

Strategic Human Resource Management

Lecture 3

The Concept of Strategy (continuation)

Lecturer: Dr. Amy Vundi

Lecture Learning outcomes

At the end of this lecture, you will be able to:

- i. Explain the concept of strategy.
- ii. Evaluate the three key concepts of strategy.
- iii. Assesses the steps followed in formulation and implementing strategy.
- iv. Advice on some of the methods to use in order to overcome barriers during implementation.

2.0 Introduction and Overview.

This topic presents the meaning and formulation of strategy. It also explains how human resource in an organization can be employed strategically in order to achieve sustainable competitive advantage. Good strategy must match company to its external and internal environment. It's a way of managing the expectation, of the environment. It must build sustainable Competitive advantage. It must improve company's performance.

2.1 The Concepts of Strategy

Strategy is defined as the direction and scope of an organization over the longer term which matches its resources to its changing environment and in particular to its markets, customers and others to meet stakeholder's expectations. Strategy determines the direction of the organization in relation to the environment. It is the process of the defining intentions and allocating resources to opportunities and needs. It is concerned with achieving competitive advantage through its resources. It involves long term development and the ability to have sound courses of action in order to challenge the status quo. Strategy includes management of change as well as planning. An important aspect of strategy is the need to achieve strategic fit. **Strategy** defines an organization's long-term direction, aligning resources with changing markets and stakeholder expectations—while aiming for competitive advantage (BusinessManagementIdeas, 2025). It involves intention-setting, resource allocation, planning, and change management. A successful strategy ensures **strategic fit**, achieved by: This is used in three ways:

- i. Matching organizational capabilities with external opportunities.
- ii. Aligning strategic elements across functions.
- iii. Ensuring cohesive, supportive strategy execution.

2.2 Key Concepts of Strategy

Competitive advantage is rooted in providing value that competitors fail to match (Resource-Based View, 2025). This concept persists from Porter's foundational work, emphasizing innovation, quality, and cost leadership. Furthermore, the VRIO framework emphasizes resources that are Valuable, Rare, Inimitable, and Organizational are key to sustainable advantage (CriterionHCM, 2025)

The three key concepts of strategy are:

- 1) Competitive advantage
- 2) Distinctive capabilities
- 3) Strategic fit.

2.2.1. Competitive advantage:

This concept was formulated by Michael Porter (1985). Porter asserts that competitive advantage arises out of a firm creating value for its customers. The firms select markets in which they can excel and present a moving target to their competitors by continually improving their position.

He developed his well-known framework of the generic strategies that organizations can use to gain competitive advantages. These are:

- 1) Innovation- being the unique producer.
- 2) Quality- delivering high quality goods and services to customers/products that are unique.
- 3) Cost leadership- creates a superior value. The planned result of policies aimed at "managing away expense".

Application from (linking Human Resource and Competitive Strategies).

To create superior value by giving lowest price in the market.

- It's a strategy of making money on volumes and not margins.

Barney (1991) made a distinction between the competitive advantage that a firm presently enjoys but others will be able to copy and sustained competitive advantage which competitions cannot imitate.

2.2.2. Distinctive Capabilities

The opportunities for companies to sustain competitive advantage are determined by their capabilities. Quinn's (1980) says it is superiority on the organization. Kay extends this definition by emphasizing that there is a difference between distinctive capabilities and reproducible capabilities. Distinctive capabilities are those characteristics that cannot be replicated by competitors or can only be imitated with reasonable management skills, diligence and financial resources. They are core competences that describe what the organization is specially or uniquely capable of doing. They are what the company does particularly well in comparison with its competitors. Key capabilities can exist in areas such as technology, innovation, and marketing, delivering quality or making good use of human and financial resources.

2.2.3. Strategic Fit

The concept of strategic fit states that to maximize competitive advantage a firm must match its capabilities and resources to the opportunities available in the external environment. Hofer and Schendel (1986) concludes a critical aspect of top management's work today involves matching organization competence (internal resources and skills) with the opportunities and risks created by environment change in ways that will be both effective and effecting.

2.3. Formulation of strategy.

The formulation of corporate strategy can be defined as a process for developing a sense of direction. The process of formulating strategy has the following steps:

1. Defining the Mission and Vision.
2. Construction objectives.
3. Conduct internal and external environmental scans to access the internal strengths and weaknesses and the external opportunities and threats (SWOT analysis).

VISION:

Vision is a management's aspiration for organization.

- It's where business is headed to.
- Kind of organization we are trying to create.
- No time limit.
- Organization's ideal future (gives direction).
- It should be communicated and shared widely.

MISSION:

- Stated as a process toward the vision shows purpose of Business.
- It's a statement of attitude, outlook and orientation.
- Provides a unifying theme for the organization.
- Communicates a sense of what is to be achieved.

VALUES:

- Defines what is acceptable and what is unacceptable in a company. (Shapes peoples behavior).
 - Forms basis of organization's culture.
4. Analyze the existing strengths to determine their relevance in the light of internal and

external approaches. This may include gap analysis which will establish the extent to which environmental factors may lead to gap between what could be achieved if no changes were made and what needs to be achieved.

5. Define in the light of this analysis the distinctive capabilities of the organization.
6. Define the key strategic issues emerging from the previous analysis. This will be concerned with such issues as product markets scope, enhancing shareholders value and resource capabilities.
7. Determine corporate and functional Departments strategies – this may include business strategy for growth or diversification or the broad generic strategies for innovation, quality or cost leadership.
8. Prepare integrated strategic plans for implementing strategies.
9. Implement the strategies.
10. Monitor and evaluate the implementation and revise existing strategies or develop new strategies as need be.

2.4 Implementing HR Strategies

There is a gap between the strategy and the reality of what happens to it. Factors that contribute to this gap include:

- The tendency of employees to accept initiatives they perceive to be relevant to their own areas.
- The tendency of long-serving employees to cling to the status quo.
- Complex initiatives may not be understood by employees or will be perceived differently by them.
- It is more difficult to gain acceptance of non-routine initiatives.
- Employees will be hostile to initiatives which are believed to be in conflict with the organization identity.
- When the initiative is seen as a threat.
- Inconsistencies between corporate strategies and values.
- The extent to which senior management is trusted.
- The perceived fairness of the initiative.
- The extent to which the new initiative contradicts existing processes.
- A bureaucratic culture which is not responsive to change.

2.5 Barriers to The Implementation of The HR Strategies

1. Failure to understand the strategic needs of the business which results to HR strategies being seen as relevant or even counterproductive.
2. Inadequate assessment of the environmental and cultural factors that affect the content of the strategies.
3. The analysis of best practice that does not fit the organizational requirements.
4. The selection of one initiative in isolation without considering its impact on other areas of HR practices.
5. Inability to persuade top management to actively support the HR initiatives.
6. Inability to achieve ownership among line managers.
7. Inability to gain the understanding and acceptance of employees.
8. Failure to take into account the need to have established supporting processes for the initiative.
9. Failure to ensure that resources i.e finance, people and time have been regulated to ensure the implementation. This requires HR executives to provide support to line managers, conduct training programmes within organization and also to the community.
10. Failure to monitor and evaluate the implementation of the strategy in order to take remedial action.

2.6 Overcoming The Barriers

To overcome the barriers it is necessary to carry out the following steps:-

1. Conduct analysis – the initial analysis should cover business needs, corporate culture and internal and external environmental factors. (SWOT and PESTEL analysis)
2. Formulate strategy – the formulation of the strategy should set out the rationale for the strategy and spell out its aims, costs and benefits.
3. Gain support – gain the support of the line managers, employees and trade unions. This means the communication of intentions and their rationale and the involvement of interested parties in the formulation of strategic plans.
4. Assess the barriers – i.e. potential barriers especially those relating to indifference, hostility and lack of resources.
5. Prepare an action plan – as a HR executive prepares what is to be done and when it should be completed. The action plan should indicate the consultation, involvement, communication and training programmes that will be required. It should also state how progress will be monitored and the criteria for measuring success against objectives.
6. Manage the implementation – this involves monitoring the progress and dealing with problems as they arise.
7. Follow-up and evaluate the initiative – follow up can take place through interviews, focus groups and attitudes surveys. Evaluation should be in form of the original proposals, the provision of supporting processes, additional support to line managers, intensified communication and training or getting more resources.

2.7 Corporate Issues Affecting Strategy Formation

The corporate issues include the following:

1. Vision and mission

Strategic HRM is concerned with the people implications of top management vision of the future and the mission that is there to fulfill it.

2. The organization itself-HR strategies may address issues such as:

- a) **Organization capabilities** e.g. change management, motivation and direction, knowledge management and resource management.
- b) **Structure** – in order to maximize business opportunities, proper management structures have to be created. This will include team, e.g. the Motorola Strategy for developing team. Work is important in implementing the HR strategy of participative management. People are able to discuss the project they are working on and if they have a problem they are encouraged to get a team of people to work with them to push the project forward.
3. **Performance**- a performance strategy will be based on the analysis of critical success factors and the performance levels required to attain this success. The organization can improve performance by training, development, re- organization, the development of performance management processes and business process reengineering.
4. **Quality and customer care**-quality which means customer satisfaction is the key to achieving competitive advantage. Quality is achieved through people and investment in these people is a pre-requisite for achieving high quality standards. A strategy for total quality is a HRM strategy that is owned and developed by management.

2.8 Barriers to the implementation of the HR strategies

1. Failure to understand the strategic needs of the business which results to HR strategies being seen as relevant or even counterproductive.
2. Inadequate assessment of the environmental and cultural factors that affect the content of the strategies.
3. The analysis of best practice that does not fit the organizational requirements.
4. The selection of one initiative in isolation without considering its impact on other areas of HR practices.
5. Inability to persuade top management to actively support the HR initiatives.
6. Inability to achieve ownership among line managers.

7. Inability to gain the understanding and acceptance of employees.
 8. Failure to take into account the need to have established supporting processes for the initiative.
 9. Failure to ensure that resources i.e. finance, people and time have been regulated to ensure the implementation. This requires HR executives to provide support to line managers, conduct training programmes within organization and also to the community.
 10. Failure to monitor and evaluate the implementation of the strategy in order to take remedial action.

2.9. Overcoming the barriers

To overcome the barriers, it is necessary to carry out the following steps:

1. Conduct analysis- the initial analysis should cover business needs, corporate culture and internal and external environment factors (SWOT and PESTEL analysis)
2. Formulate strategy- the formulation of the strategy should set out the rationale for the strategy and spell out its aims, costs and benefits.
3. Gain support- gain the support of the line managers, employees and trade unions. This means the communication of intentions and their rationale and the involvement of interested parties in the formulation of strategic plans.
4. Assess the barriers- i.e. potential barriers especially those relating to indifference, hostility and lack of resources.
5. Prepare an action plan- as a HR executive prepares what is to be done and when it should be completed. The action plan should indicate the consultation, Involvement, communication and training programmes that will be required. It should also state how progress will be monitored and the criteria for measuring success against objectives.
6. Manage the implementation- this involves monitoring the progress and dealing with problems as they arise
7. Follow-up and evaluate the initiative- follow-up can take place through interviews, focus groups and attitudes surveys.
Evaluation should in form of amendments of the original proposals, the provision of supporting processes, additional support to line managers, intensified communication and training or getting more resources.

3.0 Summary

Strategy refers to the long-term direction of an organization, aligning its resources with external opportunities and threats while ensuring sustainable competitive advantage. It provides a framework for managing change, guiding decision-making, and meeting stakeholder expectations. The three key concepts of strategy are competitive advantage, which focuses on delivering unique value through innovation, quality, or cost leadership; distinctive capabilities, which highlight the unique competencies that are difficult for

competitors to replicate; and strategic fit, which ensures that internal resources are aligned with external demands to maintain coherence and effectiveness. Formulating strategy involves defining the vision and mission, setting objectives, analyzing internal and external environments, identifying distinctive capabilities, and designing corporate and departmental strategies. Implementation requires integrating plans, allocating resources, executing initiatives, and continuously monitoring and evaluating progress. To overcome barriers in implementation, organizations should engage stakeholders, allocate sufficient resources, provide training, establish clear action plans with measurable goals, and foster a culture of trust and adaptability that supports change.

3.1 External Activity

Task: Analyze how a company can employ SHRM to enhance strategic fit. Focus on:

- Vision, mission, and HR alignment.
- Distinctive capabilities (e.g., talent, innovation).
- Structural adjustments for strategy alignment.

References

- CIPD. (2024). *Strategic human resource management: Linking people management to long-term business goals*. [CIPD](#)
- Resource-Based View of HRM. (2025). Human resources as a source of competitive advantage. [HR Tutorial](#)
- CriterionHCM. (2025). *Strategic Human Resource Management Guide (2025)*. VRIO framework explained. [Criterion HCM](#)
- FourWeekMBA. (2025). *Strategic fit and its business importance*.