

Human Resource Strategy: A Tool of Managing Change for Organizational Excellence

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Abstract

Organizational excellence is at a crossroads today. The drastic change in the business scenario call for a speedy transformation of mission, vision, core values, core competence, management style, policy framework, management system, structures, process, renewal mechanism etc. of organization. Any change program would revolve around people - changing their mind set, behaviour and motivational level. Human resource (HR) strategy can play an important role in helping organizations achieve change. HR has always been central to organizations, to-day it has taken on an even more central role in building a firm's competitive advantage. Success increasingly depends on "people- embodied know-how". Thus, includes the knowledge, skills, and abilities imbedded in an organization's member. In fact, the key to a firm's success is based on establishing a set of core competencies - integrated knowledge sets within an organization that distinguishes it from its competitors and deliver values to customers. Globalised economy has resulted in new business concerns, where future and success depends on how well change is managed. The dynamic of change becomes one of the central facets of any business where the role, function and process of HR must be redefined in the context of change. HR Strategies and practices explain how to manage the transition smoothly, rapidly and successfully and make the organization competitive always. Competitiveness is the best parameter which determines the survival of enterprises and organizational excellence in this scenario.

Keywords: Strategic change management, Turnaround tool, Transition management

1. Introduction

Organization can rarely stand still for long. In highly competitive environments, where competition is global and innovation is continuous, change has become a core competency of organization. We live in an age of transition. One of the few things of real permanent in our world is change. It has become an inescapable fact of life; a fundamental aspect of historical evolution, its pace is ever accelerating at an exponential rate, if a business remains where it is, the disconnect will soon become an unbridgeable gap.

1.1 Human Resource (HR)

Organization have come to realize, over the years, that improving technology and cutting costs, enhance performance only up to a point. To move beyond that point, the organization's people are its most important resource. In the end, everything on organization does depend on people. Low cost of high quality cars like Toyota and Saturns is not just a product of sophisticated automated machines. Instead, these are the result of committed human resource all working hard to produce the best cars at the lowest possible cost (Dessler, 2002). HR - an intellectual asset - the sum total of the knowledge, skills and competencies that an organization processes and channelizes for sustained organizational excellence. Excellence is surpassing on outstanding achievement, achievable by the use of HR strategy as tool. The future and success of every organization depends on how well manager handle change. Both success and growth serve as the means for managing change. Increased competition, high customer requirements of quality, innovation, variety and responsiveness and technological progress contribute to change in to-day's business. These standards often separate the winner from the losers in today's competitive world. Managing this is a difficult process, but indeed essential. Organization can excel and achieve sustained organizational excellence through HR, if they are able to meet the following criteria.

The resources must be of value: HR a source of organizational excellence when they improve the efficiency or effectiveness of the company. Value is increased when employees find ways to decrease costs, provide something unique to customers, or some combination of the two. Empowerment programs, total quality initiatives, and continuous improvement efforts of companies are intentionally designed to increase the value.

The resources must be rare: HR a source of achieving organizational excellence when their knowledge, skills and abilities are not equally available to competitors. Organizations invest a great deal to hire and train the best and brightest employees in order to gain advantage over their competitors.

The resources must be difficult to imitate: HR, a source of achieving organizational excellence when its capabilities and contributions cannot be copied by others. Creating a unique culture through teamwork is difficult to imitate.

The resources must be organized: HR a source of organizational excellence when their talents are combined and deployed to work on new assignments at a moment's notice. Teamwork and cooperation are two other pervasive methods for ensuring 'an organized way of achieving excellence'.

The resources must be committed to deliver: HR a source of building commitment, creating a synthesis of employees and employers goals so that employees want to do their jobs as if they own the company - takes a multipronged effort, in which HR plays the central role in achieving organizational excellence.

The resource must be responsive to market: Meeting customer expectation is essential for any organization. In addition to focusing on international issues, HR must also meet customer requirements of quality, innovation, variety and responsiveness. These standards often separate the winners from the losers in today's competitive world. How well does a company understand its customer's needs? How fast can it develop and get a new product to market? How effectively has it responded to special concerns? These standards require organizations to constantly align their processes with customer needs to enhance organizational excellence.

The resources must be strategic: HR expenditures are now viewed as a strategic investment rather than sample a cost to be minimized because skills, knowledge and abilities are among the most distinctive and renewable resources upon which a company can draw their strategic advantage for greater excellence. Strategies increasingly depend on strengthening organizational responsiveness and on building committed work teams, and these put in a central role. In a fast changing globally competitive and quality oriented industrial environment, its often the firm's HR-who provide the organizational excellence.

1.1.1 Human Resource Strategy

With the changing dynamics, the HR functions becoming more strategic in nature, there is greater need for HR strategy. HR strategy means accepting the HR function as a strategic partner in the formulation of the company's strategies as well as in the implementation of those strategies through HR activities such as recruiting, retaining, motivating, rotating and rewarding personnel. Strategy formulation is concerned with making decisions with regard to defining the organization's vision and mission, establishing long and short range objectives to achieve the organization's vision and selecting the strategy to be used in achieving the organization's objectives. Strategy implementation is concerned with aligning the organization structure, systems and processes with the chosen strategy. It involves making decisions with regard to matching strategy and organizational structure and providing organizational leadership pertinent to the strategy and monitoring the effectiveness of the strategy in achieving organization's objectives. Implementing change of strategic dimensions is likely to involve persuading employees to make changes in their working styles and methods. HR strategy greatly recognizes HR's partnership role in the strategizing process to achieve organizational excellence in all respects through a highly committed and competent workforce, preferably in a non-union environment.

HR strategy as a tool for organizational excellence - leads to new order of things, a change in the organizations HR functions, structure, systems and the overall attitudes of people. It triggers and sets into motion a cycle of continuous and dynamic change. It propels change in all aspects of the HR outlook, systems, beliefs, structure and expectation of business and serves the purpose of aligning the HR functions with the business functions. The HR strategy is interacting with business strategy lead to a movement in the organizations portion and perspective through a domino effect. A change analysis directs the HR strategy formulation and execution to incorporate the appropriate processes in tune with change. That is why it is said, HR strategy is dynamic strategy, a strategy where each year the evolution cycle needs to be repeated or may be after a few years burnt down to look at things a fresh.

1.1.1.1 HR and Corporate Strategy

The most striking change in HR's role is its growing importance in developing and implementing strategy. Traditionally strategy - the company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage was a job primarily done for the company.

To-day things are different. Strategies increasingly depend on strengthening organizational responsiveness and building committed work team, and these put HR in a central role. In a fast changing globally competitive and

quality oriented industrial environment, it's often the firm's employees themselves- it's human resources- who provide the competitive key. It is, thus, now increasingly common to involve HR in the earliest stages of developing and implementing the firm's strategic plan, rather than letting HR just react to it. Thus, HR's strategic role can play a pivotal role to meet HR challenges for today's and future's managers. It differentiates itself from its competitors by offering superior customer service, high quality product with better features and guaranteed on fine deliveries. It is the people who are behind every success. Machines do not have new ideas, solve problems, or grasp opportunities. Only people who are involved and thinking can make a difference. Every auto plant across the world has basically the same machinery. But how people are utilized and involved varies widely from one company to another.

1.1.1.1.1 Strategic Role of HR to Meet the Challenges

A HR strategy refers to a firm's deliberate use of human resources to help it gain or maintain an edge against its competitors in the market place (Butler, J.E., Ferris, G.R. and Napier, N.K. 1991). A strategy is a course of action chosen with a view to achieve certain objectives. HR's primary objectives are to be sensitive to the changes and challenges. Globalization has resulted in new business concerns that focus on customer satisfaction, quality, cost-consciousness, restructuring and downsizing, outsourcing, instituting pay-performance plan, reducing health care costs, retraining employees and other challenges.

Globalization has brought in a lot of opportunities and challenges for the corporate sector. Most corporations are required to operate in global markets and are therefore required to be of world class in their products, services and approach. Even if a corporation decides to operate in local markets, it has to face global competition due to opening up of markets and hence can not remain a passive local player. The corporation has to think globally in order to service competition. All HR strategies should be aligned with corporate business strategies and plans. No matter what the specific strategy of an organization is, in a global economy organizations can not escape the reality of addressing the challenges and issues and to-day it is a central responsibility of HR strategy.

2. HR & Strategic Business Planning (SBP)

SBP is an important tool for projecting the long-term business goals of a business. The SBP process is a detailed process in which the nature of the business is considered and appropriately projected; it is a method through which future competitiveness is planned and forecast. Resources, competencies, technological capacities, product lines, market share and position and financial capital are all given close consideration in strategic planning. The SBP process carries out a detailed analysis of the strengths, weaknesses, opportunities and threats. The strengths and weaknesses are internal factors, while opportunity and threat are external factors affecting a business. Different aspects of business such as product, market, finance, HR, technology etc. are studied in detailed based on which the short term and long term business plans, product differentiation, market segment, financial implications etc. are worked out. Besides focusing on market, product, finance and technology, focus on HR is one of the key aspects of the SBP process. It is only the proper management of employee assets that a business can fulfill its financial, products, marketing, sales and profit goals. A well-organized, comprehensive, SBP focusing on all aspects at all levels, can lead to high employee performance. SBP and HR strategy are integrative nature of business success is illustrated in **Exhibit-1**

SBP is a continuous process, business has to evolve its strategic business plans (SBPs) from time to time, learn to become competitive keeping in mind its capabilities. The capabilities of a business enable to gain an edge over its competitions. This capability is generated and developed by HR. For example, an organization wants to start a new business or expand the business of computer software then in that case it is inevitably essential to examine whether right kind of qualified and experienced software personnel are available or not. If yes, in what numbers and what kind? If all the other aspects of running a business are favorable but HR is not, the organization can not develop or maintain a growth path. Growth is integrated with HR. HR helps in preparing a sound SBP vision and value, structure and roles along with recruitment and selection, training and development, communications and concerns etc. This potential impact of HR on business environment consolidates its unique capabilities which encase its competitive advantage continually. It works towards strengthening its value addition through its competitive advantage over others. It is also necessary for a business to define itself from the impact of a continually changing environment.

3. A Model of HR Strategy as Competitive Advantages in Managing Change

The model is evolved through literature review of management innovations such as Quality Circle, Quality of Work Life, Total Quality Management, HR Reengineering, Kaizen and HR Six Sigma. All these align immensely the HR strategic role with business processes to achieve dramatic improvement in cost, quality, service and speed, and often separate the winners from the losers in today's competitive world. How well does a company understand its customers' needs? How fast can it develop effectively has it responded to special concerns? "Better, faster, cheaper" These standards require organization to constantly align and rapidly respond to their processes with customer needs and competitor's moves.

This model is an eight steps sequential process integrating alternative HR practices with business processes to provide a competitive edge to the organization in the changing scenario. It is illustrated in **Exhibit-2**.

Step One: HR practices are now viewed as a source of competitive advantage. There is greater recognition that distinctive competencies and commitment are obtained through highly developed employee skills, distinctive organizational cultures, management processes and systems. Today, HR is heavily involved in the execution of most firms downsizing and restructuring strategies by out placing employees, flexible pay structure, contract and leasing employees, employee reference system, flexible time management, cost reduction, retraining employees etc these enrich firms' ability to create a highly committed, competent and customer oriented workforce.

Step Two: The environmental scanning process provides inputs for the designing, developing and managing of the HR practices. It is a cumulative and consolidated process calls for facilitating the analysis of the organization's internal and external environment. It needs to have a way to deal with threats and opportunities, with strengths and weakness a way to help to determine how to be winners. The external environment is the interplay of social, economical, political and technological forces, whereas the internal environment is the delicate balancing culture, structure and the HR processes and systems.

Step Three: Vision drives an organization. The HR vision is the driving force which provides a long-term direction towards building the competencies and commitment of employees to remain competitive in the business. HR vision is the transformation of beliefs to goals, culture to strategy, dreams to reality. It is the essence of organizational life.

Step Four: Once the vision is in place, the analysis and assessment of external of internal parameters and changes taking place in the environment are identified, HR should be audited to locate weak points and identify which skills need to be upgraded. All HR audits are to be viewed as proactive tools of identifying the present state of being, and the flaws and gaps in the processes marching ahead. While exploring and investigating the current HR practice, it enables to provide the information, how to bridge the flaws and gaps. The other resource audit is a stock-taking process of various dimensions of resources such as financial, physical, marketing, infrastructure etc. These give a better alignment of HR with other resources in the total development. This alignment can be used to assess and benchmark the maturity level of HR functions in organization and make it more business driven.

Step Five: Strategic planning is essentially for organizational success, and its key function is to help the organization achieve its goals by effectively organizing its people. Despite the fact that most organizations recognize the importance of planning and plan continuously, many of them struggle to achieve their goal, largely because of a failure to link business plans with the way in which people are managed. The adequate quality and quantity of HR available at a given situation to run a business is very crucial. HR makes things happen and hence should be a focal point within the process of defining business strategy. It is necessary to link HR issues with SBP. While formulating SBP of the organization it is essential to diagnose, define and consolidate all the HR issues and integrate the results into the main HR strategy.

Step Six: Defining objectives is a planning for the fulfillment of the HR vision which is a turning point for success. The objectives provide a sustained direction to an organization's HR function and works as an important guide to HR strategy formulation by stating the long-term views of the organization towards its human resources. Once the long-term views are established, the same need to be further described in terms of what is required for the fulfillment of the HR vision. Objectives are the final outcome, which the HR function seeks to achieve through its existence and operation. Establishment, accomplishment and review of objectives are the essence of industrial success.

Step Seven: Whereas an objective denotes what is to be achieved, an action plan refers to the means for the accomplishment of the objective. The focus in action planning is on "how" the objective is to be achieved. An action plan provides a vital link between the ends and means or the objectives and activities. It specifies the methods on activities required to achieve an objective. It describes what is to be done, how, when and by whom. Action planning also increases the manager's confidence about the feasibility of an objective and clarifies accountability and contributions of different managers. Without an appropriate action plan a statement of objective is merely an aspiration.

Step Eight: HR audit is a comprehensive evaluation of the current HR strategies, styles and culture, structures, systems, skills and competencies in the context of the short and long-term business plans of an industry. It provides inputs required to assess all aspects of competitiveness and assign the HR score for the industry on a number of dimensions. Its main objective is to align the HR function with business goals or to create a business driven HR function. Since it is comprehensive, it uses a variety of methods including interviews, observation, secondary data analysis, workshops. It has to be business-driven and comprehensive. There are numerous reasons why industries go for periodically HR audit, the main ones being growth and diversification, promoting professionalism, improving HR strategies and enhancing the direct contribution of HR to business. This audit has a tremendous impact in business in areas of strategic planning, role clarify, streamlining practices, better policies, top management styles, improvement in HR systems, focus on competence, culture and TQM interventions. Quality provides HR audit is vital in identifying the reasons for success or failure and in developing a definite plan of future action. This audit also throws up the inadequate of organizational structure and provides guidelines

for the modification of management practices and policies with a view to reinforcing the desired behaviour towards the desired outcome which is very crucial for success in the competitive world.

4. Findings and Implications

The main findings and implications of this article are, use of Strategic Business Planning (SBP) and A Model of HR strategy to take Competitive Advantages in changing business scenario while managing change. These are as follows:

- 1) The strategic business plans are important not just on a particular occasion, but on an ongoing basis. It should be a process and not an event.
- 2) To create the right kind of market position requires a continuous process of developing the strategic options, fully exploiting the HR potential, regularly assessing and reassessing the options and finally choosing the best.
- 3) It is useless to talk big about HR issues without linking them to the SBPs. While formulating the SBPs of the business groups it is essential to diagnose, define and consolidate all the HR issues and integrate the results into the main HR strategy.
- 4) Human resources are the most precious resources of an organization. Strategic management of HR is the need of the hour.
- 5) The success of the HR strategy lies in its effective links with the business strategy. The best way of aligning and identifying the best fit of the set of HR systems with an organization's growth is to attempt to fit the HR systems, particularly those related to recruitment and selection, training and development, appraisal and rewards with the growth stage of the organization. Their integration can be done either by considering the growth life cycle of the organization or the state of the system desired in line to the business strategy. Typically the organization's life cycle is characterized by four stages start-up, growth, maturity and decline. To each stage a particular configuration of HR systems are deemed appropriate. For example, in terms of rewards a start-up organization should meet or exceed the labour market rate to attract needed talent.
- 6) The fulfillment of the requirement of people in terms of culture, motivation and satisfying work would perpetuate a feeling of belongingness and commitment.
- 7) A conducive environment characterized by a healthy climate, value of openness, proactive, trust, mutuality and collaboration is essential for developing human resources.
- 8) The HR function plans, monitors, coordinates, processes that are beneficial both to the individual and to the organization.
- 9) Human resources are a large reservoir of potential and can be strategically developed, utilized, and enlarged to a great extent for competitiveness and versatile organization excellence.

5. Conclusion

Industries need to align their HR strategy with their business goals in order to face the increasingly competitive environment. In the current knowledge era Human Potential Management (HPM) is considered to be the best panacea to address the problems of business competitiveness. Human resources have always been central to organizations, but their strategic importance is growing in today's knowledge-based industries. An organization's success increasingly depends on the knowledge, skills and abilities of employees, particularly as they help establish a set of core competencies that distinguish an organization from its competitors. When employees' talents are valuable, rare, difficult to imitate, and organized, an organization can achieve a sustained competitive advantage through people.

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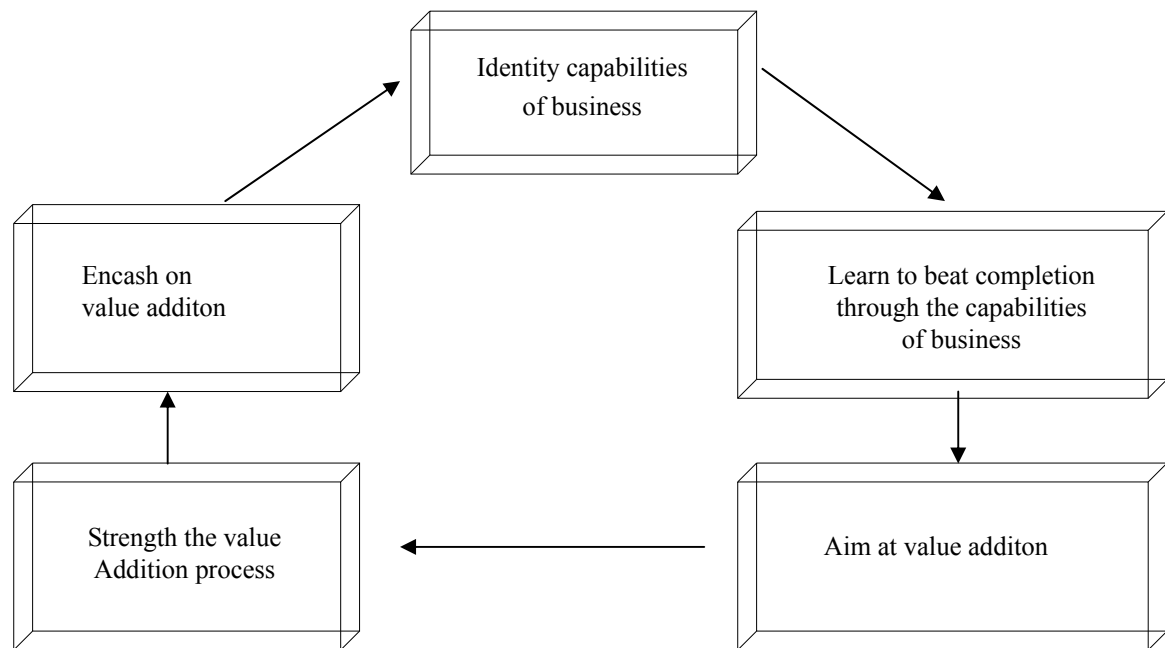


Exhibit-1. Elements of SBP process and HR strategic role for a business success

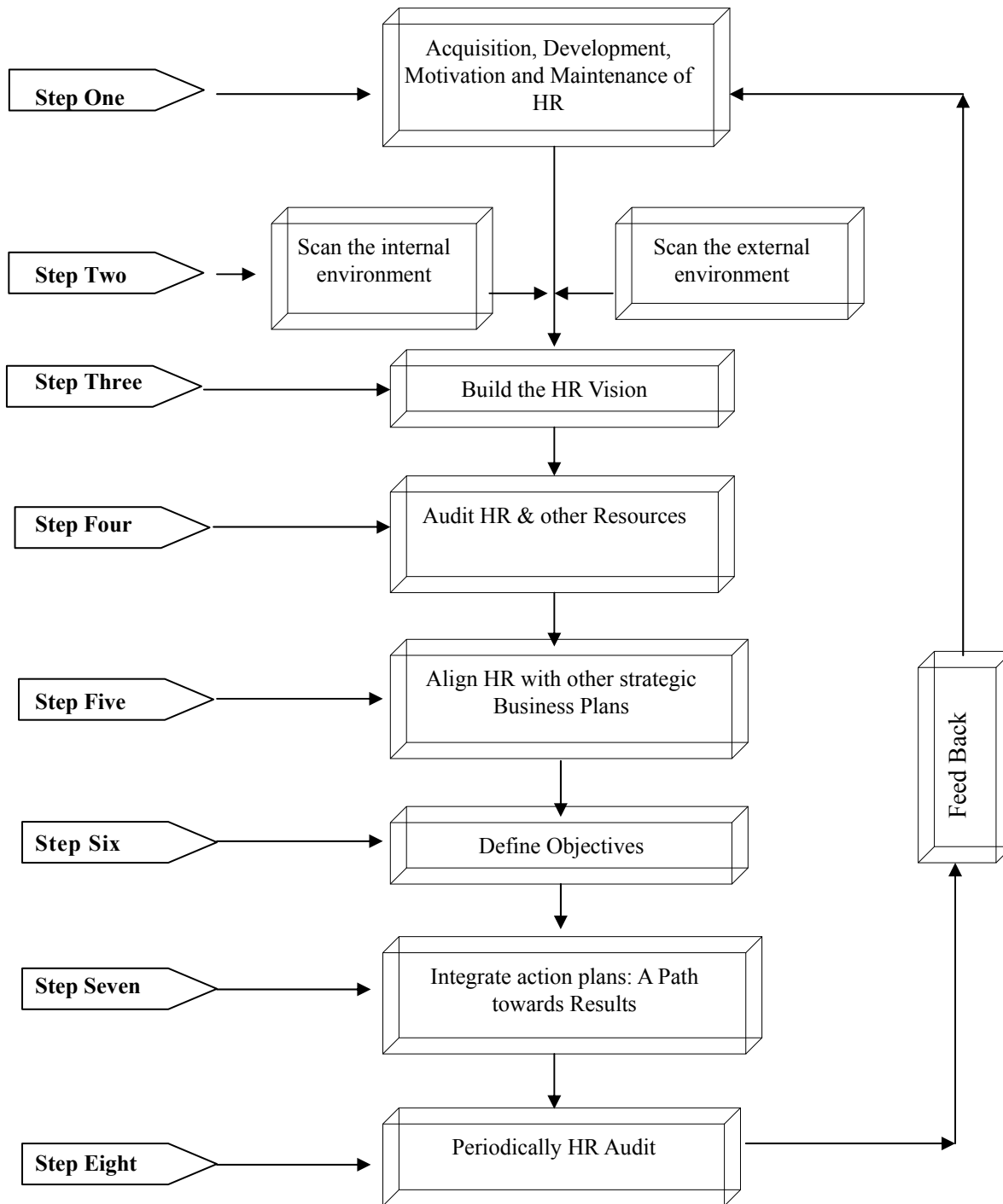


Exhibit-2. A Model of HR strategy to take Competitive Advantages in managing change