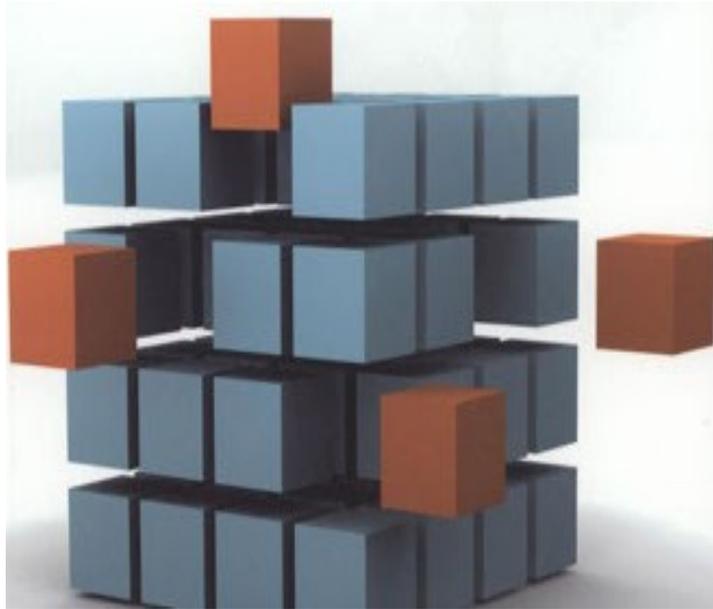


# Individual Assignment Strategic Paper



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## 1. Introduction

Human Resources as a manager function has been in companies officially just for the last 40 years. It's still very young in comparison to the rest of the existent Manager positions within the companies. Even though it's infancy as a manager position its impact on the organizational outputs (in terms of products and revenues) is constantly rising. Human Resources management has been around basically since the communication between humans has emerged. It wasn't really a management function part of the organizational structure of a company as we know it now, but was existent in various forms in all the layers of ancient societies. HR has started the moment we have got our society to have an organized form. One good example of a pre-historic Human Resource management is the selection of a leader of a group within ancient times. There was always been mechanisms under which the leaders which suit well for a society leadership was chosen. Therefore the first traces of a form of human resources management date back to the 2000 B.C. back to the Ancient Greek and Babylonian civilizations. Of course there was a lot of names of the Human Resources Management and Human Resource managers throughout the ages within and accordingly to the different type of society orders where it was practiced. Some of the terms which used to be used to refer to the modern Human Resource as we call it were "personnel relations", "staff personnel", "employee relations", "industrial relations" and finally in the last 30 years the name "Human Resource" has taken advantage as an official name for this function. It's interesting that within the Eastern countries before the fall of communism Human Resources has been well known under the general name of "Staff Personnel". It was a while until the Human Resources has been transformed into a manager function essential for the efficient operation of every modern middle and big scale organization. The very early manifestations of the Human Resources had more social welfare oriented characteristic. In this days the human resource management aimed at helping emigrants to America in the process of adaptation to their jobs and the "American lifestyle". Long time has been passed until this early days.

## 2. Human Resource Management today

Nowdays the Human Resources Management has made its way into the business organizational structures throughout companies around the world. Some of the basic characteristics of today's most known Human Resource Manager's appliances roots in:

1. Selecting Hiring of personnel, Firing and Appraisals
2. Fostering Employees Security
3. Building and empowering teams
4. Providing Extensive company personnel development & training
5. Creating Supportive Cultures
6. Linking compensation diversity to performance
7. Designing and implementing organizational changes
8. Alligning strategic HR goals with the organizational strategic objectives
9. Running surveyes without companies and tracking employees performance and job satisfaction
10. Organizing company events and building up organizational culture
11. New employee's integration into company

## 12. Writing employees job descriptions and managing company personnel

This is just a small list of all the various and the quickly growing requirements which fit into an Human Resources competences requirements of the Human Resource Manager as a strategic manager key figure within organizations. Therefore today human resource management is a managerial discipline which is still in an active development and thus a very interesting one to explore. The definitions to be given related to HRM both in books and on the Internet therefore differ, mostly with a common basic of a operational patterns followed. As there is not even a common definition for HRM as a management function, it's even less clear what Strategic Human Resource Management in fact is. No matter the lack of clarity one thing is clear Strategic Human Resource managers within companies are important integral ally for top management and executives for fulfilling organizational overall strategies.

### 3. Description of the strategic value of the SHR Project

On a first occasion the project is a good learning point on how strategies are being developed within a professional business environment. The simulation part of the project I find as the most interesting since it gives a sense of reality and does exposes the student including myself to a real dilemmas, real problems in strategy crafting . The main strategic value from the SHR Project according to me is in the project of the open learning environment. Having all the freedom to develop a project and develop yourself sounds very enthusiastic though in reality it's scary. With the freedom comes a lot of obligations and engagement. The project gave me a good learning point and allowed me to see how hard not to say impossible it is for intercultural composed groups to develop a strategy or be concentrated on strategic thinking. I see the SHR project as strategic development unit within Arnhem Business School as the current Strategic HR theory available is not unified and I believe can never be unified moreover the topic of Strategic HR is a topic of continuous development until this very day.

### 4. Examples of strategic and non-strategic elements within the project

Before I proceed I should say that I believe any element involved within the project could be strategic. That's especially true if we consider the theories which describe the Strategic thinking and strategy as a chaotic and unpredictable thing. Thus I found the question of what is a non-strategic very tricky and lack of real meaning.

Anyhow I'll give my best to answer as I can:

For me strategic element within the project consisted in the introduction of a Internet Forum based on Free Software called PHPBB. As a free software enthusiast, I've been interested into free software for a long time now. And I could see easily the relation between free software and it's basic philosophy and the strategic thinking process.

The idea of Free Software is based on one value called "Freedom", which many companies nowadays doesn't count or avoid. As shared values is the essential one to create unification in diversity that today's companies possess. Many of today's companies lack a truthful value they all share. Companies tend to create artificial values and then try to impose them on employees. This of course is bad practice and sooner or later people reject the value, because they cannot identify themselves with the value.

Let me give you an illustration.

Microsoft which is the monopolist in the field of end user Computer Software development, has a Mission which proudly states:

*“At Microsoft, our mission and values are to help people and businesses throughout the world realize their full potential”.*

If you take few seconds to evaluate on Microsoft's mission it's clear that by boxing a software for the end user and limiting the users possibilities to a specified amount of Windows options. Microsoft are not letting the businesses to realize their full potential, but on the contrary they're preventing the businesses from realizing their full potentials. Therefore in Microsoft and many similar companies which doesn't live up to their set proclaimed standards. The only value that drives the company is money and therefore the employee commitment is driven only by money.

As a comparison the Free Software movement which was started by Richard Stallman<sup>1</sup> as an attempt to give the businesses and computers the value of freedom has set the Freedom value as a central part of the strategy running behind this software. The major difference with the Microsoft example is that the value drive proclaimed by Richard Stallman and the Free Software Foundation<sup>2</sup> and people in the free software is the essence which attracts a millions of volunteers to develop the thousand Linux distributions, FreeBSD, OpenBSD, Firefox and the ten thousands of other free software projects around the world. The existence about the Free Software and it's continous development since the 1986 when it emerged is actually a perfect example about a strategic thinking and how strategic thinking is directly linked with the company values. In practice the Free Software movement and it's development is a good example for a self organized business unit which has an enormous strategic value. The Free Software movement and development is an unique organization which is a unseen model of Non-Profit Organization without the existence of the Organization as a managerial body.

The strategic outcome of the Free Software is actually invisibly empowering our lives almost daily. Most of the banks software running transactions, the stock exchange, the corporate networks, more around 50% of the Internet servers, Social Networks around the world, Facebook, Google, Wikipedia. These are small portions of the strategic outcomes and the continous strategic thinking of the existence of free software. As far as free software continous it's development and continuous attracting millions of people to contribute to it around the world, it's clear that strategic thinking and it's strategy which is more based on chaos theory and on mount-to-mouth marketing is a succesful one.

My interest into the strategic value of Free Software in relation to the Freedom given to us in the Strategic HR project has led me to the idea that I might be able to combine the strategic thought behind HRQM development happening within the project and the free software development by using Free Software as a better communication environment for us and the future Strategic HR students.

After evaluation and research of what was available for HRQM students as a learning virtual environment. I've found at that what the Human Resources & Quality Management as it teaches Human Resources (Human Relations) and therefore involvedment with people is lacking the strategic aspect of linking people together into the same electronic community. As I've found technology as an integral part of success in today's quickly changing way I've decided that it might be a good thing. If I can work on establishing an HRQM forum where students can have a database of projects, reading materials, have a quick online chat about problems that bothers them during their studies, or just come to better know each other. On the other hand I had this strategic thought that integrating an internet forum could improve the overall already messed up e-mail communication. I've brought up the internet forum PHPBB which by the way is a free software and can be seen and used on <http://hrqm.favebiik.com><sup>3</sup>.

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1 [Http://www.stallman.org](http://www.stallman.org)

2 <http://www.fsf.org/>

3 [Http://hrqm.favebiik.com](http://hrqm.favebiik.com) – Internet Forum for ideas, experience and reports interchange of HRQM students

Apart from that the strategic thinking behind enriching the HRQM stream with an Internet Forum place for internet communication was that I've never before had experience with the PHPBB<sup>4</sup> and just have read internet posts online on other forums and have the idea about the usefulness of it. Therefore integration of the forum would have strategic value for me personally in my future development. It's establishing and experience with would have a good fit in my CV. I've prepared a presentation for my group mates and show them the added value of the Internet Forum for our project. However apparently it wasn't strategic enough to have the presentation, and it wasn't the right moment for the project to be adopted by the my SHR project group. There was resistance in the adoption of the forum, as always as we're taught by Mr. Joop Vinke in the lectures before the change there is always resistance. I faced a seriously harsh resistance when I brought the idea about embedding an Internet Forum as a mean of communication and sharing research information concerning our Strategic HR project. What I did is further I've kept the Internet Forum existent and unusable for a few weeks, and was constantly reminding the guys about the existence and it's strategic value for the project. I've also spoke on a numerous times and suggested the internet forum idea to the Project Manager. Further on I've decided to stop and wait.

What happened further was in accordance to what Mahat Magandi said:

*“First they ignore you, then they ridicule you, then they fight you, then you win”*

When the right moment come where serious problems concerning the communication via e-mail arised. I've again reminded my group mates about the existence of the forum and suddentlu everybody started using it. Everybody was impressed with how smoothly the forum goes and the forum was fully used for a while.

I could even recognize the level of commitment to the project has risen in parallel with the increase of satisfaction created by the adoption of the new Internet Forum tool.

Nevertheless after a while after some structural changes within the group, project main topic changes, a missing Project Manager. Finally people went back into their confort zone and started communicating back via email.

Apart from my achieved goal of having the Internet Forum used in the project, I found the existence of the experience with the internet forum also as a strategic knowledge which will be of use for my colleagues in their future work placement, as I'm aware that every middle and big company size nowadays uses either a custom crafted variation of an Internet Forum or some kind of Bulletin Board System to keep the employees informed the employees informed about anything related to the organization and keep the various departments within organizations in touch.

Onwards as I the Strategic HR project progressed and a project plans related to the common strategic objectives were developed I've also realized the strategic importance of having an online Internet presence of our project and it's objectives.

Here I've used another free software called Joomla<sup>5</sup> to strenghten our project planned activities with an a free online website platform. Again in the implementation of this strategic element for the success of the project I've considered the strategic importance for me to learn how joomla CMS<sup>6</sup> tools could be implemented in order to be aligned with the project planned strategic goal.

As the project activities has planned an online presence of the planned event. I've further invested my own 11\$ dollars to buy a domain name

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4 <http://www.phpbb.com/>

5 <http://www.joomla.org/>

6 <http://webdesign.about.com/od/contentmanagement/a/aa031300a.htm>

<http://hrqmmeltingpot.com> in order to provide my project group with an online domain name through which Romanian and Dutch managers can be easily registered.

The choice to invest my own money in purchasing the domain name I find to be a strategic choice and a form of strategic entrepreneurship.

An operational step in order to achieve the strategic goal of having a functional internet presence for the planned Romanian NPO webinar was the establishment of an online registration form on the **hrqmmeltingpot.com** through which invited Non-Profit managers guests can confirm their event attendance as it was previously planned in the project plan activities grid.

As I've more or less evaluated on the strategic aspects of the project now I find it necessary to say a few words for some of the strategic elements which I found as missing in the project.

### **5. Strategic and non-strategic elements within the project**

What was strategic for was the experimental part of it. I had the possibility to come up with ideas and implement these ideas and thus see the consequences of my strategic thought and decisions behind. However it's important to say sometimes strategic could be non-strategic and the other way around. I have only my own perspective on the strategic element and I realize my perspective is knowledge limited and therefore ignorant.

I think that non-strategic parts of the project was everything in it that had to deal with plain operational level.

- The normative character of many of the elements that were brought in the project the rules and regulations and the constant look for structure in order to gain security is another unstrategic part of the project in my view.
- Concentrating on solving the internal group members issues and feelings instead of accepting them and adapting to the new situation
- The Lack of flexibility  
During changes of the project context the reaction time on most of the group members to adapt to the new situation was slow. In that number there was a time where I myself had a difficulty to adapt to the group decision that 3 separate projects will be developed under the ACG name.
- The missing concept of clear defined realistic project goal in order to spawn a strategy further
- The student approach and the lack of enough project players within the group
- The lack of shared values within the group and the refusal (as with my freedom example in the free software example) was one major thing missing which turned off the project plans developed by ACG from success
- The disfocus and the ignorance for the existence of the operational as a common ground on which the tactics through which a strategy can be followed
- The lack of people confidence in their skills and achievements and the quickly changing attitudes towards the project

- The lack of consideration of the many unpredicted external factors which could occur
- The bad time management and constant postponing with the false belief that things will get fixed by itself with waiting
- The mixture of understanding for norms and values among many of the group members
- Lack of openness in the process of communication, lack of transparency

(For instance: the strange idea - teachers are our enemy, we should withhold information related to the project from them )

- Inability of cooperation in the strategic decisions that had to deal with the development of the project
- Not living to the Values established in the group meetings and placed as ACG values in the project plan (the values were too fake and thinking based and doesn't really represented reality)

## 6. Strategic Management and Strategic thinking theories

Before proceeding in defining the strategic thinking it is first important. To mark up what is the meaning of "Strategy?". It's important to say that Strategy has emerged as a military term. Being strategic and using a good outcome based strategy has been essential in the past for winning a war. The Second World war has been also a stimulus for the adoption and development of strategic thinking and from hence strategies within business organizations as the problem of allocating scarce resources across entire economy in wartime led to many innovations in management and science.

The concept of strategy has been adopted slowly in business organizations and has become a major part for the success of a company.

In the late 1950's Kenneth Andrews a harvard business policy professor has stated **"every business organization, every subunit of organization, and even every individual [ought to have] a clearly defined set of purposes or goals which keeps it moving in a deliberately chosen direction and prevents its drifting in undesired directions"**

In the 1960s as the SWOT analysis framework was developed gave strategists another tool for bringing competitive thinking to bear on questions of strategy. Even though SWOT was found to be an useful tool the problem with it was that it was too rigid and couldn't really take in consideration all the aspects involved with a company's business. As the developments in business science continued the Igor Ansoff Product Market Growth Matrix was introduced and quickly adopted by company strategists. The Ansoff PMGM matrix has given business another tool to use in building up their company and managerial strategy. Igor Ansoff's works on strategic management was so colossal that he is considered the forefather of Strategic Management.

Igor Ansoff has made also distinguishment of decisions of being strategic (focused on areas of products and markets) or administrative (organizational and resource allocation).

In Ansoff's research four key strategy components are identified:

- Product market scope – what business services or products the company is

providing?

- Growth vector – this stands for ways to be used for growth, exploring how growth may be achieved
- competitive advantage -what are the organizational advantages, a concept later developed further by Michael Porter
- synergy or “2+2=5”, the whole company variables when summed up should be greater than the sum of the individual building parts of it

**Ansoff Matrix**

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Furthermore Ansoff's matrix provided four different business growth strategies:

- Market Penetration – The firm seeks to achieve growth with existing products in their current market segments, aiming to increase it's market share
- Market Development – the firm seeks to growth by targetting its existing products to new market segments.
- Product Development – the firm seeks growth by targetting its existing products to new market segments
- Diversification – the firm grows by diversifying into new businesses by developing new products for new markets

Of course the Ansoff Matrix has been mostly marketing tool adopted by many companies until this very day. What is interesting is that model part could easily be modified and adopted to fit up an Human Resource organizational requirements like for instance:

- Market Penetration, could easily be modified to People Penetration (Or Penetrating the people's values and personal interest). Knowing the core of the people or integral parts of the company is knowing how to make the big company engine synchronize together and produce.
- Market Development, this can be translated to People Development (Or employees development major thing for the growth of the individual employees and therefore the companies)
- Product Development, this can be translated to Management Development. The Management development could be a direct consequence of employee of getting insight into the employees values (penetrating into them) and the employee development.

- Diversification – this variable can simply stand for the organizational cultural employee diversity. Diversity enriches the company culture and therefore could be used for strengthening up a diversified company culture. Many companies in reality are already aware of this variable and the proficient HR managers are seriously playing with it.

The more people development the higher the chance of new company products to come to reality. Again the higher the amount of the cultural diversity the higher the probability of New Products to emerge.

On the other hand the higher the amount an HR management is able to get awareness of the company employees **real values** and **personal interest** drive the the higher the chance of a shift from existing products to be transfigured into a new innovative products. Once again the higher the score for management development level the higher the proximity for the production shift of the company to new products or adaptation of the company product to new innovative ones.

With the increase and diversification and the technological changes in recent years the complexity of strategic situations has give an immerse rise.

Theodore Levitt was slightly critical on organizations slightly adopting later business tools and implementing them straight into the company business structures or using them for a business analysis. The problem with this kind of companies was clear, they were too focused on the product itself and couldn't see the desire for a product change and therefore company flexibility. In Levitt's view when a company fails **“it usually means that the product fails to adapt to the constantly changing patterns of consumer needs and tastes, to a new and modified marketing institutions and practices, or to product developments in complementary industries”**.

Therefore in order for a company to have an adaptable products assembled, it's vital that the human resource asset within the company has the adaptability essence by itself, to support this claim I would like to ask “how can a product change and adapt if the personnel doesn't?”. Of course Levitt's claims against companies slightly focusing on product delivery and production was against the major school of strategic thought and this is a problem because having a constantly changing organization includes a lot of gamble in, and this especially is something most of the company executives and management boards frightens about. What is this about then? Well it's that's simple management doesn't like changes, but why? One possible guess is that company changes and reorganization means also an requirement for all type of employees personal change and this is something that management constantly tries to avoid. Many Managers prefers staying in the “confort zone” and play it safe.

As Henry Mintzberg has approached in the business science he has even further developed the prior developments. In the book Strategy Safari authored by Mintzberg – Ahlstrand and Lampel, they tried to answer the complicated question of:

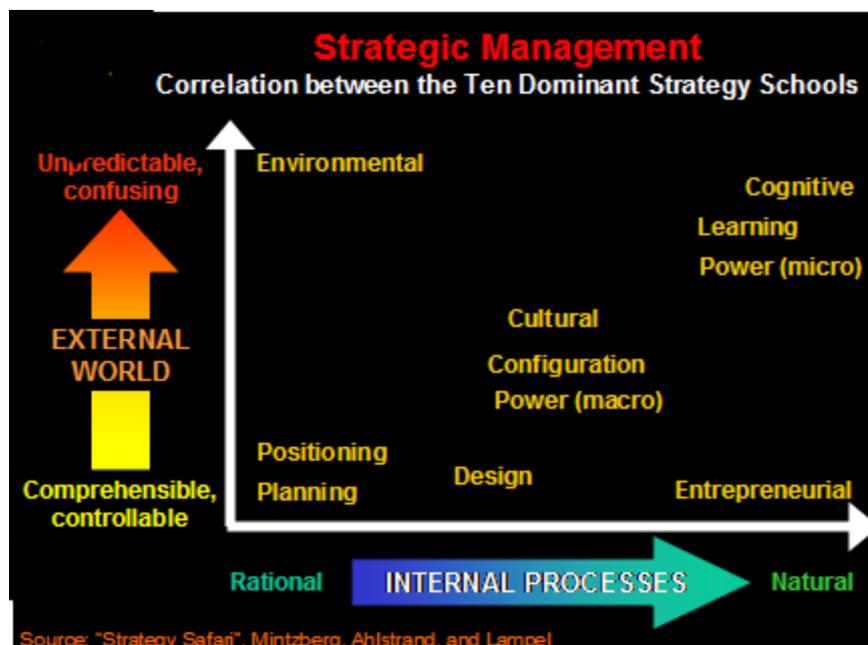
Should a company diversify or stick to its knitting? Should it try to gain market share, or focus on return on capital? Is there a right time to adopt a specific strategy? Why do some strategies succeed while others fail? Etc.

The book correctly points out in order to have a guaranteed succesful strategy you need to have a complete overview on each and every detail concerning the past, present and future overall situation, the technological advancements, social sciences developments, general business knowledge the list goes on and on .. Thus every crafted strategy built ever is always includes unpredicable elements and thus the outcome is always risky. It's like

playing cards. You can become the best card player but at a certain point you lose one or two games. In fact every strategy ever built or every prescription model for a strategy building in practice has always been a blind strategy. Especially the successful ones have always included a lot of luck involved, just like with the gambling example.

**According to Strategy Safari book the strategic thought present today can be divided in 10 schools of strategic planning:**

- The Design School – Sees the strategic management as a process of attaining a fit between internal and external capabilities of the organization
- The planning school – Extolling the virtues of formal planning herein are included many tools like SWOT analyses and checklists
- The positioning school, heavily influenced by the ideas of Michael Porter, mainly relies on the market positioning of the company
- The entrepreneurial school – Mainly stressing out on the main role of the organizational leader
- Cognitive school – Tries to take inward glimpse into the mind of strategists
- The learning school – seeing strategy as an emergent process – or in other words strategy emerges without any way to explain as people come to learn for it
- The power school – sees strategy as a consequence of power games within organizations
- The cultural school – sees strategy formation as a process rooted in the social force of culture
- The environmental school – believes firm strategy depends on external circumstances and the company reaction to them
- The Configuration school – sees strategy as the organizational transformations processes



According to Mintzberg, Ahlstrand and Lampel there is a correlation between the aforementioned ten dominant strategic schools as represented in the diagram above.

The key elements according to the 10 strategy schools are:

- Positioning
- Planning
- Design
- Organizational Cultural aspects
- Macro environment
- Environmental factors
- Cognitive strategy building
- Learning curves
- Micro environment
- Entrepreneurial readiness

The diagram also includes the external world which includes sometimes factors controllable, and others which are completely unpredictable and therefore confusing. In the view of the 10 strategy schools strategy theory it's presented that strategy formulation is evolving further driven by internal processes and could move up from the rational strategy building to the more natural or intuitive strategy building. Where the more advanced a strategy the more it is involved with entrepreneurship, learning and cognitive factors. At the same time this shift in the internal processes line, usually results in a shift on the left axis to the more unpredictable outcome.

Of course as every book model the 10 schools model is just a model and every single strategy ever built contains all kind of elements and doesn't really follow a single school direction. Important here is that this pinpoints are a building blocks and ingredients of the strategy formulation.

Now as I've evaluated on the Strategy and strategic thinking from the positions and definitions by Ansoff and Mintzberg I'll explain in my view the link between this theories and the strategic elements involved with the Strategic HR project.

According to Ansoff's Matrix Grid:

The 4 business growth strategies has been proposed including the elements (product market scope, growth vector, competitive advantage and synergy.)

Taking in consideration the first strategy and linking it with the strategic element of involvement of the Human Resources and Quality Management internet forum, I believe the product market scope of the Internet Forum has included in the growth vector strategy as well as a competitive advantage strategic elements.

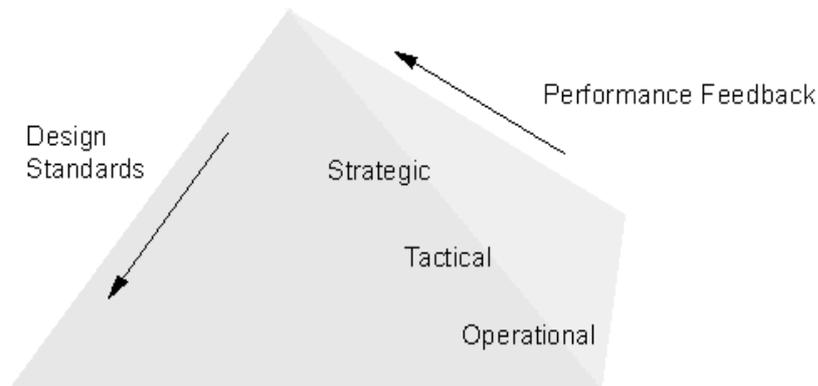
There is a clear link between the following elements suggested as strategy parts of the 10 school models:

In bringing the strategic element of the hrqmmeltingpot.com online it was in synergy with the The positioning school strategy theory as it was prior found by me in an Search Optimization Research that the online presence and branding of Human Resources & Quality Management study stream is scarce. Taking in consideration the high value and potential of the study stream for a growth I believed it would be strategic if the hrqmmeltingpot.com website is established to be in alignment with the Arnhem Business School and the HRQM study stream objective of establishing a prestigious specialty brand name and attracting potential customers for the study stream and therefore enlarging the

popularity scope.

The Learning school strategy was a strategic element involved throughout the whole SHR project ongoing. The 3 project plans and one project proposal developed as well as project contract agreements is in accordance to the configuration school as it included many ACG internal organizational changes this coincides with the described by Mintzberg in the 10 schools of thought strategies model.

## Strategic, Tactical and Operational Perspectives



Building a strategy always contains the elements of strategic thought which drives the strategy formulation, tactics are important steps which tries to predict and oversimplify the reality to come to a closed system in which tactical movements will be the leverage for the strategy to move on. Operational steps taken to achieve the tactics are the normal operations which are needed to achieve the set tactics objectives.

The more design standards are included in a strategy the more the shift from the strategic level to the tactical and operational level is made. On the other hand performance feedback is always incrementor which moves the focus towards the strategic level this is because feedback provides more information that can be take in considetion and used for more adequate tactical decisions.

Tactics are built by simple decision part of strategic decision taking. A very good example on what tactics is and how tactics can be built in a mathematic notion can be observed in examining the PathFinding computer algorithm<sup>7</sup>. The algorithm dynamicly finds the shotest path between two objects or locations and was developed for solving mazes by the resercher E. W. Dijkstra<sup>8</sup>. A simplified form of the. The algorithm is nowdays large adopted in crucial chain management, and is the basis of the strategic computer games.

Hence the three questions "Why?", "What?" and "How?" can be used to distinguish between the strategic, tactical and operational level.

### 7. Summary

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<sup>7</sup> <http://www.policyalmanac.org/games/aStarTutorial.htm>

<sup>8</sup> <http://mathworld.wolfram.com/DijkstrasAlgorithm.html>

Many theories are available and suggest a different approach in solving the problem of crafting strategy and strategic thinking approaches in the field of Human Resource Management, none of them however is able to clearly answer even the simple question what is a human resource strategy in a straightforward way? Different authors have different definitions for the business thinking and business strategy and strategic decisions, the common one between them is the continuous debate which keeps the discoveries related to strategy spinning, e.g. the gyroscope keeps spinning.

## **8. Theories about Strategic Human Resource Management**

According to John Bratton's research:

***“Strategic human resource management is the process of linking the human resource function with the strategic objectives of the organization in order to improve performance.”***

This definition on the surface looks quite precise and understandable, however before proceeding to directly getting it and approving it as “the definition”, we should ask the question what is human resource management? What is strategy? Digging on that subjects could take a life time and still there is no clear and common definition which is able to explain all the complexity and different dimensions that the human resource and strategy words reside in itself.

Further more in view of Schuler and Walker's research in the 1990's the following definition for Strategic Human Resource Management was given as:

***“a set of processes and activities jointly shared by human resources and line managers to solve business-related problems”.***

This definition given by Schuler and Welker's again is too broad and hard to define in simplistic words. And does withhold the meaning of the keywords within? Which line managers? Which Human Resources? Is it the Human Resource Manager or the company employee considered as the resource or even the CEO? What about the small companies which lack a line management and are run in authoritarian way by the CEO? All these questions contain actually variables that can be defined in a completely different way and thus the meaning behind the definition can be easily inverted.

In that reason in reality plenty of people tried their best to answer the question what is a Strategic Human Resource, but mutual agreement cannot be concluded. According to a publication (Strategic Human Resource Management – What is it really??? by Phd. Theresa Welbourne Strategic Human Resource is defined as:

***“The result of a set of decisions a company makes about the humans with whom it does business”***

This definition imposes another problem which is actually in the Human part, does the company have to only deal with its internal human resource capital or it has to take also in consideration the external resources like product consumers and company project clients and generally talking the people with which the company does business?

Evaluating on that the Human Resource comes the question should strategy be focused on the organization's internal employees or it should be focused on all people related to the

company operations or stakeholders?

If we just look on the humans within the company as simply employees who routinely do a number of operations towards the company goals, then this would mean that HRM cannot be really strategic? This of course is a false notion because people could be more than just executors, humans are a way more complex, they are players, they have creativity imprinted.

In that manner of thoughts as the HRM's main function is to strengthen the top management leadership, by using the company employees as a players and not just as a robotized task executors, it's necessary to broaden the understanding for the human resources within the company and realize the potential of each of the individual employees as an individual strategic company asset. For this to happen of course integrity is necessary. Company external consumers, clients, business partners and of course employees has to have to be exposed to the same company branding, company cultural values and business practices. Here it should specially noted that company values shouldn't be some vague values, but values that really appeal and are in tandem with company personnel.

This of course points directly to the idea that the employees and business partners and customers as a human resource are just assets which are constantly used for the success and the correct alignment and leverage with the company set mission, vision values and operational goals. This is true with an important note that people are not robots and thus, in practice HRM managers cannot carry out complete control over them and make them work always as it's planned. In reality company as a body has it's own life with it's own fauna and flora. Thus symbiosis and synergy is essential within the employees in order to make the company as organism to work out, produce and develop. Thus it's crucially important for us as an HRM's the importance of the company relations as it's the basis of the smooth company operations. As a matter of fact the top 100 companies nominated as the best companies to work has always have been focusing on the process of the communication within the company and worked in the direction to improve the employee's relations. Digging even further into employees as individuals as a micro-machines who work further for the company success we can even find that employee's attitude in a major factor which influence the employees team work. Therefore in order to have a good employees relation it's necessary that employees attitude be constantly built through training and company activities to tighten and strengthen the company culture. But is it true that employees are a micro-machines who are hired and have to work for the company's success? That's just a perspective.

According to the book: "Strategic Human Resource management – A key to action". The book identifies the following components which deals with Human Resource management strategy:

- **Competitive Advantage**

The competitive advantage concepts relates mostly back to Michael Porter's ideas To achieve a competitive advantage the HR Manager should drive the company employees to work in the following directions:

1. Innovation – being unique producer
2. Quality – Delivering high quality goods
3. Cost leadership – constantly reducing the products cost

- **Distinctive Capabilities**

Here it is necessary the HR manager should concentrate on sustainability of the product and

constant product development, distinctive capabilities are the basis of the company competitive advantage.

- **Strategic Fit**

The alignment of the HR strategies with the organization's mission, vision, values and objectives

- **Strategic Intent**

1. The broad vision of what the organization should be
2. The organization's mission
3. specific goals and strategic objectives

- **Strategic Capability**

Strategic capability is a concept that refers to the ability of an organization to develop and implement strategies that will achieve sustained competitive advantage

Michael Armstrong also suggests in the book that there could be a systematic approach in formulating a strategy, however he points out that in reality as said by (Digmann 1990), strategy formulation can be best described as 'problem solving in unstructured situations' and therefore strategies are always formed under a condition of partial ignorance. Here the problem with strategy formulation is that strategies are always based on questionable assumptions that the future will resemble the past. In 1972 Heller wrote:

*“What goes wrong, is that sensible anticipation gets converted into foolish numbers: and their validity always hinges on large loose assumptions.”*

Strategy formulation therefore is not necessarily a rational and continuous process, as was pointed out by Mintzberg (1987). In Mintzberg view rather than being consciously and systematically developed, strategy reorientation happens in what he calls brief 'quantum loops', in other words according to Mintzberg strategy formulation has a cyclical essence.

Further on in (Pettigrew and Whipp 1991) - *Business strategy far from being a straightforward, rational phenomenon is in fact interpreted by managers according to their own frame of reference, their particular motivation and information.*

Further on Michael Armstrong

So does HR strategy really matter? For organizational practitioners who are looking for ways to gain a competitive advantage, the implication of HR strategic choices for company performance is certainly the key factor.

## **9. Summary**

A dozens of strategic theories are available up to this date. Each of the theories tries to stress out the importance and the truthfulness of itself. Hence each of them are a good tools that I can use as an HR manager. Having the awareness of this tools is a good start for building my own interpretation on strategy and strategic thinking. Strategy is about asking questions and not giving answers. The moment the question is answered and wrote down the strategy is gone. Strategy is always focused on the future while staying in the present, many tools and strategies described as a strategic tools in the books are plainly a tactical tools, some of them are even operational. The beauty about strategy is that it's a driving force that drives my/our actions often without even realizing it.

Putting a strategy on paper makes the strategy rigid and pure operational planning, maybe?

Strategy and strategic thinking has a long way gone until now. From a purely military strategy has went through some business mathematicians as Ansoff and have been re-formulated as a more chaotic means as the strategic business models proposed by Henry Mintzberg and his followers.

Methods for succeeding in the goals of increasing company efficiency and alignment of employee goals with the company's mission and vision are always different and there is no universal rule for the success in this. That is a direct consequence of the fact that human individuals are so different and each human is unique, what is good for one for instance is completely terrible for another etc. As mentioned human resource attitude towards their daily work and company is one of the assets which drives a company's operations further. Therefore the Strategic HRM should include also a strategy which will focus on tracking and improving the company relations and attitudes.

## **10. Reflection and Recommendations**

The project had a is a general direction missing. The lectures were missing enough theory on the existence of the Strategic HRM. Nevertheless I realize the lack of structure in lectures could also be a part of the strategic thinking related to the project and therefore a strategic choice. It was a good motivator for me to explore and learn more on the subject and create my own understanding for strategy instead of blindly following the general vague theory presently available on the subject.

If we the students had been adopted more systematic approach towards strategy formulation and consequentiality and keeping focus on the set tasks instead of quickly changing the main focus, I think the project might have had produced a better outcome.

The delays in decision taking and inability of some of my colleagues to take timely and quick decisions in hard situations could also be considered as unstrategic, on the other hand this is just one perspective. On the other hand if all this was done consciously and on purpose it could be that this could have been perfectly strategic.

I prefer the theories related to strategic management authored by Igor Ansoff and his descendants because they're easily understandable and easy to implement and can have repetitional character. Anyhow I realize that the mathematical based theories has the leakness of being too focused on numbers and therefore at some occasions I would have preferred Henry Mintzberg's more chaotic approach towards strategy. Apart from that when talking about Strategic HRM, I like theories which supports taking the minds and the hearts of the employee and unifying them under a certain set of real shared values.

## **11. Conclusion**

I believe employees who doesn't work for the money are the best employees and this can be clearly seen and approved in many Non-Profit organizations already.

There is no strategic model that works for all situations. Neither one that can be taken and strictly executed within an organization without any alterations.

Real values which are practiced and preached are the main motivator for succesful companies. Company who try to implement strategies which includes a lot of loud slogans, vague paper written corporate culture, values which are not the values of the employees, a marketing show off and an in-dynamic strategies are doomed to fail.

I'm thankful that this project gave me an perspective that the only right way to go, is actually my way. Of course being aware of the latest theoretical developments is a pros but what is

even more important is living to my own values.

In that manner of thoughts I believe fostering a common employee likeable company culture, gives leverage to align the strategic company goals with employeeed personnel's work direction. I like SHR models which does proclaim openeness and transperancy, and self-organization. In my view the self-organizing polymorphic organization is the model that more and more business organizations will foster in the coming years.

Questions related to what is HRM and SHRM will continue to grow, as the lack of understanding of human nature and the humans as an employees will continue to rise. What is important is that we continue being busy with the question "Why?" when we had a problem to solve instead of jumping in and solving it. Every solution opens a thousand of problems. Every answered question, leaves space for a thousands more. What is important is to continue asking "Why?"

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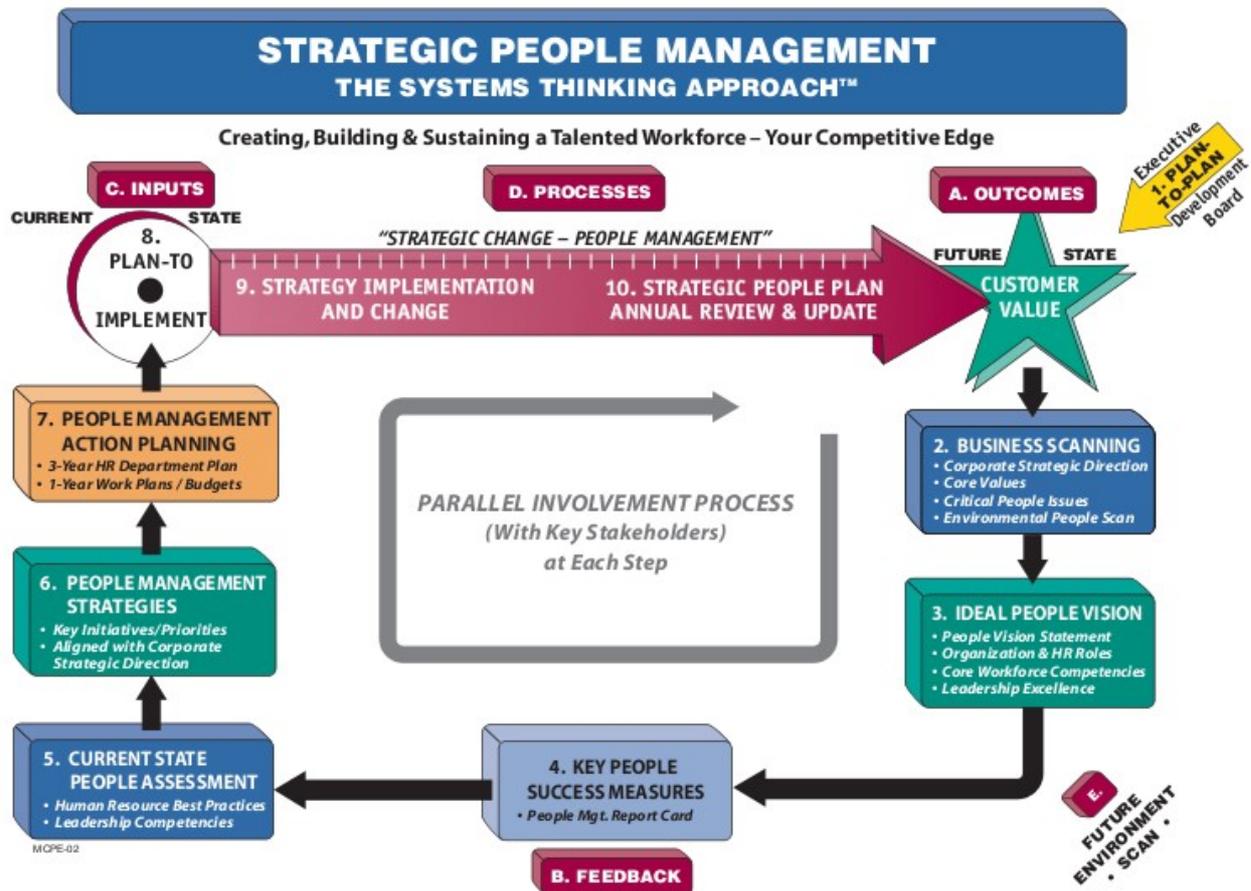
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## Appendix



### Igor Ansoff

Igor Ansoff (1918-July 14, 2002) was an applied mathematician and business manager. He is known as the father of Strategic management.

Igor Ansoff was born in Vladivostok, Russia, in 1918.

He emigrated to the United States with his family and graduated from New York City's Stuyvesant High School in 1937.

Ansoff studied General Engineering at the Stevens Institute of Technology and continued his education there, receiving his Master of Science degree in the Dynamics of Rigid Bodies.

Professionally, Igor Ansoff is known worldwide for his research in three specific areas:

- The concept of environmental turbulence;
- The contingent strategic success paradigm, a concept that has been validated by numerous doctoral dissertations;
- Real-time strategic management.

To honor his body of work, the prestigious Igor Ansoff Award was established in 1981 in The Netherlands. The award is given for research and management in the study of Strategic Planning and Management. The Japan Strategic Management Society has also established an annual award in his name and Vanderbilt University has established an Ansoff MBA scholarship.

**John Bratton** is Associate Professor at the University of Calgary, Alberta Canada, where he teaches

HRM and Leadership on the Master's in Workplace Learning. He has taught HRM and Industrial Relations at Leeds Business School, England and the University College of the Cariboo, British Columbia Canada. Before commencing his academic career, he completed apprenticeship and worked in the engineering industry. His research interests focus on the politics of technology and workplace learning. He is co-author of the New Technology and Employment (1981) and the author of Japanization at Work: Managerial studies in the 1990s.

### **Theresa M. Welbourne**

Theresa M. Welbourne, Ph.D. is the founder, President and CEO of eePulse Inc. as well as an associate Professor of Organization Behavior and Human Resource Management at the University of Michigan Business School. Prior to summer, 1999, she was on the faculty of the Human Resource Studies Department (from 1992 to 1999) and the Entrepreneurship and Personal Enterprise Program (from 1993 to 1999) at Cornell University. She received her Ph.D. in Business from the University of Colorado in 1992. Prior to that she spent approximately ten years working in the field of human resource management as a practitioner and as a consultant. Dr. Welbourne's expertise is in the area of employee management in growth and high change organizations. Her particular focus is on understanding how various human resource, communication, leadership and rewards strategies affect the longer-term performance of organizations and the employees within those firms.

### **Michael Armstrong**

An honours graduate in economics from the London School of Economics, and a Companion of the Chartered Institute of Personnel and Development.

He has had over 25 years experience in personnel management, including 12 as a personnel director. He has also practised as a management consultant for many years and is a former Chief Examiner for the CIPD.

His career covers hands on experience within the engineering industry specialising in Employee Relations, then as an learning and development specialist in the aerospace and food industries.

He was Executive Director with HR responsibility in a publishing firms for twelve years (three of which were as General Manager).

### **Henry Mintzberg**

Professor Henry Mintzberg, (born in Montreal, September 2, 1939) is an internationally renowned academic and author on business and management. He is currently the Cleghorn Professor of Management Studies at the Desautels Faculty of Management of McGill University in Montreal, Quebec, Canada, where he has been teaching since 1968, after earning his Master's degree in management and Ph. D. from the MIT Sloan School of Management in 1965 and 1968 respectively. His undergraduate degree in mechanical engineering is from McGill University. From 1991 to 1999, he was a visiting professor at INSEAD.

Henry Mintzberg writes prolifically on the topics of management and business strategy, with more than 150 articles and fifteen books to his name. His seminal book, *The Rise and Fall of Strategic Planning* (Mintzberg 1994), criticizes some of the practices of strategic planning today.

He recently published a book entitled *Managers Not MBAs* (Mintzberg 2004) which outlines what he believes to be wrong with management education today.