Developing and implementing HR strategies There is an ever-present risk that the concept of strategic HRM can become somewhat nebulous – nice to have but hard to realize.This will be a necessary factor in the formulation stage but could be a vital factor when it comes to implemen tation.Integration with the business strategy The key business issues that may impact on HR strategies include: ?intentions concerning growth or retrenchment, acquisitions, mergers, divest ments, diversification, product/market development; ?proposals on increasing competitive advantage through innovation leading to product/service differentiation, productivity gains, improved quality/customer service, cost reduction (downsizing); ?the felt need to develop a more positive, performance-oriented culture and any other culture management imperatives associated with changes in the philoso phies of the organization in such areas as gaining commitment, mutuality, communications, involvement, devolution and teamworking.Observations made by Armstrong and Long (1994) during research into the strategy formulation processes of 10 large UK organizations suggested that there were only two levels of strategy formulation: 1) the corporate strategy relating to the vision and mission of the organi zation but often expressed in terms of marketing and financial objectives; 2) the specific strategies within the corporate strategy concerning product-market develop ment, acquisitions and divestments, human resources, finance, new technology, orga nization, and such overall aspects of management as quality, flexibility, productivity, innovation and cost reduction.PROPOSITIONS ABOUT THE DEVELOPMENT PROCESS The following propositions about the formulation of HR strategy have been drawn up by Boxall (1993) from the literature: ?the strategy formation process is complex, and excessively rationalistic models that advocate formalistic linkages between strategic planning and HR planning are not particularly helpful to our understanding of it; ?business strategy may be an important influence on HR strategy but it is only one of several factors; ?implicit (if not explicit) in the mix of factors that influence the shape of HR strate gies is a set of historical compromises and trade-offs from stakeholders.Adistinction is made by Purcell (1989) between: ?'upstream'first-order decisions, which are concerned with the long-term direction of the enterprise or the scope of its activities; ?'downstream'second-order decisions, which are concerned with internal operating procedures and how the firm is organized to achieve its goals; ?'downstream'third-order decisions, which are concerned with choices on human resource structures and approaches and are strategic in the sense that they estab lish the basic parameters of employee relations management in the firm.It has been noted by Cappelli (1999) that: 'The choice of practices that an employer pursues is heavily contingent on a number of factors at the organizational level, including their own business and production strategies, support of HR policies, and co-operative labour relations.'It leads to the formulation of HR strategies that first define what an organization intends to do in order to attain defined goals in overall human resource management policy and in particular areas of HR process and practice, and secondly set out how they will be implemented.This provides the necessary framework for the three approaches to the de velopment of HR strategies that have been identified by Delery and Doty (1996) as the 'universalistic', the 'contingency' and the 'configurational'.They should be founded on detailed analysis and study, not just wishful thinking, and should incorporate the experienced and collective judgement of top management about the organizational requirements while also taking into account the needs of line managers and employees generally.One of the most important aims in the

Summarized by © lakhasly.com

develop ment programme will be to align the HR strategy to the organizational culture and the business strategy by achieving vertical integration or fit.This contribution may be more significant if strategy formulation is an emergent or evolutionary process – HR strategic issues will then be dealt with as they arise during the course of formulating and implementing the corporate strategy.It can indeed be argued that HR strategies, like other functional strategies such as product development, manufacturing and the introduction of new technology, will be developed within the context of the overall business strategy, but this need not imply that HR strategies come third in the pecking order.Wright and Snell (1998) suggest that seeking fit requires knowledge of the skills and behaviour needed to implement the strategy, knowledge of the HRM practices necessary to elicit those skills and behaviours, and the ability quickly to implement the desired system of HRM practices.Cappelli and Crocker–Hefter (1996) comment that the notion of a single set of best practices has been overstated: 'There are examples in virtually every industry of firms that have very distinctive management practices...It is also necessary to stress that coherent and integrated HR strategies are only likely to be developed if the top team understands and acts upon the strategic imperatives associated with the employment, development and motivation of people.Afurther consideration is that the effective implementation of HR strategies depends on the involvement, commitment and cooperation of line managers and staff generally.For example, strategic objectives such as increasing commit ment by providing more security and offering training to increase employability may have to be abandoned or at least modified because of the short–term demands made on the business to increase shareholder value.LEVELS OF STRATEGIC DECISION–MAKING Ideally, the formulation of HR strategies is conceived as a process, which is closely aligned to the formulation of business strategies.APPROACHES TO HR STRATEGYDEVELOPMENT The starting point of HR strategy development is the alignment of HR strategy to the business strategy and the organizational culture – the achievement of vertical inte gration.Aligning HR strategy Afundamental requirement in developing HR strategy is that it should be aligned to the business strategy (vertical integration) and should fit the organizational culture.This provides the background against which the approaches to formulating and imple menting HR strategies are described.The process of developing HR strategies involves the adoption of a contingent approach in generating strategic HRM options and then making appropriate strategic choices.The emerging strategies should anticipate the problems of implementation that may arise if line managers are not committed to the strategy and/or lack the skills and time to play their part, and the strategies should be capable of being turned into actionable programmes.Aframework for aligning HR and business strategies is provided by a competitive strategy approach that relates the different HR strategies to the firm's competitive strategies, including those listed by Porter (1985).Difficult though it may be, a strategic approach is desirable in order to give a sense of direction and purpose and as a basis for the development of relevant and coherent HR policies and practices.Finally, there is too often a wide gap between the rhetoric of strategic HRM and the reality of its impact, as Gratton et al (1999) emphasize.But there is still room for HR to make a useful, even essential contribution at the stage when business strategies are conceived, for example by focusing on resource issues.STRATEGIC OPTIONS AND CHOICES The process of developing HR strategies involves generating strategic HRM options and then making appropriate strategic choices.Richardson and Thompson (1999) redefined the

Summarized by © lakhasly.com

first two approaches as best practice and best fit, and retained the word 'configurational', meaning the use of 'bundles', as the third approach.Distinctive human resource practices shape the core competencies that determine how firms compete.'Broad and often bland statements of strategic intent can be readily produced.This chapter starts by giving general consideration to the development process, setting out various propositions and describing the levels of strategic decision making.Culture fit HR strategies need to be congruent with the existing culture of the organization, or designed to produce cultural change in specified directions.The best practice approach This approach is based on the assumption that there is a set of best HRM practices and that adopting them will inevitably lead to superior organizational performance.This will be achieved more effectively if there is an HR director who is playing an active and respected role as a business partner.Business strategies may be influenced by HR factors, although not excessively so. HR strategies are concerned with making business strategies work.Purcell (1999) has also criticized the best practice or universalist view by pointing out the inconsistency between a belief in best practice and the resource-based view .The danger of creating a rhetoric/reality gap is acute.The development process as described below takes place at different levels and involves analysing options and making choices.In reality, however, HR strategies are more likely to flow from business strategies, which will be dominated by product/market and financial considerations.What is much more difficult is to turn them into realistic plans that are then implemented effectively.Good intentions can too easily be subverted by the harsh realities of organizational life.Amethodology is required for the process that can be conducted by means of a strategic review.But the business strategy must take into account key HR opportunities and constraints.However, in the more likely event that it changes 'the way we do things around here', then careful attention has to be given to the real problems that may occur in the process of trying to embed the new initiative in the organization.Strategic HRM is more about getting things done than thinking about them.Reference is also made to the existence of strategic options and choices.The methodology can be applied in three different ways.HR strategy can influence as well as be influenced by business strategy.Choices should relate to but also anticipate the critical needs of the business.Everything else flows from this process of alignment.An illustration of how this might be expressed is given in Table 9.1.The 'best practice' rubric has been attacked by a number of commentators.There is seldom if ever one right way forward.In effect, if what is proposed is in line with 'the way we do things around here', then it will be more readily accepted.

Summarized by © lakhasly.com