



Human Resource Strategy

29th November 2007

Institute of Directors
Master Class For Directors
Leading to Certified Corporate Directorship

India

- World markets are growing
- India's share needs to grow proportionately
- Strategies Indian companies adopt
 - Merge-acquire
 - Foreign direct investment
 - Adding exports /international trade
 - Branding abroad
 - Globally placed supply chains



OUR RESEARCH REVEALS CHALLENGES FACED BY CEO'S

TECHNOLOGY

- Adoption of technology developed in other countries
- Investment in bringing technology to India

RISK MGMT

- Credit/currency/financial risk
- Market risk
- Operational risk

MANPOWER

- Attraction of global managers
- Managers mindsets
- Retention of talented employees
- Management of diversity of cultures
- Compensation management for global careers

GOVERNANCE & ETHICS

- Conformance with legal requirements on foreign soil
- Holding up to international scrutiny
- Due diligence of operations abroad
- Constitution of Boards with Independent Directors

Challenges for Indian Companies Going Global

MARKETS

- Creation of brand equity abroad
- Channel management
- Competition from global brands
- Competition from local brands in other countries

QUALITY MGMT

- World class business practices
- Product and process quality assurance
- Six sigma standards
- Conformance with local quality standards

MGMT OF CHANGE

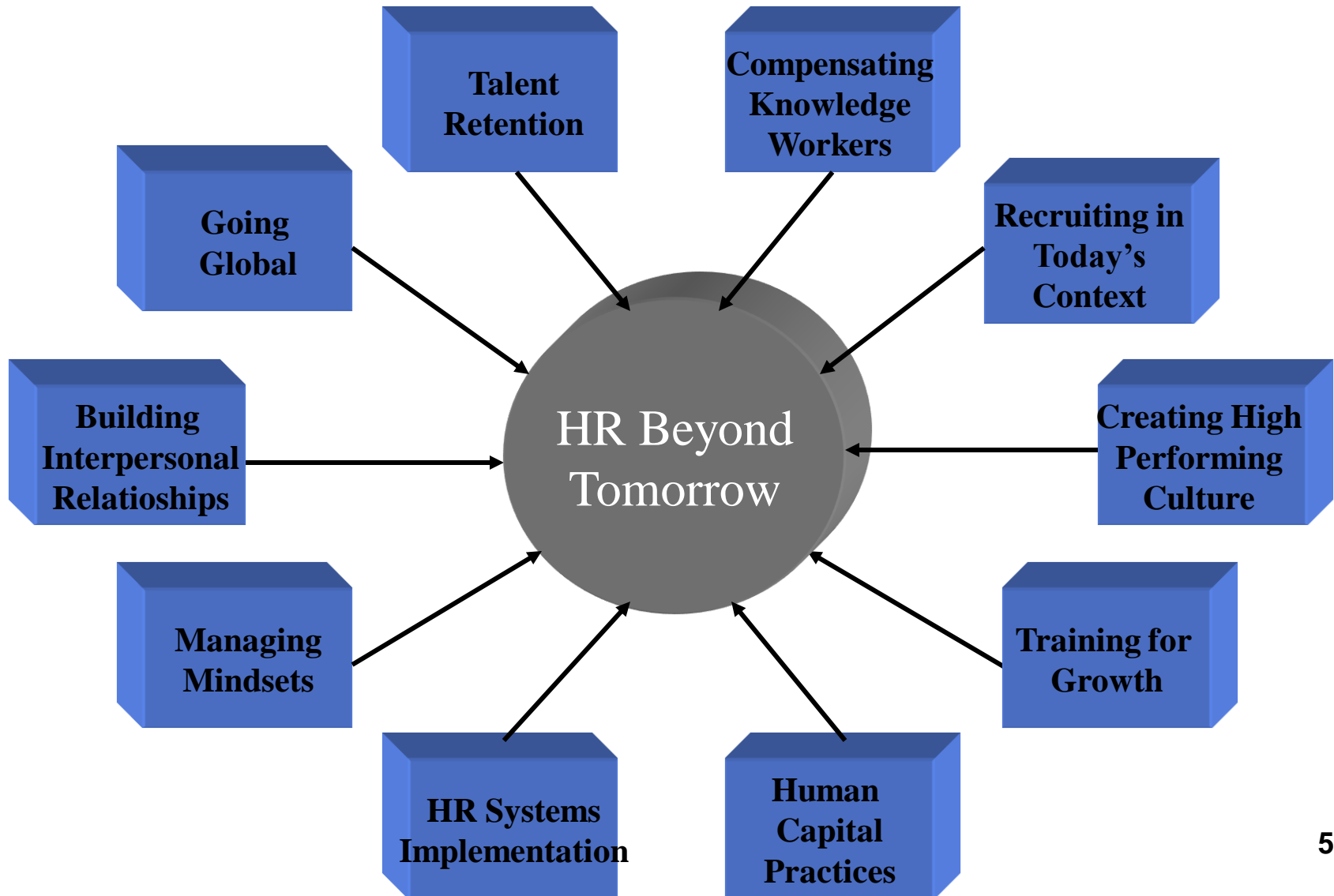
- Mindsets of existing managers
- Bringing in flexibility
- Changing old leadership styles
- Aligning with world class

Survey responses of 45 CEO's indicate the following rankings:

1. Markets
2. Manpower
3. Technology
4. Quality Management Systems
5. Governance and Ethics
6. Risk Management
7. Management of Change and Organization culture



OUR RESEARCH REVEALS CHALLENGES FACED BY HR MANAGERS



Our Survey Results

HR Challenges Survey – India, May 2006				
Rank Order of Importance (n=57)				
	HR Challenge	Rank in order of importance	% of top response (#1) rank	% of bottom response (#10) rank
1	Creating A High Performing Culture	1	47	3
2	Talent Retention	2	28	0
3	Recruiting in Today's Context	3	22	0
4	Managing Mindsets	4	6	8
5	Training for Growth	5	6	0
6	Compensating Knowledge Workers	6	3	8
7	Building Interpersonal Relationships	7	6	14
8	Going Global	8	6	22
9	HR Systems Implementation	9	6	28
10	Human Capital Practices	10	0	17

Evolution of the HR Function

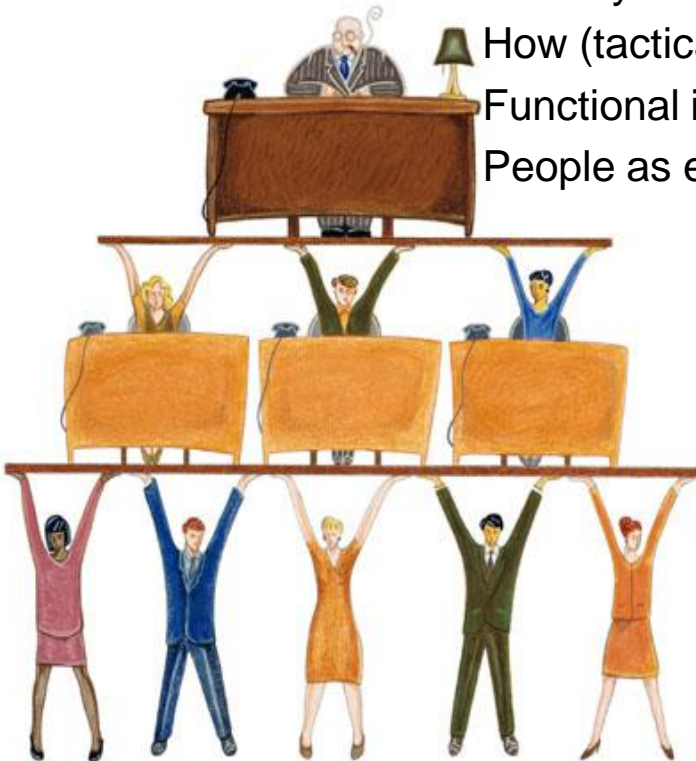
- 1930's – companies set up IR departments to respond to unions
- 1940's – selection tools introduced; selection of “right” candidate
- 1950's – focus on personal change; decade of training groups and productivity
- 1960's & 1970's – legal issues; compensation systems; pay for performance; flexi-systems
- 1980's – move from people to systems; alignment of HR with business strategy
- 1990's – focus on organization and not people; teamwork and organization; development of profession



Changing role of HR

Traditional

Reactive
Employee Advocate
Task focus
Organisational issues
Qualitative measures
Stability
How (tactical)
Functional integrity
People as expenses



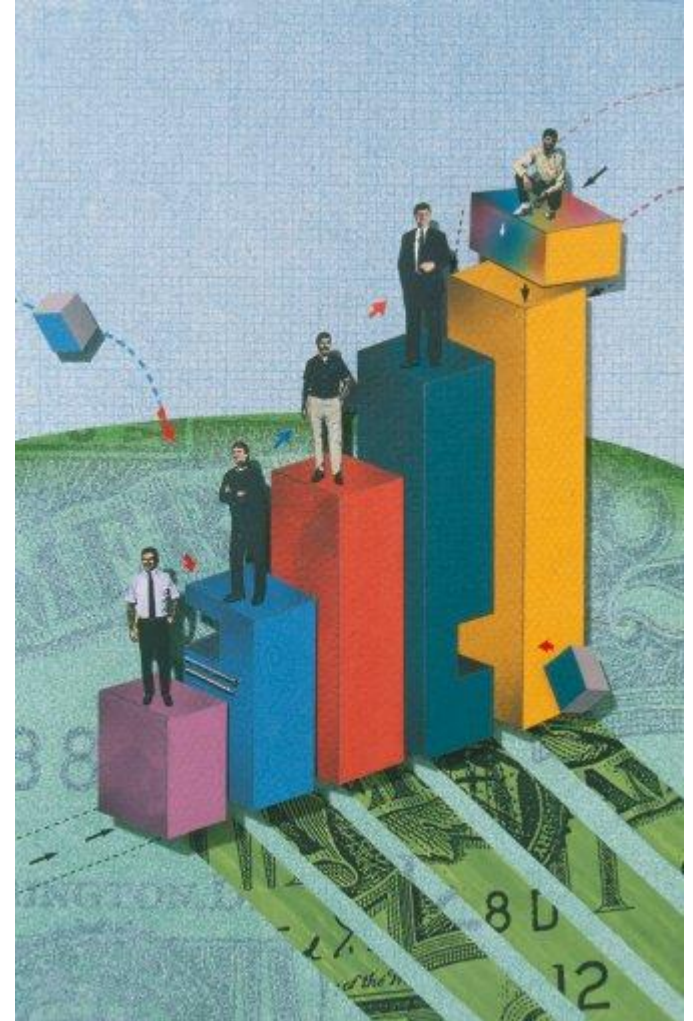
Emerging

Proactive
Business Partner
Task & enablement focus
Strategic issues
Quantitative measures
Constant Change
Why (Strategic)
Multi-functional
People as assets



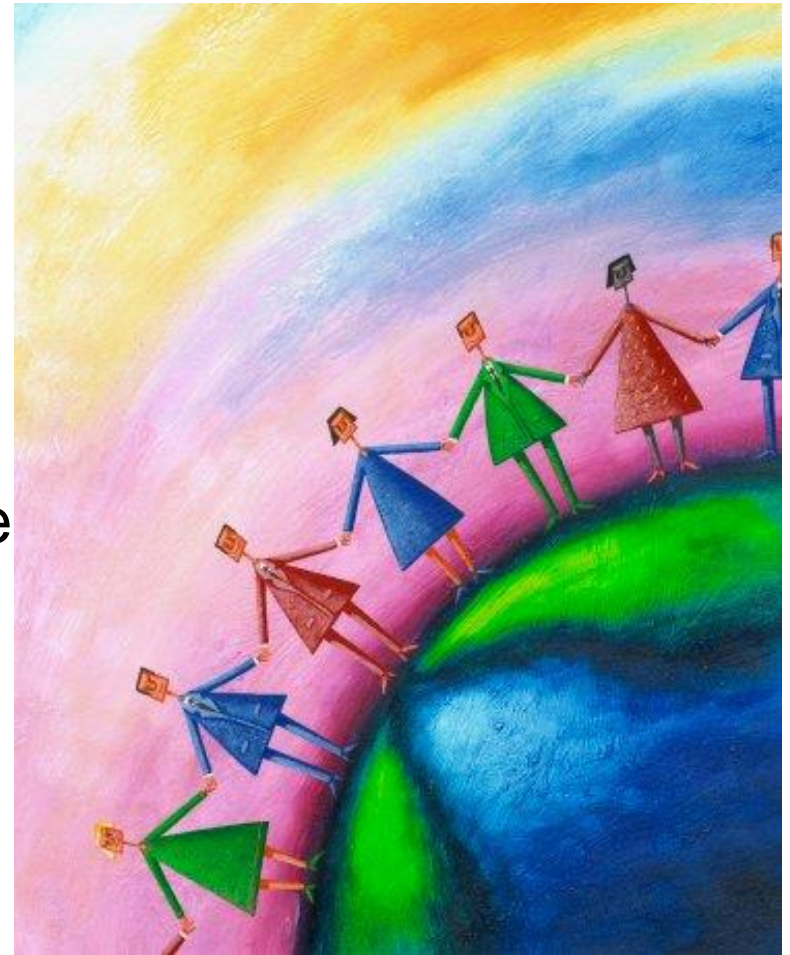
Can HR continue to add value ?

- Value is defined by receivers than givers
- Employees – who become more committed and competent
- Customers – a greater market share through intimacy with customers
- Investors – adding shareholder value through intangible assets
- Organization – more capabilities to succeed



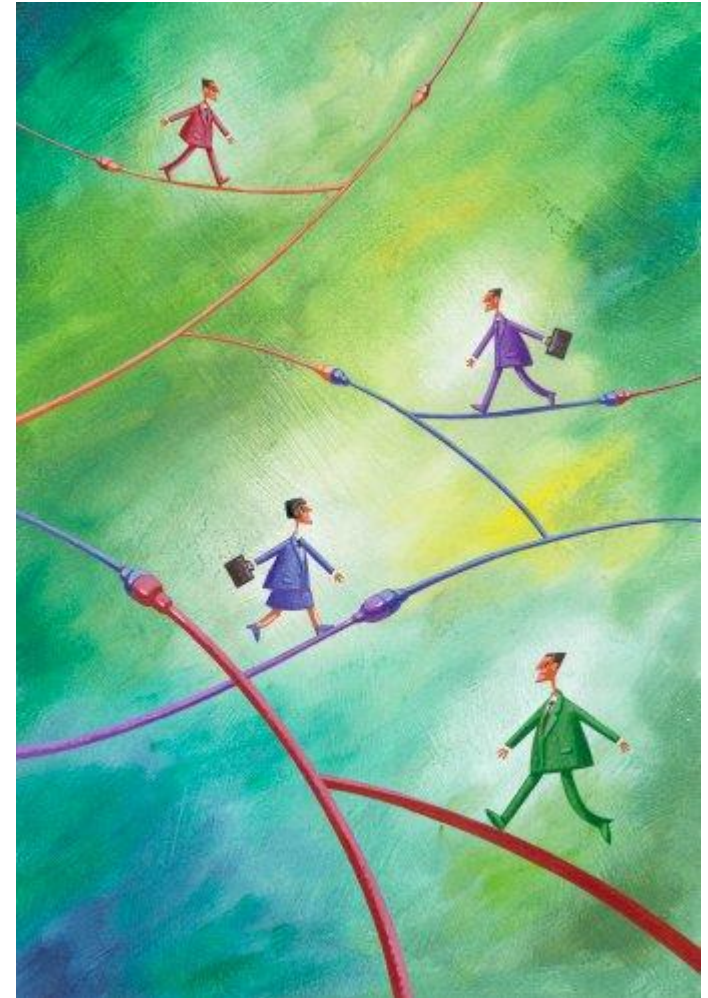
HRM Domain ... *Issues needing attention*

- What will the competitive marketplace look like over the next five to ten years
- What is the company's core competence?
- What kind of Human Resources will organization need to compete successfully?
- What types of HR practices are relevant to building the organization?



What do CEO's and Directors need from HR?

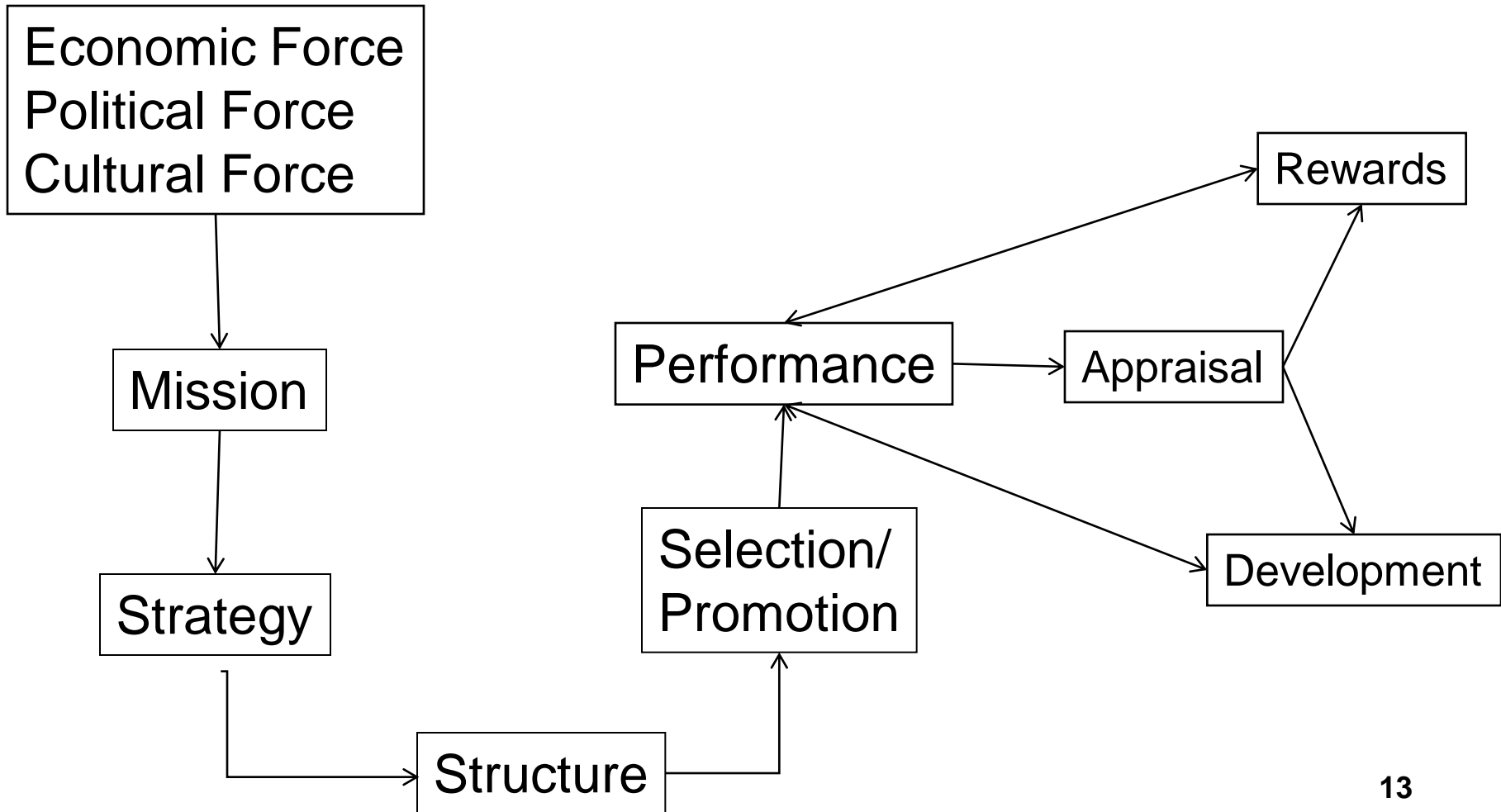
- Aligning HR and business strategy
- Managing and rewarding high performance
- Working across organizational boundaries
- Recruitment and retention strategies
- Strategies for developing people
- Developing effective career strategies
- Developing International managers
- High potential assessment and succession planning
- HR strategies in action



*The Successful organizations will be those that
are able to quickly turn strategy into action: to
manage processes intelligently and efficiently: to
maximize employee contribution and
commitment*

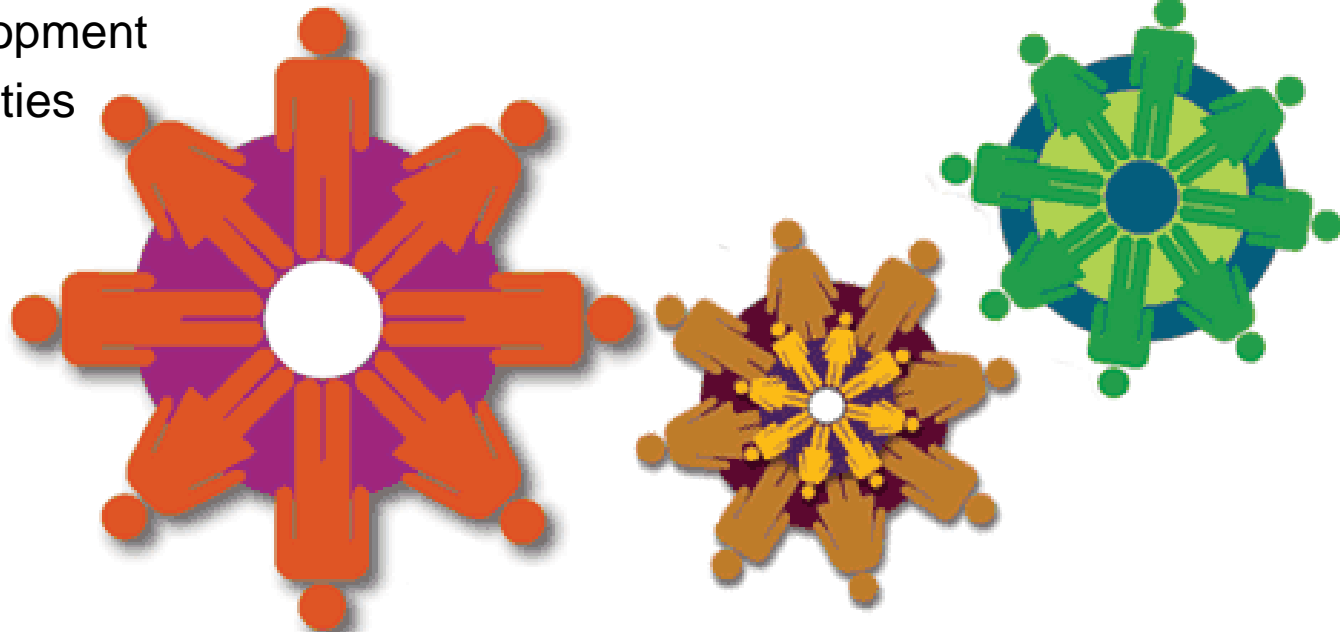
- Dave Ulrich

“Fit” with Business Strategy

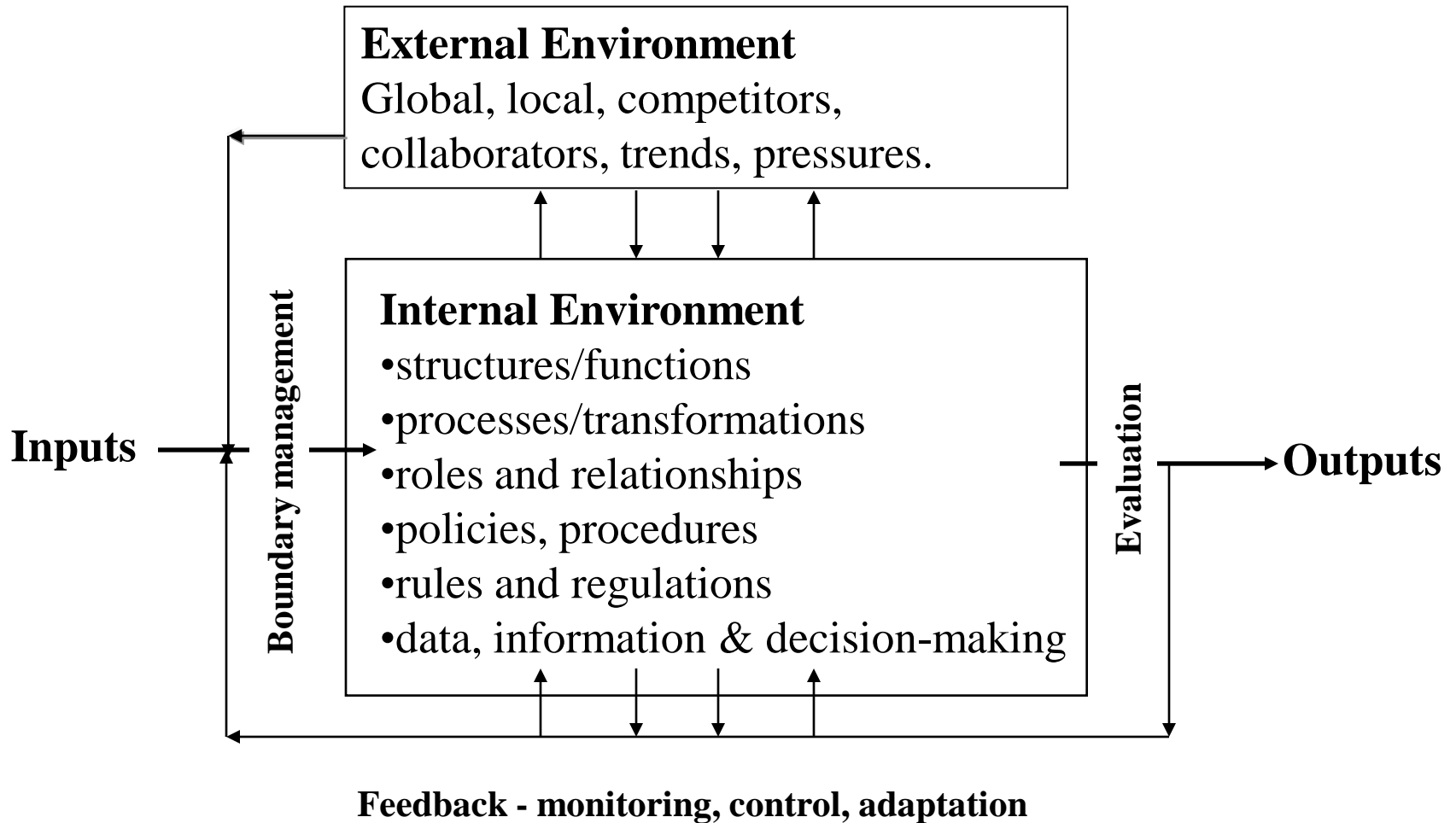


Strategic HR Initiatives

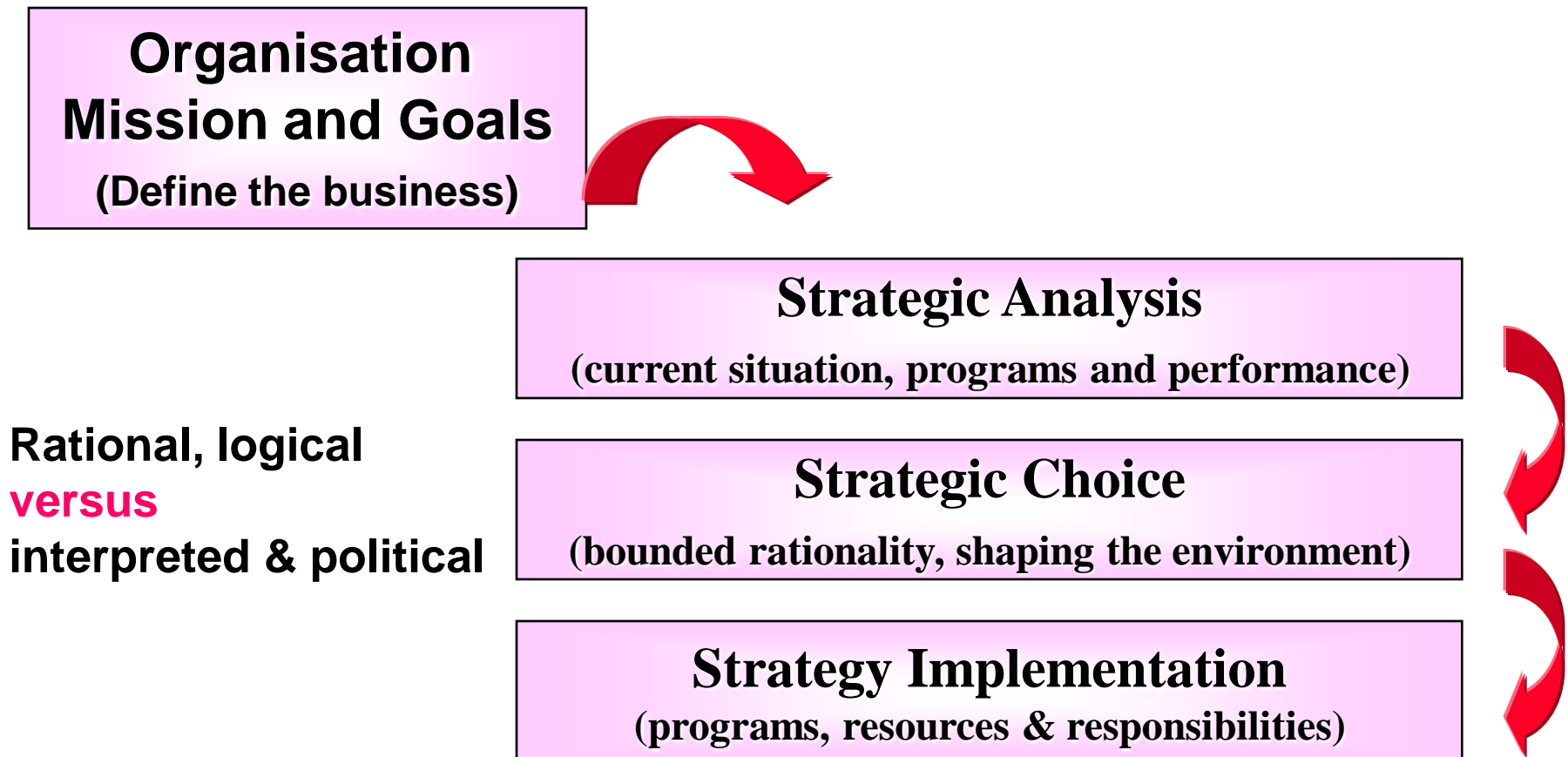
- composition of workforce
- employee contribution to quality, competitiveness
- empowerment
- rewards and incentives
- flexible contracts
- sources of recruits
- learning, training and development
- downsizing
- manager development
- equal opportunities



General Systems Framework

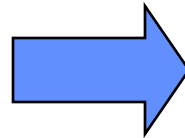


Stages in a Corporate Strategy Process

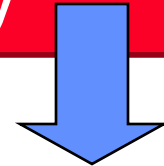


Planning and Strategy Formulation

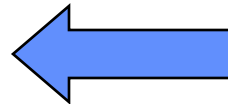
SWOT analysis for internal strengths & weaknesses & PEST for external opportunities & threats



Corporate-level strategy
**a plan of action
for long-run value &
sustainability**

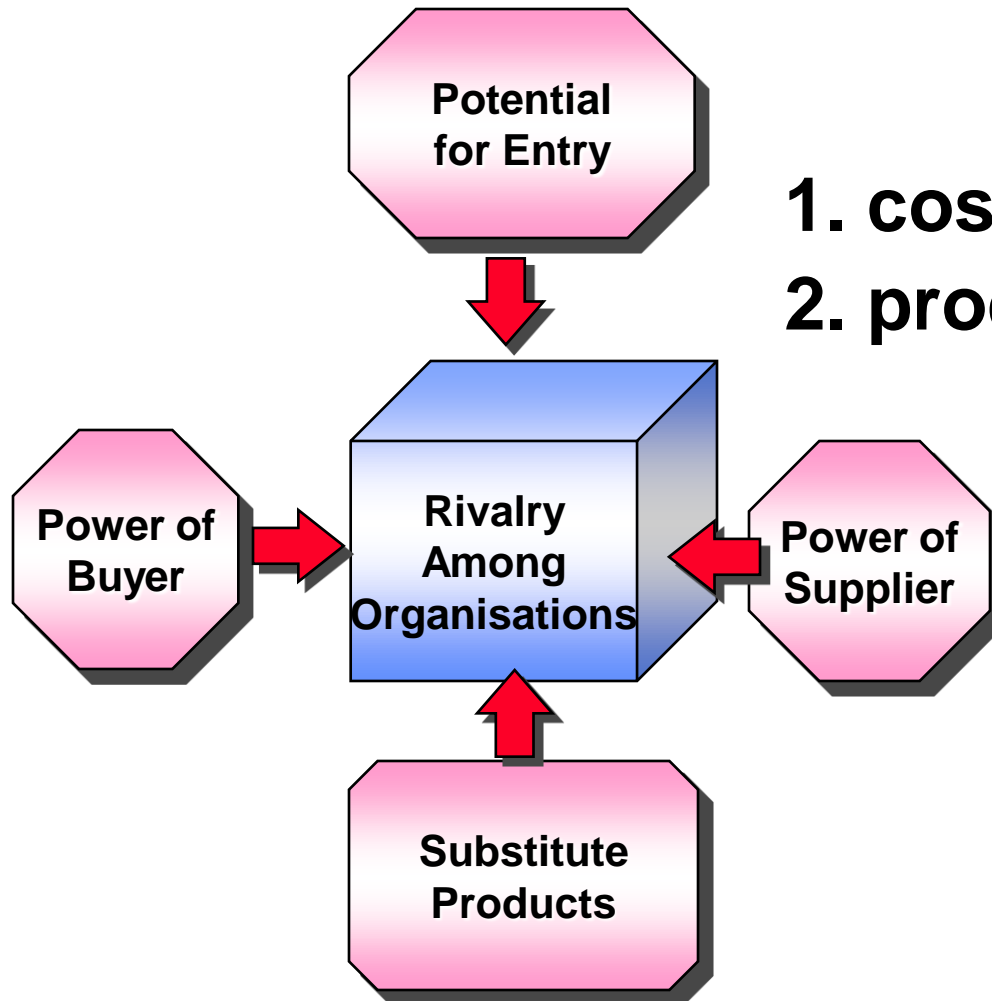


- **Concentration**
- **Diversification**
- **Globalization**
- **Vertical Integration**



- **Profit**
- **Grow**
- **Stabilize**
- **Adapt**

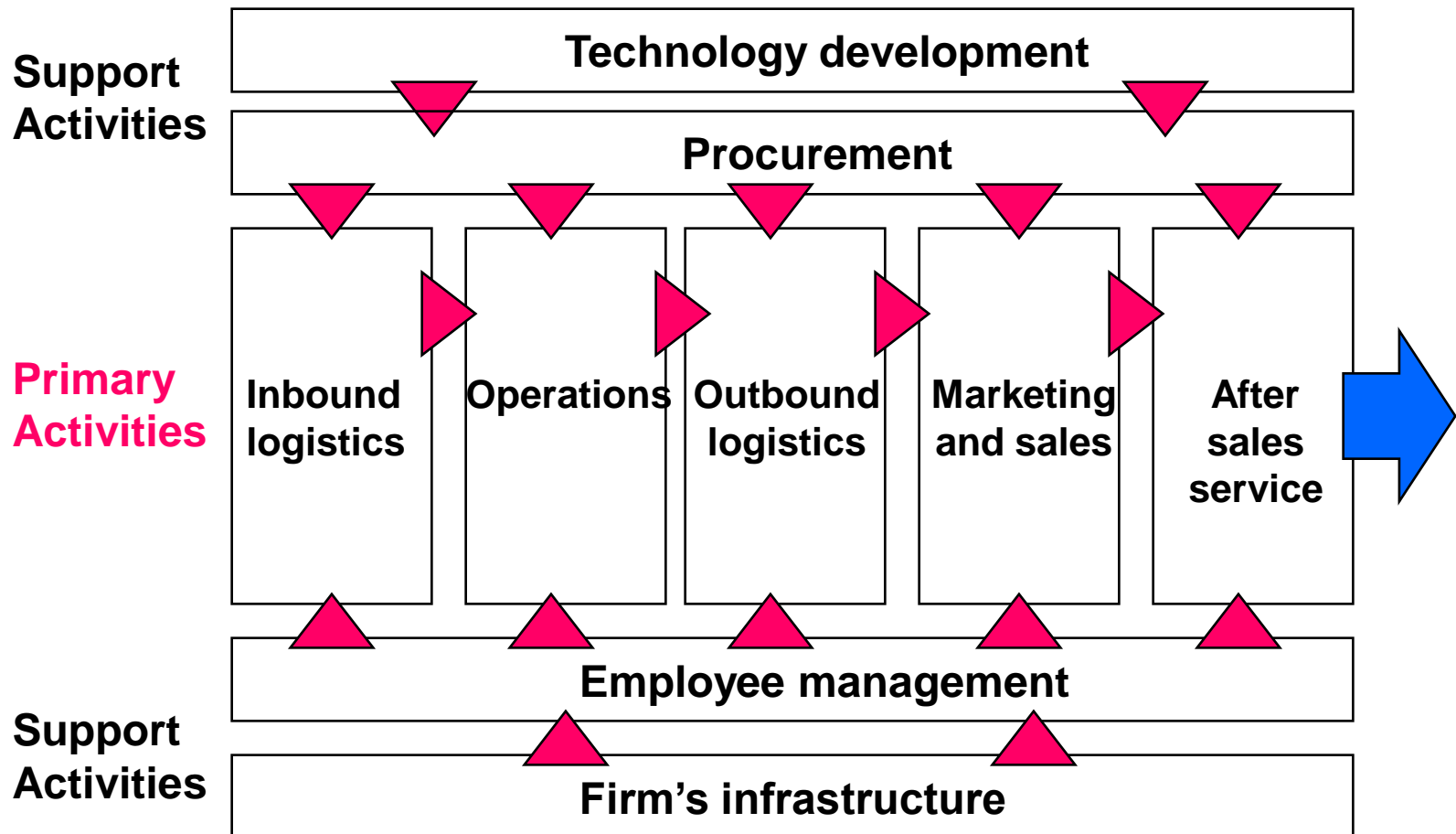
Michael Porter - Five Competitive Forces



1. cost leadership
2. product differentiation

Human Capital as the next
Competitive advantage?

Michael Porter – Value-added analysis



Planning Levels

Corporate Level



Long-term - 5+ yrs

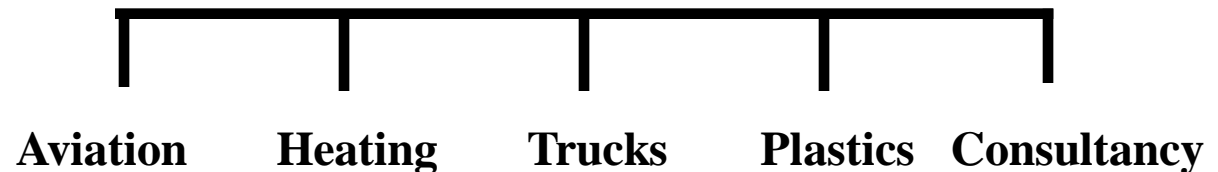
Intermediate 1- 5 yrs.
Corporate & business plans

Short-term - < 1 yr.

Functional plans?

Rolling cycle - amend plans constantly?

Business Level



Functional Level



Manifestation of Strategy and Policy

■ Maintenance

- Standing plans (programmed decisions)
- policies, rules & standard operating procedures (SOP).
 - general & specific guides to action.
 - programme arrangements and allocations.

■ Innovations

- New initiatives, programmes & projects

Mintzberg on Strategy

Plan (intended)

- direction, guide, a course of action.

Pattern (realised)

- consistency in behaviour over time e.g. high end, low risk, patterns evolved out of the past. What plan have we actually pursued over the last 5 years?

Position

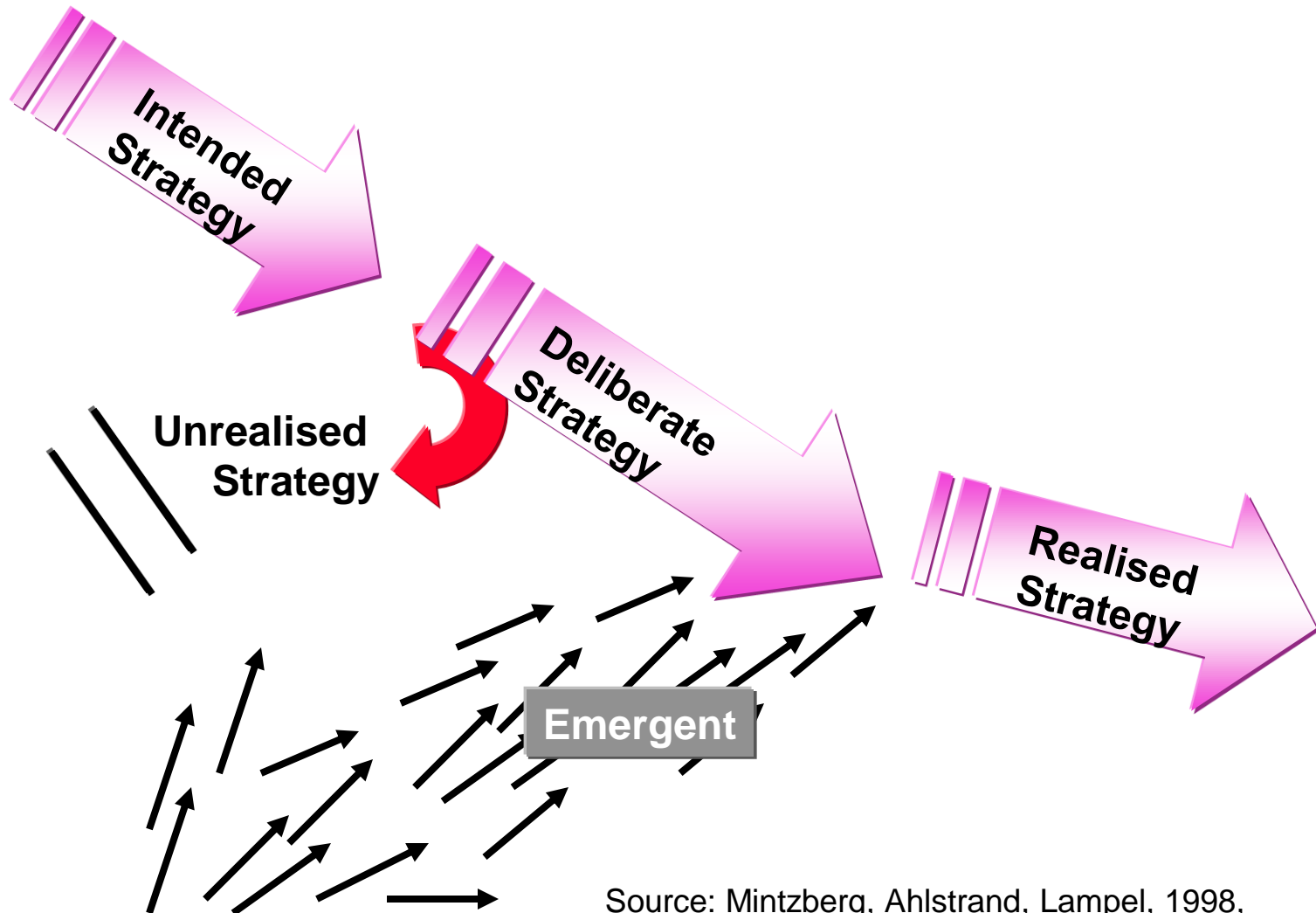
- Locating our HRM in a position - unique, valuable, involving a set of activities. X marks the spot.

Perspective

- look inwards & upwards to a grand vision. The “theory” (mind-set) of the business. Less easy to change than position e.g. from bureaucrat to innovator

Ploy (specific manoeuvres)

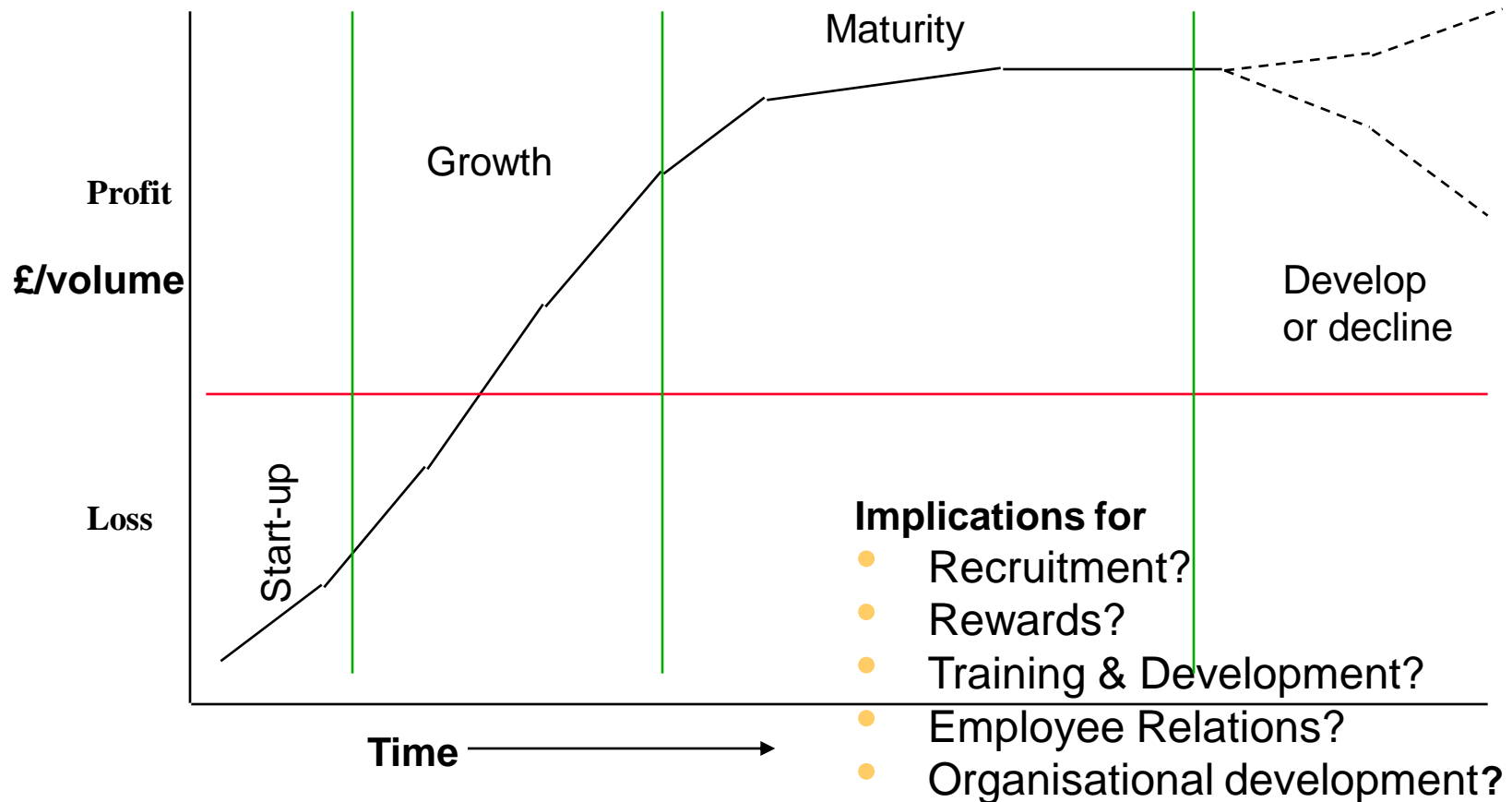
Deliberate and emergent strategies



Source: Mintzberg, Ahlstrand, Lampel, 1998,
Strategy Safari, Prentice Hall



HRM Services and Product Life Cycle



Peters and Waterman - In Search of Excellence

- Core business, stick to the knitting, lean organisation
 - Sept 1996 British Airways consider selling off BA Engineering, concentrate on transporting passengers and cargo. Outsourcing to save £1 billion
 - baggage handling & ticket processing
 - aircraft engineering maintenance
 - in-flight catering
 - computer services
 - Profitable market leader anticipating
 - deregulation of air travel
 - lower fares and new competition
- Ops Mgr. involv't in strategic decisions?
 - Can vertically integrated firm become too lean?
 - Undermining quality/flexibility by zealous out-sourcing?

Global HRM Strategy

■ Global:

HRM diversity for different conditions

- single, standard scheme across all countries?
- adaptation & acceptance of national differences?
- values, ethics in decision-making

■ Domestic:

- Common national schemes?
 - public sector institutions?
 - Common professions/occupations
- personnel system discretion for semi-autonomous divisions to take advantage of local circumstances?



HRM Developments - the Next 10 Years

- Continuing competitive, customer-orientation, resource and change pressures
- Full-employment and continuing change
 - in structure, attitudes & values of “post-modern” workforce?
 - Work, leisure, retirements, life-style
- More systems & technical management with "soft" justifications
- Tension between
 - state regulation of employment relationship (UK/European)
 - desire for flexible labour markets
 - **turning back the clock on old industrial relations** - individual vs. collective orientations
 - Responses to national + local labour market shortages
 - IT, engineering, education, health care
 - New UK residents

Continued calls for

- willingness to change + business orientation
- individual responsibility + strong team working
- use of initiative + learning continuously
- commitment to organisational objectives, processes & programmes
- going the extra mile - giving discretionary effort – willingly
- skills development
- climate of regular, systematic involvement
- positive psychological contract based on trust, fairness & delivery of "the deal" at work group, departmental and company levels
- organisation cultures in which employees believe their employer will look after their interests
- reward - fairness of process and relativities
- skill development, upgrading and self value/worth
- relationships with managers, directly & cross-functionally
- security ? with the same employer or individual mobility?

HRM Developments - the Next 10 Years

- | | |
|--|--|
| <ul style="list-style-type: none">■ more out-sourcing■ line-manager as own HRM practitioner■ Intranet and Internet usage for<ul style="list-style-type: none">■ HRM Help-desk■ Training & development■ Recruitment■ PIMs & data mining■ Hot-desking■ Continued emphasis on individual
* team performances + metrics | <ul style="list-style-type: none">■ Battle to find & sustain the soul of dispersed, driving organisation■ Recruitment<ul style="list-style-type: none">■ Telephone & video conferencing■ employee tests?■ up-grading education & training for career path■ litigation by the aggrieved■ continued confusion over training & development■ Improved workforce abilities³² |
|--|--|



Contact at:
Aneeta Madhok, PhD. CMC
Dean
Center for Human Resources



S. P. JAIN
CENTER OF
MANAGEMENT
DUBAI • SINGAPORE

Block 5, Academic City
Dubai, UAE
centerforhr@spjain.org

TQM - a Strategy and Discourse

- an approach to improving the competitiveness, effectiveness and flexibility of a whole organisation..... a way of planning, organising and understanding each activity and how it depends on each individual at each level. TQM is a way of bringing everyone into the processes of improvement

■ **Oakland 1995**

- a TQM programme requires re-evaluation of how organisational members address the quality of their work & the service processes.

HR policy contribution to TQM commitments

- culture & practice change strategy
- organisational renewal efforts
- injections of energy
- encouraging positive, initiative taking behaviours in staff
- adopting a zero defects / CQI ethic
- quality improvement teams/circles
- use of a variety of methods & techniques (tools)
- HR service delivery leading by example

Evaluation of HR Services- leading by example

- **Deliverables: capacity and capability**
 - Can we deliver? What do we deliver and how well?
- **Efficiency**
 - How well is the HR service offered, managed & controlled?
 - Transformation indicators & service quality ratios?
 - cost/unit, cost/recruit, performance/employee, cost/HR intervention?
- **Adaptability**
 - short + long term responses to pressure & change
- **Benchmarking**
 - efficiencies, processes & outputs
 - investment - £, technical and human
 - quality, systems, research and intelligence

Elements of a HRS Quality Policy

- organisation structure for quality: roles, responsibilities
- how client/customer needs & perceptions are identified
- technical/economic resource allocation to HR activities
- operation of the HRS QMS scheme
- how HRS as a supplier meets its standards
- how we define the standards in the first place
- prevention of HR problems (anticipation) : zero defects vs. "inspect-out" (rescuing "failed" HR situations/incidents)
- communication, HR people as knowledge workers/experts, HR policy information
- staff development processes and outcomes
- audit of QMS in operation
- realisation of "partnership" with staff, customers and suppliers of bought in HRS - what is it that is being "realised"?
- Physical manifestations not just conceptual

Specifying HRS Quality

- **Essential contract for supply**
 - ensuring delivered quality in a contract of service.
 - Implications of failure to draw up a clear specification?
- **Design quality dimensions include:**
 - HRS features, performance, delivery, cost, reliability, durability, serviceability, response, aesthetics, reputation.
- **Conformance measurement:**
Degree to which HRS design specification is met

Example: Mission Statement



What are the HR strategy & policy implications?

a research-based, global pharmaceutical company.

We discover and develop innovative, value-added products that improve the quality of life of people around the world and help them enjoy longer, healthier, and more productive lives.

The company has three business segments: health care, animal health and consumer health care. Our products are available in more than 150 countries.

[BACK](#)

Example: Mission Statement



**What are the HR
strategy & policy
implications?**

The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.

We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed yet refined ambiance.

The Ritz-Carlton experiences enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.

[BACK](#)

