Chapter 1

Meeting Present and Emerging Strategic Human Resource Challenges



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Chapter 1 Overview

- Challenges Facing HR Management
- Planning and Implementing Strategic HR Policies
- Selecting HR Strategies to Increase Firm Performance
- The HR Department and Managers: An Important Partnership

Key HR Challenges for Today's Managers

<u>Environmental</u>

- Rapid Change
- The Internet Revolution
- Workforce Diversity
- Globalization
- Legislation
- Work/Life Balance
- Skill Shortages and the Rise of the Service Sector

Key HR Challenges for Today's Managers

<u>Organizational</u>

- Competitive Position
- Decentralization
- Downsizing
- Organizational Restructuring
- Self-Managed Work Teams
- The Growth of Small Businesses
- Organizational Culture
- Technology
- Internal Security
- Outsourcing

Key HR Challenges for Today's Managers

<u>Individual</u>

- Matching People and Organizations
- Ethics and Social Responsibility
- Productivity
- Empowerment
- Brain Drain
- Job Insecurity



Planning and Implementing Strategic HR Policies

The Benefits of Strategic HR Planning

- 1. Encouragement of Proactive Rather Than Reactive Behavior
- 2. Explicit Communication of Company Goals
- 3. Stimulation of Critical Thinking and Ongoing Examination of Assumptions
- 4. Identification of Gaps Between Current Situation and Future Vision
- 5. Encouragement of Line Managers' Participation
- 6. Identification of HR Constraints and Opportunities
- 7. Creation of Common Bonds

Planning and Implementing Strategic HR Policies

The Challenges of Strategic HR Planning

- 1. Maintaining a Competitive Advantage
- 2. Reinforce Overall Business Support
- 3. Avoiding Excessive Concentration on Day-to-Day Problems
- 4. Developing HR Strategies Suited to Unique Organizational Features
- 5. Coping with the Environment
- 6. Securing Management Commitment
- 7. Translating the Strategic Plan into Action
- 8. Combining Intended and Emergent Strategies
- 9. Accommodating Change

Planning and Implementing Strategic HR Policies

Strategic HR Choices



- 1. Work Flows
- 2. Staffing
- 3. Employee Separations
- 4. Performance Appraisal
- 5. Training & Career Development
- 6. Compensation
- 7. Employee Rights
- 8. Employee & Labor Relations
- 9. International Management

Fit with Organizational Strategies

	Figure 1.3
Work Flows (Chapter 2) Efficiency Control Explicit job descriptions Detailed work planning	 Innovation Flexibility Broad job classes Loose work planning
Staffing (Chapter 5) Internal recruitment Supervisor makes hiring decision Emphasis on "fit" of applicant with firm culture Informal hiring of new employees	 External recruitment HR department makes hiring decision Emphasis on applicants' technical qualifications and skills Formal hiring of new employees
Employee Separations (Chapter 6) Voluntary inducements to retire Hiring freeze Continuing support for terminated employees Preferential rehiring policy	Layoffs Recruit as needed Letting laid-off workers fend for themselves No preferential treatment
Performance Appraisal (Chapter 7) Customized appraisals Developmental appraisals Multipurpose appraisals Multiple inputs for appraisals (supervisor, peers, subordinates)	 Uniform appraisal procedures Control-oriented appraisals Narrow-focus appraisals Supervisory input only
Training and Development (Chapters 8 and 9) Individual training Job-Specific training "Buy" skills by hiring experienced workers at a higher wage	Team-based training External training Generic training emphasizing flexibility "Make" skills by providing training to less experienced workers hired at a lower wage
Compensation (Chapters 10, 11, and 12) Fixed pay Job-brised pay Second pay Centralized pay decisions	Variable pay Individual-based pay Performance-based pay Decentralized pay decisions
Employee Relations (Chapter 13) and Labor Rela Top-down communication Union suppression Adversarial approach	tions (Chapter 15) Bottom-up communication and feedback Union acceptance Enlightened management
Employee Rights (Chapter 14) Emphasis on discipline to reduce mistakes Emphasis on employer protection Informal ethical standards	 Emphasis on preventive action to reduce mistakes Emphasis on employee protection Explicit ethical codes and enforcement procedures
International Management (Chapter 17) Create global company culture Rely on expatriates Repatriation agreement Universal company policies	Adapt to local culture Rely on country nationals No formal repatriation agreement Country-specific company policies

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Fit with Organizational Strategies

- 1. Corporate Strategies
- 2. Porter's Business Unit Strategies

3. Miles and Snow's Business Strategies

<u>Fit with the</u> <u>Environment</u>

- Degree of Uncertainty
- Volatility
- Magnitude of Change
- Complexity



Fit with Organizational Characteristics

- 1. The Production Process for Converting Inputs into Output
- 2. The Firm's Market Posture
- 3. The Firm's Overall Managerial Philosophy
- 4. The Firm's Organizational Structure
- 5. The Firm's Organizational Culture

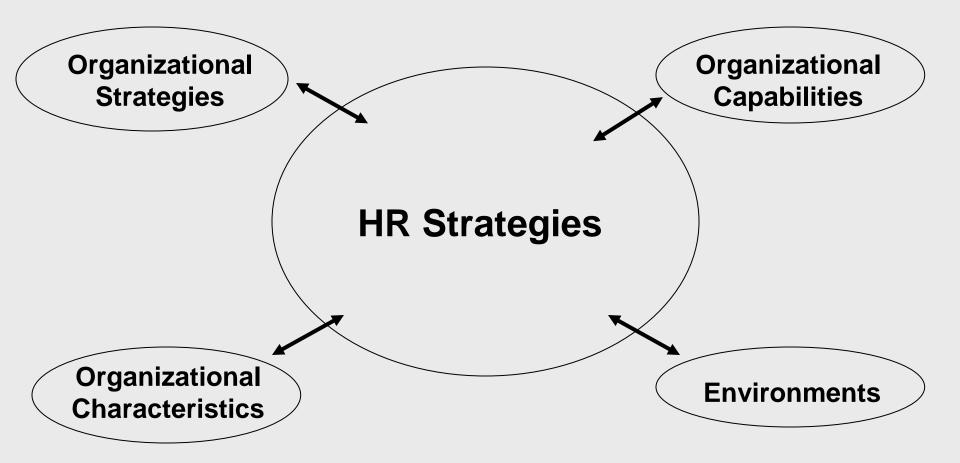


Fit with Organizational Capabilities

Distinctive Competencies

<u>Choosing Consistent and Appropriate HR</u> <u>Tactics to Implement HR Strategies</u>

HR Strategy Leads to Improved Organizational Performance



The HR Department and Managers: An Important Partnership

Key Competencies Required of HR Department to Become a Full Strategic Partner



- Leadership
- Knowledge of Business
- HR Strategic Thinking
- Process Skills
- HR Technologies

LEADERSHIP

- Understand styles of leadership
- Display appropriate leadership
- Demonstrate leadership at all levels of performance – team, individual, unit, or organization



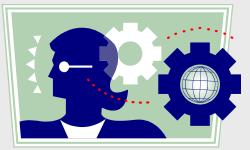
KNOWLEDGE OF BUSINESS

HR must understand...

- internal / external customers
- key business disciplines
- business structure, vision, values, goals, strategies, finances
- competitors, products, technology, and sources of competitive advantage

STRATEGIC THINKING

- Understand strategic business planning
- Apply a systematic HR planning process
- Integrate HR systems to build capability and competitive advantage for the firm
- Develop and integrate department strategies within corporate framework



PROCESS SKILLS

- Know management processes
- Know process skills: consulting, problem solving, evaluation, and communication
- Understand organizational development
- Facilitate and manage change
- Manage under uncertainty and instability

TECHNOLOGY

 Maintain HR documentation using knowledge management and technology

 Build firm's capability using info systems



 Provide training in use of technology

Summary and Conclusions



- 1. Challenges in HRM
- 2. Plan and Implement Strategic HR Policies
- 3. Select HR Strategies That Increase Firms Performance
- 4. HR Department and Managers: The Importance of This Partnership