

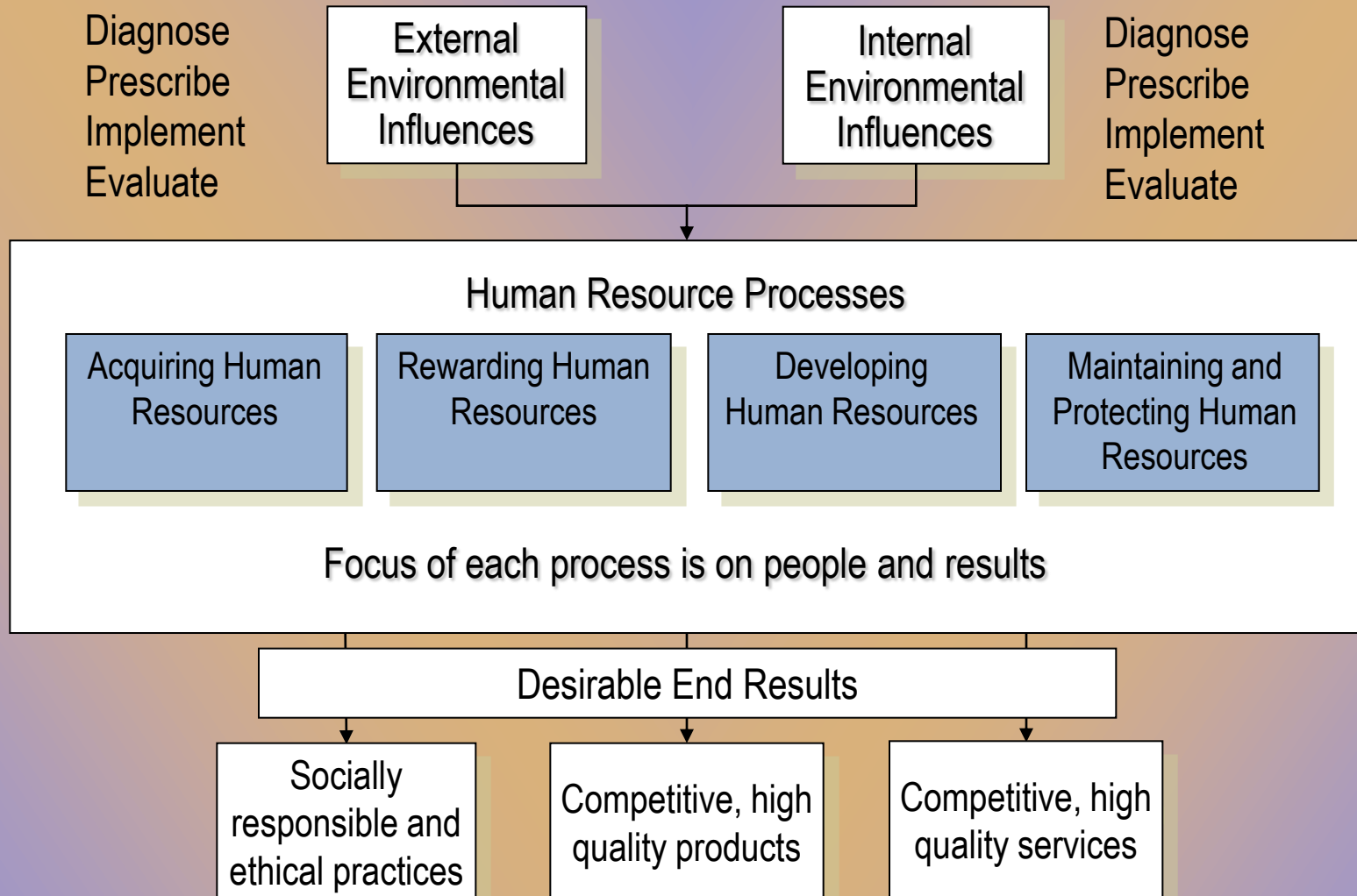


A Strategic Management Approach to Human Resource Management

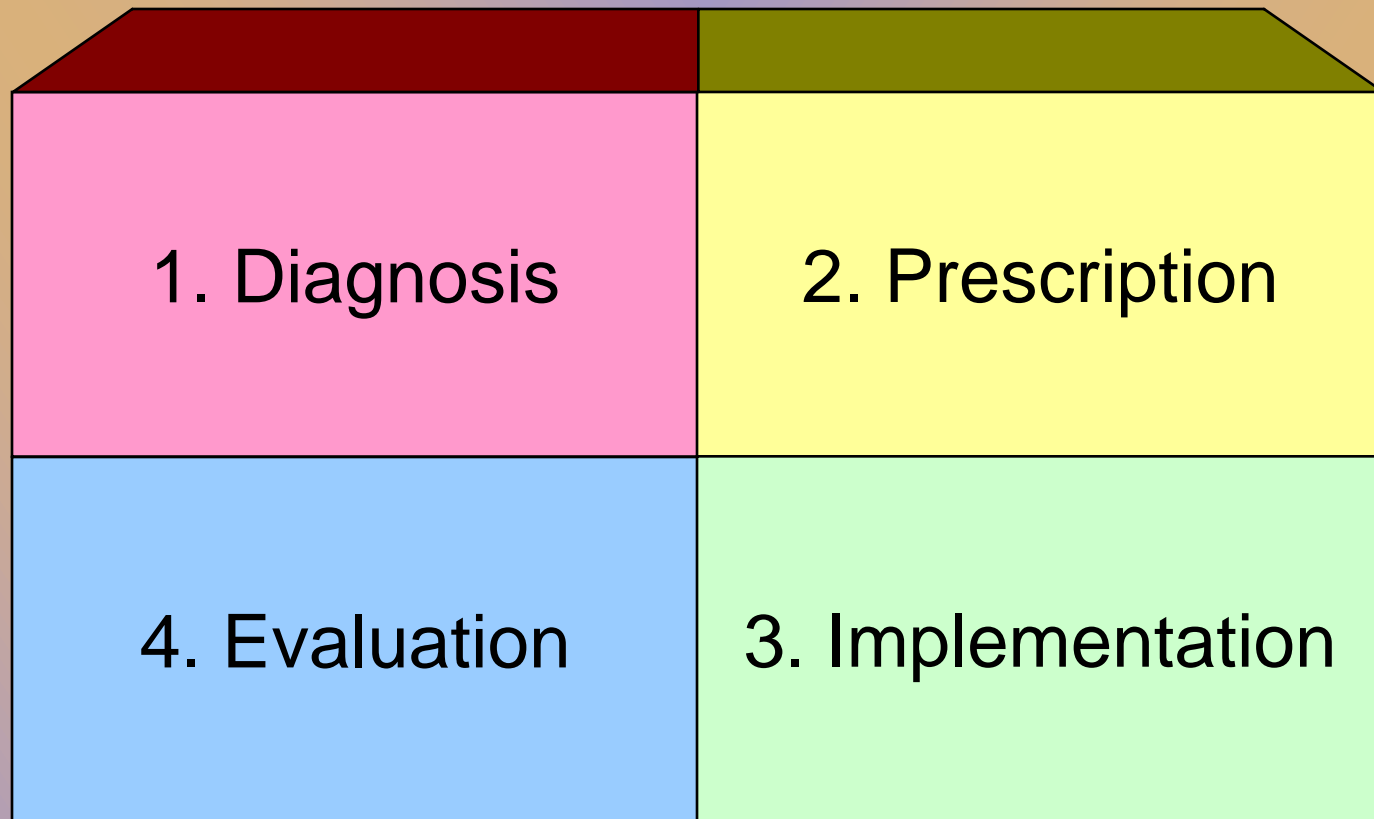
A Diagnostic HRM Framework

- Can help operating managers focus on a set of relevant factors
- Offers a map that aids a person in seeing the whole picture or parts of the picture

Diagnostic Model for Human Resource Management



How to Take a Diagnostic Approach to HRM



External Environmental Influences

- Government
 - requirements
 - regulations
 - laws
- The Union
- Economic Conditions
 - domestic
 - International
- Competitiveness
- Work Sector of the Organization
 - private sector
 - public sector
 - third sector
- Composition and Diversity of the Labor Force
- Geographic Location of the Organization

HRM Activities That Can Enhance and Sustain Competitive Advantage

1. Employment security
2. Selectivity in recruiting
3. High wages
4. Incentive pay
5. Employee ownership
6. Information sharing
7. Participation and empowerment
8. Teams and job redesign
9. Training as skill development
10. Cross-utilization and cross training
11. Symbolic egalitarianism

HRM Activities That Can Enhance and Sustain Competitive Advantage

12. Wage compression
13. Promotion from within
14. Long-term perspective
15. Measurement of practices
16. Overarching philosophy



Internal Environmental Influences



- Strategy
- Goals
- Organization culture
- Nature of the task (job)
- Work group
- Leader's style and experience

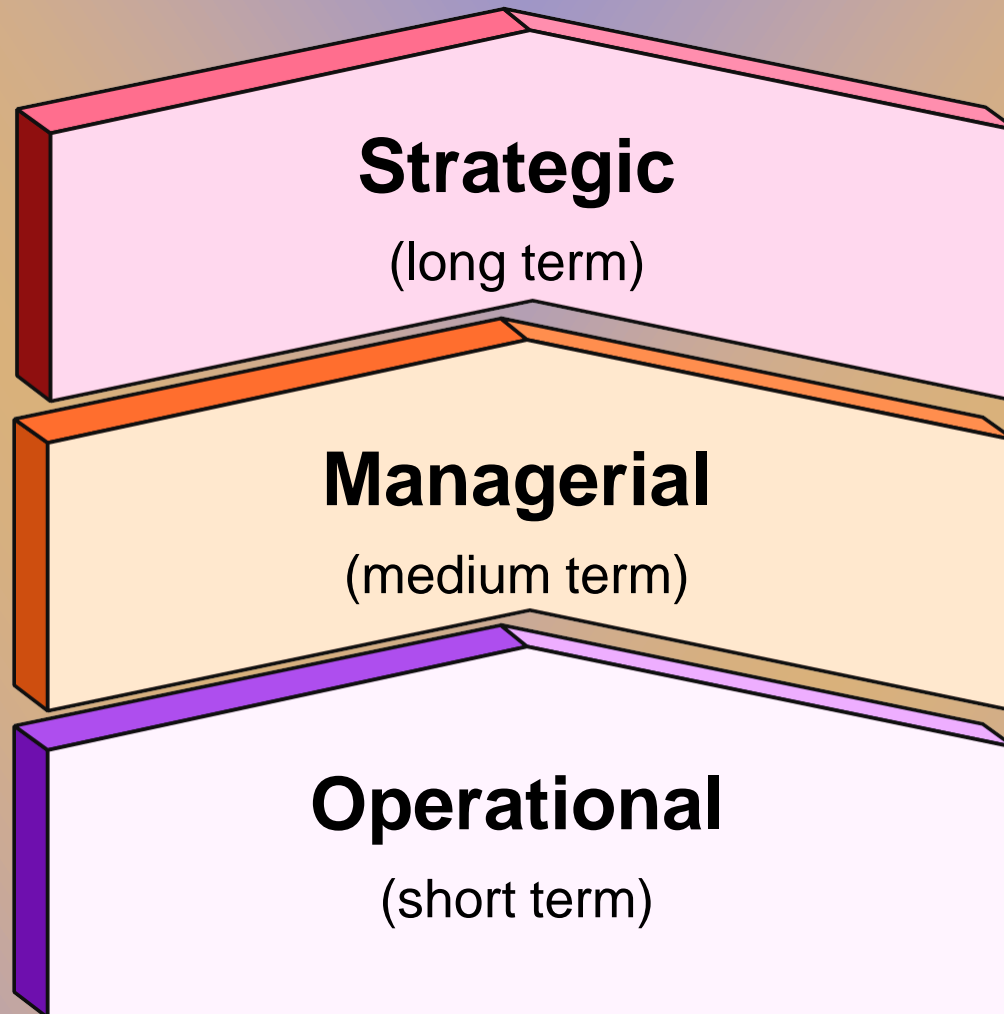
Key Factors in the Nature of the Task (Job):

- Degree of knowledge and ability to use information technology
- Degree of empowerment
- Degree of physical exertion required
- Degree of environmental unpleasantness
- Physical location of work

Key Factors in the Nature of the Task (Job):

- Time dimension of work
- Human interaction on the job
- Degree of variety in the task
- Task identity
- Task differences and job design

Three Levels of Strategy



Human Resource Activities by Level of Strategy

LEVEL	Employee Selection and Placement	Rewards (Pay and Benefits)	Appraisal	Development
Strategic (long term)	Specify the characteristics of people needed to run business over long term	Establish reward program that will be competitive with domestic and international competitors	Determine the level type of performance crucial for the growth of the firm	Plan development experiences for staff
	Examine labor force trends	Establish reward system that is linked to strategic goals	Develop equitable performance criteria	Plan development program with flexibility necessary to adjust to change
	Analyze immigration flows into the country		Link appraisal to accomplishment of long-term objectives	

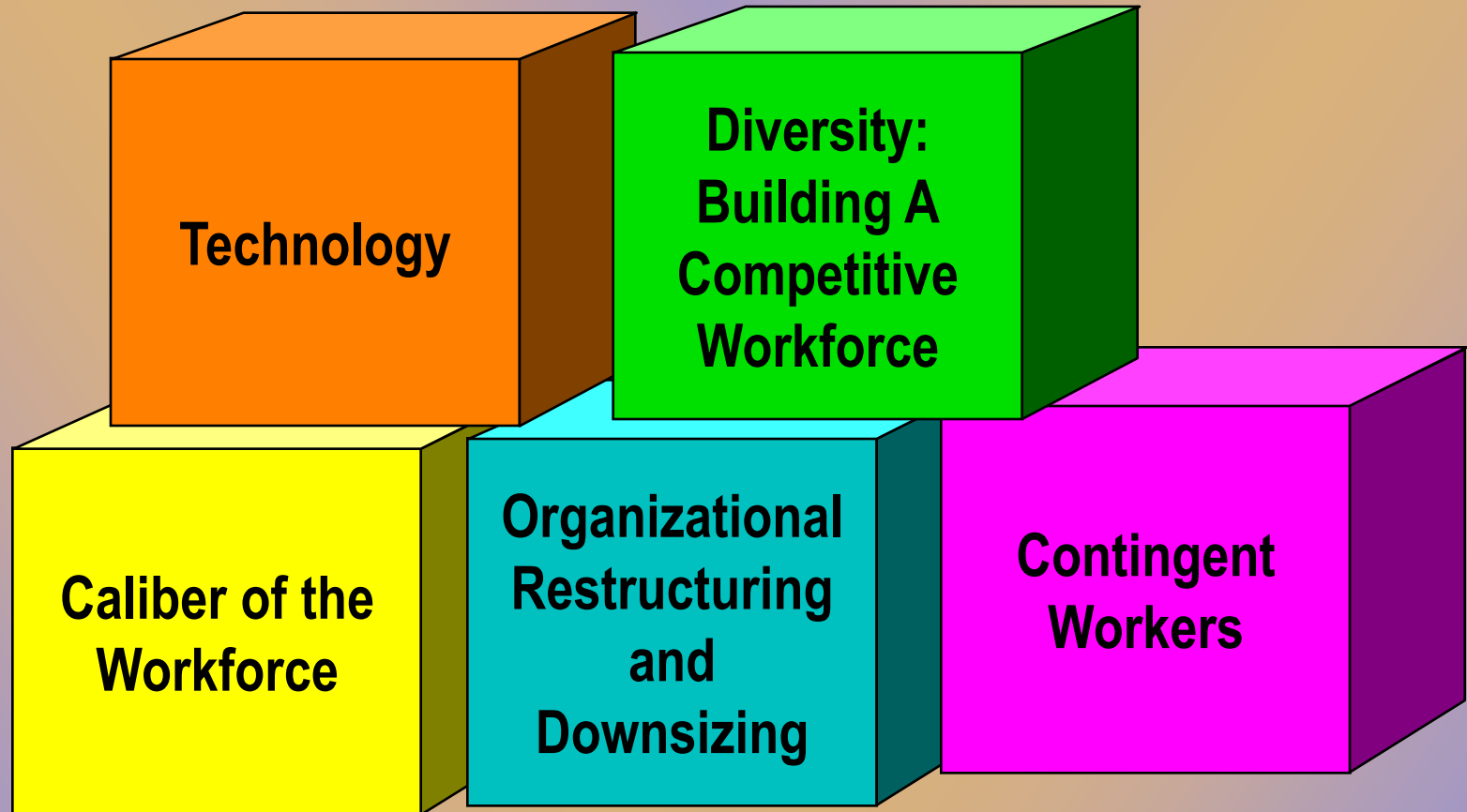
Human Resource Activities by Level of Strategy

LEVEL	Employee Selection and Placement	Rewards (Pay and Benefits)	Appraisal	Development
Managerial (medium term)	Make longitudinal validation of selection criteria	Set up five-year compensation progression plan for individuals	Validate systems that relate current conditions and future needs	Establish general management development program
	Develop recruitment marketing plan	Set up cafeteria-type benefits menu	Establish assessment centers for development	Provide for organizational development
	Develop approach to build labor resource pool	Set up retirement packages		Encourage self-development

Human Resource Activities by Level of Strategy

LEVEL	Employee Selection and Placement	Rewards (Pay and Benefits)	Appraisal	Development
Operational (short term)	Prepare staffing plans	Administer wage and salary program	Use annual or more frequent appraisal system	Use specific job-skill training
	Prepare recruitment plans	Administer benefits packages	Use day-to-day performance review systems	Use on-the-job training
	Review performance of workers daily			Use Web-based training on a 24/7 basis

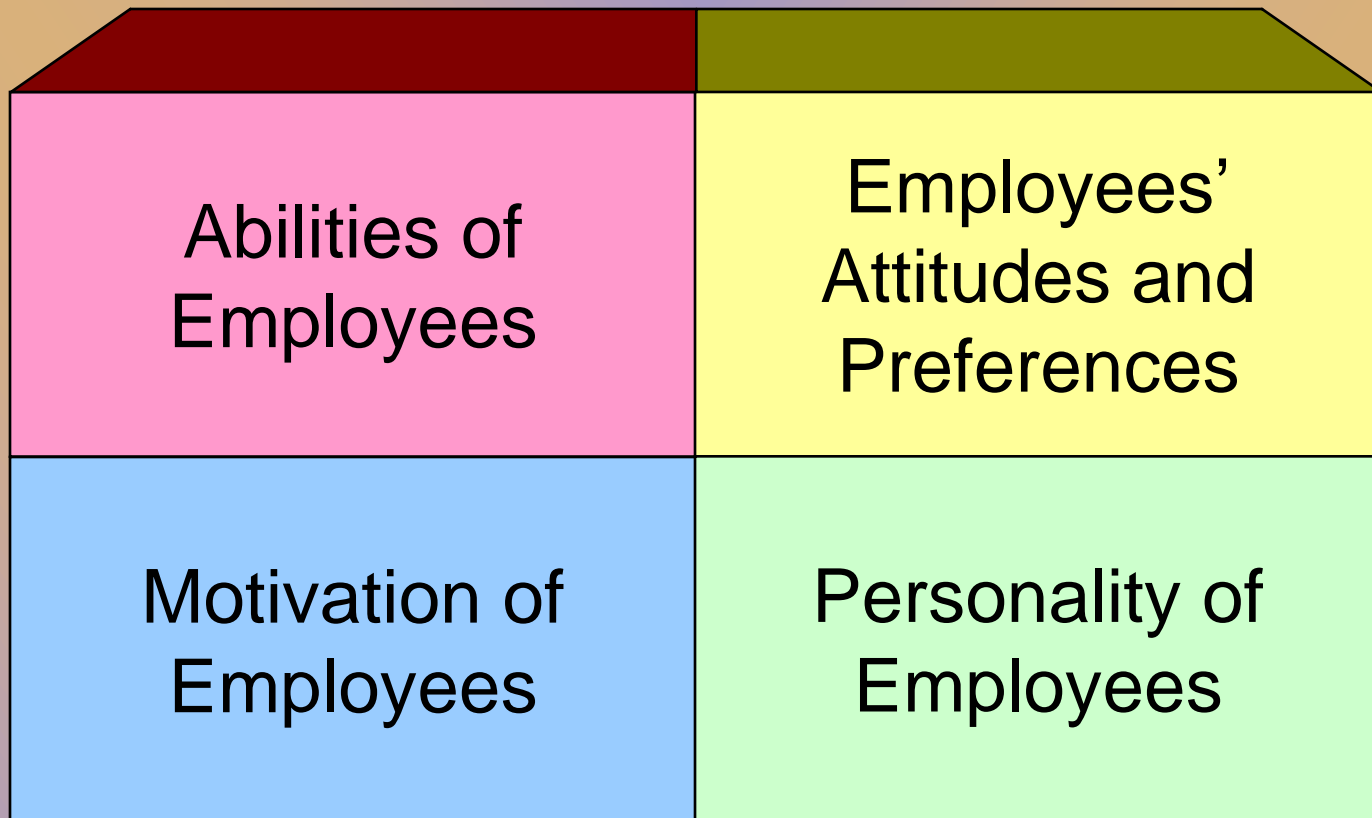
Strategic Challenges Facing HRM



Trends of the Technology Revolution

1. Growth in knowledge needs
2. Shift in human competencies
3. Global market connection
4. Business streamlining
5. Rapid response
6. Quicker innovation
7. Quality improvement
8. Industrial Revolution

People and the HRM Diagnostic Framework



Desirable End Results

- Organizational effectiveness is critically influenced by human resource (HR) management practices
- Changes in staffing, training, and compensation form an integral part of a coordinated change effort
- HR management systems must be in alignment with other management systems

Summary

- A sound HRM program can contribute to organizational end results
- Before choosing an HRM program, the diagnostic approach suggests examining:
 - the nature of employees
 - the external environmental influences
 - the internal environmental influences
 - organizational factors

Summary

- HRM has become a strategic area
 - now recognized as important in creating and implementing the overall strategies of a firm
- Organizational factors must be taken into account to maximize the effectiveness of HRM
- The work sector in which the organization operates is a key factor on management systems and the HRM function