

## SECTION – 1

### QUESTION-1.

ANSWER:-

#### **Strategic Human Resource Management:-**

The word “strategic” literally means something done as a part of a plan to achieve a particular purpose or to gain an advantage. Strategic management may be conceived as the process of identifying and formulating strategic goals, selecting strategies to achieve the goals, executing the strategic plan and evaluating its effectiveness. Strategic human resource management, thus, refers to adopting a specific plan in regard to human resources, and revamping human resource policies and practices, and developing employee competencies to cope with the special or challenging situations.

In the words of Gary Dessler and Biju Varkkey, “Strategic human resource management means formulating and executing human resource policies and practices that produce employee competencies and behaviours the company needs to achieve its strategic aims.”

#### **Concept:-**

In today’s intensely competitive world, competitive advantage lies not just in differentiating a product or service or in becoming a low cost leader, but in also being able to capture company’s special skills or core competencies, as well as rapidly responding to customer’s needs and competitor’s moves.

The concept of SHRM was developed in 1984. This term was first coined by Fombrun, Tichy and Devanna. They suggested that HR systems and organizational structures should be managed in such a way that is congruent with organizational strategy. SHRM is the result of two major radical shifts, first the shift from old Personnel Administration to Human Resource management.

This change is based on the belief that people are an important asset in organizations that can be managed systematically by coordinating the shape and the substance of several traditional policies and practices. Second major shift is the reorientation of generic strategic models to the modern concept of SHRM. This reorientation is based on the philosophy that in addition to coordinating HR policies and practices with each other, this also needed to be coordinated with the needs of the organization.

Let’s understand some terms which are used in SHRM:

- i. Core competencies – A unique capability in the organization that creates high value and differentiate organization from its competitors.
- ii. Mission Statement – It explains the purpose and reason for existence, it is usually broad but does not go beyond couple of sentences and it serves as a foundation for everything that organization does.

iii. Strategy – It is the company’s plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.

### **Objectives:-**

Strategic HRM is the improved version of HRM over a period of time under drastically changing business environment and stiff competition. For survival, growth stabilize and excel in business performance, the need for willing cooperation was needed from employees.

To do so the approach of human resource management went under drastic changes with the interest to match the HR requirement with the business strategies so that the goals are achieved. The new concept of SHRM developed and it is nothing but HRM plus strategy.

The main objectives of SHRM are the following:

- (a) Plan for manpower requirements for its business located in national and international markets.
- (b) Conduct scientific selection and appointment of employees for business operation of right type and right in number.
- (c) Train the employees on technology in use and working procedure for developing their skills and knowledge.
- (d) Place the employees at jobs according to their areas of specialization.
- (e) Provide opportunities for the employees deserving on the scientific basis.
- (f) Compensate employees according to their skills, experience and contributions.
- (g) Maintain employees motivated, satisfied and cooperative in organisation.
- (h) Improve industrial relations, industrial peace and harmony at workplace.

### **Importance:-**

For many decades such responsibilities as selection, training, and compensation were considered basic functions of the area historically referred to as personnel management. These functions were performed without much regard for, how they are related to each other. From this narrow view we have seen the emergence of what is now known as human resources management.

Personnel management performs the basic functions of selection, training, compensation, etc., in the management of an organization’s personnel.

Strategic management of human resource, as it is currently perceived, represents the extension rather than the rejection of the traditional requirements for managing personnel effectively. An understanding of human behavior and skill in applying that understanding are still required.

Also required are knowledge and understanding of the various personnel functions performed in managing human resources, as well as the ability to perform those functions in accordance

with organizational objectives. An awareness of existing economic, social, and legal constraints upon the performance of these functions is also essential.

Strategic management of human resource extension of the traditional requirements of personnel management, which recognizes the dynamic interaction of personnel functions with each other and with the strategic and planning objectives of the organization.