Defining SHRM

The purpose of this portion of the paper is to provide an explanation into strategic human resource management (SHRM). This information will look at the ways that some scholars have defined the concept of SHRM, and the role that it serves within an organization. In addition, the first part of this research will examine how a human resource department can actually be called strategic in nature. This information will also be examined in relation to an actual organization. Various models of SHRM will be discussed, and the idea of how they compare to the organization in question will be presented. After reading this portion of the paper, it should become clear that SHRM is much more than simply hiring people. It is also much more than operating within a bubble. It is about actually helping the overall strategy and vision of a company.

The first thing that needs to be done is to provide an actual definition and analysis to what it actually means to be SHRM. In order to define this concept, it is first important to actually explain what is meant by human resources in general. Appleby & Mavin (2000) explain that

Human resources are the efforts, skills, and capabilities that people contribute to an employing organization which enable it to continue in existence. Although difficult to define, SHRM is generally perceived as a distinctive approach to managing people which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce (s555).

The definition that is provided here explains that human resources is really about the skills that the people of an organization bring together in order to keep it alive. In addition, the
authors explain that moving into the realm of SHRM is about managing the human capital of an organization in such a way as to achieve some type of competitive edge. Having not only a committed workforce, but also having a workforce that is highly trained for the job that must be performed achieves the competitive edge. Moving in this direction is where human resources becomes SHRM.

Van Donk (2001) takes this idea one step further by explaining where in the planning process of a company the human resource management role must fit in order to make it strategic in nature. He also explains how this role has evolved in the past twenty years or so:

From the 80s onward there have been pleas for integrating human resource management and corporate strategy. A number of authors have been working on approaches to the achievement of what is called Strategic Human Resource Management. These approaches place the human resource management policy formulation at the strategic level. In these approaches to Strategic Human Resource Management it is claimed that: (1) human resource problems are problems solved by linking HRM and strategy formulation at an early stage; and (2) problems with strategy implementation are solved by early adjustment of the HRM to these strategies (299).

In the end, what Van Donk adds to the definition of SHRM is that human resources cannot be called in at the last minute to fix a hiring problem. Instead, human resources must be involved from the very early planning stages in terms of the type of human resources that are needed. This early involvement allows human resources to understand exactly what is needed. It also allows human resources to be able to adjust so that the decisions that are made about the
people that are needed can be adjusted immediately to fit new or changed strategies for the company.

Finally, Mueller (1996) adds one additional piece to the information that helps us to formulate an overall definition for SHRM. He explains that:

I propose to take the following as the defining features of the ‘orthodox notion of SHRM.

According to this notion a strategic utilization of human resources means that:

1. Management is active, not reactive
2. There is high integration between policies
3. An orchestrational role is played by senior management
4. and there is articulation of policies by senior management (759).

The information that is provided by these three scholars can help us to create an integrated definition of what is truly meant by SHRM. This concept really means that the human resource department and its leaders are not simply thought of as the people who are given the task of hiring employees. Instead, they are an important part of the strategy formation of a company. These people are a part of the process from the very beginning, and they are given the authority by company management to be taken serious to provide ideas about the strategic planning of the company in terms of the role that employees will play, and the skills that need to help achieve those goals.

The information that is provided should also make it clear that SHRM is more than just about the role that the human resource department of a company plays in the strategic vision of an organization. It is the role of senior management that helps to actually make SHRM work. Senior management must actually give the authority and respect that is needed to make the
human resource department a vital part of any strategic vision. This must be more than simply saying that human resources are important for the company. Instead, it means that senior management must act upon it, and they must take an active approach to human resource needs to fulfill those strategic plans. They must communicate with human resource managers, and they must also listen to human resource managers. In the end, it could be easily explained that strategic human resource management is about adjusting the role of human resources. Rather than having a department that reacts to the needs of the company, SHRM is about having a department that is on top of the planning that goes into deciding the human resource needs of the company (McMahan, Bell & Virick 1998: 196).

Evaluating SHRM in an organization

In order to evaluate the extent to which human resource management in an organization can be termed strategic, we must first understand some of the basic models that apply to the organization that is being discussed. We must also have an organization that we can discuss in the first place. In order to choose an organization, it is easier, as an example, if an organization is chosen that is widely known by a lot of people. For this, we are going to turn to a description of large accounting firms and the role of human resources in their firms provided by Boxall & Purcell (2000).

To Illustrate what we mean about strategic choices in HRM, take the case of a management consulting firm that aims to join the elite cluster of firms that are transnational, if not ‘global’ in their reach (firms such as McKinsey, PricewaterhouseCoopers and Anderson Consulting). There is no doubt that such a firm must have highly selective recruitment and strong development of staff to ensure it can
consistently offer clients high-quality service on complex business problems. In this elite strategic group, a synergistic blend of certain human resource policies—such as proactive recruitment channels, high entry standards, high pay, employee ownership and extensive professional education—are critical prerequisites to a firm’s credibility in its sectoral labour market. On the other hand, it is unlikely that there is much handing on the firm’s choice of job evaluation systems. If any one of a range of such systems supports its remuneration goals in recruiting and retaining highly qualified consultants, or doesn’t perversely undermine them, then the choice among different systems is not critical. Similarly, the contracting out of payroll or benefits administration in such a firm is not a strategic dimension of its HRM. It is not difficult to meet the requirements of employment contracts in these areas and elite firms are not differentiated from lesser firms on this basis. What is critical, however, is that they firm’s leaders put together and apply the system of broad-based HR policies that will help the firm to join the elite group of professional firms in its sector—although it would be unwise to think that this will happen quickly or be achieved solely through HR strategy (184-185).

From the example that is given by major accounting firms, it is easy to see what makes human resource management strategic, and what does not. It all comes down to the notion of the decisions that are made in terms of moving the company forward in its goals and visions. On the other hand, decisions that really do not affect the visions of the company, such as choosing one piece of software over another to administer payroll, is not something that makes a human resource department strategic.
With all of this in mind, the company that is going to be used as an example to determine how it has implemented, or needs to implement, SHRM is a small software company with which I am familiar and have some working knowledge of the internal structure that sells communication software to physicians known as Televox Software. The software from the company helps companies immediately send recorded messages to customers to remind them of appointments or past-due bills. The software even allows customers to pay bills right over the internet without any work on the part of the company that wants the feature for its customers.

In order to determine how the company’s human resources are already strategic in some ways, it is important to look at some of the models that explain SHRM. One of these models is known as the open systems theory. The open systems theory states that a company receives inputs from the environment, such as from customers and even other companies, and then uses that information to change how it operates. Wright & Snell (2001) explain the concepts behind the open systems theory:

It emphasizes two important characteristics of organizations: the system character, so that the movement in any part of the organization leads to movement in other parts, and the openness to environmental inputs (208).

In terms of human resource management at Televox, the company is very much strategic in this regard. The company is constantly looking for feedback from customers. This feedback, unlike at some companies, is taken very seriously. When a customer complains about the way in which an employee has done his or her job, this information is analyzed to determine where the problem took place. If the problem lies with the employee’s training or motivation, human resources takes actions immediately to alleviate or correct the problem.
A second theory that easily applies to Televox is the universalistic perspective. Colbert (2004) explains that

Under a universalistic approach, strategic HR practices are those that are found to consistently lead to higher organizational performances, independent of an organization’s strategy. Examples are such practices as formal training systems, profit sharing, voice mechanisms, and job definition. One might argue that these are not strategic in the sense used elsewhere in the SHRM literature (i.e., contingent on strategy or explicitly aligned with specific strategy) and may simply be terms prudent in the sense that they have been shown to consistently enable a given firm to perform better than it might otherwise (344). Regardless of what some might think about the universalistic perspective, the ideas behind the theory can led a company to SHRM. In the case of the company in question, Televox, the organization is very definite about defining job duties and providing formal training to employees. However, the company does lack in profit sharing as it is not a publicly traded company. In addition, the company also lacks in actually listening to its employees and giving them a voice in real decision-making. This shows that the company has moved from simple human resource management to strategic human resource management in some ways. However, it also shows that the company is not yet fully involved in the SHRM process.

In terms of the information about Televox at this point in the analysis, it can only be deemed to have SHRM management in the way in which it takes information from the environment that it operates. When customers and others have issues with the services and support that are provided by employees, the company takes this information very seriously. The result is that training or even firings take place. In addition, when people are hired into the
company, they learn very quickly that excellent customer service and attention to customer needs are the key to the vision and strategy of the company. This means that these ideas and objectives are going to be key to the way in which employees operate. At the same time, the company is very much about defining job duties and explaining the place that everyone holds in the company in relation to the vision of the company.

However, the company, simply based on the information that we have discussed so far, lacks SHRM in other ways. For example, the company does not give employees a voice in helping to set strategy and goals for the company. In addition, communication between manager and employees is often very much one-sided. The company also does not give incentives that might keep the specialized and trained employees that they need to work in a skilled environment like a software company.

In the next section of this analysis, information and research regarding HR Departments will be discussed. Once this literature review has been completed, we will return to Televox to determine what types of other improvements can be made to the company to move it closer to truly operating with the mindset of SHRM. This move closer to true SHRM can also be seen as providing ways that Televox can actually move closer, as was explained earlier in this paper, to be an elite company in the sector in which it operates.

**Literature Review**

The purpose of this section of the report is to look at research and information regarding HR departments. The background information is being provided in the context of determining the problems and opportunities that exist for HR departments to transition from simply doing human resource management to handling strategic human resource management for the
companies in which they operate. What should be taken from the background information that
will be presented is that the difficulty that still exists in making that transition in one of
understanding of SHRM and old ways of thinking about human resources in general.

Before any background information can be provided, it is important to understand some
of the key questions of SHRM so that we will know what to look for in the research that is
available on this topic. Colbert (2004) explains that

Research on the contribution of human resources (people) and HRM (practices) to
organizational effectiveness has addressed a wide array of questions: what is the effect of
HR practices on the development of the firm’s human resources? Which HR practices
lead to greater organizational performance? To what degree does that depend on firm
strategy? How does a firm ensure that its HR Practices ‘fit’ with its strategy? How does it
ensure that its individual HR practices fit with one another, or does fit even matter in HR
practices? Must the attributes of a firm’s base of human resources always align with an a
priori strategy, or can its stock of skills, knowledge, and interactions drive strategic
direction? (342).

One of the ideas that exists about human resource management is that it was divided into
its various parts in the past. This division of what constitutes human resource management is
known as a subfunctional view. This view held that human resource departments actually had
various separate roles, such as selecting employees, training employees, and even appraising
employees. It has been argued, however, that the view that human resource departments have
small functions that must come together for the sake of the company has actually created
problems for companies and HR departments. One of these problems is that the subfunctional
view created problems for HR managers to try to understand how all of these functions actually came together. It was often the case that HR managers did not see them coming together. Instead, they were simply seen as separate tasks, such as selecting qualified candidates and then later on evaluating their performance. The end result has been that HR departments have not seen that all of the functions they perform actually do work together to accomplish the overall vision for the company (Wright & Snell 2001: 206).

In fact, Van Donk & Esser (2001: 302) note that human resource managers often view the idea of managing human resources as lying within certain areas of concern and policy for the company and its employees. These areas concern the influence that a company may give to employees and even employee unions, the flow of human resources to various parts of the company, the rewards and benefits that are given to the employees, and the actual design of the work and the jobs that are performed.

It is already clear that viewing each of these areas separately can certainly cause problems for human resource departments. If an HR manager thinks of hiring employees as a separate task from actually training employees or thinking about the jobs they will perform, confusion can easily be created when all of this is brought together when new employees are assigned to a department and told to get to work. There is clearly no harmony in the way that some HR managers think about the assets, that being the human assets, that they are supposed to be managing.

Lundy (1994) also explains, as far as human resources goes in the United States, that their was an old system in place of managing employees. This was a system where those who oversaw personnel decisions really lacked any power or decision-making skills at all. However,
she explains that this is changing in the United States, and that the role that human resource
officials play within the companies for which they work is evolving. She explains this evolution:

There are other issues worth consideration. It would seem that, from a US perspective, a
good case can be made for concluding that personnel management in its traditional form
has been evolving to a process identified as human resource management (HRM). In
particular, the Harvard model and writings demonstrate the nature of the evolution. It
incorporates: a strategic orientation; standard personnel management practices, e.g.
selection, appraisal; a philosophy and new practices geared towards employee
motivation. It has a strong managerial perspective and, in many ways, the new practices
have been management's pragmatic response to its changing environmental context. It is
also worth noting that historical analysis has suggested five different HR management
systems linked to environmental conditions. This gives strong emphasis to the
contingency-based properties of the current commitment system. While the likely
endurance of the commitment system is unknown it is important to take account of the
probable strength of the educational and social changes within human resources which
have influenced the development of the system. The historical analysis has also pointed
up that the different HRM systems denote a shift in the balance of influence between
employer and employed. There is a connection here with the literature on the changing
face of American industrial relations and the phenomenon of the non-union firm.
Certainly the analysis highlights certain extremes in behaviour and perspective, e.g.
mutuality/adversarialism, control/commitment, specialization/flexibility,
standardization/innovation, alienation/identification and so on (713).
The reason for this evolution and changing dynamic between companies and human resource departments, as well as between human resource departments and employees may lie in the outcome of being more focused on employees and the planning of human resources. In fact, Appleby & Mavin (2000) conducted research to determine what happens when there is an integration of human resource roles and ideas. The research looked at over 800 companies in the manufacturing industry in England. The authors used a self-assessment questionnaire that would report how well each company was achieving a world-class levels of performance, and what was helping to lead to that level of performance. The authors report that actually bringing together all of the roles and functions of HR departments was related to an organization actually attaining world-class level. The authors of the study explain:

The results show a positive association between the integration of HR strategy and the world-class status of organizations. Further, those organizations using an integrated HR strategy show better practice and performance with regard to: quality management, managing and developing their people, and their sustainability and innovation (s560).

This study is not the only study to find that actually integrating the roles and duties of human resource departments actually lead to better overall results for the companies in question. Rodwell & Teo (2004) conducted a study of for-profit and non-profit companies in Australia. The study consisted of 61 companies in Australia that operated in the medical industry. Questionnaires were given to company leaders asking about human resource practices. The results of the study found that regardless of whether a company was for-profit or non-profit, human resource practices that actually integrated people and their functions resulted in better performance for the company. As the authors of the study state:
The evidence suggests that as the health sector experiences more global reform in terms of policy and managerial changes (EOHCS 2001) Australian HS firms emphasize the buying of skills, experience and knowledge through selective staffing and other human capital-enhancing practices. Researchers such as Snell and Dean (1992) conclude that the adoption of these strategic initiatives are related to the adoption of strategic HRM and those practices that focus on the creation of human capital required for mastering the new managerial and medical systems and techniques. In this instance, HRM has been used to ensure that human resources are selected to add value to the firms’ quest for efficiency, effectiveness and economy in the Australian health sector (325).

Now, at this point, some might argue that about the ability to take research from one area of the world, or even in one sector, and generalize the findings to all companies and how human resources should be managed across the spectrum. The fact of the matter is that this is an important area of discussion. The research that has been presented clearly shows that the notion of human resource management in companies is changing because it is good for the companies. In organizations where human resource departments are given the authority to integrate their tasks and to worry about the resources that they are supposed to be in charge of, the result has been companies with better levels of overall performance. Still, the argument remains as to the ability to generalize these findings. However, in light of the information that is available, it clearly seems that more research and even more practice is warranted. As Wright, Snell & Dyer state quite clearly:

The conference at Cornell was successful in bringing together leading HR academics from around the globe to enhance the emerging international dialogue on SHRM theory
and research. The resulting papers suggest general agreement on one point: that differences in institutional environments, and perhaps cultures, serve as boundary conditions with respect to the generalizability of our models and empirical results. Clearly, however, there is less agreement about the nature of these boundary conditions and the direction and magnitude of their effects, or on the stakeholder vs stockholder controversy. We hope that SHRM theorists and researchers in all corners of the globe will see this situation as a challenge. The papers in this volume represent a promising start. The task now is to build on this work by incorporating a fuller range of boundary conditions in our research, explicitly wrestling with the global universality vs local adaptability issue and experimenting with a wider range of outcomes in our models and studies - preferably doing so through networks of international collaborations and consortiums. Ultimately, we must make absolutely certain that our field continues to hold its own in the ubiquitous drive to globalize (879).

Based on the studies and opinions from scholars in the field of human resource management, it is clear that HR departments must change their focus on how they view people, and how those people fit into the organization. This change must come at the management level, and must actually see human resource departments as part of the management level, rather than as simply another part of the organization that can be ignored. Kazmi & Ahmad (2001) explain the types of questions and focus that comes when human resources are seen as being part of the management level in a company.

For example, in the personnel selection/placement area, operational-level activities include the annual staffing and recruitment plans. The managerial-level is more
concerned with staff planning for the intermediate-range future. A question posed at the managerial-level is, for instance, if the company is about to set up two plants in different parts of the country, what kind of people will be needed and how will they be found?

Strategic-level activities look on the long-term future. Here a question such as this could be posed: what kind of people will be needed to manage and run the organization in the future? The implications of the long-run position are then retraced to guide current selection, placement, and training practices. If, say, a major oil company formulates a strategic plan for major diversification by the year 2005, a relevant question would be: what kind of people should it be recruiting now so that it will have employees capable of running the diversified company five years and beyond? (135).

Of course, with all of this discussion about moving human resources to the role of being a strategic part of a company, Schuler (1992: 25) explains that human resource departments need to be part of the team that not only makes strategic decisions, but also helps to set some of the tone for the company. For example, he explains that human resources can take on three roles: a leadership role, a managerial role, and an operational role. In the leadership role, HR helps to steer the direction of the employees of the company. This can include attitudes and culture that exist in the way that employees approach their jobs and the people they serve. In the managerial role, HR acts to give employees the training and direction they need. HR also gives feedback to the work that is being done, and ways that employees can improve. HR can also help to direct how people work together to get tasks done efficiently. Finally, in the operational role, HR helps to set the function of certain roles. This can be as simple as telling employees that they must smile and greet customers by name.
However, in the light of various functions, HR departments must see themselves as part of the company that actually helps to build profits and results. They can no longer see themselves as simply working for a company. They must see themselves as actually moving a company forward, and having to produce results to show that work and effort. Rogers & Wright (1998) explain this idea.

Universal application of macro HRM models of analysis with dynamic constructs for performance may prove more achievable and useful than the search for a single universal linkage of micro HR to a particular measure of organizational performance. Just as happened with the field of economics, human resources management is developing a clearly distinguishable macro side. The HR field must face the questions of micro-macro linkage, bias in aggregation, and plausible mechanisms of action to connect individual human activity in the form of HRM with organizational performance. How these questions are answered will in large part determine the direction and utility of the field in the next decade. A case has been made for expanding the concept of performance to enable establishment of a general construct for organizational performance through the adoption of a performance information market concept. The PIM concept needs to be equipped with variables and the model’s mechanism of interaction verified by empirical investigations (328).

Problems and Opportunities of Becoming Strategic

Based on the information that was provided in the literature review, it should become clearer that a transition from simple human resource management to strategic human resource management is not going to be something that is going to result in just opportunities for human
resource departments. Instead, there are also going to be problems and areas of concern along the way. All of these areas must be addressed and dealt with by HR departments if they are going to be part of the strategic process in companies in the future.

First, with the transition to strategic human resources, HR departments are going to be held accountable for the work that they perform. This means that they cannot simply sit on the sidelines and expect to reap the benefits of being treated like part of the management team without gaining some of the pressures and responsibilities that come with actually being part of the management. This is going to result in HR managers and departments having to actually justify their existence. They are going to have their own goals and objectives that will have to be met. Even more, they are going to have to answer to the senior management of the companies for which they work, as well as the investors of the companies, when the decisions they have undertaken to obtain qualified employees or to hold on to employees do not go as planned. They are also going to be expected to communicate problems and concerns more openly, rather than lurking in the shadows waiting to be noticed by those in power.

Another area of opportunity or problem, depending on where you stand, is going to be that human resource personnel can no longer be people who sit and shuffle paper. It will not matter if we are talking about the HR manager or the associate sitting in the office. The fact of the matter, everyone who works in the HR department is going to have to be trained not only in how to interview and hire employees, but also how to develop plans to deal with strategies that will move a company forward. In fact, it does not seem far-fetched at all to assume that more time will be spent by those in HR departments developing strategies and analyzing what is working and what is not as it relates to employee operation and performance.
Of course, with all of these areas of concern will come many opportunities and benefits for HR departments to work toward SHRM. First, this is the chance for those who work in HR departments to truly be taken seriously as leaders and managers. They can come out of the shadows and stop being seen as employees who are removed from the actual work that is being done in the company. Instead, they can be viewed by employees as being relevant to the operations of the company. These individuals can also be seen as having the abilities to truly be effective leaders.

At the same time, all of this promises success for more than just the companies or those who work in HR departments. The change from human resource management to SHRM will mean that employees will be recruited with the idea that they are truly valuable, and how they are treated is important for the future of individual companies. Of course, for employees and potential employees, this will also spell added responsibility. Employees will have to show that they have the skills and qualifications that are necessary for the specific job or function they will play within the company. However, they will also need to show that they can learn and expand as the strategic plans and goals for the company change. Just as HR managers will have to adjust, the move to SHRM means employees will be affected, and they will have to change as well. However, if all of this comes together, the end result should be a great improvement in how companies operate. The research shows that companies that are involved with SHRM perform at a higher level. The research also shows that these companies are in a better place to provide world-class service.

Application of SHRM to an Organization
Now that we have analyzed the research leading to SHRM, it is time to turn back to Televox Software and the ways in which it can improve upon SHRM in its operation. First and foremost, the research shows that HR departments must communicate clearly and accurately the expectations to new employees. At Televox, new employees are not always given the full range of their duties until they have already been on the job. It is true that they are given the specific duties of the job for which they are hired. However, they are often not told that they will be cross-trained to handle duties of other employees with those employees are not available to help customers or are on vacation. This sometimes leads to employees who are not happy with the job once they are hired.

A move to SHRM at the company will mean that the full range of expectations and duties will be provided to employees from the beginning. In fact, a move to SHRM would mean that the HR department would seek out employees who enjoy the challenge of actually having to take on duties that are outside of their specific roles within the company. Instead of hiring people who are only skilled at one job, and only want to be skilled in that job, those who make hiring decisions would work to gain employees that want to be well-versed in many duties within the organization.

At the same time, a move to SHRM would make the company realize that having skilled employees who are motivated by the strategic plans for the company have to be compensated and treated with respect and dignity. Currently, the company shows its respect for employees in basic ways, such as to give away free lunch and other items. However, when it comes to listening to employee concerns about working conditions, the company is not always responsive, either openly or in future moves of the company. The organization needs to show more openly
that it takes employee concerns seriously, and that it realizes the employees are trained and skilled enough to know when to provide feedback about working conditions that should be taken seriously by management (McMahan, Bell & Virick 1998: 198).

Of course, it must be understood that moving closer to full SHRM is not going to be something that can occur in a short amount of time. The reason for this is that the company have dozens of employees that have been with the company for years. Adjusting to a way of doing business that focuses more on employee skills may be something that is not taken seriously by existing employees. The result is going to be some who are on board with the SHRM measures, and some who are not. All employees will have to be brought up to speed with the new plans, or some employees will have to be informed of the consequences of not getting on board with the new strategic plans for the company.

In the end, the research and actual application of SHRM shows that moving in this direction is good for companies. However, the research should leave no doubt that the transition is difficult, and it does require changing well-established attitudes and roles. These are attitudes that have existed for decades, and they are not going to change quickly. On the other hand, as with many things that occur in the world of business, as companies realize that advantages that come with SHRM, more will move in that direction and require acceptance of the policies that come with it (Wright & McMahan 1992: 316; Siddique 2004: 219).
References


