

Strategic hr

Business, Management



Strategic human resource management Introduction Strategic human resource management focuses on an organizational level performance unlike traditional human resource management that focuses on individual employee performance. SHRM involves the use of HR management systems to assess the organizational performance. SHRM aims at creating and sustain competitive advantage for the firm in order to attain above average financial performance. HR architecture includes the competencies, employee behaviors practices and systems that contribute to the effective utilization and management of the human resources. HR systems are the most critical in HR architecture since they are the source of value creation and have greater inimitability depending on how they are aligned with the overall corporate strategy. According to the Resource based View (RBV) of the firm, human resources are the most strategic assets for the firm and should be recognized in order to attain competitive strengths. In implementing SHRM strategy, the firm should focus on the key strengths and capabilities. According to Porter, the firm should emphasize on cost leadership and differentiation in the competitive strategy (Becker and Mark 902). Current trends in focus on differentiation in the SHRM since business processes should create value for the organization (Becker and Mark 903). unique and firm specific HR architectures will create and sustain competitive strength for the firm. Modern SHRM literature focuses on the holistic view of human resources since all employees have unique talents and contribute differently in the value creation process. Effective human resource management strategy includes both HR core architecture that creates equal value to all business processes and HR differentiated architecture that

provides specific skills and attributes for the effectively performance of certain strategic jobs in the organization.

Focus on managerial significance

According to five national surveys conducted between 1991 and 2000 and data from 3200 firms, the standard deviation from HR systems change is 10-20 percent in value of the firm. Increase of one standard deviation leads TO 4. 6 percent increase in return on assets (ROA) (Becker and Mark 907).

Specific empirical issues

SHRM should focus on intermediate outcomes since financial performance should not be the only dependent variable and outcome of SHRM. Focus should be on strategic business processes that involve a high level of human resources. New focus should be on contingencies and fit since HR architectures should also be differentiated. HR managers face challenges of measuring employee performance after the differentiation strategy since it entails more workload (Becker and Mark 919).

Personal opinion

Strategic human resource management should aim at creating value for the whole organization. Human resource systems should be utilized to assess the skills, competencies and behaviors in order to gain an understanding of how the organization has effectively utilized its investment in human resources. Since human resources are the most critical resources of the firm, organizations should utilize unique HR architecture in management of human resources. A combination of HR core architecture for the management of human resources that create equal value to all business processes, and HR

differentiated architecture for unique and strategic human resources that include specific attributes is essential for Human resource value creation, and attainment of organizational competitive edge.

Conclusion

HR managers should focus on competencies and behaviors related to strategy execution. HR systems should make more investments in strategic jobs in order to differentiate employee performance.

Works cited:

Becker, Brian and Huselid, Mark. " Strategic human resources management: where do we go from here?" *Journal of Management*, 32. 6 (2006): 898-925. Print.