# HUMAN RESOURCE MANAGEMENT STRATEGY AND ANALYSIS

Week 3

# STRATEGIC MANAGEMENT PROCESS (1)

- **Goal-Setting and the Planning Process**
  - Plan: a course of action from getting from where you are to where you want to go
  - Goal-directed
  - Hierarchy of Goals
- **Strategic Planning**
  - The company's plan for how it will match its internal **STRENGHT** and **WEAKNESSES** with external **OPPORTUNITIES** and **THREATS** in order to maintain a competitive advantage
    - SWOT Analysis
  - Strategic Management
    - The process of identifying and executing the organization's strategic plan by matching the company's capabilities with the demands of its environment

# STRATEGIC MANAGEMENT PROCESS (2)

- Insert Figure 3.2 p. 99

# TYPES OF STRATEGIES (1)

- Corporate Strategy
  - Concentration
  - Diversification
  - Vertical Integration
  - Consolidation
  - Geographic Expansion

  - Competitive Strategy
    - To build and strengthen the business long-term competitive position in the marketplace

# TYPES OF STRATEGIES (2)

- **Competitive Strategy (continued)**
  - **Competitive advantage**
    - Any factors that allow a company to differentiate its product or service from those of its competitors to increase market share
      - Cost leadership
      - Differentiation
      - Focusers

  - **Human Resource as a Competitive Advantage**
    - Human Capital: knowledgeable, skilled, engaged employees working hard and with self-discipline

# TYPES OF STRATEGIES (3)

- Functional Strategy
  - The broad guidelines that each department will follow in order to help the business accomplish its competitive goals

  - Strategic Fit
    - Each department's functional strategy should fit and support the company's competitive aims

# ROLES IN STRATEGIC PLANNING

- Top Managers
  - To decide what business the company will be in and where and on what basis it will compete
- Departmental Managers
  - To help devise the strategic plan
  - To formulate supporting functional and department plans to support the overall strategic plan
  - To execute the plan

- Example: Merger and Acquisition (M&A)
  - Due Diligence Stage – to review
  - Integration Stage – to manage the deal cost, to manage the messages, to secure the top team and a key talent, to define and implement an effective human resource service delivery strategy, to develop a workable change management plan, to design and implement the right staffing model, to align total rewards

# STRATEGIC HUMAN RESOURCE MANAGEMENT (1)

- Definition:
    - Formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims

    - In formulating human resource policies and activities, the aim must be to produce the employee skills and behavior that the company needs to achieve its strategic goals

    - Example:
        - Basic policies
        - Recruitment, selection , training, appraisal and compensation systems should support the company's strategic plan

# STRATEGIC HUMAN RESOURCE MANAGEMENT (2)

- Insert Figure 3.7 p. 107

# STRATEGIC HUMAN RESOURCE MANAGEMENT TOOLS

- Strategy Map
  - An overview of how each department performance contributes to achieving the company's overall strategic goals.

- HR Scorecard
  - A process of assigning financial and nonfinancial goals or metrics to the human resource management-related chain of activities required for achieving the company's strategic aims.
  - Relationship between HR activities, employee behaviors and firm-wide strategic outcomes and performance

- Digital Dashboard
  - Desktop graphs and charts showing a computerized picture of how the company is doing on all the metrics from the HR Scorecard process

# HR METRICS AND BENCHMARKING (1)

- Strategic Plan → Workforce Requirements → HR Strategies, Policies and Practices → Measures

- Types of Metrics
  - Example: absence rate, cost per hire, health care costs per employee etc.
- Benchmarking
  - Comparing the practices of high-performing companies to your own, in order to understand what they do that makes them better

- Example:
  - To assess recruitment effectiveness with Applicant Tracking System (ATS)
    - "quality of new hires"
      - a 1-5 scale in the first 90 days
    - "which recruitment sources produce the most new hires"
      - employee referrals, newspaper ads, etc.

# HR METRIC AND BENCHMARKING (2)

- **Strategy-based metrics**
  - Metrics that focus on measuring the activities that contributes to achieving a company's strategic aims

- **Workforce/Talent Analytics and Data Mining**
  - Software application
    - Background, Capabilities, Performance, Survey feedback, Recruitment, Selection, Tenure, Friendship and Termination

  - Data Mining Systems
    - The set of activities used to find new, hidden, or unexpected patterns in data
    - Patterns are used to make predictions

    - Human capital facts, analytical HR, human capital investment analysis, workforce forecasts, talent value model and talent supply chain

# HR AUDIT

- An analysis by which an organization measures where it currently stands and determines what it has to accomplish to improve its HR function

- A process of examining policies, procedures, documentation, systems, and practices with respect to an organization's HR functions

  - HR Audit
    - Reviewing the functioning of most aspects of the company's human resource function
    - Ensuring that the employer is adhering to government regulations and company policies

# EVIDENCE-BASED HR

- The use of data, facts, analytics, scientific rigor, critical evaluation and critically-evaluated research/case studies to support human resource management proposals, decisions, practices and conclusions

- To make better decisions

  - Objective evidence gathering
  - Experimentation
    - To explain
    - To predict

# HIGH-PERFORMANCE WORK SYSTEMS

- A set of human resource management policies and practices that together produce superior employee performance

- High-performance work system's human resource policies and practices do differ from less productive ones'
  - Human resource metric
    - A quantitative gauge of a human resource management activity
      - Employee turnover, hours of training per employee, qualified applicants per position
    - The things employers must do to have high-performance systems
    - High-performance work practices
    - Measurable differences between the human resource management systems in high-performance and low-performance companies