Human Resources Management In Context

Lecture Title :-
The Role of HRM in Organisational Strategy

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Masters in
Human Resources Management

Learning Outcomes

- Critically examine how HRM aligns with organisational strategy
- Understand how Resource-Based View (RBV) fits within the context of HR strategy
- Evaluate contrasting models of strategic HRM – Best Fit vs. Best Practice
- Apply strategic HRM concepts using case studies

Introduction to HRM

- Group discussion –

- What is Strategic HRM?

- Is HR a driver of strategy, or a responder to it?

Definition of Strategy

"Strategy is the direction and scope of an organisation over the long term, which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"

(Johnson, Scholes & Whittington, 2017, p. 3).

"Organisational strategy is the process of positioning the organisation for long-term success by aligning internal resources and capabilities with external opportunities and threats"

(Barney & Hesterly, 2019, p. 6).

Strategic HRM is concerned with the relationship between HRM and strategic management in an organisation, focusing on the integration of HR strategies with business strategies to improve business performance" (Boxall & Purcell, 2016, p. 33).

Contributors to Strategic HRM

- Ulrich, D., 1997. Human Resource Champions. Boston: Harvard Business School Press.
- Wright, P.M. & McMahan, G.C., 1992. Theoretical perspectives for strategic human resource management. Journal of Management, 18(2), pp.295–320.
- Boxall, P. & Purcell, J., 2016. Strategy and Human Resource Management. 4th ed. London: Palgrave.
- Schuler, R.S. & Jackson, S.E., 1987. Linking competitive strategies with human resource management practices. Academy of Management Executive, 1(3), pp.207–219.
- Barney, J.B. & Wright, P.M., 1998. On becoming a strategic partner. Human Resource Management, 37(1), pp.31–46.
- Syed, J. & Kramar, R., 2017. Human Resource Management: A Global and Critical Perspective. 2nd ed. London: Palgrave Macmillan.

The Business' Strategic Life Cycle – How does HRM align with it?

Stage	Strategic Focus	HRM Alignment
Environmental Scanning	Understand internal/external environment	
Strategy Formulation	Define goals and competitive approach	
Strategy Implementation	Execute plans and mobilize resources	
Strategy Evaluation & Control	Measure results and adjust strategy	

HRM Alignment with Business Strategic Cycle

Stage	Strategic Focus	HRM Alignment
Environmental Scanning	Understand internal/external environment	Talent audit, market trends, workforce analysis
Strategy Formulation	Define goals and competitive approach	Align talent strategy, succession planning
Strategy Implementation	Execute plans and mobilize resources	Training, change leadership, employee engagement
Strategy Evaluation & Control	Measure results and adjust strategy	Performance metrics, feedback loops, HR dashboards

HRM Strategic Management Concepts

Concept	Strategic Relevance
Strategic Alignment (Vertical Integration)	Connects HR to organisational goals
Horizontal Fit	Ensures synergy among HR practices
Resouce Based View (RBV)	Positions people as sources of competitive advantage
Best Fit vs. Best Practice	Guides HR policy decisions
Human Capital	Views employees as value-adding assets
High Performance Work Systems (PWS)	Boosts organisational performance through HR bundles
Ulrich's Model	Expands HR's strategic role
Workforce Planning	Aligns talent with future organisational needs
Engagement & Culture	Links employee mindset to business success
HR Analytics	Enables data-driven HR strategy

Ulrich's Model of HR Roles

Ulrich is a key contributor in positioning HR as a strategic partner.

"HR should not be defined by what it does, but by what it delivers."(Ulrich, 1997, p. 4)

Ulrich's Model of HR Roles

HR Role	Function
Strategic Partner	Aligns HR strategies with business objectives; supports long-term planning.
Change Agent	Leads and manages organisational transformation and cultural change.
Administrative Expert	Streamlines HR processes; ensures operational efficiency and compliance.
Employee Champion	Advocates for employee needs; fosters engagement, wellbeing, and development.

Group discussion -

Which role contributes to the below organizational strategic goals? (Strategic partner, Change agent, Administrative expert, Employee champion)

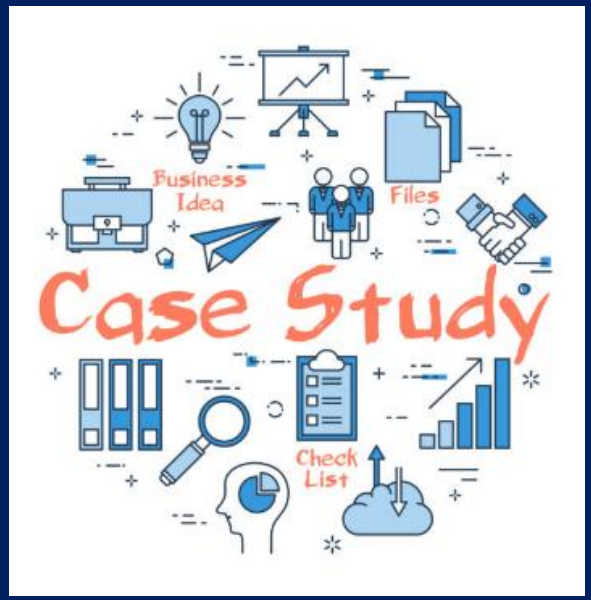
Organisational Goal	**HR Role Contribution**
Engagement & Retention	
Efficiency & Cost Control	
Cultural Transformation	
Growth & Innovation	

Ulrich's HR roles as contributors to strategic organizational goals

Organisational Goal	**HR Role Contribution**
Growth & Innovation	Strategic Partner (talent for innovation)
Cultural Transformation	Change Agent (leading values shift)
Efficiency & Cost Control	Administrative Expert (process improvement)
Engagement & Retention	Employee Champion (wellbeing, development)

Ulrich's HR roles as contributors to strategic organizational goals

Split in 3 groups.
Choose 1 strategic initiative per group and use Ulrich's HR roles to list what HR should do in each role to support the chosen initiative.



- Digital transformation
- Global expansion within countries holding different cultural behaviours
- Diversity, Equity & Inclusion (DEI) Strategy
- Post-merger integration
- Sustainability & Environmental Social Governance (ESG) Integration
- Hybrid or remote work model implementation

(20 minutes)

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Best Fit VS Best Practice

Group Discussion :-

“Can there be one best way to manage HR?”

Best Fit Model

According to the Best Fit model, HR initiatives should be aligned (or "fit") with the organization's overall strategic objectives as well as the external environment.

The core notion is that there is no universal set of HR practices. Effectiveness is determined by creating vertical integration between HR and business strategy, as well as guaranteeing internal consistency within HR practices.

Best Fit Model

The primary approaches towards the best fit model :-

Approach	Description	Contributor
Life Cycle Model	Align HR practices with the organisation's stage of development (e.g. start-up, growth, maturity, decline).	Miles & Snow (1984)
Competitive Strategy Fit	Align HR strategy with Porter’s generic strategies: cost leadership, differentiation, focus.	Schuler & Jackson (1987)
Configurational Fit	Emphasises internal consistency of HR practices as a system (bundles).	Delery & Doty (1996)

Best Fit Model – Advantages & Criticisms

Advantages	Criticisms
Encourages **alignment between HR and business strategy** (vertical fit)	Assumes a **static environment** – may not respond well to rapid or unpredictable change
Promotes **context-specific HR strategies** (contingency-based)	Difficult to **accurately assess all external/internal variables** affecting fit
Supports **organisational performance** through strategic integration	May result in **rigidity** and lack of innovation if HR only follows business strategy
Recognises that **different strategies require different HR practices**	Often **reactive** – focuses on fitting into strategy rather than shaping or influencing it
Encourages **internal coherence** across HR practices (horizontal fit)	May **undervalue employee agency** or long-term human capital development (compared to RBV)
Can be tailored to **different stages of the organisational life cycle**	Overlooks the possibility of **universal practices** that may be effective across all contexts

Best Practice Model

The Best Practice concept (also known as the universalist model) proposes that there is a set of HR practices that always result in greater organisational performance, regardless of business context or strategy.

These techniques are regarded as universally relevant and advantageous to organisational objectives such as productivity, employee engagement, and profitability.

Best Practice Model

Key ideas supporting the best practice model :-

Key Ideas	Contributors
Proposed 7 key HR practices that lead to high performance, including employment security, selective hiring and extensive training.	Jeffrey Pfeffer (1998)
Empirical evidence linking high-performance work practices (HPWPs) to increased productivity, reduced turnover and improved financial performance	Mark Huselid (1995)
Developed a model linking HRM practices to employee commitment and performance outcomes, advocating a 'best pratice' approach within a UK context.	David Guest (1997)
Identified the universalistic approach as one of three key strategic HRM theories confirming the idea that some HR practices are universally effective.	Delery & Doty (1996)

Best Practice Model – Advantages & Criticisms

Advantages	Criticisms
Easy to **implement and replicate** – provides a clear set of recommended HR practices	**Ignores organisational context** – may not suit all industries, cultures, or sizes
Backed by **empirical research** showing links to improved performance (e.g., Huselid, 1995)	Assumes a **"one-size-fits-all"** approach, contrary to contingency theory
Promotes **employee engagement, development, and retention**	Can be **costly** or resource-intensive, especially for small or struggling organisations
Aligns with **ethical and people-centred HRM** values	May **undermine strategic alignment** with specific business goals or environments
Encourages creation of **high-performance work systems (HPWS)**	Risks **standardisation** over innovation or flexibility
Supports long-term **human capital development**	Limited **evidence of universal applicability** in varied international and sectoral contexts

Best Fit VS Best Practice

Group Discussion :-

1. **Can you list some potential scenarios that would be ideal for a Best Fit or Best Practice HR approach?**

2. **What are the risks and benefits of adopting a Best Practice model across different countries?**

3. **Is it possible or beneficial to combine both approaches? How?**

Resource-Based View within the context of HR Strategy

This theory holds that an organization's competitive edge is derived from its distinctive resources, including its people resources. Companies can strengthen their market position by carefully controlling and developing these internal resources that are Valuable, Rare, Inimitable and Non-substitutable (VRIN). Human resources are seen as valuable assets for innovation and sustainability.

HR's role is to acquire, develop, and retain these human resources to build sustained performance.

Group Exercise – Design a Strategic HR Function Using the Resource-Based View (RBV)

You've been hired as the HR Director of a new start-up organisation. You may choose the industry (e.g., tech, renewable energy, social enterprise, healthcare, etc.).

The executive team has made it clear that they want the HR function to be a source of sustained competitive advantage.

Using the Resource-Based View (RBV) of the firm, you are tasked with designing the core HR capabilities that will drive long-term value and growth for the business.

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