

STRATEGIC HR MANAGEMENT: ROLES, FUNCTIONS, AND IMPORTANCE

B. Santosh Kumar ¹, Dr. K. Radhika ², Dr.M.V Subbarao ³

¹ Assistant Professor, Department of Business Management, Aurora's PG College (MBA), Uppal, Hyderabad
Email: santhosh.sunny50@gmail.com

² Assoc. Professor, Department of Business Management, Aurora's PG College (MBA), Uppal, Hyderabad
Email: radhika.guniganti@gmail.com

³ Assoc. Professor, Department of Business Management, Aurora's PG College (MBA), Uppal, Hyderabad
Email: mvsubarao736@gmail.com

ABSTRACT

When it comes to creating value, managing intellectual capital is significantly more important than managing traditional physical assets. When setting goals for the future, organizations today need to remember that "people count because business results matter". The role of the HRM function is changing in each firm organization as a result of its increased recognition and significance. It is currently a strategic partner of the business. Strategic HRM is then essential for any corporate company to prosper in the challenging and cutthroat global environment. The practice of coordinating human resources with the organization's strategic goals and objectives in order to improve overall business performance is known as strategic human resource management, or SHRM. It also means recognizing the HR division as a strategic partner in implementing those strategies through employee recruitment, selection, training, and development. This study discusses the importance of SHRM in adjusting to the dynamics of change taking place in businesses. It looks at how SHRM contributes to the value creation of the company. The SHRM model aims to illustrate the relationship between SHRM and Value Creation. This model illustrates how, in reaction to heightened competition, businesses are placing a greater focus on their intellectual capital. Giving organizations a competitive edge is the aim of people's core skills. A conceptual framework called "S.T.R.A.T.E.G.I.C." is being built and presented in order to derive conclusions. It's important to pinpoint the key components of this framework that help HR practitioners apply SHRM. It is possible to distill the long number of criteria into a short list of the most crucial ones that may apply to all of them, even if there are several variables that influence various businesses. S.T.R.A.T. These components are explained by the E.G.I.C. (HRM) framework, and a strategic approach to HRM needs to address these nine difficulties. These elements form the foundation of strategic HRM. These serve as the foundational elements of SHRM's design. HR managers need to take these into account if they want to use SHRM to differentiate the organization from the competitors. These qualities function as a means of implementing SHRM.

KEYWORDS: Targeting Change Initiatives, Organizational Effectiveness, Value Creation, Strategic HRM, Talent Retention.

STRATEGIC HR MANAGEMENT: ROLES, FUNCTIONS, AND IMPORTANCE

INTRODUCTION

Everything around us has changed as a result of the two words "liberalization" and "globalization," including internal policies that were formerly strict and set in stone. The knowledge-based economy in which we currently live is marked by speed, innovation, and learning curves that are sharper and more continuous. These characteristics emphasize the significance of intangible assets like brand value, creativity, and human capital in particular. Actually, a business can only be distinguished from another by the caliber and dedication of its workforce. "A company is only as great as the people who work for it," has been said correctly by someone.

The management of intellectual capital generates far more value than the management of conventional physical assets. Organizations nowadays must understand that "people count because business results matter" when creating goals for the future. Any company organization is seeing a shift in the role of the HRM function as it is now given more prominence and attention. It is now the company's strategic partner. Any corporate organization needs strategic HRM then to thrive in this difficult and competitive global climate.

The definition of strategic human resource management, or SHRM, is the process of aligning human resources with the organization's strategic goals and objectives in order to enhance overall company performance.

Strategic HRM concept: A "elusive target, characterized by a diversity of meaning and ambiguous conceptual status" is what strategic HRM is all about. Hales (1994). As part of the business's strategic management focus, SHRM can be viewed as a method for addressing longer-term personnel challenges. The topics covered include matching resources to future business requirements, managing change, organizational effectiveness and performance, and structure and culture. Miller (1989) defined "SHRM as those decisions and actions that pertain to managing employees at all organizational levels and that are directed toward establishing and maintaining a competitive advantage."

"The linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility" is how Truss and Gratton (1994) describe SHRM.

"The pattern of HR deployments and activities intended to enable an organization to achieve its goals" is another approach to conceptualize SHRM. (McMahan and Wright, 1992).

As per Dessler (2001), "Strategic HR refers to viewing the HR department as a strategic collaborator in devising the organization's plans and executing them via HR initiatives like hiring, screening, developing, and rewarding staff members."

ROLE OF HR PROFESSIONALS IN STRATEGIC HRM: According to Wright and Snell (1991), SHRM is responsible for handling HR-related tasks that help the company achieve its competitive strategy.

HR specialists must combine typical HR services that are affordable with company planning and people management techniques. In order to achieve and maintain exceptional business results year after year, CEOs must also devote more of their own time and attention to integrating HR into business plans.

Individuals have the capacity to excel and guide an organization toward its main objective. In actuality, HR's job is to guide the organization toward success by continuing to be proactive,

involved, and encouraging.

The following is a discussion of the key areas in which HR managers can contribute strategically:

1. Providing Intentional Guidance
2. Creating Core Capabilities
3. Handling Diversity in the Workforce
4. Growth of Workplace Culture and Ethics
5. Strengthening Human Resources
6. Providing a great work-life balance through enhanced jobs
7. Promoting individual creativity and innovation
8. Motivating and uplifted individuals throughout all spheres
9. Benefits and awards based on performance
10. Ongoing professional growth and advancement

ADVANTAGE OF SUSTAINABLE COMPETITION THROUGH PEOPLE:

An essential source of competitive advantage nowadays is human resources. A strategic HR policy looks at managing "Human Capital," the most important but least physical item on the balance sheet, with consideration for how to best utilize human potential to the fullest benefit of the company. It also requires active involvement in defining and recognizing the overarching corporate goals as well as in creating the best possible plans of action to reach these goals.

The concept of competitive advantage refers to an organization's edge over other organizations in the market, within a group, or within an industry. Benefits could include an improved manufacturing method, employee pay or compensation, or the caliber of the goods or services provided. The one that customers value the most would be the most significant. When there is little to no chance of reproduction, a competitive advantage is considered sustainable. Industries that provide sensitive services, like financial services, are susceptible to imitation, making it challenging for them to sustain their competitive edge.

The profitability or market share of a business might indicate if it has achieved a sustained competitive advantage. Sustainable competitive advantage requires attention to the nature of the firm's resources.

In actuality, by developing competency based on human resources, strategic human resource management helps the company create a competitive advantage over its competitors. A broad definition of human resource-based competitive advantage is the application of human resource capabilities to generate value for consumers in a manner that is not possible for competitors' businesses. When a company's human resources are: i) valuable; ii) uncommon; iii) unique; and iv) non-substitutable, they provide a long-term competitive advantage.

Depending on the industry and the structure of the firm, an organization in business invests its resources where important decision-makers appear to have the highest potential return. The ability of management to fortify corporate-wide technology and production abilities into competences that enable individual enterprises to quickly respond to shifting opportunities is what gives them a competitive advantage.

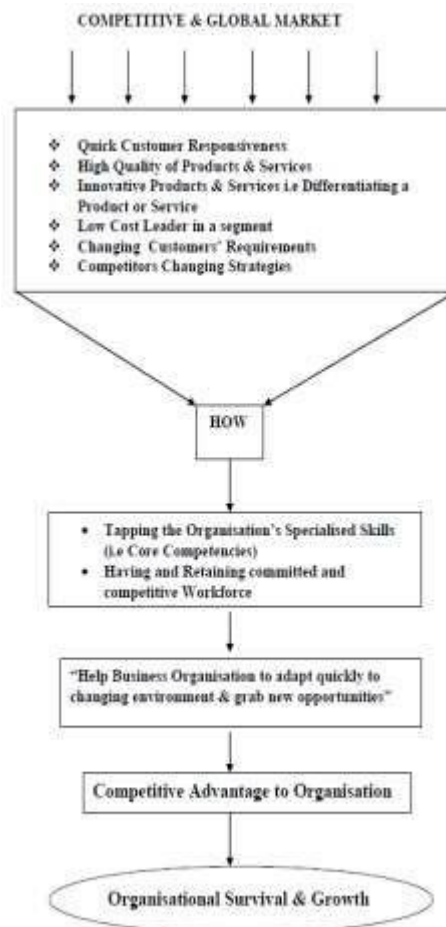
FUNCTION OF STRATEGIC HRM: The strategic function of HR departments essentially consists of coordinating the best use of human resources with long-term corporate goals and vision. For the entire spectrum of HRM functions inside organizations, this necessitates the use of the most effective and efficient approaches.

Supervisors must acknowledge the significance of SHRM and make an effort to connect HRM to

STRATEGIC HR MANAGEMENT: ROLES, FUNCTIONS, AND IMPORTANCE

the performance and goals of the company. The integration of HRM with company policies and plans, HR deployments, capacity building, organizational learning, commitment, and capability exploration and matching with business strategy are the primary functions connected with this notion.

The model below is being built to demonstrate how SHRM results in Value Creation, or SHRM's end goal. Employers are responding to increased competition by emphasizing their "PElement" or intellectual capital, as this model illustrates. The true goal of core competency of people is to give organizations a competitive edge.



STRATEGIC HRM: A CONCEPTUAL FRAMEWORK

Finding the essential elements that support HR professionals in putting SHRM into practice is necessary. Even if there are many different elements that affect different companies, it is feasible to condense the lengthy list of factors into a small list of the most important ones that might affect all businesses. A framework known as S.T.R.A.T.E.G.I.C. (HRM) can be used to understand these aspects, and a strategic approach to HRM must address these nine challenges.

These components make up the core of strategic human resource management. They are the cornerstones of the SHRM architecture. HR managers must consider these characteristics to differentiate their organization from competitors through the use of SHRM. These characteristics serve as a means of putting SHRM into practice. Let's examine each component of the HRM

strategy.

Similar Vision and Values

- Initiatives for Targeting Change and Rewards and Recognition
- Alignment

Talent Maintenance

- Employee Empowerment: Growth and Development
- Innovative Methods
- Creating a Culture of Participation

COMMON VALUES AND GOALS:

Values are emotionally charged priorities. The firm's goals, vision, and mission must be clearly stated so that everyone can understand their part in reaching the goals and how success in doing so can be measured. Every culture has established standards for each facet of social life. Emotionally charged ideas and behaviors are rationalized by citing values. Setting goals can be motivating when they are based on shared values.

Share the organization's vision with each department. Every department's function's actions need to align with the organization's vision.

"Melding a common vision is no easy task; communicating it consistently across cultures is even more difficult," as Anonymous pointed out.

Strategic visions are developed by good leaders, who also convey, demonstrate, and foster devotion to them. They provide a compelling and appealing strategic vision of the future that unites workers and directs their efforts toward higher organizational objectives. A company's or work unit's strategic vision represents a future that will eventually be recognized and appreciated by members of the organization.

A common vision gives workers a greater purpose or overarching objective that inspires and unites them. Visions are compelling future states that inspire and encourage workers to work toward those goals. By including staff members in the process of defining the organization's vision, leaders foster a sense of commitment.

Individuals have less job satisfaction when there is a discrepancy between their moral principles and the immoral actions of the company. The most skilled and productive workers will produce the least when moral people are forced to participate in immoral activities. Many organizations should be deeply troubled by this result.

"The feeling that they are working with people who share their mission and values; and that their company respects them as adults," says Martha Finney, an HR journalist and consultant who specializes in employee engagement. "From that simple working place, anything can happen, for both the individual and the company itself."

STRATEGIC HR MANAGEMENT: ROLES, FUNCTIONS, AND IMPORTANCE

TAGTING CHANGE ACTIONS:

It will be necessary for HR managers to take on a more proactive role in developmental planning and environmental scanning in order to effect change. The HR department will become less robotic and more imaginative. Their responsibility will extend beyond just sustenance to include advancing the organization. They will need to become "change agents" or "change facilitators," investing more effort in bringing about change than in preserving the status quo.

They will also assist in controlling the opposition to change. Change acceptance can be fostered through a variety of HR strategies.

To effectively handle the difficulties of the environment, future HR professionals will need to use the different HRD processes that are now in place, such as performance appraisal and training, with caution. In order to increase organizational effectiveness, they will need to establish "Learning Organizations," which are equipped with the ability to learn from prior experiences, experiments, and the experiences of others. This knowledge must then be applied to all human resources.

One such experience that can have a significant positive impact on the organization and continuously advance the development of human resources is the implementation of Total Quality Management (TQM). By implementing HR practices like value-based hiring, creating a feeling of community, and establishing efficient two-way communication, HR managers can significantly contribute to gaining such commitment.

Organizations must thoroughly analyze the actual issues they confront before adopting new approaches and practices to adapt to the radical shift.

AWARD AND ACKNOWLEDGMENT:

Any firm that wants to retain people and encourage success needs to build a solid compensation and reward framework. Workers are more than just automatons that shut down at night. Outside of work, we all have lives, interests, friends, and family. They so continuously struggle to manage their hectic schedules. In the long run, it pays enormous returns if we acknowledge their requirements. Determining your high flyers, diamonds, and gemstones is crucial. People need to know that their efforts are valued, so give them praise and rewards.

Creating a suitable reward system will accomplish the following goals:

1. Drawing in and keeping skilled personnel
2. Reaching and sustaining high performance standards
3. Create an environment where employees love and are proud to work.
4. Foster networking and teamwork

Due to the shifting economy and declining returns, employers hold their staff members accountable for all shortcomings. What was the outcome? An increasing number of workers believe that management sees them as enemies rather than partners. While it's fantastic if workers seize every chance they get, employers that appreciate their workers show their staff more respect, which increases commitment and output. It is imperative to ensure that all staff levels receive incentives and rewards through various compensation and reward mechanisms. Therefore, make sure to show your employees your respect, tell them how much you appreciate them, recognize an employee at least once a month, and do everything else you can to show them how much you care. This could involve any of the following:

1. Offering accelerated promotional tracks and variable bonuses as rewards for exceptional performance.
2. Comparing top performers' salaries

3.introducing long-term retention incentives and a new medical plan that offers complete coverage for the worker and their family.

The HR department of Tata Consultancy Services uses an economic value-added compensation model, which is market-driven and gives workers performance- or variable-based pay.

ALIGNMENT:

"Alignment is achieving the proper configuration with the company we work for." Strategic integration refers to "the ability of the organization to integrate HRM issues into its strategic plans." The HR strategy needs to be reshaped periodically to align with the firm's business strategy. It also means integration, i.e. integrating the goal of the employee with that of the organization. Therefore, focus should be on "Maximizing Organizational Integration," i.e. congruence of HR policies and goals with the objectives of strategic management.It's critical that corporate strategies, organizational design, and HRM (key people systems, including development, appraisal, and rewards) work together. The "horizontal fit" or "internal congruence" between the various HRM functions is an important factor that emphasizes how the various HRM functions should complement and support one another. Analysts note that in the absence of such measures, it could lead to "deadly combinations"—bunches of HR procedures that work against rather than in favor of one another. For example, combining a long-term, group-focused performance rating system with an individual-based remuneration plan is likely to have the opposite effect.

With management moving in a direction that recognizes and values the link between the workforce and the overall success of the firm, HR strategies are being integrated with the mainstream plans of the organization. In order to meet consumer expectations, organizations need to integrate their processes more and work across functional boundaries. HRM systems were made with corporate strategy implementation in mind. Aligning the formal structure and HR processes to support the organization's strategic goal is a crucial management effort.

TALENT MAINTENANCE:

The largest issue that HR professionals will face and worry about is employee retention. It is a major problem globally and entails the inability to retain a stable workforce. In a recent online survey, HR managers from a variety of national businesses and industries were asked, "What are your top five HR challenges?Here are the responses from 280 HR managers. The retention of talent is the single most significant difficulty encountered by Indian HR managers."Knowledge can be lost to the company forever when people leave."Organizations must keep their personnel in order to train and transmit specialized skills in order to reap the benefits of long-term orientation. By leveraging the expertise of human resources specialists, companies may establish an atmosphere that will draw and hold the most talented individuals, so reinforcing and improving their long-term objectives. A corporation needs to offer competitive wages and outstanding health benefits in order to draw in and keep the top employees. Another rapidly growing need is a family-friendly workplace with benefits like daycare, flexible scheduling, job sharing, and telecommuting opportunities. Employees will perform better and produce more in a fulfilling and enjoyable workplace where they feel at ease. The company also needs "better people managers" and "honest managers" who walk the walk. The personnel and the organization have a direct and linear relationship. The workforce tends to be more devoted to the company the more loyal and invested the company is in its personnel.

STRATEGIC HR MANAGEMENT: ROLES, FUNCTIONS, AND IMPORTANCE

EMPOWERMENT:

This idea gives each employee more freedom to choose how to organize his job and more autonomy in making decisions. Give employees responsibility, then let them use it. According to most surveys, having and exercising responsibility leads to a sense of accomplishment that is the biggest source of pride and satisfaction for employees. The true bottom line is this: you probably shouldn't have employed your staff in the first place if you can't trust them to think and act independently. Employee empowerment has been shown to result in a genuinely nurturing work atmosphere where people can grow, learn, progress, and enhance their performance while supported by aspects of trust and importance put upon them by management. Similar to love, empowerment is nourished by autonomy, mutual trust, self-belief, unwavering support, and sincere concern for others. It can assist organizations in making the most of each employee's potential. Giving people more time to practice broad-based thinking, vision, and nurturing is also anticipated to shift their perspective. The team-based departments can become more successful, energetic, and enthusiastic thanks to the empowerment technique. By placing trust and confidence in an employee's abilities, fostering a participative work culture, and giving opportunities for personal growth, one can empower an employee and unleash their untapped creativity and motivation to solve business problems in a competitive business environment. "An empowered organization is one in which individuals have the knowledge, skill, desire, and opportunity to personally succeed in a way that leads to collective organizational success," says Stephen Covey, and this remark is relevant.

EXPANSION AND DEVELOPMENT:

There's a well-known Chinese saying that goes, "Plant a tree if you want fruits for a few days. If you want fruits for a few years, sow a seed." To ensure perpetual fruit, cultivate a human being. Businesses that make investments in their employees' development are able to keep them. The provision of growth and development opportunities by an organization is a crucial factor in fostering employee loyalty. Because human resources are irreplaceable, they provide an organization with a competitive edge that can enable it dominate its market. Winston Churchill noted that the empires of the future would be empires of the intellect during a lecture at Harvard University in 1943. He may have also mentioned that talent will be the deciding factor in future conflicts. The organization will be guided toward its ultimate business goals and will aid in reaching greatness if we can develop individuals who are dedicated to the well-being of the organization and who are trained and attuned to its requirements. Businesses that make investments in their employees' development are able to keep them. The provision of growth and development opportunities by an organization is a crucial factor in fostering employee loyalty.

CREATIVE HR METHODS:

The first part of this concept is a thorough internal diagnostic, which can be done through surveys, benchmarking, selective feedback from a predetermined sample including internal diagnostic data, and interface with heads of departments. Analysis of all the collated data would serve as guidelines for action. HR professionals must periodically fine-tune and implement innovation in their HR systems. The second way is by recognizing the winds of change in the outside world and adjusting one's own approach and HR practices. This process also depends on gathering information about "best practices" from outside sources, which can be accomplished by going to conferences and seminars held by professional bodies on benchmarking. It's crucial that the current systems and

practices are periodically updated. Some interesting strategies include flexible scheduling and working multiple jobs as "advisers" to several organizations, which offers a great deal of flexibility to both the organization and the individual. Establishing norms that will support an organization's business goal requires meticulous planning by the HR department. An innovative organization is better suited for a particular set of HRM practices, as determined by the empirical results of several surveys. It's noteworthy that these collections or sets of specific HRM practices resemble those recognized for high-achieving businesses. These are listed in the following order:

- Comprehensive Training
- Employee Involvement
- Workplace Security
- Incentive Salaries
- A results-driven evaluation

The goal of strategic HRM efforts is to develop in staff members the desired abilities and dispositions that are consistent with an innovative organization. Studies on desirable employee behaviors reveal that creative workers are not only imaginative in their thinking and behavior, but also always strive to give their best work and have the organization's long-term future in mind. They don't shy away from taking chances or become defensive under unclear or erratic circumstances. Businesses provide work-life balance initiatives. At Infosys, people's personal lives are shaped by their work lives, not the other way around. Every employee has access to all amenities on-site. The organization, which treats each employee as a member of the family, attends to all of their needs, from helping an employee through a close relative's illness to sharing memorable occasions. On a regular basis, a variety of social events are planned in which the staff members and their families take part.

CRAFTING A PARTICIPATIVE CULTURE:

To participate effectively, one must be mentally and emotionally invested. Not just one's abilities are involved, but the whole person. Employee motivation is increased by a participatory culture that helps them identify and make sense of their goals. A crucial requirement for increased personal dedication is the person's engagement and ability to express themselves. People may express themselves at work in participatory cultures instead of becoming sucked into a complicated web of policies, procedures, and processes. When people feel empowered to voice their thoughts and opinions, they become more personally engaged and gratified. Consequently, this strengthens his sense of belonging to the group, leading to increased dedication."The key elements in the increasingly dynamic, people-centric, and performance-focused culture that we aspire to are developing a new generation of managers and fostering a participative culture," says Kumar Mangalam Birla, Chairman of Aditya Birla Group, who takes a personal interest in finding and developing tomorrow's leaders.

A culture that encourages participation creates commitment, which raises worker productivity. When a company's "human capital"—its ability, effort, and dedication—is evaluated, managers must undoubtedly begin considering how to develop a cultural infrastructure that clarifies, supports, and maximizes the potential of this vital resource.

The organization's culture becomes a liability if it does not promote the behaviors required for the organization to successfully compete in its surroundings. By carefully designing HR procedures that support the behavioral norms required to carry out the organization's strategy and by carefully choosing individuals who share the desirable values that uphold the organization's cultural norms, organizations can develop a strategic culture. Businesses that foster employee participation will have the greatest advantage in attracting and retaining skilled workers.

STRATEGIC HR MANAGEMENT: ROLES, FUNCTIONS, AND IMPORTANCE

CONCLUSION:

Expectations among employees are growing as businesses try to stay profitable and competitive. Employees are expected to provide the best products and services at the most competitive prices. Since people are viewed as the main contributors to improved corporate performance, many companies have been investing in the development and implementation of well-articulated HR strategies to support high-performance work systems. As challenges become increasingly global, competitive success necessitates the implementation of a high degree of globally tested HR strategies. There have been indications of remarkable expansion in the Indian economy over the past three fiscal years. Strategic human resource management has grown more important as Indian enterprises achieve global recognition. Since HRM is critical to enabling and promoting innovation, it is trying to assume a more prominent and strategic position in company decision-making. Of course, a lot more work needs to be done before we can fully utilize "HR models" and reap their advantages. In line with Dwight Eisenhower's famous quote, "Neither a wise man nor a brave man lies down on the tracks of history to wait for the train of the future to run over him," HR can get more involved in corporate strategy through departmental partnerships.

REFERENCES

1. Chanda, A and Kabra, S (2000). Human Resource Strategy Architecture for change, c Response Books, New Delhi.
2. Dessler, G (2001). Human Resource Management, Prentice-Hall of India, New Delhi.
3. Galbraith, J R and Nathanson, D A (1978). Strategy Implementation: the role of Structure and process, St. Paul, West.
4. Ghosal, S and Bartlett, C (1997). The Individualized Corporation, Heinemann, London.
5. Guest, D (1998). "Human Resource Management - is it Worth Taking Seriously?", London School of Economics, First Annual Sear Fellowship Lecture.
6. Guest, D E (1989). "Human Resource Management: It's Implication for Industrial Relations and Trade Unions", in J Storey (ed.) New perspectives on Human Resource Management, Rutledge, London.
7. Hales, C (1994). "Internal Marketing as an Approach to Human Resource Management", Journal of Management studies, Vol.5, No.1.
8. Horvitz, J and Thiebault, R A (1982). "Strategy, Management Design and Firm Performance, Strategic Management Journal, Vol.3.
9. Hendry, C and Pettigrew, A (1986). "The Practice of Strategic Human Resource Management", Personnel Review, Vol.15, No.5.