

Strategic Human Resource Management

Lecture 1

Introduction to Strategic HRM

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Lecture Learning outcomes

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

- i. Define Human Resource Management
- ii. Explain the evolution of human resource management
- iii. Define the goals of human resource management
- iv. Outline the core functions of human resource management
- v. Explain the changing context of Human Resource Management

1.1 Introduction to Human Resource Management: Key Notes & Concepts

Core Definition:

Human Resource Management (HRM) is the strategic approach to the effective management of people in an organization so that they help the business gain a competitive advantage. It is designed to maximize employee performance in service of an employer's strategic objectives.

1.2 The Evolution of HRM: From Personnel to Strategic Partner

The field has evolved from a primarily administrative function ("Personnel Management") to a critical strategic partner.

- **Historical View (Personnel Management):** Focused on administrative tasks: payroll, employee records, legal compliance, and handling labor relations. It was often reactive and seen as a cost center.
- **Modern View (Strategic HRM):** HR is proactive and integrated with the overall business strategy. It views people as valuable assets (human *capital*) whose talent and performance directly drive organizational success.

Reference: Snell, S., Morris, S., & Bohlander, G. W. (2023). *Managing Human Resources* (18th ed.). Cengage Learning.

1.3 The Goals of HRM

Most modern HRM textbooks agree on four primary goals:

1. **To Attract and Retain Talent:** This involves employer branding, recruiting, and creating a positive employee experience.
2. **To Motivate and Engage Employees:** Using tools like compensation, benefits, performance management, and a positive work environment to ensure employees are productive and committed.
3. **To Develop Employee Skills and Knowledge:** Through training, development, and career management to ensure the organization has the skills needed for the future.
4. **To Ensure Legal Compliance and Ethical Practices:** Protecting the organization from lawsuits and creating a fair, safe, and equitable work environment.

Reference: Dessler, G. (2023). *Human Resource Management* (16th ed.). Pearson.

1.4 The Core Functions of HRM (The HR Value Chain)

These are the key activities performed by the HR department to achieve its goals.

Function	Description	Key Activities
Talent Acquisition & Workforce Planning	Identifying staffing needs and finding the right people.	Job analysis, workforce planning, recruiting, selection, onboarding.
Learning & Development (L&D)	Equipping employees with necessary skills.	Training, leadership development, career planning, succession planning.
Performance Management	Ensuring employee output aligns with goals.	Goal setting (e.g., OKRs), performance appraisals, feedback, coaching.
Total Rewards	Compensating and rewarding employees.	Compensation (pay, bonuses), benefits (healthcare, retirement), non-monetary rewards (recognition, work-life balance).
Employee & Labor Relations	Maintaining a positive work environment.	Employee engagement, communication, conflict resolution, union relations.

Function	Description	Key Activities
HR Compliance & Risk Management	Adhering to laws and regulations.	Health & safety (OSHA), equal employment opportunity (EEO), data privacy, ethical practices.

Reference: Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2023). *Human Resource Management: Gaining a Competitive Advantage* (12th ed.). McGraw-Hill.

1.5 Strategic Human Resource Management (SHRM)

This is the central theme in modern HR. SHRM is the proactive integration of HR strategies with the overall business strategy.

- **Alignment:** HR policies and practices must be aligned with what the business is trying to achieve (e.g., innovation, cost leadership, customer intimacy).
- **The HR Value Proposition:** HR's worth is measured by its ability to improve organizational outcomes, not just by how efficiently it administers programs.
- **HR Analytics:** Using data to make evidence-based decisions about people management (e.g., predicting turnover, measuring the ROI of training programs).

Reference: Ulrich, D., & Dulebohn, J. H. (2023). *HR from the Outside In: The Next Era of Human Resources Transformation*. RBL Group.

1.6 The Changing Context of HRM

Modern HR operates in a dynamic environment shaped by several powerful forces:

- **Technology & AI:** The use of Human Resource Information Systems (HRIS), automation of administrative tasks, data analytics, and the rise of AI in recruiting and performance management.
- **The Gig Economy & Changing Nature of Work:** Managing a blended workforce of full-time employees and contingent workers (freelancers, contractors).
- **Diversity, Equity, Inclusion, and Belonging (DEIB):** Moving beyond legal compliance to creating inclusive cultures that leverage diversity for innovation and performance.
- **Globalization:** Managing a global workforce across different cultures, laws, and time zones.
- **Focus on Employee Experience & Well-being:** Prioritizing mental health, flexibility (e.g., hybrid/remote work), and the overall journey of an employee within the company.

Reference: Cascio, W. F., & Aguinis, H. (2023). *Applied Psychology in Talent Management* (9th ed.). SAGE Publications.

This text excels at covering the modern psychological and evidence-based approaches to managing talent in today's complex environment, including the impact of technology and globalization.

1.7 Key Challenges for Modern HR

- **Demonstrating ROI:** Proving the financial value of HR initiatives.
- **Managing Change:** Helping organizations navigate rapid technological and market changes.
- **Upskilling the Workforce:** Continuously developing employees to keep pace with new skill demands.
- **Attracting and Retaining Critical Talent:** Especially in competitive fields.
- **Maintaining a Positive Culture:** In increasingly dispersed and hybrid work environments.

1.8 The New Mandate for HR

The introduction to HRM today is not about administering policies; it's about **understanding the business, diagnosing organizational problems, and prescribing people-based solutions that drive strategic execution and results.** The most effective HR professionals are business people first, who specialize in the human side of the enterprise.

Additional Highly Recommended Recent Reference:

- **Armstrong, M., & Taylor, S. (2024). *Armstrong's Handbook of Human Resource Management Practice* (16th ed.). Kogan Page.**

References

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Cascio, W. F., & Aguinis, H. (2023). *Applied psychology in talent management* (9th ed.). SAGE Publications.

Dessler, G. (2023). *Human resource management* (16th ed.). Pearson.

Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2023). *Human resource management: Gaining a competitive advantage* (12th ed.). McGraw-Hill Education.

Snell, S., Morris, S., & Bohlander, G. W. (2023). *Managing human resources* (18th ed.). Cengage Learning.

Ulrich, D., & Dulebohn, J. H. (2023). *HR from the outside in: The next era of human resources transformation*. The RBL Group.