

Essay on strategic human resource management

[Business](#), [Company](#)



Q1:

Q2:

The fact is that, in spite of the growing importance of the HRM in the companies, many managers still fail to recognize the value of the human assets and, thus, do not benefit from the operational and financial efficiency, which can be brought through accurate HRM policies and practices. There are various reasons for this fallacy in thinking about human assets. First of all, managers often tend to think short-term, and in this situation, they will not value the return on investment, which they have to make in human development due to the time it takes to see the return. Additionally, senior management is responsible for building on organizational strategy. One of the common mistakes at this level is to fail to identify the capability gap and build on internal resources. In other words, senior management is focused on the strategic level and misses out on the delegation of strategic goals down the hierarchical level, which makes human assets underutilized or their efforts misplaced.

The reality is that human assets are often undervalued, when compared to other capabilities and resources of the company. This failure is more visible on the middle management level. Secondly, often, middle management approach to human management fails to align the job description with the candidate's skills and capabilities. Often this misalignment of the technical and human side of work is a result of the lack of analysis behind the position construction process. Moreover, in many situations, the managers expect that the employees should be a perfect fit for the position that they are trying to fill in without support and adequate training within the company.

This results in underperformance and low level of motivation among the staff, illustrating the failure of management to give the right weight to the human assets in the organization (Mello, 2011). Additionally, line management in the company is solely responsible for one or more operational aspects of the business, which makes the weight of their responsibility and decision-making authority significant and places a lot of pressure on them. With that, line management often becomes blind to the role, which human capital plays in bringing technical aspects of the business to excellency, and, thus, lose focus from training and development of the individuals, prioritizing operations and technology.

Q3:

Numerous examples of the companies, which compete in the contemporary business environment in different sectors, demonstrate that focus on human resource management can bring significant sustainable advantage for these companies. The fact is that, while organizations build on their growth strategies, whether it is organic or inorganic growth, most of success depends on the ability of groups and individuals to develop and execute operational, tactical and strategic goals, built by the senior management. Large international corporations realized the value, which company can gain from investing heavily in personal and professional development, leadership development programs (LDP) and other aspects fo HRM policies. McDonald ´s, Starbucks, Walmart and many other giants in their respective industries have strong and investment-heavy LDP. While in a short-term the investment is extremely high, the history and modern examples illustrate, that building on human capabilities and skills from within the core of the company, allows

it developing higher retention rate and better operational efficiency in a long run. Moreover, such investment in human assets, makes individuals, working for these companies feel more motivated and loyal to the corporation, which also results in increased effectiveness and productivity of individuals, as well as entire departments. With the above in mind, organizations, which invest in human capital and attempt to close the capability gap with LDP and HRM initiatives, which prioritize personal and professional development, build on sustainable and competitive business model. Human capital loyalty and motivation are the keys for successful long-term organizational competitiveness (Armstrong, 2000).

Q4:

Contemporary business environment is at war, the war which outlines the importance of talent and human capital. Many organizations already realized that competitiveness of the market also builds on the specificity of the skills and knowledge, which the companies demand becoming and remaining successful and effective. We argued above that investment in human capital is extremely important for the companies and that failure to do so may result in organizational bankruptcy. The reality shows, however, that many companies manage to be financially successful even without investment in human resources or placing little emphasis on this aspect of the business. Many examples of such companies can be found in small and medium-size business segment. As such, when organization is managed by little people and where human diversity and skill separation are not playing paramount role in business, financial performance is not linked to the investment into human capital. Moreover, some large organizations also demonstrate good

financial performance without focus on HRM. These companies, however, often are short-term focused and their market position is at risk in the situations, when they have to go through crisis or manage organizational change. There are many examples in the history of the companies, which were extremely successful, but failed or went through complete transformation to survive in changing market condition due to lack of human asset focus. Such companies as GE, Ford and Porsche are some of many examples, whose strategy made a dramatic turn, when financially successful, but under led, they had to shift the focus from operations to Human Resource Management (Sadler, 2003).

In modern business, HRM is critical for organizational success. While there are many forms and strategies to approach this aspect of the business, more and more companies realize that without heavy investment in HRM, it is difficult and, at times, not possible to achieve sustainability and long-term profitability of the company. Senior and middle management should further focus on long-term to be able to identify and see the value, which human assets can bring to the company.

References

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Mello J. A. (2011). Strategic Human Resource Management. London, UK: Cengage Learning. Print.

Armstrong M. (2000). Strategic Human Resource Management. A Guide to Action. New York, NY: Kogan Page Publishing. Print.