS FOR TALENT ASSESSMENT & DEVELOPMENT*

A COMMUNITY OF LEARNING INVESTIGATES CURRENT AND EMERGING ISSUES IN TALENT ASSESSMENT, MEASUREMENT, AND ANALYTICS TO ENHANCE INDIVIDUAL AND ORGANIZATION EFFECTIVENESS April 4,2012

An Example of an HR Competency Model

When the Society of Human Resource Management launched their SHRM HR certification, they included a list of competencies not just for the HR leader but for all business leaders within your and my organization. Their list of competencies included four HR specific competencies which are 1) People, 2) Organization, 3) Workplace and 4) Strategy.

12.2. Types

Seven HR Competencies Essential for the Modern Human Resources Professional

12.2.1. Role Model. HR professionals have to set the standard when it comes to leadership, ethics and business practices. Because of this, our profession can be a lonely one especially in an office where we are a sole practitioner. We must set the bar when it comes to ethical behaviors and creating an inclusive and welcoming workplace culture and environment.

12.2.2. HR Subject Matter Expert. Depending on our role within human resources, we are often cast as the expert on employment law, human resources and compliance topics. We are often the objective voice of reason in advising employee terminations, documentation and other employee relations workplace scenarios. While I am supportive of foundational knowledge of human resources and employment law, experience is the best teacher here.

12.2.3. Collaborator. Since our role in human resources often involves engaging and working together across the business and with many different individuals from all backgrounds and positions within our organization, we have to be master collaborators and project managers in order to transform our business. This is a challenge since in most work teams and scenarios, we are a peer or a subordinate and must collaborate to help our team members or individuals come to the conclusions that we have sometimes known all along to effectively drive change.

12.2.4. Business Acumen. No matter what your role is within human resources, as modern HR professionals, we must seek to know and understand the business. Not only does it help us in communicating the value and benefit of human resources but we can truly be business partners if we understand the business. When it comes to gaining knowledge in the areas of business acumen, it might mean taking business classes and getting your MBA. It also might mean

working with your CFO or COO to understand the financial statements. It also could be spending time really understanding your business by immersing yourself in every single business and leadership meeting.

12.2.5. Communication. Communication is essential especially offline and online activities including social media, email and in person communication. It's more than presenting powerpoint slides. It's more than customer service. It's about managing it all and doing so quickly, efficiently and effectively because we know the market. It's about navigating and handling some very tricky situations, employee investigations and coaching discussions sometimes with our boss. We can always be better at communication especially when now we are expected to speak emoji and texting shorthand.

12.2.6. Human Sponge. As the role of human resources grows in importance in our businesses, we must absorb knowledge beyond basic business practices and strategies and be committed to presenting new ideas from areas, subjects and departments that are outside of our comfort zone. The new modern HR professional will be well-versed in many topics, flexible and open to new learnings and ways of doing things. At present, HR should be looking forward towards technology, analytics and artificial intelligence.

12.2.7. Vision. Most importantly, the modern HR professional must have the vision to see, influence and evaluate the world differently. Our leaders might not realize it yet but HR has a pivotal role as our central focus is our employees, their skills and abilities. We need to have the vision to not only see and understand that these changes are and will be happening but must have the ability to speak confidently but also with care in order to truly influence and drive change.

12.3 Summary

From verbal and written communication to active listening and persuasion, HR leaders require strong communication skills to exchange information in an effective manner. Strong communication skills also aid with delivering feedback and engaging in diplomatic efforts and Relationship Management. The behavioral competencies are grouped into three clusters: Leadership (Leadership & Navigation, Ethical Practice, and Diversity, Equity, and Inclusion), Interpersonal (Relationship Management, Communication, and Global Mindset), and Business (Business Acumen, Consultation, and Analytical Aptitude).

12.4 Self –Assessment Questions

1. What are Competencies of HR Professional in a SHRM .Explain its types.

12.5 Suggested books/References

1. David D. Dubois, Deborah Jo King Stern, Linda K. Kemp, William J. Rothwell, Competency-Based Human Resource Management December 2004, John Murray Press.
2. Mathur, SP Strategic Human Resource Management 1St Edition 2015 , New Age International (P) Ltd Publishers
3. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management, 1st edition (9June2008),Wiley India Pvt Ltd.

UNIT 13: EVALUATING THE EFFECTIVENESS OF SHRM

Unit Structure

13.0 Unit Objectives

13.1. Introduction

13.2. Characteristics of SHRM

13.3. Functions of SHRM

13.4. How SHRM Works

13.5. Objectives of SHRM

13.6 Advantages

13.7 Disadvantages

13.8 Summary

13.9 Self –Assessment Questions

13.10 Suggested books/References

13.0 Unit Objectives

This unit revolves around Evaluating the Effectiveness of SHRM, Objectives of SHRM, Characteristics, Functions of SHRM and How it Works.

13.1 Introduction

SHRM involves identifying and analyzing the organization's current and future business needs and then developing and implementing HR strategies to meet those needs. It encompasses a wide range of activities, including workforce planning, talent acquisition, performance management, employee development, compensation and benefits, and employee relations.

The goal of SHRM is to create a workforce that is not only capable but also motivated to contribute to the organization's success. By aligning HR practices with the overall strategy of the organization, SHRM can help to improve the organization's performance, increase employee engagement and retention, and ultimately contribute to the achievement of the organization's goals and objectives.

13.2. Characteristics of Strategic Human Resource Management

There are several key characteristics of Strategic Human Resource Management (SHRM), including:

13.2.1. Alignment with business strategy:

SHRM involves aligning the HR function with the strategic objectives of the organization. This means that HR policies and practices are designed to support the overall business strategy of the organization.

13.2.2. Long-term focus:

SHRM takes a long-term view of the organization's human resource needs. Rather than focusing on short-term HR needs, SHRM considers the organization's future workforce needs and develops strategies to meet those needs.

13.2.3. Integration with other business functions:

SHRM involves the integration of HR with other business functions such as finance, marketing, and operations. This integration helps to ensure that HR strategies are aligned with the overall business strategy and that HR policies and practices are coordinated with other business functions.

13.2.4. Emphasis on talent management:

SHRM places a strong emphasis on talent management, including attracting, developing, and retaining talented employees. This includes strategies for recruiting, training, and developing employees to ensure that they have the skills and knowledge necessary to contribute to the organization's success.

13.2.5. Performance-based approach:

SHRM takes a performance-based approach to managing employees. This means that HR policies and practices are designed to reward employees based on their performance and contributions to the organization.

13.2.6. Proactive approach:

SHRM takes a proactive approach to managing human resources. Instead of simply reacting to changes in the external environment, SHRM involves anticipating changes and developing HR strategies to prepare for them.

13.2.7. Focus on employee engagement:

SHRM recognizes the importance of employee engagement in achieving organizational goals. This involves creating a work environment that motivates and engages employees to perform at their best.

13.2.8. Continuous improvement:

SHRM involves continuous improvement of HR policies and practices. This means regularly reviewing and evaluating HR strategies to identify areas for improvement and making changes as necessary to ensure that the organization's HR function is always operating at peak performance.

13.2.9. Flexibility:

SHRM recognizes that organizations need to be flexible in responding to changes in the external environment. This means that HR policies and practices need to be flexible enough to adapt to changing circumstances and evolving business needs.

13.2.10. Data-driven approach:

SHRM takes a data-driven approach to HR management. This involves collecting and analyzing data on key HR metrics such as employee turnover, engagement, and productivity to inform HR strategies and decision-making.

These characteristics help to ensure that HR strategies and policies are aligned with the organization's overall strategic objectives, and that HR practices are designed to support the organization's success over the long term.



Figure 13.1: Characteristics of Strategic Human Resource Management

Source: 6 Characteristics of Strategic Human Resource Management by Bank of Info.com

13.3. Functions of Strategic Human Resource Management

Strategic Human Resource Management (SHRM) encompasses a variety of functions that are designed to align HR practices with the strategic goals and objectives of the organization. Some of the key functions of SHRM include:

13.3.1. Alignment of HR with business strategy:

The primary function of Strategic Human Resource Management is to ensure that HR practices and policies are aligned with the overall business strategy of the organization. This involves understanding the business strategy and its implications for HR, and developing HR practices and policies that support the achievement of business goals and objectives.

13.3.2. Workforce planning:

This involves identifying the current and future workforce needs of the organization and developing strategies to meet those needs. Workforce planning helps to ensure that the organization has the right talent with the necessary skills and experience to support its strategic objectives.

13.3.3. Talent acquisition:

SHRM involves developing strategies for attracting and recruiting the best talent to support the organization's strategic objectives. This includes developing employer branding and sourcing strategies, as well as recruiting methods that are aligned with the organization's overall HR strategy.

13.3.4. Performance management:

SHRM involves developing performance management systems that are designed to align employee performance with the organization's strategic objectives. This includes setting goals and objectives, providing regular feedback, and developing employee performance plans that are aligned with the organization's overall strategy.

13.3.5. Employee development:

SHRM involves developing training and development programs that are designed to help employees acquire the skills and knowledge they need to support the organization's strategic objectives. This includes providing training on new technologies, processes, and systems, as well as leadership and management development programs.

13.3.6. Compensation and benefits:

SHRM involves developing compensation and benefits programs that are designed to attract and retain the best talent, while also supporting the organization's strategic objectives. This includes developing competitive compensation and benefits packages, as well as performance-based incentives and rewards.

13.3.7. Employee relations:

SHRM involves developing and implementing employee relations strategies that are designed to create a positive work environment and improve employee engagement. This includes developing policies and procedures for employee communications, conflict resolution, and employee feedback.

By effectively implementing these Strategic Human Resource Management functions, organizations can ensure that their HR practices and policies are aligned with their overall strategic objectives, and that they are able to attract, retain, and develop the best talent to support those objectives.

13.4. How SHRM Works?

Here are the key steps involved in the SHRM process:

13.4.1. Identify organizational strategy:

The first step in implementing SHRM is to identify the organization's strategic goals and objectives. This involves understanding the organization's mission, vision, and values, as well as its long-term goals and objectives. This information provides the foundation for developing an HR strategy that is aligned with the overall organizational strategy.

13.4.2. Develop HR strategy:

Based on the organization's strategic goals and objectives, HR leaders develop an HR strategy that aligns with the overall organizational strategy. This involves identifying the HR practices and policies that are necessary to support the organization's goals and objectives. The HR strategy should take into account factors such as workforce planning, talent acquisition, performance management, employee development, compensation and benefits, and employee relations.

13.4.3. Implement HR practices and policies:

Once the HR strategy has been developed, HR leaders work to implement HR practices and policies that align with the strategy. This may involve updating existing HR practices and policies, as well as developing new ones as needed. For example, if the HR strategy calls for a greater focus on employee development, HR leaders might implement new training and development programs to help employees acquire the skills and knowledge they need to support the organization's strategic objectives.

13.4.4. Monitor and evaluate:

After HR practices and policies have been implemented, HR leaders monitor and evaluate their effectiveness in supporting the organization's strategic goals and objectives. This involves

collecting and analyzing data on key HR metrics such as employee engagement, turnover, and productivity. By tracking these metrics, HR leaders can determine whether their HR practices and policies are having the desired impact, and make adjustments as necessary.

13.4.5. Continuous improvement:

Based on the results of the monitoring and evaluation process, HR leaders make changes to HR practices and policies to improve their effectiveness in supporting the organization's strategic goals and objectives. This involves a continuous improvement process that is designed to ensure that the organization's HR practices and policies are always aligned with its strategic objectives.

Overall, Strategic Human Resource Management works by aligning HR practices and policies with the strategic goals and objectives of the organization, and by implementing a continuous improvement process that ensures that HR practices and policies are always aligned with the organization's strategic objectives. By following these steps, organizations can ensure that their HR function is fully aligned with their overall business strategy, and that they have the talent and resources they need to achieve their strategic goals and objectives.



Figure 13.2: SHRM Process

Source : Strategic Human Resource Management Process in Business Jargons

13.5. Objectives of SHRM

Here are the objectives of Strategic Human Resource Management (SHRM) in more detail:

13.5.1. Alignment of HR with business strategy:

The primary objective of SHRM is to ensure that HR practices and policies are aligned with the overall business strategy of the organization. This means understanding the organization's mission, vision, and values, as well as its long-term goals and objectives. By aligning HR with business strategy, SHRM can help ensure that HR practices and policies are focused on achieving the organization's strategic goals and objectives.

13.5.2. Develop a high-performing workforce:

SHRM involves developing and implementing strategies to attract, retain, and develop a high-performing workforce that is capable of supporting the organization's strategic objectives. This involves identifying and addressing skills gaps, developing training and development programs, and implementing performance management systems that align individual employee goals and objectives with the organization's strategic goals and objectives. By developing a high-performing workforce, SHRM can help ensure that the organization has the talent and resources it needs to achieve its strategic goals and objectives.

13.5.3. Enhance organizational agility:

SHRM involves developing a flexible and agile workforce that can adapt to changing market conditions and emerging trends. This includes developing strategies to address talent shortages, implementing workforce planning processes, and developing recruitment and retention strategies

that are responsive to changing business needs. By enhancing organizational agility, SHRM can help ensure that the organization is able to respond quickly and effectively to changing market conditions and emerging trends.

13.5.4. Improve organizational effectiveness:

SHRM includes developing and implementing HR practices and policies that are designed to improve organizational effectiveness and efficiency. This may involve streamlining HR processes, improving communication and collaboration across the organization, and developing performance metrics to track progress towards strategic goals and objectives. By improving organizational effectiveness, SHRM can help ensure that the organization is able to operate more efficiently and effectively, which can lead to increased profitability and growth.

13.5.5. Ensure legal and regulatory compliance:

SHRM includes ensuring that the organization's HR practices and policies are compliant with applicable laws and regulations. This involves staying up-to-date on changes to employment laws and regulations, developing policies and procedures to address compliance issues, and implementing training programs to ensure that employees are aware of their rights and responsibilities. By ensuring legal and regulatory compliance, SHRM can help ensure that the organization avoids costly legal and reputational risks.



Figure 13.3: Objectives of Strategic Human Resource Management

Source: 5 Internal and 6 External Users of Accounting Information from

bankofinfo.com

Overall, the objectives of Strategic Human Resource Management are to ensure that the organization has the talent and resources it needs to achieve its strategic goals and objectives, and that HR policies and practices are aligned with those goals and objectives. By achieving these objectives, organizations can improve their competitiveness, enhance their organizational effectiveness, and ensure their long-term success.

Advantages and Disadvantages of Strategic Human Resource Management

13.6. Advantages of SHRM:

13.6.1. 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.

13.6.2. 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.

13.6.3. 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.

13.6.4. Enhances employee engagement: SHRM involves developing strategies to increase employee engagement and motivation. This leads to a more committed and productive workforce.

13.6.5. 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.

13.7. Disadvantages of SHRM:

13.7.1. 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.

13.7.2. 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.

13.7.3. 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.

13.7.4. 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.

13.7.5. 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.

13.8 Summary

Organizational effectiveness comes from strong workplace culture, open communication, competent leadership, reliable succession planning and plenty of opportunities for growth. All of those factors can and should be measured. SHRM is important because it helps businesses achieve their goals. By aligning HR programs and policies with the company's business strategy, SHRM can help businesses improve employee performance, develop the workforce and create a positive work environment.

13.9 Self –Assessment Questions

1. Examine how the effectiveness of the human resources management is monitored in an organization.

2. Make justified recommendations to improve the effectiveness of human resources management in an organization.

13.10 Suggested books/References

1. Charles R. Greer, Strategic Human Resource Management: A General Managerial Approach, 2/E 1 January 2002, Pearson Education.

2. S P Mathur, Strategic Human Resource Management 1St Edition 2015 , New Age International (P) Ltd Publishers

3. Dr. Ashvine Kumar STRATEGIC HUMAN RESOURCE MANAGEMENT 2022, Book Rivers.

4. Randall S. Schuler And Susan E. Jackson, Strategic Human Resource Management 1st edition (9June2008),Wiley India Pvt Ltd