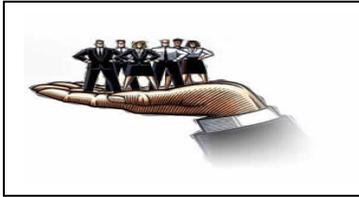




People Are the Key Strategic Resource



In today's intensely competitive and globalized marketplace, maintaining a competitive advantage by becoming a low cost leader or a differentiator puts a heavy premium on having a highly committed or competent workforce.

Competitive advantage lies not just in differentiating a product or service or in becoming the low cost leader but in also being able to tap the company's special skills or core competencies and rapidly respond to customer's needs and competitor's moves. In other words competitive advantage lies in management's ability to consolidate corporate-wide technologies and production skills into competencies that empower individual businesses to adapt quickly to changing opportunities.

In today's tight labor market, sound HR strategies are critical to a company's future success -- particularly identifying, training, developing and retaining top employees. Job requirements are changing for all industries; performance management has become a critical link to developing productive workers and managers; identifying tomorrow's leaders' takes front stage as company's grow and change; rewards structures demonstrate commitment to retention.

In a time when profit margins are microscopic and competition is enormous, the role of human resources is being questioned by the professionals in the discipline and company management. How do you ensure that your HR function and initiatives are effective and contributing to achieving organizational objectives?

An HR strategic planning process which is linked to the organization strategic and business planning cycles is a critical component in achieving this. Strategic HR management is a process to help ensure that urgent day-to-day operational activities do not exclusively determine the direction of the HR function within the organization.

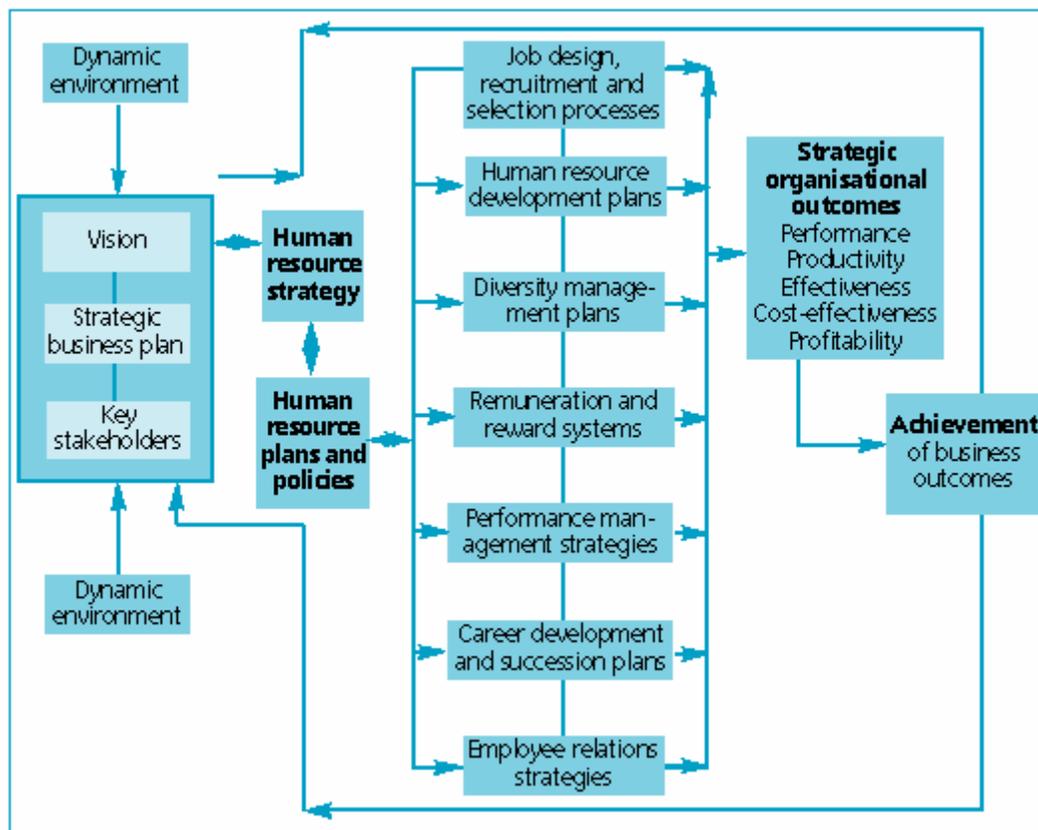
In a growing number of organizations human resources are now viewed as a source of competitive advantage. There is a greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes and systems. This is in contrast to the traditional emphasis on transferable resources such as equipment. Increasingly it is being recognized that competitive advantage can be obtained with a high quality workforce that enables organizations to compete on the basis of market responsiveness, product and service quality, differentiated products and technological innovation.

Strategic management asks questions of the future. What are the forces driving change in the marketplace? What are the new competencies we will need to meet them? How will we have to change ourselves to build those competencies?

Strategic human resource management has been defined as 'the linking of human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation and flexibility'.

Strategic HR 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, selecting, training and rewarding personnel. Whereas strategic HR recognizes HR's partnership role in the strategizing process, the term HR Strategies refers to specific HR courses of action the company plans to pursue to achieve its aims.

A strategic human resource management model



Human Resource Management is an integral part of management. It helps the management in taking a strategic view of a very important resource i.e. Human Resource.

It helps management in identifying key skill sets, knowledge, values required in the employee and the rewards that are needed to be given to the employees so that the organization goals are fulfilled.

Also like other management functions, it has to ensure that these resources are available at an optimal cost. It has to look into various training and development activities to ensure this. This is a key area for Human Resource Management as it shows their contribution in terms of money. The money here would be the opportunity cost incurred due to appointing of new employees instead of developing current employees for the task in hand.

HR management can play a role in environmental scanning i.e. identifying and analyzing external opportunities and threats that may be crucial to the company's success. Similarly HR management is in a unique position to supply competitive intelligence that may be useful in the strategic planning process.

HR also participates in the strategy formulation process by supplying information regarding the company's internal strengths and weaknesses. The strengths and weaknesses of a company's human resources can have a determining effect on the viability of the organization's strategic options.

The new breed of HR Professionals needs to understand and know how to measure the monetary impact of their actions, so as to be able to demonstrate the value added contributions of their functions.

HR Professionals become strategic partners when they participate in the process of defining business strategy, when they ask questions that move strategy to action and when they design HR practices that align with the business strategy. By fulfilling this role, HR Professionals increase the capacity of a business to execute its strategies.

Human Resources are perhaps "the" corporate function most misunderstood and misused in the entire organizational world. For years, it has struggled to become a strategic business partner, but it seems that still has quite a long way to go to achieve that.

Why is it that HR is still not being regularly consulted for their ideas and opinions?

Mainly, it seems, because people in other areas of the business aren't really sure what HR does because the discipline has failed to communicate its abilities as a key support function. HR has an image problem - too often we don't show the benefits of what we can offer to others in the company.

And when others think they know what HR is all about, they dismiss it simply as a transactional function taking care of "headcount, recruitment, employee benefits etc". It has struggled to get from the bottom of the triangle to the top.

In most organizations, HR isn't perceived as a useful contributory discipline in the minds of those in other functions. It is up to us to sell HR. There is absolutely no need to be too modest – On the contrary, its time to show other disciplines the benefits we can bring and how we can help them.

Compare the company's strategy to the body of an airplane where the wings are HR and finance. If they are not in the right balance, then the plane will crash. You have to invest in people to get something out of them.

The primary actions of the strategic human resource manager translate business strategies into HR priorities. In any business setting, whether corporate, functional, business unit or

product line a strategy exists either explicitly in the formal process or document or implicitly through a shared agenda on priorities.

As strategic partners, HR Professionals should be to identify the HR practices that make the strategy happen. The process of identifying these HR priorities is called organizational diagnosis, a process through which an organization is audited to determine its strengths and weaknesses.

Human Resources will transform into an employee relationship function. Basic administrative tasks long associated with Human Resources can now be delivered much more efficiently via new technology and advanced software. This frees HR Professionals to address more strategic issues, such as human capital management, and to help in the development of organizational capabilities to advance the company's overall strategic goals.

In particular, HR will emerge as a driver of a new capability, Employee Relationship Management, segmenting employees according to their roles and responsibilities, then tailoring the information how and learning programs to their needs.

Translating business strategies into HR practices helps a business in three ways. First, the business can adapt to change because the time from the conception to the execution of a strategy is shortened.

Second, the business can better meet customer demands because its customer service strategies have been translated into specific policies and practices.

Third, the business can achieve financial performance through its more effective execution of strategy.

HRM is becoming increasingly involved with strategic planning and the development of means by which people can work proactively toward the achievement of organizational objectives. This means a broader perspective focused on objectives and results. It implies personal commitment by each worker to the company's goals.

The need for this personal commitment means that employee education, communication, and involvement now become fundamental. This being the case, companies develop and emphasize an HRM philosophy to which top management is deeply committed, and which is clearly articulated and practiced by all employees. HR planning is closely linked with strategic planning, so as to support the company mission and give incentives to support its achievement.

HRM objectives are indicative of such organizational objectives as profit, growth, productivity, quality, change, innovation, flexibility - and especially competitiveness.

Besides this, the impact of HRM processes on people and businesses is continually evaluated to provide the adjustments necessary for a world of constant change.

We recognize that HR is undergoing continuous change and is under increasing pressure to play a more strategic role in the success of organizations. To play that more strategic role, HR must be equipped with data of comparable quality and usefulness as other functions represented at the board table, such as Finance, Operations, Sales & Marketing.

But unfortunately it has become clear that the Pakistani HR Professionals don't position themselves among the top strategic partners in realizing the business. Also the strategies they regularly design and adapt do not paint a picture of very innovative HRM practices.

However, they admit that strategies which support the business, stimulate learning and knowledge sharing will become the most important blue prints for the future. But lack of time on behalf the employees and managers, ambiguous awareness of contemporary HR's role, insufficient learning culture and low flexibility of the organizational structure have apparently proven as factors disruptive for winds of change to penetrate in Pakistan's HR domain.

Dealing with strong competitive markets emerged due to globalization and fast changing technologies, HR professionals in Pakistan must get themselves equipped with key factors that are at top of the list of key strategic issues and could be categorized as under:

- Improved client focused policies.
- Advance and innovated products, processes and services.
- Quality improvements.
- And
- An optimized internal organization.

Dealing with strong competitive markets caused by globalization and fast changing technologies, improving client focus is mentioned as an issue of major importance.

Those strategies that are most important now, are also considered to increase their undeniable significance in the future as well. Coupled with such core policies, those strategy elements that are not so central to the business now are also expected to become more relevant, but to a lesser degree. Hence hypothetically, it could also be maintained that those strategies which are less pivotal today would ultimately proved outmoded in future.

Speaking specifically for human resource strategies, it appears that the increased attention for development of the employees is a response to those strategic challenges which are still not overcome by Pakistani HR Professionals and hence, affecting the core business.

With regard to the specific human resource strategies, it appears that the increased attention for development of the employees is a response to those strategic challenges affecting the core business and in that sense, they are of secondary importance.

In order to meet their new strategic challenges, some Pakistani companies employ a rich variety of change strategies. Creating a client oriented culture, attention to communication and information sharing and changes in organizational structures appears to be the most important change initiatives.

But initiatives regarding increased employee responsibilities, attention to management development and creating a learning culture are should also be given more attention than current percentage of its desired focus.

Despite this attempt to insulate new change strategies The involvement of HR in these change initiatives is highest in the areas which are directly associated with learning and development, such as management development, communication and information sharing, improvement of learning culture and changes in HR strategies.

This means that HR's role as a strategic partner is not considered to be very well established. It appears that most HR Professionals narrow their own role and don't position themselves as strategic partners in realizing business objectives, such as creating a client oriented culture.

Instead of trainers, HR Professionals have now become consultants, who also have to manage the link between their activities and the company strategy. This requires a totally different set of skills, since it is more a role 'behind the scenes' instead of 'on stage'. It would be worthwhile to consider supporting professionalism of HR Professionals on a more broad scale.

Professional associations from different European countries could create lively and inspiring networks of HR Professionals where they can exchange ideas and commonly try to solve difficult challenges. These platforms may also serve to create a common terminology. It has become apparent that many practitioners do not adopt the term HRD and do not speak of their organizations as being learning oriented. The issue of language and terminology is important as well and meanings and definitions must be further explained and shared if academics and practitioners learn from each other and together.

There is also a role for companies and even governments in supporting a shift towards integration of HRD in companies in such a way that it supports processes of lifelong learning. First, it is important that organizations grow to understand how the notion of permanent learning of individuals and teams has important consequences for the strategies and activities implemented, so that all workers can benefit from this.

For public administrative bodies, it is important that strong policies are developed and implemented to support the principles of life-long learning. Policy makers could take account of these changing roles in directing their support for vocational education, training and development.

In short, people are the key strategic resource, and strategy must be built on a human-resource foundation.

About the Author

Syed Imtiaz Hussain is Head of HR & Administration in one of the leading multinational Company. As a member of top management team; he develops a highly professional A-Class HR environment in the organization by utilizing his vast practical and visionary experience of HRM and HRD.

He believes organizations that invest in people can face the global economic and technological challenges in better way.

His numerous of articles were Published in leading Newspapers and practitioner journals. He is also the author of "**HR Global Challenges**".

If you have questions or comments about this article, you can contact Imtiaz at (www.whrppk.com) imtiaz@whrppk.com