Chapter VI

Conclusion, Discussion, Implication, and Recommendation
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Most Indian organizations rate the various areas under Strategic HR Planning as important and need to put in considerable efforts in achieving the Performance parameters.

The results of the research, covering Top & Senior management of leading Indian organizations, proved that organizations have acknowledged that Importance should be given to Strategic HR Planning and its implementation to enhance business Performance. Thus, the definite trend is that most Corporates want to formulate an effective Strategic HR Plan from a holistic perspective, understanding the interrelation of various components. The study also reveals that approaches that are piecemeal and lack a systems perspective, result in spurt of activities that do not lead to desirable levels of effectiveness. It is not merely the experience or educational qualification of a functionary that contributes towards strategic planning for the organization. It is equally important that the role that is assigned to the managers is contributive towards strategic planning and development.

As was observed in Chapter V that most of the respondents rated Developing a Strategic People/HR plan to position the organization's People practices to add value to employees, customers, shareholders and the community, as extremely important and the findings confirmed that this aspect was statistically significant when parameters of experience and qualification across industries was analyzed. Aligning and streamlining all Human Resource processes, programs and systems with the core values and strategic direction was also found to be statistically significant in terms of Performance indicating the importance of culture and its impact on aligning employees to the strategic direction.

Based on the survey findings and research of literature, the researcher has recommended a model that identifies key variables in Strategic Human Resources Planning and the various aspects of Systems Thinking and how this thinking will impact the process and perspectives on strategy development for the HR function.
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5 S Strategic Human Resources Planning - Systems Thinking Model

A Business Partner

Acquiring the Desired Workforce

Engaging the Workforce

Collaborating with Stakeholders

Organization High Performance Teams

Creating a Learning Organization

Facilitating Cultural Change

Top Management Commitment

Acquiring the desired workforce

Qualified Senior Create HTP

Professionally Qualified Senior Management

HR Business Partner

Facilitating Cultural Change

Creating a Learning Organization

Top Management Commitment

Acquiring the desired workforce

Qualified Senior Create HTP

Professionally Qualified Senior Management

HR Business Partner
6.1.1 Implications of the Research

The HR journals used for this review of research also indicated the elevation of the Importance of the HRM function within the firm. The role of executives determining diverse HRM policies and the increasing respect for senior staff, offers an opportunity for a closer strategic partnership between HR executives and line managers. Furthermore, the increasing influence of HRM executives in the strategic process suggests that HRM professionals should make sure they have the necessary skills and mindset to exploit it in order to be effective contributors to the bottom lines of the firms (Misa & Stein, 1983; Walker & Bechet, 1991).

Future studies are necessary in setting parameters used to define small, medium, and large firms and to develop a potential SHRP system model for various sizes of organizations. Hutchens (1980) and Smith (1982) provide useful criteria capable of defining several organizational types.

Studying the various articles and the identification of techniques and methodologies suggests several avenues for future research. However, there is no study addressed specifically to what the optimum SHRP system should include; only the techniques and programs used are reported. However, the literature review confirmed the assertions of Walker (1974) and several other writers that some situational characteristics of organizations do influence the decision of SHRP practices.

In the literature reviewed, important issues were raised on the integration of HR that affect its planning activities in the HR function. Many articles called for the integration of SHRP (Baird et al., 1983; Buller, 1988; Burack, 1985; McManis & Leibman, 1986; Meshoulam, Degive & Manzini, 1988).

Another issue that is worth studying is the terminology being used by the experts in the field of strategic planning. The literature indicated that exclusive terminology is used by strategic planning professionals which a great many interested individuals in HRP do not understand. Therefore, there is a need for further study of strategic management and then to seek to integrate HR concepts with strategic planning concepts in a way that an integrated model of SHRP can be created.

Many researchers have referred to Walker’s 1974 Model as the best available to satisfy future needs of firms. Some recent writers have also criticized his model regarding application of evaluation and validity using a sample of large companies. This has led
to conflicting results; therefore, the HR experts suggested validating his model by using medium-sized corporations. Therefore, Walker’s Model warrants further study because of its limitations. It raises important issues. More hypotheses can be projected from it which must be further researched and tested.

As there have been a few conflicting results by a number of researchers, regarding the benefits of formal long-range planning by corporations, further study is required so that more hypotheses can be projected, researched, and tested. Chapter IV describes the methodology for this study.

**Top Management Commitment**

In addition to establishing that implementing SHRP processes into organizations is beneficial, other findings were concluded from the research:

1. The need by top management to be more participative due to an increased competitive field, both domestic and international.
2. The need by Indian corporations to focus on and update in order to be more comprehensive in their approaches to SHRP in terms of their business strategic role and formulation, as well as the implementation of long-range planning processes. Indian corporations will also require considerably more training of top management future needs.

**Integrating HRM and Business Management (BM)**

Golden and Ramanija (1985) developed four levels of linkage integration of HRM and BM: (a) administrative linkage, (b) one-way linkage, (c) two-way linkage and (d) integrative linkage. Integrative linkage is described as a situation in which there is a dynamic interactive relationship between HRP and management and business planning and strategic management.

Lengnick-Hall and Lengnick-Hall (1970) suggested in their Growth Readiness Matrix that HR professionals and strategic planners should work together in determining and carrying out organizational strategies, directions and goals. The Growth Readiness Matrix (Lengnick-Hall and Lengnick-Hall, 1970) and the interactive linkage model (Golden Ramanija, 1985) appear to suggest the same thing. Their models clearly create the framework that facilitated the articulation of HRM in management planning processes.
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Benefits of SHRP Systems

The results of this research also demonstrated that the perceived benefits of SHRP are more beneficial when a corporation is using the fully integrated systems advocated in the literature review. Companies that utilized or engaged in less complete planning systems perceived less benefit in failing to engage in such planning. Financially, the companies save when engaged in planning systems that reduce overall costs, which, in turn, contribute to higher Performance.

SHRP, requires a considerable financial outlay, is time consuming and requires advice of experts in the field. Second, executives believe that to formulate a comprehensive strategic plan it requires both capital and financial resources and the people to operate it. They believe it is more essential to have the right people to perform the operation in the shortest time to reduce operating expenses than to formulate long-range SHRP. Strategic planning requires careful capital planning and financial planning because of market competition.

The results of this research suggest that Indian corporations have developed in many areas and have taken leadership position internationally. Many corporations increased growth in corporate-centered SHRP than employee-centered SHRP. This unbalanced development reduces a corporation’s ability to measure its Performance and to maximize the benefits of its SHRP. The focus of corporate-centered SHRP rather than employee-centered SHRP produces different results in the benefit analysis of the corporation. Therefore, companies should incorporate advanced technologies of SHRP, Human Resource Information Systems (HRIS), and forecasting methods to conduct accurate ways to formulate and monitor SHRP.

Corporate top executives of HRP should understand that piecemeal, unbalanced, reactive SHRP takes a long time and requires finance and effort but may not, in the long run, yield good results. HR directors must be aware that a well balanced proactive SHRP program speeds up the improvement and saves corporations time and money.

Corporations cannot achieve their long-range planning objectives unless the field of SHRP models and practices expand, as discussed by Walker (1980). Walker’s Four Stages Model is the best model available to satisfy the future needs of corporations. This study demonstrates that both small and large corporations can practice advanced SHRP and incorporate SHRP with strategic business planning for future development.
6.1.2 Limitations

1. The study has been undertaken on 130 respondents from 27 Corporates, ranging from manufacturing, Banking, Financial services, Insurance and IT. This can be extended to other industries too.

2. It is restricted to India and primarily those that are head quartered in Mumbai.

3. ROI, Financial status of the Companies, size of the Company were not considered to be part of the study.

4. The study did not include public sector Enterprises and others such as not-for-profit and NGO's.

Assumptions and Limitations

A major assumption of this study is the honesty of the participants in their responses to the self-report inventories concerning their ego strength and actions when faced with an ethical dilemma. Nonetheless, the first limitation is that, despite assurances of confidentiality by the researcher, participants asked to describe personal actions containing an ethical component may be tempted to engage in impression management and pollute the study with social desirability bias. This can jeopardize the value of the study, and conclusions drawn from the results of this study must acknowledge this limitation. This, however, does not negate the importance of the study, because this is an assumption and limitation common to research related to individual ethics.

6.1.3 Future Research

Further research can be undertaken with comparatives between Indian organizations and other global large business houses or within different sectors across India as a comparative study.

Field study and in depth interviews and more qualitative analysis is required for probing such a vast and critical area. Field observations and extended observational analysis and analysis of organizational processes may provide a different analysis and bring new insights to this study.
There is potential to research formulation of SHRP using Systems Thinking in SMEs (Small and Medium Enterprises) and also in family run businesses.

The scope of the study could be enlarged to include government and semi-government organizations and compare those to the private firms. The current study investigated certain sectors and for any research for the future could include sectors such as Pharmaceutical, Health care, Entertainment & Media, Education, and Business & Industry Associations.

The research undertaken was largely metrocentric i.e. it represented the metro cities such as Mumbai, Delhi, Kolkata, etc. which comprise and are categorized as Tier 1 cities. The study may be extended and should encompass Tier 2 and Tier 3 cities, which would highlight largely the cultural nuances and also, would demonstrate implementation of HR practices in these firms. The sample size may similarly include institutions such as Churches, Temple Trusts, Social Entrepreneurial organizations, NGO’s and Not-For-Profit

Due to rapidly increasing market competition, more research on what is the best model to incorporate is necessary to measure and to coordinate programs on organizational Performance. It is imperative to be able to examine carefully all variables used in this study and to understand qualitative approaches to evaluate and decide which model is the most appropriate to contribute to organizational development. Walker (1980) suggested that evaluation of HRP is required and is inescapably subjective and qualitative in nature in organizations. He contended that the effectiveness of HRP activities as a whole must be demonstrated.

In summary, SHRP and SHRP with usage of Systems Thinking needs more research in the areas of better models and evaluation on the benefits derived from SHRP. This will help researchers to support and to evaluate the direct and indirect costs and benefits of planning in precise dollars. If the cost is clearly identified and agreed upon by management, it will encourage and establish stable financial resources for SHRP and managerial positions for HR managers.

Furthermore, the growth of long-range planning already encourages small, medium, and large corporations. Corporate executives have seen the new revolution of technology as important. Therefore, because of the current growth and development of personal computers and software to successfully manage a research program, a model that fits needs to be identified.
In this new millennium, only few researches have been done on SHRP effectiveness and usage of Systems Thinking regarding the impact of transfer of knowledge from one organization to another. With group knowledge from different backgrounds, strategic planners can have strategic options that can provide sets of concepts that can help deal effectively with changes in the organization (Simonin (1999); Brewer & Facer (2000); Bryson & Anderson, (2000).

### 6.1.4 Contributions of this Research

This section outlines the contributions of this research by comparing the results of this research with the literature reviewed in Chapter 2 and Chapter 3 and with the literature published more recently. This research does not confirm the expectations or speculations from the extant literature. In turn, new findings emerged and added to current knowledge. Incidentally, the term ‘literature’ refers to the two parent disciplines underpinning this research, that is, HRM strategic integration and Systems Thinking and the immediate discipline.

Human resource management has been widely acknowledged as a vital source of organizational competitive advantage and HRM contributes to organizational performance only when it integrates with business strategy. However, in spite of extensive SHRM literature there is surprisingly little that actually instructs how to achieve and measure the extent of strategic integration between HRM and business strategy. This study is one of the few attempts (to the best of researcher’s knowledge) in categorizing and quantifying the levels of HRM strategic integration. The instrument for measuring the Systems Thinking approach in SHRP, proposed in this study, indicates a number of indicators of HRM strategic integration for strategy formulation and implementation.

Past studies have stressed the alignment of HR practices with business strategies, but have either failed to identify indicators of strategic alignment or have not considered the indicators of HRM strategic integration in strategy implementation. This study therefore advances an understanding of HRM integration into business strategy formulation and business strategy implementation. Arguably, the same approach can be used to measure the extent of strategic integration in respective HRM practices such as recruitment and selection, Performance management, learning and development, reward and compensation and employee engagement areas.
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Measuring the Value of Human Capital

"The value of human capital is inherently dependent upon its potential to contribute to the competitive advantage or core competence of the firm; (Lepak and Snell, 1999).

The recognized Importance of achieving human capital advantage (Boxall, 1996) has led to an interest in the development of methods of measuring the value of that capital for the following reasons: Human capital constitutes a key element of the market worth of a company and its value should therefore contemplating a merger or acquisition of the total value of business, including its intangible as well as its tangible assets. The process of identifying measures and collecting and analyzing information relating to them will focus the attention of the organization on what needs to be done to find, keep, develop and make the best use of its human capital. Measurement of the value of human capital can provide the basis for resource-based HR strategies that are concerned with the development of the organization's core competencies. Measurement can be used to monitor progress in achieving strategies

The first, and to a certain extent the second, of these arguments were advance in a pioneering study by Hermanson (1964). His views were popularizes by Likert (1967), and in 1960s and 1970s efforts were made to get the notion accepted by investors and businesses; to no avail.

According to Sackmann et al (1989) human resources accounting (often referred to as human asset accounting) aims to 'quantity the economic value of people to the organization' in order to provide input for managerial and financial decision.

In their basic form, as indicated by Bontis et al, human resource accounting models attempt to calculate the contribution that human assets make to a firm by capitalizing pay expenditure.

The problem with human resource or human accounting is that, as Bontis et al point out: 'all of models suffer from subjectivity and uncertainty and lack reliability that the notion of human resource accounting is not generally accepted by accountants or financially analysts. It can be also argued that it is morally unacceptable to treat, people as financial asset and, in any case people are not 'owned' by company.

But people in organizations do add value and there is a case for assessing this value to provide a basis for HR planning and for monitoring the effectiveness and impact of
HR policies and practices. The approach involves the assessment of the value or contribution to business success of HR practices generally rather than only measuring the value of human capital. The aims are to measure how efficiently organizations are using their human capital and, in the words of Mayo (1999), to assess 'the value of future earnings opportunities'.

The aim of HRM strategic integration is to provide strategic fit between goals and objectives of HRM with business goals and objectives. The measurement of SHRM with the application of Systems Thinking has several advantages. It provides a convenient scale through which HR Heads are able to assess the level of HR strategic integration. Based on the degree of SHRP instrument, HR can develop a comprehensive plan to improve the level of strategic integration. The HR department would also be able to identify the areas requiring improvement to strengthen the level of strategic integration. In the larger organizational context, HR would be able to play a significant role in business strategy, if HR is aware of the level of its strategic integration. It would be a matter of great motivation and pride for the entire HR team to make a contribution to business strategy. Based on the existing level of strategic integration, HR can create a collaborative approach that improves the level of integration and thus participate as a leading function in business strategy. The higher the level of integration, the better is the Performance.

This finding is expected given the linkage between SHRM and Performance found in many past studies (Armstrong 2000; Hussey 2002; Massey 1994; Spencer 1995; Ulrich 1997). However, this study develops a better understanding of the nature of such linkage through different combinations of strategic integration in business formulation and business implementation, respectively.

**Implications of this research**

The next and final step in this research is to discuss the implications of these conclusions for theory, policy and further research. The findings from this study have been presented as answers to specific three research issues. In turn, the implications of these findings for HRM strategic integration and its contribution to organizational Performance and for the research methodology are summarized next.

It has been suggested in the literature that HRM should be strategic if it wants to integrate with the business (Brewster and Larsen 1992; Budhwar 2000; Butler et al. 1991; Golden and Ramanujam 1985; Lam and White 1998; Leggy 1995; Lundy 1994;
Accordingly, this research has implications for SHRM, HRM strategic integration and organizational Performance theories.

Another implication is related to the way we asked our respondents to comment on the HRM systems of their organization. As remarked by Lepak and Snell (2002), the SHRM literature has been criticized for over-generalizing the impact of HRM system on firm Performance by grouping all HR practices together, whether core or peripheral, into a single category (Delery and Shaw 2001), especially as firms adopt bundles of HR practices according to different types of HR configuration (Lepak and Snell 2002).

**Implications for Practitioners**

The research has important implications for HRM practices and practitioners. The availability of the SHRP instrument could be significant to practitioners. As a wide range of contributors have been identified, organizational managers can use this instrument to measure and enable HRM strategic integration. By generating evidence through SHRP instrument, it would be feasible to answer the question, that is, ‘how strategic is an organization’s HRM?’ They can also use this instrument to diagnose where the organization has gone wrong if its strategy is not well integrated with HRM. The indicators shown in the framework proposed in this study can be easily translated into questions. As SHRP instrument suggests, high HRM strategic integration needs effective leadership, organizational communication and organizational culture to ensure that business strategy is successful.

The research suggests different stages of strategic integration with seven HRM integration processes. As Chafee (1985) suggested, an organization that functions at a given level of complexity benefits from using approaches appropriate to that level. No one best way exists. The practices of HRM should fit the business needs. Managers should be cautious about adapting what they perceive as a state-of-art programme.

At the most fundamental level, organizations need to have and understand Systems Thinking as an approach to a higher level of thinking, which will tremendously impact the way they conduct the strategy process. As is true for individuals and organizations, the way you think, is the way you behave, is the way you are. Knowledge of Systems Thinking was found to be almost negligible and hence, its tremendous benefits could not be fully tapped by respondents covered in the survey. There are various issues that confront the challenging task of ensuring HRM strategic integration. First, the level at which the business strategy is formulated and the style adopted by management varies, hence it
is difficult to develop a coherent HR strategy which would fit the overall business strategy. Each business unit in a diversified corporation tailors its HRM policies to its own conditions. In such circumstances, it would be difficult to focus HR strategy on corporate needs. Second, the evolutionary nature of business strategy itself may make it difficult to pin down the HR issues which are likely to be relevant. Hendry and Pettigrew (1990) suggest that there are limits to the extent to which rational HR strategies can be drawn up if the process of business strategy planning is itself questionable. Third, the absence of written HR strategies adds to the problem of clarifying business strategic issues, which HR strategy should address. Fourth, the nature of HR issues such as commitment, motivation and employee relations makes the task of integration and measurement all the more challenging.

The issues stated previously need to be addressed by organizations. It is important that Senior HR Professionals develop business acumen and develop an in-depth understanding of business strategy issues. It is an imperative that members of the HR team and especially the Heads of HR function become partners in the strategic decision-making process and that robust processes get established to link it to business strategies. Human Resources Managers need to develop measurability criteria in order to show the deliverables that justify business strategy.

The companies that would like to make its HRM more effective due to the growing realization of the Importance of human assets would find the results of this study enormously helpful. The approach used in this study is a useful tool for Corporate managers to gauge and improve the level of HRM strategic integration and effectively adopt the Fifth Discipline-Systems Thinking that will impact organizational Performance. The indicators shown in the framework proposed in this study can be easily translated into question. As this study indicates that the HR function is not perceived as a business partner, it is important that various measures are immediately adopted by HR functional Heads, such that their credibility within an organization is dramatically enhanced.

**Implications for further research**

This study identifies avenues for further research. Resulting SHRP instrument leading to organizational Performance can be assessed by adding Performance parameters in the SHRP instrument. Users can modify the SHRP instrument by adding questions on both financial as well as non-financial issues. As this study indicates different levels of HRM strategic integration it is important to further establish a correlation of HRM strategic integration to organizational Performance. Future research should provide links
between SHRM and Performance found in past studies. Moreover, as discussed earlier, cultural and institutional differences may result in variations in SHRM practices. Cross-cultural research would detect the nature of cultural and institutional effects on the level of HRM strategic integration in different national contexts. This research collected data from various functional Heads including the Head of HR, further research should consider collecting data using multiple sources and not including feedback from HR Heads so as to reduce data bias.

Future research should examine not only whether or not integration is present but also focus on the quality of the associated organizational processes. Consideration should also be given to the form of the relationship between integration and organizational Performance. Although one might posit a direct, linear relationship between the two, there may be a level of integration beyond which diminishing returns are Experienced (Evans 1986). At one extreme, high levels of integration may lead to paralysis and actually to decreases in organizational Performance. Many opportunities are rather transient in today's dynamic environment; making the HR manager an integral part of business strategy may serve to slow the responsiveness of the organization resulting in poor performance.

A final possibility is that the relationship between integration and Performance should be examined within the context of a configurational perspective. Organizational configurations can be defined as groups of organizations that are alike within and different between groups along important variables (Meyer et al. 1993). While most studies, including this one, provide evidence regarding the direct association between an independent and a dependent variable, a configurational study would focus on whether or not performance varies across different confluences of important variables; one of which would be integration (Ketchen et al. 1993).

**Conclusion**

However, to remain competitive with other firms, HRM strategic integration emerges as an appropriate competitive strategy for every business. A comprehensive literature review, as well as the results of this research, proved that as the 21st century approaches, many organizations have accepted SHRP as a sound business practice as opposed to the 1980s. This research reflects the trend of more and more organizations becoming involved in long range planning processes. Thus, the indication is that more corporations are adopting formal SHRP and the trend is growing. Moreover, the trend shows that SHRP significantly contributes to organization Performance, therefore
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enhancing productivity.

6.1.5 Recommendations for Management

In many companies, the internal function of SHRP is minimal. Practitioners would be well advised to focus their efforts and concentration on SHRP. HR practitioners have been urged by many thought leaders (e.g. Harris & Harris, 1982; Nininger, 1982; Tichy, 1982; Walker, 1980) to change and to become more strategic, to become part of the business, to join organizational strategic planning and to understand the stages of organizational maturity (Smith, 1982).

The specific descriptions of Smith’s organizations maturity (Meshoulam, 1984).

Meshoulam contended that for managers to be more strategic, they must fully understand the stages of development of the organization in relation to its HR, as well as to assess the gap and the direction of the development. Organizational maturity has been made measurable under the People Capability Maturity Model (PCMM), developed by SEI and Carnegie Mellon University USA, as was referred to in Chapter 1. In addition, HR leaders must have the requisite knowledge, competencies, and commitment to take the organization to its next advanced stage and through the various strategic components.

Recommendations

Corporations need more SHRP research in which to base their activities in order to achieve their utmost goals and to maximize profits. SHRP researchers need to explore and develop better ways to plan and to evaluate the direct and indirect costs of SHRP and its benefits to corporations. Relevant research can help promote SHRP by establishing stable financial resources for SHRP and managerial positions for HR executives. CEOs and other senior managers should increase their interest in research and evaluate periodically the type of planning being implemented and its effectiveness at various levels within organizations.

In his discussion of third-wave HRM, the new HR approach of the ‘90s, McCarthy (1991) listed integration of all systems as its first benchmark. He went on to point out that such integration is facilitated by basing each system on the “mission, aspirations, and business strategies of the company to assure that it directly supports them” (1991).
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“Focus on the future and not on the past, or on the trajectory of the past: Decide on the desired outcome, put a stake in the ground and then develop the means to get there. Start with a clear goal and focus on discovering the means. We don’t have to know the details of “how to” before we commit to these goals. It is enough if we can identify key milestones. This process is not about becoming more efficient but becoming different.”

“Aspirations must exceed resources: Entrepreneurship and innovation are the key elements”. “Imagination is more important than analysis: We tend to analyze and often use past data to justify future direction. But imagination is about amplifying weak signals, connecting the dots, and seeing a new pattern of opportunity emerges.” (C.K.Prahalad, 2008).

Most Indian organizations are undergoing a transitionary process of evolution of the HR function, moving from providing excellent support for business goals to one of being actively engaged in the strategic business process. As it may be inferred from the findings that most areas were found to be important they were lacking in delivery. It would indeed be an ideal situation, perhaps Utopian, to have performance match Importance scores in every area. A systems approach needs to be incorporated as most of the areas need to be strengthened, reducing the tendency to undertake HR initiatives in spurts and in expecting larger gains in piece-meal methodologies. The transformation in adopting a holistic Systems Thinking approach is happening as India increasingly becomes global and is accelerating its efforts in making this transition rapidly by being aware of the gaps that exists in Importance and Performance.