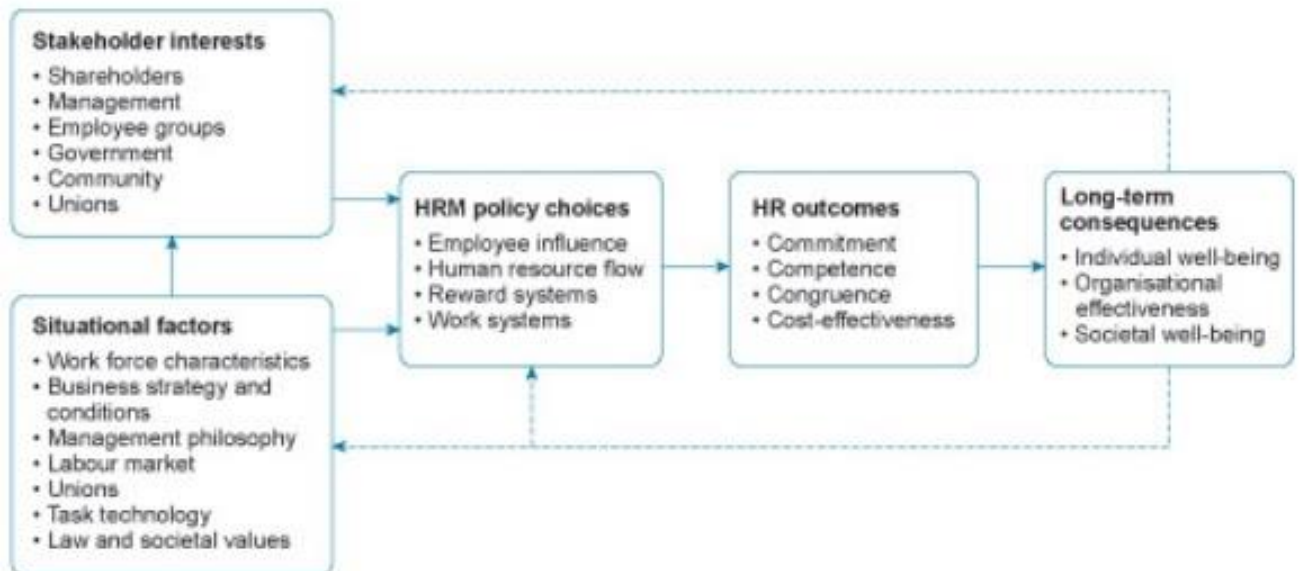


Week 2 Managing People in the 21st Century

Harvard model of HRM



HRM vs. Strategic HRM

- **Personnel:** Having people to get the job done
- **Strategic:** Congruence and harmony of how to manage people, how our actions impact the long-term of the organisation and its goals. Recruitment linked to employing people linked to wages linked to how they do their job.
- **Vertical:** Organisation has a strategy to achieve, and how to utilise the people to reach the plan. People are central to achieving that plan. Managers have a greater responsibility when managing people now but also managers doing HR.
- **Accountability**
- **Importance**
- **Role of HR**
- **Approach orientation:** Strategic HR is proactive rather than reactive. This is how we achieve our goals.
- **Major function:** Developing people and aligning them to the organisation

HR and Organisational Performance

- Human resource advantage - series of policies, practices and processes contributing to the competitive advantage of organisations (People are unique hence can be leveraged as a competitive advantage)
- Advantage comprises of:
 - Human Capital Advantage (HCA)
 - Organisational Process Advantage (OPA)

Human Capital Advantage

- Bundles of practices
- Pfeffer's seven best practices: (These must work collaboratively in strategic HR, removing competition between employees to increase work ethic)
 1. Selective recruitment & selection

2. Extensive training
3. Performance related pay (PRP)
4. Team working
5. Information sharing & communication
6. Reduction of status differences
7. Employment security

Best fit

Best practise is standard, whilst best fit is more tailored

- **Context matters!! (internal and external)** - have funding, large job opportunities?
Does the best fit work successfully both horizontally and vertically?
- **Internal fit:** The alignment of individual HR practices into coherent and consistent HR systems matters
- **Vertical integration**

Organisational Process Advantage

- Study of OPA involves tacit and intangible processes
- Concept of OPA derived from research into resource-based view (RBV) of strategy
- Resource-based view (RBV)
 - Intangible assets
 - Human intellectual capital for success
 - How HR can maximise the contribution of internal resources to develop competitive advantage
 - Particularly: value, rarity, inimitable and non-substitutability