



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

RTM *October 2023*

Strategic Management

Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives



www.uwtsd.ac.uk

STRATEGIC MANAGEMENT DEFINED

Strategic management is a way of managing a business which stresses the need to think and act strategically.

It is concerned with where the business is going and how it is going to get there.

THE MEANING OF STRATEGY

Strategy is a declaration of intent. It defines the approach selected to achieve specified aims in the future.

CHARACTERISTICS OF STRATEGY

- It is forward looking.
- It recognises that the organizational capability of a depends on its resource capability (the resource-based view).
- It aims to achieve strategic fit.

THE CONTENT OF STRATEGY

- A complete business strategy needs to cover five points:
- 1 Where the organization will be active – what type of products and services it will offer, what markets it will serve.
- 2 How it will operate – where it will operate or get its products and services.
- 3 How it will win – what its competitive advantage will be.
- 4 What it moves will be – how it will change and grow.
- 5 How it will be profitable – what business model it will follow.

DEVELOPING STRATEGY

Conceptually, developing strategy involves the following ten steps

1. Define the mission.
2. Set objectives.
3. Conduct internal and external environmental scans to assess internal strengths and weaknesses and external opportunities and threats (a SWOT analysis).
4. Analyse existing strategies and the business model to determine their relevance in the light of the internal and external appraisal.
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
7. Determine corporate and functional strategies for achieving goals and competitive advantage, taking into account the key strategic issues..
8. Prepare integrated strategic plans for implementing strategies.
9. Implement the strategies.
10. Monitor implementation and revise existing strategies or develop new strategies as necessary.

BUT: The process may not be as logical and linear as this.

IMPLEMENTATION OF STRATEGY

- Implementation entails converting the strategic plan into action and then into results.

SPM&D... What are key issues for HR practitioners?

- Improve performance and outcomes based on credible evidence
- Identify and avoid misaligned strategies and policies based on prior experience

People Profession 2030 'drivers of change'.

- Internal change: models, structures and performance
- Digital and technological transformation
- Changing demographics and diversity and inclusion
- Diversifying employment relationships
- Sustainability, purpose and responsible business

Case Study 1: HR in a Time of Crisis

- HR manager contacting all staff 'one-by-one' to check they were as OK as possible
- Managing people is all-encompassing and often emerges beyond the HR 'menu'...for example in a time of war.
- HR's role in sustaining Ukraine – back to basics
- UK businesses helping Ukrainian refugees and HR implications of this. What would you do as an HR practitioner?
- **HR in Ukraine in 2022 reminding us of underlying core role of HR**

Case Study 2: Can You use AI to sack Workers?

- Developments in technology are ongoing, inevitable and potentially useful
- Need to be aware of unintended consequences
- Algorithmic decision-making may need human intervention
- AI's use in mundane or complex HR work?
- **How can HR professionals avoid the negative outcomes set out in this case study?**

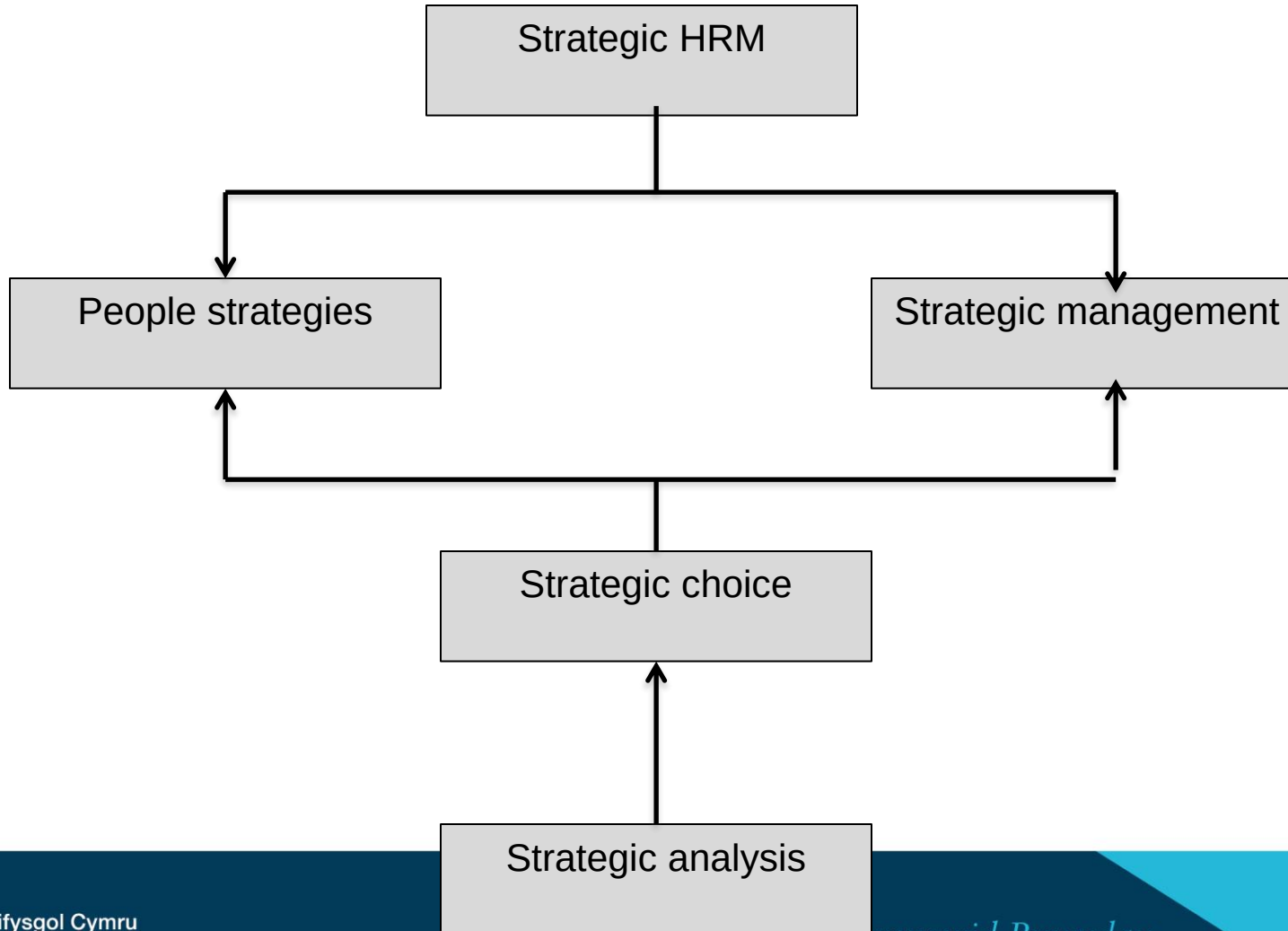
Case Study 3: Spiteful and Vindictive and a Failure to Apologise

- HR as trouble-shooter: diagnosis and intervention when things go wrong
- ZNF bank had 'very limited' records of HR processes
- 'Negative, belittling, spiteful and vindictive behaviour'
- An organisation's culture, including basic assumptions and routine language can be a powerful driver of performance
- When toxic it should be addressed
- **Culture change in organisations: what could HR professionals' role be and how can they help change a toxic work environment?**

THE ESSENCE OF STRATEGIC HRM

- Achieve integration or 'fit' between HR and business strategies is achieved
- Take a longer term view of where HR should be going and how to get there
- Decide how coherent and mutually supporting HR strategies should be developed and implemented. Importantly
- How members of HR function should adopt a strategic approach

STRATEGIC HRM MODEL



KEY CONCEPTS OF STRATEGIC HRM

- The resource-based view
- Strategic fit

PERSPECTIVES ON SHRM

- The universalistic perspective
- The contingency perspective
- The configurational perspective

Delery and Doty (1996)

BEST PRACTICE

Assumed is that there is a set of best HRM practices which are universal in the sense that they are best in any situation.

This is questionable

BEST FIT

- The best fit approach emphasizes that HR strategies should be congruent with the context and circumstances of the organization.
- Best fit involves vertical integration or alignment between the organization's business and HR strategies.
- There are three models: life-cycle, competitive strategy, and strategic configuration.

Often said that 'best fit is better than best practice' but best fit models can be unrealistic.

BUNDLING

‘Bundling’ is the development and implementation of several HR practices together so that they are inter-related and therefore complement and reinforce each other.

Definitions of HRM

- 'A distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques'. (Storey,1995: 5)
- 'HRM includes anything and everything associated with the management of the employment relationship in the firm. We do not associate HRM solely with a high commitment model of labour management or with any particular ideology or style of management.' (Boxall and Purcell, 2000: 184)

Definitions of HRD

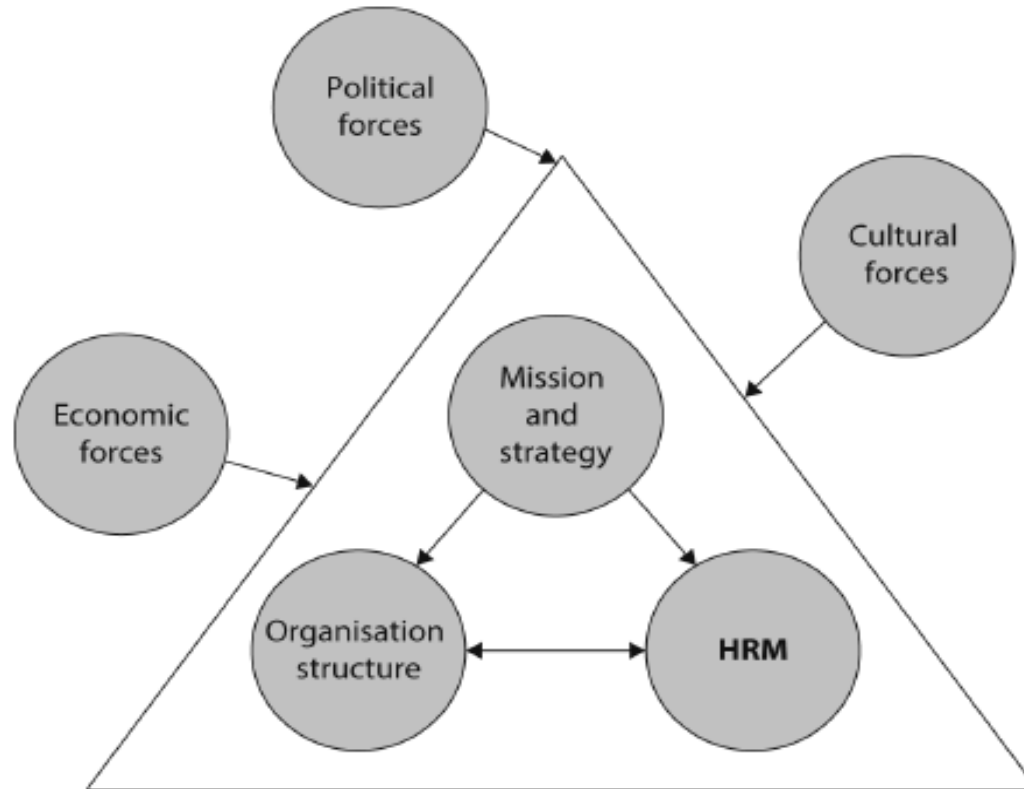
- ‘Human resource development encompasses activities and processes which are intended to have impact on organisational and individual learning. The term assumes that organisations can be constructively conceived of as learning entities, and that the learning processes of both organisations and individuals are capable of influence and direction through deliberate and planned interventions. Thus, HRD is constituted by planned interventions in organisational and individual processes.’ (Stewart and McGoldrick, 1996: 1)

Goals of HRM

- Cost-effectiveness
- Legitimacy
- Flexibility
- Autonomy

Hard Model of HRM

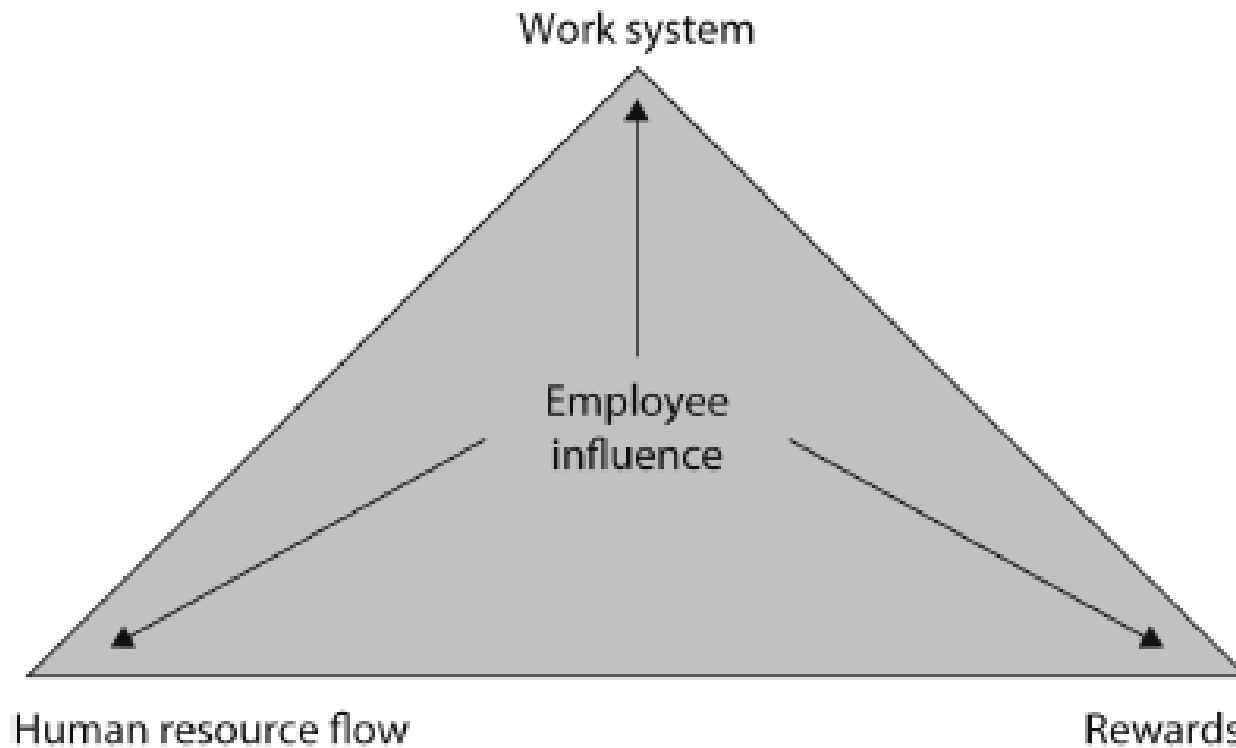
Figure 2.1 The hard model of HRM



Source: Fombrun *et al* 1984, p35

Soft Model of HRM

Figure 2.2 The soft model of HRM



Source: Beer *et al* (1984)

Reflective Activity

Think of an organisation, and consider the following questions:

- What makes this organisation distinct?
- What precisely is the organisation good at doing (core competences)?
- What has led to the organisation being successful?
- How has any HRD intervention assisted its current competitive position?

The HR Business Partner Model

Ulrich (1997) emphasised four key roles that HR need to adopt:

- strategic partners
- administrative experts (shared services)
- employee champions
- change agents.

The 'Three-legged Stool'

Three functional areas of HR:

- shared services handling transactional services, such as absence monitoring, payroll, etc.;
- centres of excellence, consisting of small teams of HR experts with specialised knowledge of leading-edge HR solutions;
- strategic business partners working with business leaders to influence strategy formulation and strategy implementation.

(CIPD 2010a)

Why organisations adopt the business partnering model

- *Cost efficiency*: smaller teams of HR have to demonstrate cost efficiency or face cutbacks.
- *Accelerating competition*: with HR central to business competitiveness, delivering skilled, motivated, creative, flexible and creative employees.
- *Rising expectations of HR*: with HR contributing towards strategy, the execution of business plans and delivering tangible commercial benefits. (CIPD 2010(a))

HR Strategy and Planning Survey

- The HR planning process is often informal, yet the majority of respondents believe it has had a positive impact on the performance of their organisation.
- Two-thirds of employers without an HR strategy believe that their organisation would perform better if they had one.
- Whereas senior managers *outside* of the HR function are involved in the HR planning process at three-quarters of organisations, senior HR staff are only involved at two-thirds.
- HR line managers are involved at just 18% of organisations.
(XPertHR, 2012)

HR Transmission – reason why

- Meet a business goal
- Respond to cost reduction pressures
- Aligning HR with Business strategy
- Improving the match between skills and competences of the HT team and the future needs of the organization
- Increasing efficiency and effectiveness
- Focus on the business critical people issues
- Change the balance of ownership and responsibility across the organisation

Critical Reflection

- What tensions arise for the HR function when trying to balance the needs of the external context (sustaining organisational performance in a competitive market), and the internal aspects of the organisation, such as engagement, capability and talent, culture and performance management?
- Consider how HR can manage these tensions during times of both economic hardship *and* economic prosperity.

Review Questions

- To what extent can there be a 'perfect shape' to an HR function in an organisation? Consider the arguments for and against this proposition.
- Does the HR Business Partner role sit most comfortably within private, public or third sector organisations?
- How can the HR /HRD function build relationships with line managers to improve working practices?
- Evaluate the major components of 'Strategic HRD'.