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UNIT – I

INTRODUCTION TO STRATEGIC HRM

Strategic Human Resource Management: Meaning, Benefits and Other Details | HRM

Strategic Management

Strategic management is the process of formulating, implementing and evaluating business strategies to achieve organisational objectives. Cunningham' has defined strategic management as a manner by which organisations plan to deal with the various aspects of management like problem perception, divergent thinking, substantial resources, decisions making, innovations, taking risks and facing uncertainty.

Meaning of strategic HRM:

Human Resource Management

The best way to understand strategic human resources management is by comparing it to human resource management. **Human resource management** (HRM) focuses on recruiting and hiring the best employees and providing them with the compensation, benefits, training, and development they need to be successful within an organization. However, strategic human resource management takes these responsibilities one step further by aligning them with the goals of other departments and overall organizational goals. HR departments that practice strategic management also ensure that all of their objectives are aligned with the mission, vision, values, and goals of the organization of which they are a part.

Strategic Human Resource Management

Strategic human resource management is the practice of attracting, developing, rewarding, and retaining employees for the benefit of both the employees as individuals and the organization as a whole. HR departments that practice strategic human resource management do not work independently within a silo; they interact with other departments within an organization in order to understand their goals and then create strategies that align with those objectives, as well as those of the organization. As a result, the goals of a human resource department reflect and support the goals of the rest of the organization. Strategic HRM is seen as a partner in

organizational success, as opposed to a necessity for legal compliance or compensation. Strategic HRM utilizes the talent and opportunity within the human resources department to make other departments stronger and more effective.

Importance of Strategic HRM

When a human resource department strategically develops its plans for recruitment, training, and compensation based on the goals of the organization, it is ensuring a greater chance of organizational success. Let's think about this approach in relation to a basketball team, where Player A is the strategic HR department, and Players B through E are the other departments within the organization. The whole team wants to win the ball game, and they all may be phenomenal players on their own, but one great player doesn't always win the game. If you've watched a lot of sports, you understand that five great players won't win the game if each one of those five great players is focused on being the MVP.

That's not how a basketball team wins, and it's not how an organization wins either. A team wins when its members support each other and work together for a common goal. Player A, our strategic HR department, must work with players B, C, D and E, our different organizational departments. They must run plays that they have planned out beforehand, assist when necessary to help another player get the basket, and compensate for the weaknesses of one in order to create a stronger team as a whole. When a team works together to reach that common goal, only then can they be truly successful.

You could also look at strategic HRM as the team captain or coach, as his or her responsibilities are a little bit different from those of the other players. Human resources departments are charged with analyzing the changes that need to occur with each 'player' or department and assisting them in strengthening any weaknesses. **Strategic human resource management** then is the process of using HR techniques, like training, recruitment, compensation, and employee relations to create a stronger organization, one employee at a time.

Strategic HRM, therefore, is concerned with the following:

1. Analyse the opportunities and threats existing in the external environment.
2. Formulate strategies that will match the organisation's (internal) strengths and weaknesses with environmental (external) threats and opportunities. In other words, make a SWOT analysis of organisation.
3. Implement the strategies so formulated.
4. Evaluate and control activities to ensure that organisation's objectives are duly achieved.