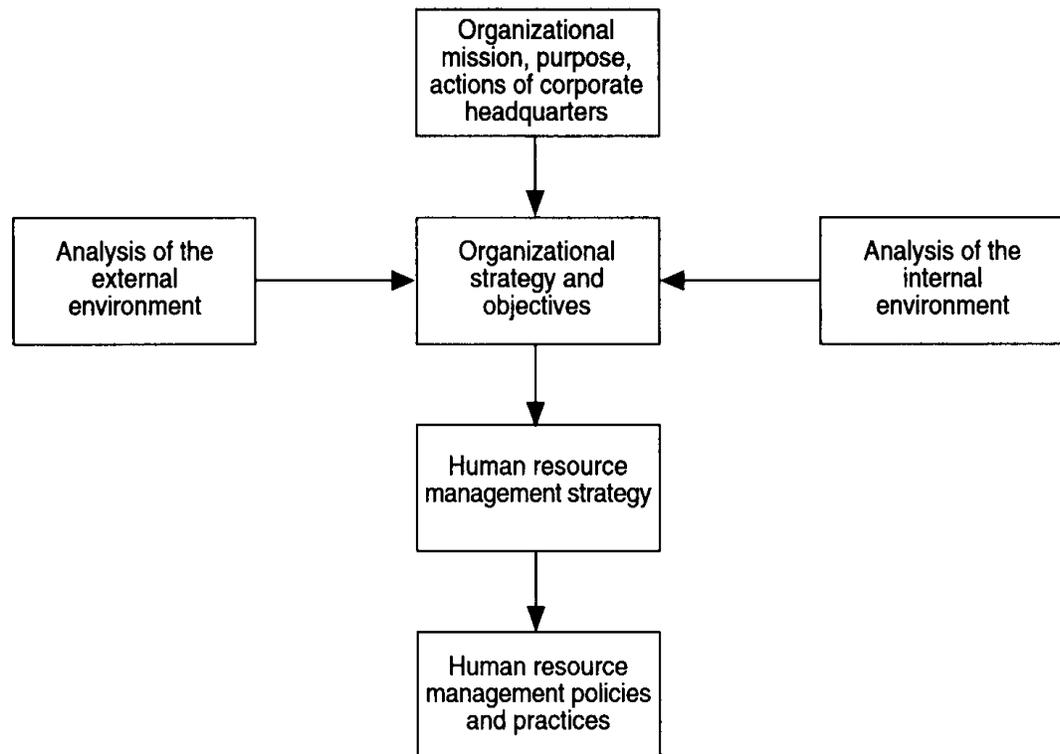# CHAPTER   I

Introduction

INTRODUCTION

The global economic scenario has been fast changing. Scientific and technological advancements have transformed our industrial enterprises. Sophisticated projects aimed at enriching the quality of life and due to this the common man's quality of life in society has been on the increase. Communication facilities have shortened the distance between nations and people. People have access to information even from remote corners. Medical advancements have provided relief to innumerable number of sick people all over the country. While one can be legitimately proud of these advancements and developments and these developments have also left behind many unforeseen problems and issues, which are becoming formidable to face. The society appears to be struck with destructive forces. The values are getting further diluted. The cultural backup is losing its strength.

In this backdrop, Strategic Human Resource Management has assumed greater significance. The word 'strategy', is derived from the Greek noun *strategus*, which means 'commander in chief', and was first used in the English language in 1656. The development and usage of the word suggests that it is composed of *stratos* (army) and *agein* (to lead). In a management context, the word 'strategy' has now replaced the more traditional term – 'long-term planning' – to denote a specific pattern of decisions and actions undertaken by the upper echelon of the organization in order to accomplish performance goals. Modern, knowledge based organizations are ideal settings for the application of strategic human resources management practices. In as much as their competitive advantage is attributable to their people techniques which focus on people should prove to be directly

linked to measures of organizational success. Combining human resource practices, all with a focus on the achievement of organizational goals and objectives, can have a substantial affect on the ultimate success of the organization.

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Source: Bob Kane, Ian Palmer, (1995) "Strategic HRM or managing the employment relationship?" International Journal of Manpower, Vol. 16 Iss: 5, pp.6 – 21

For motivation and incentives to work, they first must be tied to a goal. An organization must employ needs assessment and human resource development strategies in pursuit of its vision or mission. Needs assessment (of where an organization wants to go) and human resources development (of those who are to get it there) focus on the specific organizational and individual needs whose satisfaction will lead to enhanced productivity? The

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vision and path for fulfilling it derived from strategic planning, is put into practical perspective through the use of macro-tools such as Total Quality Management (at the group-level) and Management by Objectives (at the individual-level).

In order to achieve its goal, organizations need to define and apply strategies that optimize efficiency, engage employees, and delight customers and stakeholders, regardless of prevailing market conditions. Strategic planning also helps to concentrate individual efforts into a team effort. It can assist in developing total quality management and objective-based performance appraisal systems. Accountability for results can be assigned. The strategic planning process itself can serve as a team-building exercise. In addition to leadership support, those engaged in strategic planning need be aware of other potential problems. As occurs with all management techniques, individuals will need extensive training and refresher training. In this context, John E. Delery and D. Harold Doty (1996) identified seven general employment practices:

(1). Internal career ladders

(2). Formal training systems

(3). Results-oriented performance appraisal

(4). Employment security

(5). Employee voice/Participation

(6). Broadly defined jobs

(7). Performance-based compensation

While these specific personnel practices are discussed below, research has established linkages between SHRM and various measures of organizational sustainability. To create organizational competence, business leaders need to focus on streamlining their people, the people management systems, the structure and capabilities (including organizational culture) to the strategy. Failure in fulfilling these implies lower levels of customer satisfaction, channel partner engagement, employee retention impacting the profitability of the organization.

However, most organizations struggle to streamline their human capital with strategic priorities of the company. The role of HR in aligning resources, i.e., people and processes towards achieving the organization's strategic objective is examined in this chapter.

The type of people, the willingness with which the employees work and the commitment the employees' exhibit towards the organization determine the competitive edge of an organization in the market. The firm may have the best of resources at its head quarters, but these resources cannot be utilized effectively without using human power. [1]

Gerald et.al (1998)[2] defines HRM "as the science and practice that deals with the nature of the employment, relationship and all of the decisions, actions and issues that relate to that relationship. In practice, it involves an organisation's acquisition, development and utilization of employees as well as the employee's relationship to an organisation and its performance".

Human Resource Management is the strategic and coherent approach to the management of an organization's most appreciated assets the people working at hand who individually and collectively contribute to the achievement of the objectives of the business. SHRM involve all management decisions and practices that directly affect people, or human resources who work for organizations.

SHRM means procuring the right people, developing their resources, utilizing, maintaining and compensating their services, performance management, career growth, organizational development, safety, wellness, benefits, employee motivation, effective communication, administration and training in tune with the job and organizational requirement. Thus SHRM is viewed as an all embracing term describing an amount of unique approaches to people management in organisations.[3]

The role of HRM is changing as fast as technology and in tune with the changes taking place in the global market place in the place of HRM today organisations have started appreciating the Strategic importance of human Resources. The challenge of HR managers is to keep up to date with the latest HR. innovations, technological and legal changes that are taking place globally. Thus, there is a need to know the current HR challenges and how effectively to manage them in the workplace.

Employee motivation, commitment and retention issues are emerging as the most critical workforce management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent. For many firms, "surprise" employee departures can

have a significant effect on the execution of business plans and may eventually cause a parallel decline in productivity. Therefore, a crucial issue for most of the companies is to attract and strategic retention of people with the skills necessary to do the work and use people as strategic advantage.

Differences between SHRM and Traditional HRM

1. In the last two decades there has been an increasing awareness that HR functions were like an island unto itself with softer people-centred values far away from the hard world of real business. In order to justify its own existence HR functions had to be seen as more intimately connected with the strategy and day to day running of the business side of the enterprise.
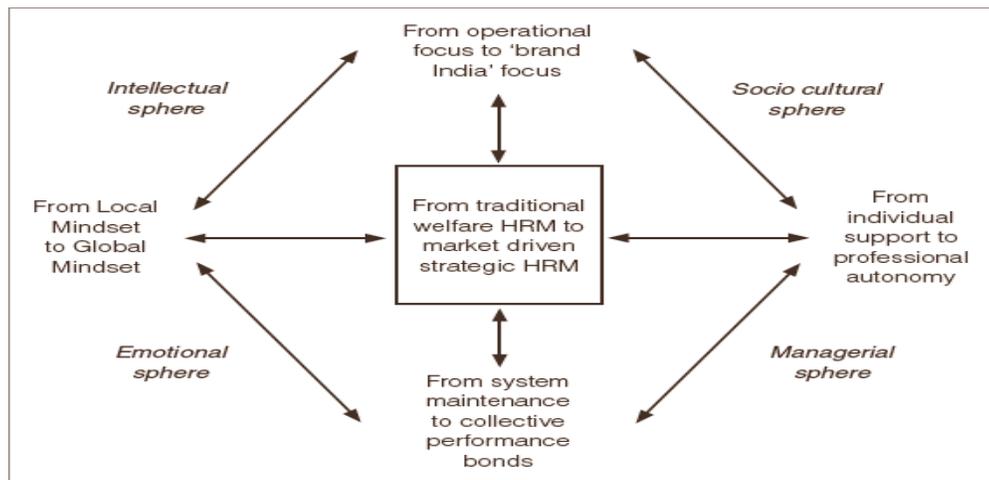
Source: Chatterjee, S. R. (2007). Human Resource Management in India: 'Where From' and 'Where To?', *Research and Practice in Human Resource Management*, 15(2), 92-103.

2. Many writers in the late 1980s started clamouring for a more strategic approach to the management of people than the standard practices of traditional management of people or

industrial relations models. Strategic human resource management focuses on human resource programs with long-term objectives. Instead of focusing on internal human resource issues, the focus is on addressing and solving problems that effect people management programs in the long run and often globally. Therefore the primary goal of strategic human resources is to increase employee productivity by focusing on business obstacles that occur outside of human resources.

3. The primary actions of a strategic human resource manager are to identify key HR areas where strategies can be implemented in the long run to improve the overall employee motivation and productivity. Communication between HR and top management of the company is vital as without active participation no cooperation is possible.

In a Study by Rondeau and Wager (2001)[4] in which they focused on the ability of 'certain progressive' or 'high performance' human resource management practices to enhance organisational effectiveness, noting growing evidence that the impact of various SHRM practices on performance is contingent upon a number of contextual factors, such as procurement and selection, training and development, retention, rewards, motivation, and working conditions. A winning HRM strategy of the company will correctly identify staffing needs and staff strategically. It is not mere filling of positions. In fact, it is hiring the right people at the right place at the right time

Importance of S.H.R.M.:

In a fast-paced global economy, change is the norm. Environmental, social and technological change, the increased

internationalization of business, and increased scarcity and cost of human resources, can only mean that long term planning is risky but essential. The process by which the organizations make decisions about their future in this complex, rapidly changing world is that strategic management is concerned with.

Strategic human resources management activities address a wide variety of people issues relevant to business strategy. H.R. Management crosses all the functional areas and is fully integrated with all the significant parts of the organization: operations, marketing, finance, and so on. Lastly the process is led and coordinated by top management.

The core element that is found to be invigorating the efficiency of all the functional areas i.e., operations, marketing, finance, etc and resulting in playing a pivotal role in making a organization effective is its "human resources"

If the decisions, regarding utilization of human resources who play a vital role in deciding the organization effectiveness, are not based on sound strategy the results will be obvious – devastating. In such a scenario the relevance of Strategic Human Resource Management to organization effectiveness assumes significance.

Strategic Human Resources in turbulent times

Barbara Mitchell and Sharon Armstrong (2008)[5] present the following 10 best HR practices that help organisations to attract hire and retain talents in these turbulent economic times.

They are

1. Creating a safe, healthy and happy work place.

2. Sharing of Information on important business matters.

3. Performance linked bonus.

4. 360 Degree performance management feedback system

5. A fair evaluation system

6. Knowledge sharing

7. Highlight performers

8. Open house discussions

9. Reward Ceremonies

10. Delight employees with unexpected.

In a tight labour market, attracting and retaining top talent requires a thoroughly thought out strategy that is tailored to the individual characteristics and needs of the company. The main goal is to hire the right type of people at the right place at the right time at all levels of the organisation and build strategic human pipeline.

Strategic approach to human resource management involves designing and implementing a set of internally consistent policies and practices that ensure a firm's human capital (employees' collective knowledge, skills, and abilities) contributes to the achievement of its business objectives. In contract to technical HRM activities, strategic HRM activities are relatively recent innovations, so stakeholders are not yet likely to hold strong expectations or put pressure on organizations to adopt these practices (cf. Johns, 1993; Wright & McMahan, 1992).[6]

Strategic HRM activities include team-based job designs, flexible workforce, quality improvement practices, employee empowerment, studies designed to diagnose a firm's strategic needs, and planned development of the talent required to implement competitive strategy and achieve operational goals. For these strategic HRM activities, there is little shared understanding about how to achieve effective implementation, given these conditions, effective strategic HRM activities should be relatively rare across a population of firms.

Traditionally, the presumption of the field was that professional HRM capabilities related to the delivery of traditional technical HRM practices were both necessary and sufficient for assuring the development and effective implementation of HRM practices. As the strategic HRM paradigm emerged, this assumption was called into question by those who argued that, although professional HRM capabilities may be necessary to ensure technical HRM effectiveness, they are not sufficient; business-related capabilities and for organizational effectiveness which were required also. Presumably, business related capabilities enable members of a human resources staff to understand how business considerations unique to a firm can create firm-specific SHRM needs.[7]

For practicing managers, evidence supporting the assertion that strategic human resource management effectiveness enhances firm performance may help bolster arguments intended to procure the resources needed to implement strategic HRM systems, alone, however, such evidence offers little guidance about the resources that are most useful. Concerning the human resources needed to implement strategic HRM systems.

Strategic HRM Activities

When we talk about HRM activities, we tend to focus on what the HR office, itself, is doing even though we recognize that managers and supervisors would bear the responsibility of HR decisions in an ideal world. After all, Globalization advocated deregulation and delegation and the downsizing and outsourcing of HR functions and activities so that human resources management could take place at the line level, making it more responsive to mission-related needs. Additionally, the HR staff would be able to devote more time to broader organizational issues, thereby improving its contribution to mission accomplishment.

Paradoxically, the area's most often mentioned by managers as HR's most valued contributions are also the areas they feel need the most improvement: recruitment and staffing, employee development, and employee relations. HR would like to see HR become strategic and more involved and innovative in these areas. It seems logical that human resource management practices should be an important part of the strategy of any large corporation. The annual reports of most corporations argue that their human assets are their most important assets. For many organizations compensation is one of the largest, if not the largest cost. In service organizations it often represents 70 to 80 percent of the total cost of doing business.

When training costs and other human resource management costs are added to compensation costs, the human resource management function often is responsible for a large portion of organisations total expenditures.

It is evident that superior managers are becoming more aware of human resource management issues and are assigning them more importance. One study, for example found that in 86% percent of large companies senior managers are spending more time on human resource issues. [8]

In spite of the convincing arguments in favour of human resource management being a key strategic issue in most organizations, there is good reason to believe that historically, human resource executives have not been and are not now strategic partners.[9] Instead of being strategic partners, the function has been largely an administrative one headed by individuals whose roles are largely focused on cost control and administrative activities.

The inability of the human resource management function to influence strategy and contribute to its implementation often starts at the top of the organization where the chief human resource executive is not part of the senior management team. Instead of reporting to the CEO, he or she often reports to an executive at the next level of the organization. This in turn often results in a pay level which is lower than that earned by heads of staff functions such as accounting, finance, and information systems. Because human resource management executives are not a part of the senior management team, they are not even present when many important strategy issues are considered.

"The competitive forces that managers face today demand excellence in every aspect of the profession. The efforts to achieve such excellence - through a focus on learning, quality, teamwork, and reengineering - are largely driven by the way organizations

treat their people. Fundamentally, achieving organizational excellence (which would lead to organizational effectiveness) must be the work of HR. The question for senior managers then is "what should we do with HR?" The answer is: create an entirely new role and agenda that focuses not on traditional HR activities like staffing and compensation, but on outcomes. HR should not be defined by what it does but by what it delivers - results that enrich the organization's value to customers, investors, and employees.[10]

The HRM concept is elaborated from dissimilar and varying examination points. The term 'Human resource management' has been the subject of considerable debate, and its underlying philosophy and character are highly controversial. Much of this controversy stems from the absence of a precise formulation of and agreement on its significance and definition. Invariably, Human Resource Management (HRM) issues have been major concern for managers at all levels, because they all meet their goals through the efforts of others, which require the effective and efficient management of people.

Walker (1978) [11] called for a connection between strategic planning and human resource planning marking the commencement of the field of SHRM, but it was not until early 1980s before extensive work was carried out on this proposed linkage.

Efficient and effective management of these resources to a large extent affects human resource behavior, and subsequently the performance of the organization as a whole. Moreover, the authors identified HRM with the field it covers. These include

planning aspects- i.e. personnel requirements analysis and personnel asset analysis, and change aspects- recruitment, personnel development and labour displacement. [12]

The below diagram is the diagrammatic representation of
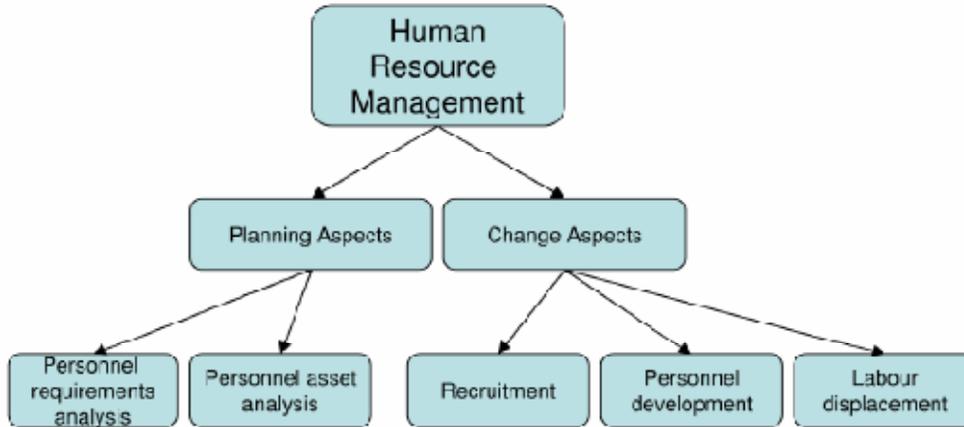
Source: Abecker et al., 2004

Managing change effectively and efficiently remains one of the core objectives in almost every business. Key issues here include recruiting and/or developing people with the required leadership skills to drive the change process.

Strategic HRM can encompass a number of HR strategies. There may be strategies to deliver fair and equitable reward, to improve performance or to streamline structure. However, in themselves these strategies are not strategic HRM. Strategic HRM is the overall framework which determines the shape and delivery of the individual strategies.

Change agents are employed to encourage acceptance of change by coming out with reward systems associated with the change process. HR processes starts by planning employee

requirements. This include, resource specifications, long range planning, forecasting supply and demand of labour, staffing, applicant qualification, training programs, costs analysis, salary, contract type, and other related issues. Other key HR processes involve recruiting, selecting, performance appraising, training and orientation, career development, occupational health and safety, and compensation and benefits.

Leading Effectiveness through SHRM

SHRM has grown considerably for the past two decades. Described the evolution of SHRM from personnel management in terms of a two-phased transformation, first from personnel management to Traditional Human Resource Management (THRM), and then from THRM to SHRM. To improve firm performance and create firm competitive advantage, firm HR must focus on a new set of priorities. These new priorities are more business, and strategic oriented and less geared towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation.[13] SHRM was designed to diagnose firm strategic needs and planned talent development, which is required to implement a competitive strategy and achieve operational goals. [14]

Historically, organizational effectiveness has focused on how well organizations compete, how quickly they bring products to market, their status in the community, their attractiveness to potential employees, and their profitability. In other words,

organizational effectiveness considers how well an organization performs business.

The field of HR strategy differs from traditional HR management research in two important ways. First, SHRM focuses on organizational performance rather than individual performance. Second, it also emphasizes the role of HR management *systems* as solutions to business problems (including positive and negative complementarities) rather than individual HR management practices in isolation. But strategic means more than a systems focus or even financial performance. Strategy is about building sustainable competitive advantage that in turn creates above-average financial performance. The simplest depiction of the SHRM model is a relationship between a firm's HR architecture and firm performance. The HR architecture is composed of the systems, practices, competencies, and employee performance behaviors that reflect the development and management of the firm's strategic human capital. Above-average firm performance associated with the HR architecture reflects the quasi rents associated with that strategic resource.

SHRM has evolved and been transformed from personnel management into Traditional Human Resource Management (THRM) and then to SHRM. SHRM, like HRM, generally concord to the central feature of SHRM comprising designing and implementing a set of internally consistent policies and practices to ensure human capital contributions to achieving business goals, the shift of HRM to SHRM included integration of the human resource function into strategic decision-making, a decentralization of much activity to line managers, effective communications, human resource development, workplace

learning, career management and human capital accumulation. These were in addition to managing organization's trade unions relations, greater worker autonomy, high commitment management, leadership, and business processes reengineering.

There is now a greater focus on the necessary development of Strategic Human Resources initiatives to address recruitment and retention issues. Several significant factors contribute to this shift: an aging workforce; organizational refocusing to build on core business; the fact that many employees take a transient rather than a life-long approach to workplace commitment; and, an increased need to find employment which provides a positive 'culture', along with a place to constructively utilize interests, skills and abilities. The risks that have evolved from the major shifts in the world of work are recognized in higher turnover costs, decrease in competitive advantage through the loss of high performers, and the failure to develop a strategic succession plan to ensure the future performance of the organization.

Strategic Human Resources initiatives can result in a competitive advantage by building upon the strengths of an organization's 'greatest asset'. The competitive advantage attributed to technology, market penetration, product, and capital, is often short lived because of the ability of competitors to imitate these 'tangible assets'.

Strategic Human Resources interventions, which focus on the uniqueness of the people, within an organization, enhance competitive advantage because the outcomes are difficult to imitate.

Investment in people will result in a greater and more enduring competitive advantage, and a more positive ROI, when Human Resources initiatives are based upon the strategic goals of the organization, and enable employees to align themselves with these goals. Strategic Human Resources investment made in this way will lead to greater stability in the workforce, which reduces turn over costs, increases productivity and morale and contributes to a strengthened organizational culture. Top management of businesses of any size can develop this effectiveness and profitability by acknowledging the importance of employees, and making their organization's places which provide opportunities for people to use their skills, interests and abilities to contribute to corporate goals, which in turn, will have a significant and positive impact on retention.

Developing an effective human resource system that is compatible with organizational strategy is critical for the functioning and success of an organization in the competitive business arena. Indeed, the increasing complexity of contemporary corporate life has elevated the importance of shedding traditional beliefs that were concerns of personnel managers and to shape new mindsets, proactive attitudes and professional identities, orientations that have placed greater emphasis on the utilization of human resources.

There are four critical components to building, maintaining, and marshaling the Human Capital needed to achieve results:1) adopting a strategic approach to Human Capital planning, 2) acquiring and developing staff with the skills to meet critical needs, 3) creating a performance oriented organizational culture, and 4) protecting Merit Principles. Human Capital emphasizes

people as an asset to be developed, or a renewable resource. But it could just become another new term. In addition, even the economic slant of Human Capital does not assist in reconciling the requirement for five year strategic plans with yearly budget cycles. [15]

We also need to be sure we train, encourage, and support line managers and higher level managers to think and act strategically about mission, people, (*Human Capital*) and the importance of linking the two together. In order to do this, managers need to know more than just the concepts of strategic human resource management. They also need to have and use the necessary skills to put the concepts into practice. Once managers understand the concepts and have the skills, we need a reasonable balance of incentives/rewards, and penalties so line managers will actually practice strategic management. That is, we need to align our individual performance management systems with strategic human resources management in the same way that an agency's strategic plans are aligned with their organizational performance plans.

Dimensions of Strategy

Strategy is a multi-dimensional concept going well beyond traditional competitive strategy concepts. Strategies are broad statements that set a direction. Strategies are a specific, measurable, obtainable set of plans carefully developed with involvement by an institution's stakeholders. These action statements are linked to an individual or individuals who are accountable and empowered to achieve the stated result in a

specific desired timeframe. They are patterns of action, decisions, and policies that guide a group toward a vision or goals.

SHRM also emphasizes the implementation of a set of policies and practices that will build employee pool of skills, knowledge, and abilities that are relevant to organizational goals. [22] Strategic HRM can be regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organisation on the future direction it wants to take. It is concerned with longer-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future need.

Approaches of the SHRM

> ➢   Attempts to link Human Resource activities with competency based performance measures
> ➢   Attempts to link Human Resource activities with business surpluses or profit

These two approaches indicate two factors in an organizational setting. The first one is the human factor, their performance and competency and the later is the business surplus. An approach of people concern is based on the belief those human resources are uniquely important in sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. Integration of the business surplus to the human competency and performance required adequate strategies. Here the role of strategy comes into picture. The way in which people are managed, motivated and deployed, and the availability of skills and knowledge will all shape the business

strategy? The strategic orientation of the business then requires the effective orientation of human resource to competency and performance excellence. [17]

Implications of SHRM on Organisational Efficiency and Growth

1. Identifying and analyzing external opportunities and threats that may be crucial to the company's success.
2. Provides a clear business strategy and vision for the future.
3. To supply competitive intelligence that may be useful in the strategic planning process.
4. To recruit, retain and motivate people.
5. To develop and retain of highly competent people.
6. To ensure that people development issues are addressed systematically.
7. To supply information regarding the company's internal strengths and weaknesses.
8. To meet the expectations of the customers effectively.
9. To ensure high productivity.
10. To ensure business surplus thorough competency.

Model of strategic management

In the descriptive and prescriptive management texts, strategic management appears as a cycle in which several activities follow and feed upon one another. The strategic management process is typically broken down into five steps:

1. Mission and goals

2. Environmental analysis

3. Strategic formulation

4. Strategy implementation

5. Strategy evaluation.

The first step in the strategic management model begins with senior managers evaluating their position in relation to the organization's current *mission and goals*. The mission describes the organization's values and aspirations; it is the organization's *raison d'être* and indicates the direction in which senior management is going. Goals are the desired ends sought through the actual operating procedures of the organization and typically describe short-term measurable outcomes. Environmental analysis looks at the internal organizational strengths and weaknesses and the external environment for opportunities and threats.

The factors that are most important to the organization's future are referred to as strategic factors and can be summarized by the acronym SWOT – Strengths, Weaknesses, Opportunities and Threats.

Strategic formulation involves senior managers evaluating the interaction between strategic factors and making strategic choices that guide managers to meet the organization's goals. Some strategies are formulated at the corporate, business and specific functional levels. The term 'strategic choice' raises the question of *who* makes decisions and *why* they are made. The notion of strategic choice also draws attention to strategic management as a 'political process' whereby decisions and actions on issues are

taken by a 'power-dominant' group of managers within the organization.[18]

Strategy implementation is an area of activity that focuses on the techniques used by managers to implement their strategies. In particular, it refers to activities that deal with leadership style, the structure of the organization, the information and control systems, and the management of human resources. Influential management consultants and academics leadership is the most important and difficult part of the strategic implementation process.[19]

Strategy evaluation is an activity that determines to what extent the actual change and performance match the desired change and performance. The Hierarchy of strategy of Strategy consists of:

1. Corporate

2. Business

3. Functional.

Functional strategies are those that are directed towards improving the effectiveness of basic operations within the company, such as production, marketing, R&D, HR etc.

The HR function is a support activity of the value chain, which implies that a company is a chain of activities for transforming inputs into outputs that increases the value of the stakeholders. The process of transforming inputs into outputs is composed of a number of primary activities coupled with some support activities. Each activity adds value to the product. The primary

activities are R&D, production, marketing and sales and service. Support activities are the company infrastructure, HR, materials management etc., which provide inputs that allow the primary activities to take place – this is why the HR function is so important.

The HR function helps the enterprise to create more value in a number of ways It ensures that the company has the right mix of skilled people to perform its value creation activities effectively. It is also the job of the HR function to ensure that employees are adequately trained, motivated, and compensated to perform their value creation tasks.

Strategies increasingly depend on strengthening organizational responsiveness and on building committed work teams, putting HR in a central role. In a fast changing, globally competitive and quality oriented industrial environment, it's often the firm's employees themselves who provide the competitive key. It is thus now increasingly common to involve HR in the earliest stages of developing and implementing the firm's strategic plan, rather than letting HR just react to it.

The organization's view of the importance of people and how they should be treated is an important factor in personnel involvement, too. For example, does the organization see people as a cost or an investment? Another factor is the organizational environment. If an organization operates in a stable and comfortable environment there is no pressure to change, whereas a turbulent environment demands that the organization looks for new approaches and ways of doing things.

Organizational Dimensions and Strategic Human Resource Management

Lately, a lot of companies have realized the gains of downsizing, reengineering, de-layering, and consolidation to increase efficiency and cut costs. Executives will now have to be creative and innovative, and must encourage the free flow of information and shared learning among employees. They must also become more focused on the market and of the fast changing needs of their customers. From hiring and firing labor force to formulating selection, training, and compensation policies for expatriate employees, managing globalization will be a major HR challenge in the next few years.

Technology and Strategic Human Resource Management

In modern organizations HR strategy is supported by information technology in the form of human resource information systems and workforce management systems. Developments in IT are leading to significant changes in the measurement of performance. Extensive statistics can be generated but how meaningful are they? Not all technology adds value, but it can and will affect how and where work gets done. That's why managers have to make sense and good use of what technology offers, to make technology a viable, productive part of the work setting. They will need to stay ahead of the information curve and learn to take advantage of information for business results.

Intellectual Capital and Strategic Human Resource Management

Knowledge has become an indirect competitive advantage for companies attempting to differentiate themselves by how they serve customers. The challenge for organizations is to make sure they have the capability to find, attract, assimilate, develop, compensate, and retain talented individuals who can drive an organization that is responsive to both its customers and the opportunities of technology.

In a world of work that is demanding so much more from people in an environment of increasing complexity, competition and uncertainty a well trained high performance workforce capable of rapid change provides the key to sustainable competitive advantage and future effectiveness. "In order to take advantage of that opportunity, the HR professional has to learn to deliver value to the organization on a more macro scale, using macro-focused techniques such as environmental analysis and environmental scanning, organizational analysis and design, internal HR analysis and SHRM planning. Then, the HR professional must come up with ways to integrate the information these techniques provided with the organization's strategic business plan. Faced with the new, rapidly changing, highly competitive international business environment, strategic thinkers are looking to the work force for a much more significant contribution. Employees are increasingly being asked to be a source of competitive strength and vitality. In this context, HR practitioners potentially have a new role - a much more macro one - as partners of a strategic vision that will yield their company's competitive advantage." [20]

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Source: Aradhana Khandekar, Anuradha Sharma, (2005) "Organizational learning in Indian organizations: a strategic HRM perspective", Journal of Small Business and Enterprise Development, Vol. 12 Iss: 2, pp.211 - 226

The SHRM effectiveness or ineffectiveness depends upon how the members of an organization perceive the various dimensions with respect to task as well as relationship related behavior. Members may perceive the things positively or negatively.

Strategic Human Resource Planning

Successful Strategic Human Resource Planning stresses the importance of identifying and gathering strategic information for the planning course of an organization, and the need for involving key managers and employees in the process. Challenges that affect HR professionals from fully developing the "people edge"

notion, and may be the reasons many companies have difficulty attaining their goals and keeping their employees satisfied. The challenges introduced are;

(1)   Aligning HR practices to the company's business strategies,

(2)   Business Partnerships between line managers and staff to address the people related business needs of the organization,

(3)   Facilitating Organizational Change and Learning throughout the organization,

(4)   Understanding and utilizing state-of-the-art Technology to increase the efficiency and effectiveness of the organization, and

(5)   Strategizing and understanding the diverse environment in which they work, and positioning their organization for the future.

Strategic Recruitment and Retention

The risks that have evolved from the major shifts in the world of work are recognized in higher turnover costs, decrease in competitive advantage through the loss of high performers, and the failure to develop a strategic succession plan to ensure the future performance of the organization, organizational leaders who execute well planned and measurable strategies to acknowledge the value of people, and therefore improve organizational culture, will counter this trend, and help their organization to successfully face the recruitment and retention challenge which has emerged in recent years.

Strategic Human Resources initiatives which can have a positive impact on organizational culture, and concomitantly increase retention rates:

• Prior to developing an employment relationship, engage in a candid conversation about the organization's cultural values and norms, to determine if an alignment exists between the organization and the potential new hire. This can result in fewer misconceptions and expectations about the culture, and increase the commitment and length of tenure of new hires. Alignment of individual and organization values is a crucial factor in successful assimilation of new organization members into the organization's unique culture.

• Develop recruitment initiatives designed to align the competencies required in the position with those of candidates. This will result in more successful hires, which will be recognized in the superior impact of the new employee on the organization. Successful hires, those with competencies aligned with the goals and culture of the organization, will stay longer, contribute more to the organization and enhance overall business performance; a positive and measurable ROI.

• As a leader, promote a high level of organizational awareness and openness; let the employees know what is happening, or will be happening. This needs to be more than a public relations exercise. Organizations with high internal and external awareness tend to engage in organizational development, which enhances employee development and contributes to positive retention through mutual commitment.

• Support the 'well-being' of employees; express gratitude, appreciation and understanding (with both tangible and intangible rewards). Organizations which do this are normally considered among the best places to work. Fewer people leave these organizations, and incumbents contribute at a consistently higher level.

• Support employees to develop the skills required for the job and to generally improve their lives. It is well recognized that employees are most satisfied when they see tangible support, and they respond by increased productivity, commitment and willingness to go the extra 'mile' for the organization.

Strategic Human Resources initiatives such as those noted above, when carried out with integrity throughout the organization, demonstrate a commitment to employees, which is reciprocated. These initiatives enhance the culture of the organization, by addressing and resolving relevant issues which improve overall organizational performance. Strategic Human Resources initiatives can result in a competitive advantage by building upon the strengths of an organization's 'greatest asset'. The competitive advantage attributed to technology, market penetration, product, and capital, is often short lived because of the ability of competitors to imitate these 'tangible assets'.

Strategic Human Resource Development

Within the Resource-Based View (RBV) of the firm, which advocates that an organization can gain competitive advantage by attracting and retaining best human resources, universalistic and contingency HRM-performance linkage models have been either theoretically or empirically developed. The universalistic model

suggests that a specified set of HR practices (the so called "best practices") will always produce superior business results whatever the accompanying circumstances. The contingency model argues that an organisation's set of HRM policies and practices will be effective if it is consistent with other organizational strategies.[21]

The pool of employee resources and capabilities of an organisation, on which the RBV perspective is based, considerably depends on employee resourcing and development. [22]

Although it is true that the source of competitive advantage refers to the human resources themselves and not to the policies employed to attract, utilize and retain them, recruiting and selection may be considered to be a good starting point for building a pool of superior employee resources and capabilities. Individual and team training and development may be employed to add new skills to the existing employee resources and capabilities. Increasing employee skills and abilities are expected to create future returns through increased productivity and business performance. [23] The processes of resourcing and development aiming at providing increased skills to employees have a direct impact on the attitudes of employees, such as motivation, commitment and satisfaction. Mintzberg (1978) has incorporated this idea into a model of 'emergent strategies', which are essentially unplanned responses to unforeseen circumstances by non-executive employees within the organization. Strategic management literature emphasizes that strategies at different levels must be fully integrated and inter-related. [24]

To implement its strategic goal, the organization must possess requisite skills/capabilities. Organizational capability is more than the sum of employee skills and knowledge. It is the capacity of the organization as a whole to implement its chosen strategy. Moreover, relevant skills and knowledge are not just technical and functional; they include human and managerial capabilities as well.

In general, varying amounts of the following organizational capabilities are required to implement strategies, depending on the strategy, as well as the internal architecture of the company:

1. Coordination: The capacity for teamwork across functions and levels.
2. Commitment: The willingness of individuals and groups to put the interests of the firm and its stakeholders above their own.
3. Communication: The capacity to learn from non-defensive communication about potentially threatening or embarrassing strategy, organizational and managerial issues.
4. Creativity: The capacity of the organization and its people to develop innovative products, services, and administrative systems and processes.
5. Capacity Management: The capability to manage the work load of the organization by matching resources to priorities.

Scholars of SHRM identify two kinds of fit: i.e horizontal fit and vertical fit. Horizontal fit refers to the congruence among various HRM practices, and vertical fit refers to the alignment of HRM practice with strategic management process of the firm. Generally,

vertical fit or integration is necessary to provide congruence between business and human resource strategy so that the latter supports the accomplishment of the former, and helps to define it. Horizontal fit or integration with other aspects of the HR strategy is required so that its different elements fit together. The aim is to achieve a coherent approach to managing human resources, in a manner in which the various practices are mutually supportive. Both types of fit contribute significantly to the competitiveness of an organization and it is important for organization to arrange a variety of HR practices in a systematic way. A set of properly arranged HR practices can have a positive impact on a firm performance when they are properly implemented. Creating a proper fit or integration is the key issue in SHRM and it is this congruence in organization's HR practices that impact on the bottom line. Figure below illustrates these concepts and their impact on the organization.
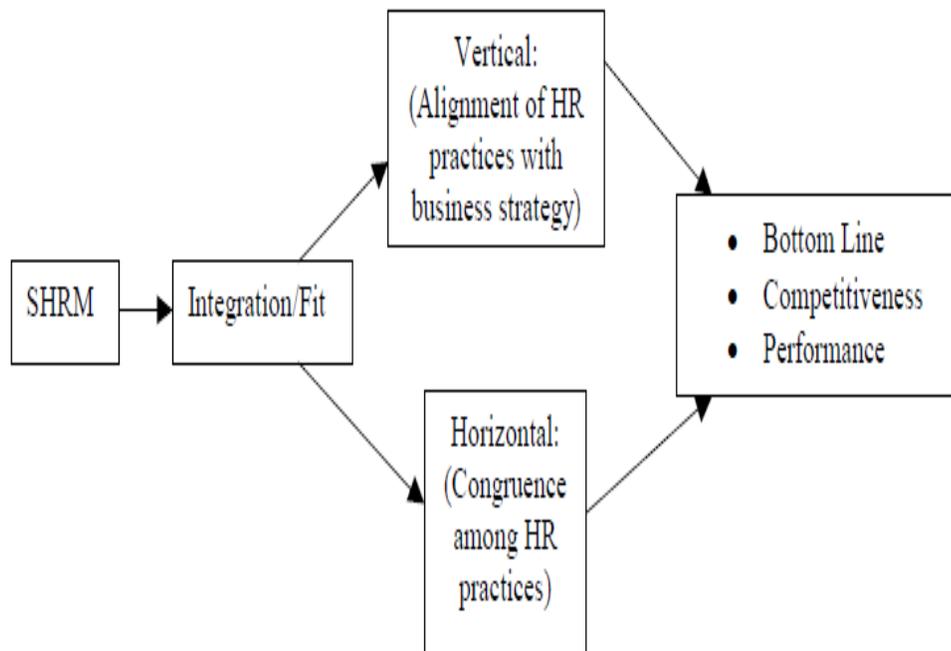
Source: Benjamin James Inyang, International Bulletin of Business Administration, Euro Journals – 2010.

When the organizational architecture produces requisite levels of each capability, it is said to be aligned with strategy. Not only must the organization 'fit' the strategy, but both strategy and organizational architecture must 'fit' the environment. When all the elements in the model are aligned, a strong organizational culture develops that encourages motivation, behaviour and skills needed to compete and to satisfy expectations of the stakeholders. Ideally, that culture should also build the capacity to adapt to new environmental forces by reformulating strategy, redesigning the organization and changing behaviour. This is particularly important so that the business operates in a dynamic environment.

Processes within the Strategic Dimension

In their new role, HR will need to shed their traditional image of only controlling rules and regulations, procedures and policies; while still making sure that all the required routine work in is done well. In order to move from their old role as administrators into their new role as a strategic business partner, HR staff will have to improve the efficiency of both their own function and the entire organization. Within the HR function are many processes that can be done better, faster, and cheaper. Finding and fixing those processes is part of the work of the new HR. Improving efficiency will build HR's credibility, which, in turn, will open the door for it to become a partner in executing strategy.

Leadership

Employee satisfaction, motivation, and loyalty are of major importance when it comes to retain the most valuable employees and this is where a strong leadership becomes very important. At this point it may be worthwhile to distinguish between management and leadership.

Leadership means understanding the corporate mission, developing goals which support the mission, then using personal and management skills to help build a stable, skillful, productive and satisfied workforce. Leadership is seen as the power to inspire and motivate the ability to imbue employees with the desire to change the organization to the best. A leader has all the qualities of a manager, but a manager doesn't necessarily have all the qualities of a Leader. Managers sustain and control organizations; leaders try to change them. Leadership, rather than management, has been identified as one of the keys to a high performance organization; leaders create the vision and present themselves, the vision and the strategy in such a way that employees feel enthusiastic and excited by it. Leaders clearly act as role models within the organization. The problem is that leaders may easily become sidetracked into operational matters, thus compromising their role and this is what too often happens to HR professionals.

Companies cannot thrive unless their employees are engaged fully, believing they are valued, sharing ideas, working harder than the necessary minimum, and relating better to customers. HR must ensure that employees are engaged, that they feel committed to the organization and contribute fully. HR must take

responsibility for orienting and training line management about the importance of high employee morale and how to achieve it.

Change Management

HR's role is to replace resistance with resolve, planning with results, and fear of change with excitement about its possibilities. For this, a change model may be used as an effective management tool to guide a transformation process of the company. HR professionals can introduce such a model to their organizations and usher executive teams through it. It helps an organization identify the key success factors for change and assess the organization's strengths and weaknesses regarding each factor. As change agents, HR professionals do not themselves execute change - but they make sure that it is carried out. In order to profile the change initiative and to measure the quality of the process, one can use yet another change model. This tool can help HR in writing an action plan for moving the initiative forward and in leading the process to make the changes explicit throughout the company.

Reengineering Human Resources

Rethinking business processes started a wave of restructuring and outsourcing has become a solution for many companies to reengineer the organization and to cut costs. HR could outsource activities that are not strategic. Outsourcing of functions like payroll (compensation & benefits) and recruiting could be recommended to be outsourced. What is going to be left of the HR function is the strategic management of human capital, of which HR should be put in charge of today. The functions of staffing, selection, training and development, and reward systems will

need to be repositioned depending on the organization's mission, objectives and business strategies and how the organization is managed, organized and what the priorities are in the marketplace. The danger of downsizing is if HR departments contribute to 'quick-fix' solutions, without considering the critical people issues, as then the organization can end up with a de-motivated and scared workforce. Also, managing a flat, downsized organization is difficult and creates many people and structural problems. It requires a different leadership focusing on finding different ways of organizing tasks and new motivational techniques.

HR - A Strategic Asset

Organizations increasingly rely on intangibles as the source of their competitive advantage. R&D, brands, customer relationships, not to mention more abstract "capabilities" like organizational flexibility, are recognized as sources of value creation. Yet, managing these intangibles as assets, in an environment where conventional accounting standards often measures them as costs, is particularly challenging. Nowhere is this challenge more obvious than for what most firms claim to be their most important asset, their people. Senior managers recognize they are in a "war for talent", but they often manage their people assets like overhead. The solution is to manage Human Resources as a strategic asset and measure HR performance in terms of its strategic impact. This requires a new perspective on what is meant by HR in the organization and a new understanding of how HR creates value in the organization. Both line managers and HR professionals need to think of HR, not in terms of a function, or set of practices, but rather as an

"architecture" that must be properly structured and managed in order to create value.

Organizations talk about people as an asset, but tend to manage them largely as a cost to be minimized. Aside from accounting principles that encourage this perspective, HR costs are easy to observe, while HR value creation is not. Largely because of the traditional perspective on HR, organizations have no way to measure HR's strategic performance. Nevertheless, we know that intangibles in the aggregate are an increasingly important source of firm value, and that *human* capital ought to be a part of that asset value. HR is a strategic asset because it can play a critical role in both strategy implementation and management systems. As an alternative to traditional accounting measures they have offered a more "balanced" set of performance measures (i.e. the Balanced Scorecard) that captures both the financial results of managerial decisions, but also the "leading" drivers of those results. [25]

Strategic Human Resources Architecture

The Function	The System	Employee Behavior
HR Professionals with Strategic	• *Performance Outcomes*	*Strategically Focused*
Competencies	• *Strategically Aligned*	

Vital Components of SHRM Architecture are:

1. *Business Strategy*

2. *Strategy Implementation*
3. *HR Architecture to Strategy Map*
4. *HR System in Alignment with HR Deliverables*
5. *HR Strategic Measurement System.* [26]

Strategic Human Resource Management (SHRM) enhances productivity and the effectiveness of organizations. Research shows that when organizations employ such personnel practices as internal career ladders, formal training systems, results-oriented performance appraisal, employment security, employee voice/participation, broadly defined jobs, and performance based compensation, they are more able to achieve their goals and objectives. Combining human resource practices, all with a focus on the achievement of organizational goals and objectives, can have a substantial affect on the ultimate success of the organization. Resource-based theory posits that competitive advantage and the implementation of plans is highly dependent upon an organization's basic inputs, including its human capital. [27]

A comprehensive Human Resource Strategy plays a vital role in the achievement of an organisation's overall strategic objectives and visibly illustrates that the human resources function fully understands and supports the direction in which the organization is moving. A comprehensive HR Strategy will also support other specific strategic objectives undertaken by the marketing, financial, operational and technology departments

In essence, an HR strategy should aim to capture "the people element" of what an organization is hoping to achieve in the medium to long term, ensuring that:-

- it has the right people in place
- it has the right mix of skills
- employees display the right attitudes and behaviors, and
- employees are developed in the right way.

If, as is sometimes the case, organization strategies and plans have been developed without any human resource input, the justification for the HR strategy may be more about teasing out the implicit people factors which are inherent in the plans, rather than simply summarising their explicit "people" content.

An HR strategy will add value to the organization if it:

- articulates more clearly some of the common themes which lie behind the achievement of other plans and strategies, which have not been fully identified before; and
- identifies fundamental underlying issues which must be addressed by any organization or business if its people are to be motivated, committed and operate effectively.

With a realistic organizational strategy focused on what the future should look like, strategic planning provides the "road map" for fulfilling that future. Strategic planning should also incorporate the human resources necessary for accomplishing its goals. [28]

Strategic planning also helps to concentrate individual efforts into a team effort. It can assist in developing total quality management and objective-based performance appraisal systems. Accountability for results can be assigned. The strategic planning process itself can serve as a team-building exercise. Finally, the process itself transforms perceptions away from separate and

distinct projects and towards systemic viewpoints. [29] Conflict, confusion, and chaos will prevail initially and for some time thereafter. Only as individuals learn how to do it and see its value will the benefits of strategic planning be realized. [30]

John E. Delery and D. Harold Doty (1996)[31] identify seven general employment practices:

(1). Internal career ladders

(2). Formal training systems

(3). Results-oriented performance appraisal

(4). Employment security

(5). Employee voice/Participation

(6). Broadly defined jobs

(7). Performance-based compensation.

The idea of organizational control is especially important for non-profit organizations as most people who donate money to non-profit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals.[32]

Strategic Mentoring of Human Resources

Mentoring is a process for the formal or informal transmission of knowledge, social capital, and the psychosocial support perceived by the recipient as relevant to work, career, or professional development; mentoring entails informal communication, usually face-to-face and during a sustained period of time, between a person who is perceived to have greater

relevant knowledge, wisdom, or experience (the mentor) and a person who is perceived to have less (mentee).

The strategies mentors and coaches employ have the potential to motivate employees and increase productivity. A company should seek out mentors and coaches who are not afraid to be honest with employees in the interest of improving the company.

a) Setting Goals

Setting goals provides employees with something definite to work toward and has the potential to increase productivity in the workplace. Mentors and coaches help employees create realistic goals. These individuals may also analyze employee performance and help employees set goals to improve areas of weakness. Throughout the process of reaching a goal, mentors and coaches provide motivation and feedback to encourage employees to keep on track.

b) Providing Feedback

In some companies, employees complain that they rarely receive feedback about their performance. Mentors and coaches help provide that necessary feedback. Positive feedback reinforces strong behaviors in the workplace and provides workers with motivation to keep working hard.

c) Celebrations and Rewards

Celebrations and rewards help motivate workers. As employees reach goals in the workplace and make improvements to their performance based on constructive criticism, mentors and

coaches should take the time to reward employees and celebrate their achievements.

d) Collaboration

Mentors and coaches provide someone for new employees to collaborate with as they begin working with a company. These individuals' help employees learn to navigate an organization and how to complete tasks effectively.
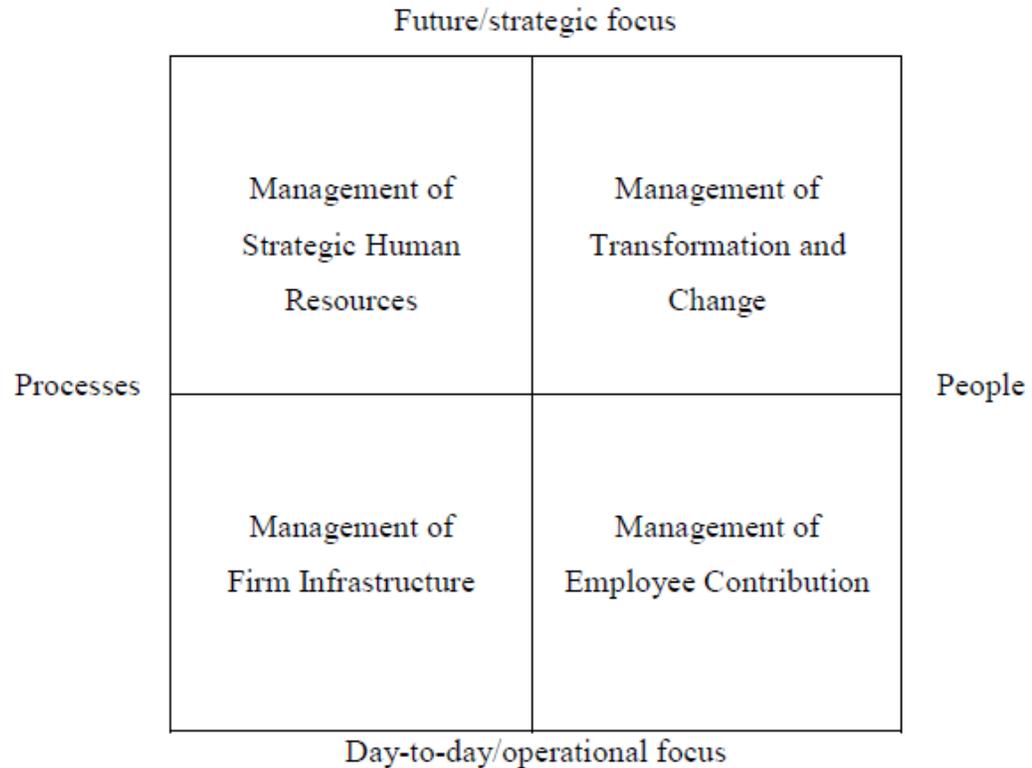
Strategic role of HR practitioners

The current normative view of a strategic HR practitioner is depicted as a professional who is able to develop, plan and implement a wide range of organizational activities which are directly linked to organizational performance. HR practices and policies have strategic implications on organizational performance and in making decisions about any employment related structures HR practitioners must be the concentration. Ultimately, the competitive forces that organisations face today create a new mandate for HR and this necessitates changes to the structure and role of the HR function.[33]

This view fits well with the suggestion by Raich (2002)[34] that there is a clear shift in human resource management from a 'service provider' to a 'business partner'. Companies have even retitled their HR generalist as 'Business Partner' in an attempt to connote a closer and more strategic working relationship between the HR department and other operating units. The capability of providing direct support to the organisation through the knowledge of the business will allow the HR professional to join the management team. This brings an increase of new responsibilities,

possibilities and opportunities for the HR function. Consequently if HR practitioners want to become key players in the management team they need to have the relevant capabilities to do so. [35]

Therefore, HR professionals must define its new role in adding value to the business by creating organizational competitiveness. Beatty & Schneier (1997)[36], comment that strategic HR must enhance the organization's competitive advantage by adding real and measurable economic value. They concentrate more on HR strategy making them different from traditional HR function that spends most of time on administrative and transactional activities. HR professionals and line managers are both important for creating global organization capability which has become a source of competitive organization of the future.

The roles of HR functions have become more and more complex arising from increasingly complex business environment. They have to fulfill both operational and strategic roles and also take responsibility for qualitative and qualitative goals both in short-term and long-term. Though this focus, HR professionals become more proactive in demonstrating the value added they could provide for organization in enhancing ongoing organizational competitiveness. HR functions add value to organization by using their expertise to link internal organization and management practices to external business requirements.

Future/strategic focus

Management of Strategic Human Resources	Management of Transformation and Change
Management of Firm Infrastructure	Management of Employee Contribution

Processes ← → People

Day-to-day/operational focus

Source: Ulrich's HR conceptual framework 1997

Ulrich (1997) identifies four distinct roles of HR professionals that may add value to a business and create competitive advantage within his model.

Organizational characteristics such as strategy require unique attitudes and role behaviour if performance is to be effective, and human resource activities are the primary means uses to elicit and reinforce the kinds of employee behaviour the firm requires.

Trade unions and strategic human resource management

Strategic human resource management has tended towards the view that management and workers share common

goals and that differences are treated and resolved rationally. If all workers are fully integrated into the business they will identify with their company's goals and management's problems, so that what is good for the company is perceived by workers as also being good for them. Critical to achieving this goal is the nature of worker 'commitment' to the organisation.

Personnel profession and human resource strategy

Personnel manager is likely to be influential in the development of human resource strategy but it is worth noting that the perception of the personnel function and its professionalism has been, and is likely to remain, key to the adoption of a strategic approach to human resource management, in order to have an impact on the performance of business, human resource managers need to make sure their human resource practices are wired into the strategy of the organisation.

Organisational culture and Organisational strategy

Culture is seen as a key element in organizational performance. If human resource management strategies can lead to enhanced organisational performance, can human resource strategies change corporate culture? Many writers have argued that culture represents a complex set of ideas and values and cannot be 'managed', whilst others contend that adopting strategies that are consistent with the 'desired' culture will ultimately lead to a change in culture, albeit slowly. In reality, this is only likely to be achieved in combination with a great many other factors, such as top management commitment to change, and managers being seen to adopt the new patterns of behaviour, not just directing others to do so. However, if these are supported

by appropriate human resource strategies, such as reward systems which support the desired culture, appropriate recruitment and selection criteria and procedures, etc. then clearly human resource strategies have a very strong role to play in promoting cultural change.

The new business context, which is characterized by increasing globalization, greater organizational complexity, market competitiveness and cutting-edge information communication technology, is prompting organization executives to take more interest in the deployment and utilization of their human resources. The HR function is therefore playing a far more strategic role in the business or corporate strategic planning process in the organization. The emergence of SHRM is increasingly adding more value to the organization. Thus, SHRM is based on HRM principles, which integrate the concept of business strategy. Strategy here refers to the pattern of organizational moves and managerial techniques or approaches used to attain organization objectives and to pursue the organization's mission; SHRM has to be integrated with business strategy. This is also the issue of fit. Integration or fit refers to the involvement of SHRM in the formulation and implementation of organizational strategies and the alignment of SHRM with the strategic needs of an organization. Membership at top level in the organizational hierarchy offers opportunity for SHRM to represent its concerns and influence the direction of business strategy from the onset of the decision making process. This involvement from the crafting stage of strategy decision-making will enhance commitment on the part of the HR managers during implementation stage of such business strategy.

Zigarelli (1997)[37] identify seven strategic skills that can help the manager develop effective strategic plans to handle the emerging challenges in the organization:

1. *Global operating skills*: These skills enable him to understand the issues of globalization and how to do business with individuals of diverse background or nationalities.

2. *Business and financial savvy*: He needs to understand financial reports, business goals, and possess the business acumen necessary to understand and support the function.

3. *Strategic visioning, critical thinking and problem solving skills*: As a strategic business partner, he needs the skills to take the lead in contributing to strategy, vision, and critical thinking to gain credibility for the HR function.

4. *Ability to use information technology:* The HR professional must be well grounded in Information Communication Technology (ICT) and leverage this for business results. ICT is the engine that drives the modern organizations to business success and offers them sustained competitive advantage.

5. *Deep HR knowledge:* He needs to be well grounded in the theoretical and practical fundamentals of HR to adequately articulate HR practices. He needs to invest more time and resources for training and development.

6. *Change management skills*: He needs these skills to move the organization to new and more efficient ways of doing business. He needs to show commitment to change management in the organization.

7. *Organizational effectiveness skills*: These skills enable him to diagnose the effectiveness of the organization as accurately as possible to portray the current and future state of the organization.

Yeung, Wolcock & Sullivan (1996)[38] identify the following core competencies that effective HR professionals should develop:

1. *Business knowledge*: Capacity to understand competitive issues impacting the business

(e.g., market, products, technology, processes) and to understand how business can create profit and value.

2. *Customer orientation:* Ability to viewing issues from the perspective of customers.

3. *Effective communication:* The ability to provide both verbal and written information clearly, consistently and persuasively.

4. *Credibility and integrity:* To watch what you talk, act with integrity in all business transactions and honor personal commitments.

5. *Systemic perspective:* The ability to view problems and issues in the context of the bigger picture and understand the inter-relationships among sub-components.

6. *Negotiation and conflict resolution skills*: The capacity to reach agreements and consensus in spite of different goals and priorities.

Emergence of SHRM as a paradigm shift generated more value-added core responsibility, and emphasized the need to integrate HR practices with business strategy. SHRM is a strategic business partner model, which strongly beliefs that critical organizational capabilities or performance behaviors are necessary for the attainment of a particular business strategy or goal. SHRM is a more radical and systematic approach to the management of human capital, placing more emphasis on organizational

performance rather than individual performance. It is this approach that helps to create a fit or congruence or integration of HR practices with business strategies that enables the organization to achieve sustained competitive advantage.

Emerging HRM policies and practices range from outsourcing certain non-core functions, adopting flexible work practices (telework, work from home) and the increased use of information technology. Not every industry trend may be appropriate for a specific organisation. In addition, it is essential that a cost-benefit analysis of implementing new HRM policies and practices be undertaken. For example, the costs (monetary and in allocation of resources) of implementing a new job grading system may outweigh the benefit of such an undertaking. There may be more cost-effective alternatives available to the organization at this point in time.

The HR function, must change from a staff function that delivers prepackaged HR services to a service that helps managers create customized strategic plans to influence the effectiveness of company performance. The HR manager can play an important role in the formulation of strategy and providing the human resource required to support various strategies and strategic initiatives in the organization. He provides the leadership role in developing the human capital and the necessary capabilities to enact the strategy and drive the implementation and change management processes to success. Good human capital management is a prerequisite for successful execution of business strategies.

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