

Strategic Human Resource Interventions: Vision around the Globe

*Dr. Manodip Ray Chaudhuri

**Dr. Jayanti Basu

*Professor and Dean, Future Business School, Kolkata, India.

**Professor and Former Head, Applied Psychology, University of Calcutta, Kolkata, India

Abstract

With the growing internationalization of business, the concept of strategic human resource management and its associated interventions are gradually finding quite an important place in corporate decision-making drives across organizations. Strategic HR management is being known be quite a primary line activity at work to sustain external competition around the globe. This paper is based on a literature review based research in search of identifying the understanding, implementation, relevance and significance of strategic human resource management and its associated interventions in different countries around the globe. The study focuses on some selected countries viz.: UK, Phillipines, Ireland, Oman, Isreal, The Netherlands, Spain, Australia, South Korea, China, Sri Lanka, Egypt, Iran, Turkey and Africa. The paper concludes with Indian perspective of the notion of strategic human resource interventions in reality.

Key Words: strategic, interventions, human resource, challenges, alignment, environment.

Introduction:

The swing of Liberalization, Privatization and Globalization (LPG) was seen in India in the year 1991. This has been mostly referred to as ‘internationalization’. The Government of India announced the New Industrial Policy on July 24, 1991. The major objectives were aimed at building on the gains already made, correcting the distortions or weaknesses that might have crept in, maintaining a sustained growth in productivity and gainful employment and attaining international competitiveness.

In this backdrop, the 21st century industrial economy today calls for a proactive role on the part of the Indian Corporate Sector in bringing in globalization of business. The organizations’ search for competitive advantage has come to rest in the people factor that draws attention to the message of achieving competitive advantage through people.

This has ushered the orientation towards strategizing people-related priorities and human resource practices in terms of introducing ‘Strategic Human Resource Interventions’ (SHRI) at work. The elemental question is to what extent and how effectively, in the opinion of the management, SHRIs, when introduced and implemented in business premises, can rightly help organizations move towards a fundamental improvement in process, quality and cost to reach global standards in a competitive business environment.

Objectives of the Study:

The aim of the study is to identify and gain familiarity with the notion of strategic human resource management and its associated interventions in some selected countries across the globe.

Methodology:

The study revolves around secondary research based on literature review concerning strategic HR interventions in selected countries.

The Study:- Strategic HR Interventions - Vision Across Nations:

Against the backdrop of ‘...the increasing internalization of business, globalization of markets and cross-national activity by multinational organizations’, literature seems to try to answer the question as to whether HRM policies and practices strategically vary subject to

national differences. Keeping in mind the differences and variations in socio-cultural orientation among nations, literature tries to point out that the strategic formulation and implementation of HR interventions and initiatives within any particular country are both historically and socially embedded, and that they are context specific where changes are likely to be either fast, slow or gradual (Rosenzweig & Nohria, 1994).

The study makes an effort to bring to light a reflection of the identification of the strategic notion of the HR function in some identified countries across the globe as contained in the management literature. The idea here is to understand the nature and perception of strategic human resource management practices, initiations and interventions across different cultures and national boundaries.

[i] SHRM and Call Centres in UK:

The practice of HRM in call centers in UK reflects a considerable association between HR practices and the central work design in the work units. The relevance of strategic HR practices seems to have a positive connection with the work structure and pattern within the work premises in the UK call centers. The positive association of HR is also seen in relation to the elements of relationship management, team building, task discretion and training within the work structure in the UK call centers (Ray Chaudhuri & Basu, 2009; Wood et al, 2006).

[ii] SHRM – Comparing Philippines with US and Canada:

Literature suggests that there is quite a high degree of transferability of HR practices from countries viz.: US and Canada to countries viz.: Philippines. It has been seen that most of the Western management practices viz.: hiring, training and development, performance appraisal, pay and occupational health, etc are found in most of the corresponding organizations in countries viz.: Philippines. Philippines therefore shows quite a high degree of inclination towards HRM interventions along the lines of US and Canada and hence one can understand that practices developed in the West are often easily transferred to other nations (Galang, 2004; Ray Chaudhuri & Basu, 2009).

[iii] SHRM and Power Stations in Ireland:

A study on three power stations in Ireland throws light on the criticality of the nature of choice of the HR strategic practices to be included or excluded in a specific situation. The

study highlights and all business situations need to focus on a certain identified set of HR bundles, which define a specific HR System. The power stations considered for the study clearly pointed out that not all HR interventions are of equal importance in a given context of operation. An HR System may comprise of a set of core and ancillary activities; but it is the choice of the identifiable set of activities or interventions that lies at the heart of the strategic essence of the HR function in the true sense of the term. Moreover, to make the HR function aptly strategic, the power stations considered takes care to see that the choice of HR practices goes hand-in-hand with business process change, i.e. old practices are eliminated before new initiatives are introduced to avoid overlap and also ensure that new practices do not fail due to lack of attention (Monks & Loughnane, 2006; Ray Chaudhuri & Basu, 2009).

[iv] SHRM Practices in Oman:

The economy of Oman is plagued with the problem of skill shortages. The problem is acute where high level and professional abilities are required. The futuristic vision of Oman emphasizes on development of human resources through upgrading the levels of education systems, promotion of educational and vocational training, improvement in women's participation in the labor market and development of the labor market mechanism with an eye for workers' participation in the economy. There seems to be an increasing awareness of Omani managers regarding the role of HR in organizations – the dynamics of HR policies and interventions. Most organizations tend to have sub units in specific HR areas viz.: training, co-ordination and legal procedures. There is a considerable contribution of the HR function towards management of change at work. It has been increasingly identified that organizations should focus on separate HR functional departments within their organizational structures. Furthermore, most HR practitioners in Omani organizations feel the need for establishment of a well-structured HRD system aimed towards development of identifiable HR strategies. The strategic essence of HR stems from the desire to move towards capability-driven HR where the HR function is used to deliver organizational capabilities in work settings (Al-Hamadi et al, 2007; Ray Chaudhuri & Basu, 2009).

[v] SHRM and Development of HR Strategies in Israel:

With the impact of globalization and high technology industries, the HRM function in Israel became exposed to a new phenomenon. On the one hand, it faced recession management, labor issues of lay-offs and complex compensation management; while on the other hand it

had to cope with the changing industrial environment and design effective change management strategies. The general business environment seem to nurture the need and focus towards people management strategies with strong emphasis on HR strategies, policies and practices. The strategic face of the HR interventions at the organizational level focuses on five domains viz.: acquisition, development, motivation, probity and involvement. HR practitioners emphasize decentralized authority, informality, open relationships, less power distance and a systematic planning (Ray Chaudhuri & Basu, 2009; Tzafrir et al, 2007).

[vi] SHRM and Identifiable Practices in The Netherlands:

Primarily three institutional mechanisms seem to influence decision-making on HR strategies and interventions in organizations in The Netherlands. These are coercive mechanism that stems from political influence and problem of legitimacy; mimetic mechanism that results from standard responses to uncertainty; and normative mechanism that are associated with professionalism. The most commonly identifiable strategic HR interventions are in the areas of employment security, high wages, employee ownership, information sharing, participation and empowerment, self-managed teams, training and skill development, wage compression, promotion from within, selective recruitment, long range planning, etc (Boselie et al, 2001; Ray Chaudhuri & Basu, 2009).

[vii] SHRM and Strategic Initiatives in Manufacturing Industries in Spain:

A study on 120 firms in the Spanish manufacturing industry established that a fit between a firm's strategic orientation and its human resource management initiatives and interventions has a positive impact on organizational performance in case of most manufacturing units in Spain. The study identifies that the 'making' of the internal human resource system exercises a positive effect on employee motivation and involvement at work and overall firm performance. So instead of hovering around skill recruitment and talent acquisition in the open market, the emphasis of creating an appropriate set of strategic HR interventions for overall business development seems to be on the cards for most manufacturing firms in Spain (Ray Chaudhuri & Basu, 2009; Rodriguez & Ventura, 2003).

[viii] SHRM and HR Interventions in Multinational Companies in Australia:

The essence of strategic HR interventions is quite evident in the multinational operations in Australia. A study on some randomly selected multinational organizations revealed that in

most cases there has been a strong focus on industrial relations and trade union matters. The people management strategy predominantly adopted was ‘conservative’ in nature with a ‘legalistic approach’ to labour management. The gradual shift towards the notion of strategic HRM put forth a strong emphasis on HR initiatives viz.: recruitment and training initiative with focus on selection and promotion procedures, formal training schemes and skill development programs; appraisal and reward initiative with focus on staff appraisal schemes, performance related pay, individual performance pay and incentive and bonus schemes; work practices and employee involvement initiatives with focus on innovative work practices, just-in-time system, communication practices and meetings; and workplace governance initiatives with emphasis on disciplinary procedures and grievance handling systems. The exhibition of such workplace schemes, procedures and practices thus outlined a strategic orientation to the HR interventions at work in Australian MNCs (Ray Chaudhuri & Basu, 2009; Walsh, 2001).

[ix] SHRM and Transformation of HR Interventions in South Korea:

With the impact of globalization on the business environment at large, organizations in South Korea witnessed a process of ‘convergence’ of HR initiatives at work. This ‘convergence’ led to the adoption of ‘best practices’ in HR in most South Korean operations. The national system being less resistance to change, new HR strategies and policies on the lines of the more flexible western systems found expression in regular practice in work units. This in turn led to a total transformation of the HR strategies and systems in most organizations. The strategic face of the HR function emphasizes on a core ideology based on individual respect, individual equity and adoption of market principles; human resource flow in terms of recruitment on demand, job mobility and development of professional competence; strategic work systems with flat structures, team systems and positions based on qualifications and merit; evaluation and reward systems focusing on ability and performance, merit pay systems, evaluation for pay increases, appraisal feedback and 360 degree appraisals mechanisms; and employee influence generation in terms of more involvement and more information sharing (Ray Chaudhuri & Basu, 2009; Rowley and Bae, 2002).

[x] SHRM and its Perception in China:

Adoption of HR practices in China has been rooted from both Western as well as Japanese management systems. HRM in Chinese parlance means ‘*Renli Ziyuan Quanli*’ with the same Chinese characters as in Japanese. Chinese organizations strongly harp upon the strategic

orientation of the HR function. HR managers are recruited from Chinese B-Schools as well as CEIBS (Chinese-European International Business Schools) with an emphasis on professional competence and skills in the area of functional HRM. Business operations also seem to put a lot of emphasis on the adoption of 'best practices' in HR for a comprehensive approach towards strategic HR initiatives and interventions at work. All these point out to the relevance and significance of strategic HRM in Chinese work systems (Ray Chaudhuri & Basu, 2009; Warner, 2004).

[xi] SHRM and its Prevalence in Sri Lanka:

Mamman et al, 2006, studies the nature and prevalence of the human resource function in the context of Sri Lankan firms. The study also investigates as to whether the HR function is genuinely linked to the strategic process within organizations in Sri Lanka. The primary research question of the study is 'to what extent does HRM play a significant role in organizational strategy process in Sri Lankan organizations'. The export-oriented clothing manufacturing companies registered under the Board of Investment of Sri Lanka served as the population of the study. The study, based on a random sample of 100 companies from the above-mentioned population, revealed that most HR managers in Sri Lanka are of the opinion that the HR function is generally not given a high importance in the strategy-building process of organizations. Rather the linkage between HRM and organizational strategy is low in real terms in Sri Lankan firms. This, according to most HR managers in Sri Lankan firms, bears no difference in the cases of local companies and multi-national companies in practice. Although HR business managers seem to participate in the strategy-making process, the HR function does not have any significant importance in the strategy building exercise in organizations. This clearly outlines the fact that HR initiatives do not play a symbolic role in strategic management within Sri Lankan organizations (Mamman et al, 2006).

[xii] SHRM in Egyptian Firms:

The work of Leat & El-Kot, 2007, makes a study on a sample of 58 selected Egyptian organizations with regard to the environment in terms of implementation of HR policies and practices within the work systems. The range of HRM practices and interventions have been identified through the study are activities relating to job description, filling of job vacancies, selection criterion, designing training content, focus on overall training and development of management and employees, acquisition of needed skills and talents, designing career path

for employees and knowledge workers, designing wage and incentive structures, criteria of pay increase, employment security and setting up of the criterion for performance appraisal. These practices have been identified as well embedded in the sample organizations with a considerable amount of culture-bound influences on the same (Leat & El-Kot, 2007).

[xiii] Developments in SHRM in Iran:

The Middle East can be considered as a volatile region, often associated with political ups and downs. With a population of 70 million, Iran is rich in natural resources. The economy has experienced significant challenges due to war and revolution. Politics has played a key role in almost all aspects of Iranian life. In relation to the human resource management practices, Iranian firms are primarily characterized by individualism, strong in-group collectivism, high power distance, high performance orientation and most interestingly, a high degree of male orientation. Literature suggests that Iranian firms define HRM as a practice that is both strategic and values people in work settings. The feeling is that the biggest challenge of HRM is retaining people and the biggest liability is to create discipline and have staff to follow it. Most Iranian organizations are of the opinion that corrective action or punishment and generation of rewards and acts of recognition go a long way to advance the goal of an organization. Primary emphasis is laid on recruitment and selection, compensation, training and development and performance management system (Namazie & Frame, 2007).

[xiv] The art of SHRM in Turkey:

The work of Mehmet Ercek, 2006, illustrates the strategic notion of HRM in Turkish businesses. HRM interventions finds expression across most Turkish firms in three distinct flavors viz.: emphasis on labor relations and firm-level solutions to employment-relationship problems; significance of Total Quality Management towards a continuous process of business development and a certain degree of emulation of Western practices in HRM to have a growing access to the inflow of state-of-the-art HRM ideas and strategies (Ercek, 2006).

[xv] Perceptions of SHRM conception and HR Interventions in Africa:

Michael Harvey, 2002 rightly points out ‘Africa is not a dream but HRM in Africa could be a dream-able experience. The sheer complexity and diversity found there can make the HRM process one of the more vexing decisions that management may have to undertake when

doing business in Africa.’ Operational rules are a part of a dramatically changing process, which is generally dynamic and continuous. The constantly changing and dynamic business systems make the notion of strategic HRM all the more interesting and quite a matter of challenge in African businesses. It needs to be mentioned that there are situations where African organizations and employees ignore and bend rules and regulations on the face of the complex and constantly changing methods of operations. HRM in Africa brings to light three distinct pillars of management styles viz.: managing from knowledge where operational styles of delivery and implementation are knowledge-based; managing from unknowing where there exists a tacit ignorance of knowledge in managerial functions and managing from ignorance where that art of management rests on the notion of suppressed knowledge which are often incorrect and false generating taboos and denials at work (Harvey, 2002).

One of the very significant developing countries in Sub-Saharan Africa is Nigeria where the management of human resources has made a transition over the years from a status of insignificance to one of strategic importance. Operating in a global economy, Nigerian firms face continuous challenges ranging from raised national consciousness of host countries to people-related issues from every aspect of an organization’s daily functioning. Writings in the area of HRM have shown a transition trend reflecting the scenario in the global business context. There has been a gradual development of the SHRM concept and IHRM (International HRM) has been gaining attention with a firm grip in management literature in the context of Nigerian firms. Strategic HR interventions mostly considered are as diverse as manpower planning, recruitment and selection, training and development, motivating employees, formulating manpower policies, managing financial incentives and wage and salary and other fringe benefits, managing workplace learning and coordinating the practice of distance learning, management consulting on organizational policies, employee welfare, etc. It needs to be also understood that the dynamism prevalent in the general business environment in terms of rapid change, government regulations, skill shortages, impact of globalization, business ethics, competitive positioning, organizational culture, nature of technology and nature of unions makes the art of management of HR, in the strategic essence, all-the-more challenging in Nigerian firms (Anakwe, 2002).

The drive to fathom the notion of strategic human resource management is quite up in the air. Barring a few cases and situations, most nations and cultures seem to distinctly recognize the

need for strategizing the human resource function in its totality and aligning it with the essence of strategic management. Both theoretically as well as operationally, one can rightly say that the notion of strategic human resource management is a road towards operational and managerial efficiency at large.

Strategic Conception of HRM – The Indian Scenario:

The liberalization policy and competition has made the notion of HRM quite significant in Indian organizations. Whether be domestic concerns or global business houses, Indian management style seems to be putting quite a lot of emphasis on the HRM function to acquire and retain talent in the workplace. Bhatnagar & Sharma, 2003, spell out certain typical identifications that are often considered as strategic HR roles in Indian organizations. The strategic essence of HR throws light on being an enabling tool to help management and employees achieve organizational objectives at a faster and a more rational pace compared to earlier times. Major strategic roles within the HR function in quite a handful of Indian businesses have been identified as activities relating to management and execution of strategic HR initiatives that makes HR a strategic partner to the business; management of firm infrastructure that hones an HR specialist to be an administrative expert; management of employee contribution that sharpens up the HR specialist to be an employee champion; and management of transformation and change that accelerates the HR leader to be a change agent in the workplace. Such an alignment of the HR function with the strategic orientation of business seems to be quite in the air of Indian business houses to create effective deliverables in terms of: clear executive strategy-sets, efficient business infrastructure, increased employee commitment and capability and renewed organizational culture (Bhatnagar & Sharma, 2003).

With the growing inclination towards HR interventions and with the rising need for effective alignment of HR strategies with business strategy, most Indian businesses are looking into developing clarity and focus in designing their HR departments within their work systems. The significance of HR as an enabling tool to management has found expression with Indian organizations looking into designing HR departments consisting of essentially a vice-president HR, assistant manager, senior and junior officers and executives with major strategic enablers identified in terms of recruitment, training, performance appraisal,

compensation management, retention strategies, attrition strategies to name a few (Budhwar et al, 2006).

A study by Budhwar & Boyne, 2004, has investigated a sample of 137 large manufacturing firms both in the private as well as public sector Indian businesses and has made certain elemental observations regarding the conception of HR as a strategic tool for Indian businesses. The study suggests that both private and public sector Indian organizations need to emphasize on having a well-designed HR department with specific managers and functional specialists. It has been felt that recruitment activities are gradually becoming dynamic with the practice of external recruitment through recruitment agencies; the art of compensation administration has been appearing as a growing challenges in most Indian businesses, where compensation is based on identified factors viz.: seniority and work experience, individual employee commitment and performance, individual employee skills and competencies or an amalgamation of all three; Indian organizations are gradually witnessing an accelerated growth in the spirit of training and development both in the private as well as the public sector and investments on such activities are on the rise; a significant emphasis is put on the employee relationship component at work and towards developing a smoother communication channel; relative significance of talent acquisition strategies is also on the rise; and initiatives and interventions are gradually being looked into to define and design the art of managing change in Indian work structures (Budhwar & Boyne, 2004).

Conclusion:

With liberalization and globalization on the cards and international competition in the air, HR seems to be playing quite a strategic role in developing and harnessing firm performance towards business growth and development for Indian organizations. Hence there is a call for moving ahead towards the so called strategic orientation of the HR function with a step towards aligning HR strategies with business policies, strategies and structures for achieving high performance work units with a higher return on assets, growth in sales and a well-balanced price-cost margin (Singh, 2003).

References:

- Al-Hamadi, A B, Budhwar, P S and Shipton, H (2007) “Management of Human Resource in Oman”, *International Journal of Human Resource Management*, 18(1): 100-113.
- Anakwe, U P (2002) “Human Resource Management Practices in Nigeria: Challenges and Insights”, *International Journal of Human Resource Management*, 13(7): 1042-1059.
- Bhatnagar, J and Sharma, A (2003) “Strategic HR Roles in India: A Rhetoric or Reality?”, *Indian Journal of Industrial Relations*, 38(4): 409-424.
- Boselic, P, Paauwe, J and Jansen, P (2001) “Human Resource Management and Performance: Lessons from the Netherlands”, *International Journal of Human Resource Management*, 12(7): 1107-1125.
- Budhwar, P S and Boyne, G (2004) “HRM in Indian Public and Private Sectors: An Empirical Comparison”, *International Journal of Human Resource Management*, 15(2): 346-370.
- Budhwar, P S, Varma, A, Singh, V and Dhar, R (2006) “HRM Systems of Indian Call Centres: and Exploratory Study”, *International Journal of Human Resource Management*, 17(5): 881-897.
- Ercek, M (2006) “HRMization in Turkey: Expanding the Rhetoric-reality Debate in Space and Time”, *International Journal of Human Resource Management*, 17(4): 648-672.
- Galang, M C (2004) “The Transferability Question: Comparing HRM Practices in the Philippines with the US and Canada”, *International Journal of Human Resource Management*, 15(7): 1207-1233.
- Harvey, M (2002) “Human Resource Management in Africa: Alice’s adventures in Wonderland”, *International Journal of Human Resource Management*, 13(7): 1119-1145.
- Leat, M and El-Kot, G (2007) “HRM Practices in Egypt: The Influence of National Context?”, *International Journal of Human Resource Management*, 18(1): 147-158.
- Mamman, A, Akuratiyagamage, V W and Rees, C J (2006) “Managerial Perceptions of the Role of the Human Resource Function in Sri Lanka: A Comparative Study of Local, Foreign-owned and Joint-venture Companies”, *International Journal of Human Resource Management*, 17(12): 2009-2020.

- Monks, K and Loughnane, M (2006) “Unwrapping the HRM Bundle: HR System Design in an Irish Power Utility”, *International Journal of Human Resource Management*, 17(11): 1926-1941.
- Namazie, P and Frame, P (2007) “Developments in Human Resource Management in Iran”, *International Journal of Human Resource Management*, 18(1): 159-171.
- Ray Chaudhuri, M and Basu, J (2009) “The Strategic Face of HRM: Concepts and Country Experiences”, in *Partners in Success: Strategic HR and Entrepreneurship*, edited by N Muncherji, C Gopalakrishnan and U Dhar, Nirma University of Science and Technology, Ahmedabad, New Delhi: Excel Books.
- Rodriguez, J M and Ventura, J (2003) “Human Resource Management Systems and Organizational Performance: An Analysis of the Spanish Manufacturing Industry”, *International Journal of Human Resource Management*, 14(7): 1206-1226.
- Rosenzweig, P M and Nohria, N (1994) “Influences on Human Resource Management in Multinational Corporations”, *Journal of International Business Studies*, 20(2): 229-251.
- Rowley, C and Bae, J (2002) “Globalization and Transformation of Human Resource Management in South Korea”, *International Journal of Human Resource Management*, 13(3): 522-549.
- Singh, K (2003) “Strategic Orientation and Firm Performance in India”, *International Journal of Human Resource Management*, 14(4): 530-543.
- Tzafirir, S S, Meshoulam, I and Baruch, Y (2007) “HRM in Israel: New Challenges”, *International Journal of Human Resource Management*, 18(1): 114-131.
- Walsh, J (2001) “Human Resource Management in Foreign-owned Workplaces: Evidence from Australia”, *International Journal of Human Resource Management*, 12(3): 425-444.
- Warner, M (2004) “HRM in China Revisited: Introduction”, *International Journal of Human Resource Management*, 15(4&5): 617-634.
- Wood, S, Holman, D and Stride, C (2006) “Human Resource Management and Performance in UK Call Centres”, *British Journal of Industrial Relations*, 44(1): 99-124.