FRAMING COMPETITION WITH HR STRATEGIES

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Abstract

The basic purpose of this research paper is to discuss some of the main characteristics and developments of strategies in human resources (HR). Human resource strategy is a roadmap designed to develop the skills, attitudes and behaviors among staff that will help the organization meet its biggest challenges and goals with people centric solution. Human resource strategy includes the theory of labor management through personnel policy and practices. It covers the diversified areas of human resources functions such as recruitment & selection, compensation, performance management, rewards and recognition, training and development and industrial relations of employees. Human resource strategies must be in line with the vision, mission and objectives of the organization. Human resources functions are least effective in most organizations, and competitive strategies are usually not based on the skills, abilities, or behaviors of employees. Snell, Youndt and Wright (1996:62) mentioned, the past HR executives have typically tried to “take human resources out of the strategy equation--i.e., by substituting capital for labor where possible, and by designing organizations based on the hierarchy that separate those who think from those who actually perform the work.”

Index Terms:
Human Resource Management (HRM), Roles and Responsibility, Competitive challenges and Advantages, New strategy, Organizational practice.

I. Introduction

For developing HR strategy, companies need to analyze industry characteristics to determine their competitive advantages, and to identify the key process and players in the market. Creation of various different strategies for all types of peoples in the organization may be important, depending on their skills, responsibilities and knowledge. The strategies must meet the requirement of organizational roles and culture, structure, people and systems.

The fundamental principles of the Human Resources Strategy are:

- Understanding the organizational goals and objectives and assisting them to translate the Key Reward Area across all the functions in the organization.
- People in the organization regarded as most valuable assets.
- Represents that staff play the specified role in the learning experience of students and the service to other stakeholders including employers.
- Builds the importance of the relationship between good people management and the ultimate performance of the College.
• Builds the importance of attracting and retaining effective, well-qualified and motivated staff in relation to sustainable success of the organizations.

II. Theoretical framework

Human Resource Management

Human resource management (HRM) refers to the policies, practices, and systems that influence employees’ behavior, attitudes, and performance. In simple words Human resource management is the process of achieving a set of goals with the appropriate use of human resources. Many companies refer to HRM as engaging “people practices.” The strategy originates practices which needs to be considered to maximize their influence on company overall performance. HRM practices include analyzing and designing work, determining human resource needs (HR planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for the future (training and development), rewarding employees (compensation), evaluating their performance (performance management), and creating a positive work environment (employee relations).

Through human resource management employees get hired and also managed the employee within the workplace. The identification of company is totally depending on their employees. So it is necessary to manage them to maintain companies’ goodwill.

The HRM practices discussed in this paper highlighted how effective HRM practices support business goals and organizational objectives. That is, effective HRM practices are strategic! Effective HRM has been drawn to enhance company performance by contributing to employee as well as customer satisfaction, innovation, productivity, and development of reputation favorable for the firm’s community. The potential role of HRM in company performance has only recently been recognized.

III. Objective of the study

The main purpose of the study is to articulate the need of the organization intends to do about its human research management policies and best practices in current scenario to succeed in the future. This study may set out the sense of effective and purposive HR strategies to meet both the business needs and human need in the organization. It has classified the general strategies such as high performance work and specific strategies related to different aspects of human resource management such as learning, personal development and rewards.

IV. Research Methodology

The paper determines the description about the human resource management by depicting various HR strategies to be frame the emerging competition for current and future scenario. The data so collected from various authors index’s who had defines the human resource management by practising the policies and strategies. This analysis helps in determining where the organisation are standing and where wants to be in future.

V. Competitive Challenges Influencing HRM in current scenario

This section shows the top high-need applied skills for employers. However, new candidates to the workplace lack these and other skills needed for companies to compete in the global economy. Several studies describe the skill deficit companies are experiencing. A study by the Business Roundtable found that 62% of employers report they are having difficulty finding qualified job applicants to fill job openings. More than half indicated that at least 16% of their employee has skills gaps that adversely affect its productivity. Similarly a study by a consortium of Society for Human Resource Management, American Society for Training and Development, The Conference Board, and Corporate Voices for Working Families found that regardless of their education level only half the companies surveyed rated new employees as adequately prepared for work. Companies’ greatest basic skills needs were in reading, writing, and math. Large numbers of companies are seeking opportunities globally and prosper the shrinking of domestic markets which also enhance the free trade agreements between nations. To develop the best strategies HR managers have to balance the complicated set of issues related to organizational practices, different cultures, employment rules and regulations.
VI. Challenges in HR strategy

Some of the significant challenges in HR strategy are:

6.1 Competition for talent: Competitive compensation and employee benefits packages are essential to attracting talent to your organization. However, to really compete, you need to dig deeper and give employees a meaningful experience and a greater sense of purpose. An employer must create a organization culture that acquire the values of everyone. Due to this, it is surprising to know that still there is shortage of talent and skilled people and shortage of people with right kind of capabilities and competencies. As a result, organization or a company compete for talent and try to acquire best available talent.

Maintaining competition for talent strategies:
- Creating a culture of continuous training and learning.
- Employerbranding to attract the candidate for the job and are willing to apply for the job.
- Keeping recruitment lines open.
- Re-skilling or train the existing employees.

6.2 Retention of talent: The average cost of replacing an employee amount to just over is 20% of the persons annual salary. The employee going out of the organization is not only a loss in terms of skills and competencies but also of financial loss because lot of money and energy goes in looking the rights substitute when an employee leaves the job. They take a significant portion of their expertise and knowledge with them finding new jobs is much easier for employees in other organization.

Maintaining retention for talent strategies:
- Exit interviews to know the right information why an employee living the organization, what are the problem areas so that organization at least improves those areas and try to retain other talent in future.
- Employees are looking for opportunities for advancement if they feel there is no future and personal growth then they will think of quitting job for better promotion or position somewhere else. For this the organization has to be taken care of the employees by giving performance and reward system.
- Flexibility in work must be in the organization. Employees want improvement or more control of the work they are doing and they want their share in participation in management that has to be flexible in nature.

VII. How can HR learn and process strategy?

HR should play a pivotal role in framing business strategy, particularly in those business houses that consider their employee as a key asset. But the employer’s heart involves managing their people in other business functions, supporting their efforts and talking in their language and also removing the barriers arising out their comfortably.

With the recent researches undergone by CIPD (Chartered Institute of personnel and development), it finds that about one in five (18%) of business leaders are unaware about the contribution of HR to the strategies of business. While in other section 18% of the senior HR people have no involvement in strategy of business at all. While contributing to strategy by HR is sometime ignorable but 70% of employers want their HR’s to be a key player in strategic management. It makes the ability to draw and influence the strategy of business for functional objective and potential.

VIII. Some of the strategy prevails in the market are:

I. 8.1 Commitment Strategy: This strategy attempts to make a commonality of interest between the organization (often symbolized by the management) and the employees. To develop that commonality of interest requires heavy emphasis on employee training and development, internal staffing and career development and compensation levels formulated on the basis of internal equity norms rather than market rates.
II. **8.2 Compliance Strategy**: This strategy focuses on achieving labor efficiencies through control of the over labor cost and use of contingent workforce and maximum control over processes as a key competitive strategy. Job specification and job description are designed to look simply to ensure a constant and stable supply of employees and reduce the cost of training. To ensure uninterrupted production and eliminate all the uncertainties, employees are expected to behave in a prescribed manner. In many instances, the employer also attempts to seek efficiencies by shifting production infrastructures to those areas in which trade unions and government regulations pose fewer constraints on management.

III. **8.3 Paternalistic Strategy**: In this strategy, some minimal training and competency building through training and development, job rotation is done to achieve flexible functioning of staff and task assignments and maintain the stability in workforce at work place. Organization provides some employment guarantees as well as a system of internal staffing, typically based on seniority. Adequate reward system is offered to maintain stability of workforce by achieving a limited degree of learning capability that is not available in a compliance strategy.

IV. **8.4 Collaborative Strategy**: This strategy relies on highly skilled contract labor to meet the specialized needs, hiring personnel on retaining them “on call” basis. These highly skilled and specialized “crafts” people are mostly evaluated independently on the basis of their performance outcomes. Because employees are employed to provide certain deliverables but are engaged in the HR processes that are beyond the ability of the employer to understand the contingent pay used to align with their interests with those of their employer and to ensure that organizational objectives are met. This is a strategy of choice by “virtual organizations.”

**8.5 Corporate Strategy**: Corporate strategy refers to the overall strategy of an organization that is made up of multiple business units, operating in multiple markets in the scenario. This strategy determines how the whole organization supports and enhances the value of the business units within internal environment; and it answers the question that, "How do we construct the structure of business, so that all of its parts create more value together than they would individually?" Companies and organizations can achieve this by building strong internal functions, by sharing technologies and resources among all related business units, by increasing return on equity, by developing and building a strong branding, and so on. So, at this level, we’re concerned about how the business units within the corporation should fit together, and understanding how resources should be deployed to create the greatest possibilities in value.

Tools like Porter’s Generic Strategies, Boston Matrix, Etc. Will help with this type of high-level analysis and planning. The organizational design is another important strategic factor that needs to be considered. This matrix helps in determining the process of structuring the business, people, and other resources – all of these factors affect the competitive advantage and also can support strategic goals for survival and growth of organization.

**Human Resource strategy example:**

**NETFLIX**

A good example of a Human Resource strategy that worked was how Netflix managed all its people. After telecasting dot-com bubble burst and the 9/11 attacks, Netflix had to lay off a third of its employees. It had always been a Netflix’s strategy to hire and acquire only A players in the company. This was an opportunity. By letting go of the B-players, the remaining employees were happier and more productive for future. One of the engineers said that: “I’ve learned that I’d rather work by myself than with subpar performers.”

This also had consequences for people who once were treated as invaluable but had become redundant as the company grew and survive. According to Patty McCord, Netflix’s chief talent officer (1998 to 2012), “if everyone wanted only “A” players in a team, everyone must have to be willing to let go of people whose skills are not suitably fit to the organization, it is important how much valuable their contributions had once been in the organization.”

The impact of Netflix’s holiday policies also can be seen in working with only A players. After Netflix went public, there was some pressure given to employees to formalize the paid-off-time policy. After some research, McCord decided to use this as a system in which employees could take as much time off as they felt was appropriate – in dialogue with their boss.
IX. Types of HR Strategies

Different organization attempts different HR strategies. There is no pre-decided set of standard indices. There is research into HR strategy is conducted by Armstrong and Long (1994) and Armstrong and Baron (2002) disclosed many variations by different organization. The main two basic types of HR strategies related to different aspects of human resource management that can be identified are:

- Overarching strategies; and
- Specific strategies.

10.1 Specific HR strategies: Specific HR strategies are generally based on talent management, continuous improvement of business environment, employee engagement strategy, knowledge management, and social responsibility towards corporate sector, resourcing in business, payment and reward system, strategy for employee well-being, learning and developing, and maintaining industrial relations.

10.2 Overarching HR strategies: Overarching means to reach above. Overreaching strategies describes the general intentions of the various organization about people management and development and what steps are taken care to ensure the organization that helps in attracting and retaining the people it needs and also ensure the possible commitment of employees, employee motivation and engagement. They can be expressed as rough statement of the purpose and the purpose that lays the ground study for more specific strategy. They are totally concerned with overall organizational effectiveness and helps in achieving human resource advantages. Boxall and Purcell (2003) point out that employing ‘better people in organizations with better processes, can help in developing high-performance work processes and generally creating ‘a great place to work’.

Examples of overarching HR strategy statements:

i. A local authority: The HR strategy expressed by the chief executive of the council, that HR strategy is about having a very strong focus on the overall effectiveness of the organization, its direction towards goal and the procedure of organizational performances, commitment, beliefs and respect for individuals which is regarded as important factor.

ii. A public utility: The only HR strategy you really need is the expressing values in tangible form and the implementation of those values until unless the employer gets the right values of human resource to forget all the rest.

iii. A manufacturing company: In the fast tracking industry the fast learners always win and acquire a chance of stability in the company. The main purpose of the HR strategy is to stimulate dynamic organizational changes on a broader level which aims ultimately at achieving competitive advantage through the efforts of the people working in the company.

iv. A retail stores group: The biggest challenge in upcoming scenario will be to maintain competition and to attract very high potential people. The main difference is what the company tends to do for their people and people tend to forget that they are their important assets. The easiest ways for employer is to hold is money but not the good people. So for the business improvement training and manpower planning is directly linked for profitable growth and survival.

v. Aegon Life Insurance Company: In insurance company nothing is going to be delivering without expertise people. We try to solve the problems by developing the effective HR strategy. Importantly it was justified that peoples at workplace are the one who create and implement strategy on the behalf of the organization. HR put the people at the forefront of strategic thinking. The right strategy can be delivering through right people with right training, right qualification and right sort of culture.

X. Evaluation criteria for an effective HR strategy:

An efficient HR strategy is one that works to accomplish what it gets out to accomplish.

- It will gratify business needs.
- It is based on the death analysis and study not just on wishful things.
- It can be changed into actionable programs that anticipate implementation requirement and problem.
It is ordered and integrated, being composed of components that fit with and support each other.

It takes account of the desire of line managers and employees as well as those of the organization and its stakeholders. As Boxall and Purcell (2003) states that: ‘HR planning should aim to meet the requirement of the key stakeholder groups involved in people management in the organization.’

XI. Conclusion

From the above detailed evaluation it must be noted that the organization has to accept the dynamic changes due to which prior criteria can be set as a standard for HR strategy. Various departments as well as HR have to change in several ways. The pace of change can be changed rapidly and public and political expectations for service level will continues to rise. Human resource management focuses on adapting the business development needs and the needs of development of employees.

Competition in emerging scenario can be depends on the people at workplace and hiring those potential people who create some extra value to the organization which contributes in achieving the business objectives. Within and outside organization every people have a valuable role to play. The emphasis is on helping individuals to work in a group together. Workforce planning is a part of the strategic process which is treated as long term requirements across the organization.

In framing competition, planning for personal development enables every individual to grow both professionally and personally within the business unit. This helps in creating distinctive and important competitive advantage through selecting and developing highly motivated and skilled employees who are able to perform at high level which indicates job enrichment and job enlargement.

There is no doubt that the HR strategy helps the organization’s employees to contribute at the highest level possible and improve the bottom line. In helping employees improving their skills, attitudes and behavior and decrease turnover, HR strategy help the company in meeting its ultimate goals, including productivity, quality management and improvement and customer satisfaction.

Reference


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