

ANALYSIS OF SELECTED ISSUES OF STRATEGIC HUMAN RESOURCE MANAGEMENT

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Abstract: *The following article deals with the issue of strategic human resource management (SHRM). It explores the significance of HRM strategy processing and implementation as an important tool of supporting business strategy and achieving corporate objective. Part of the paper is dedicated to presenting the results of a survey that aims to identify the current state of HRM with the focus on the application and perception of the importance of the strategic issues of HRM on a sample of companies operating in Slovakia. Results show that the overall condition of the application of the strategic approach to HRM is rather inadequate, since only a small proportion of companies has devised a HRM strategy, the greater part of organizations does not have a formally designated mission of HRM and only a very small number of organizations has developed long-term plans for all its personnel activities. However, the overall assessment of the perception of the importance of human resources remains positive, which shows that HR managers value human resources and perceive them as an important organizational resource through which they can affect the performance and through that also the overall long-term success of the organization. However, it can be stated that despite the appreciation of their employees, HR managers are not sufficiently aware of the importance of the strategic orientation, which would be reflected in the long-term orientation of the HRM.*

Keywords: *Human resource management (HRM), Strategic human resource management (SHRM), HRM strategy*

JEL Classification: *M50*

1. STRATEGIC HUMAN RESOURCE MANAGEMENT (SHRM)

Human resource management (HRM) has gradually begun to be seen as an integrated process of strategic management, after the development of a new discipline referred to as Strategic Human Resource Management [8]. This shift in the perception of HRM is based on the idea that HRM should be seen as a strategic factor, not only for its role in improving the efficiency of business strategy, but also as a potential source of sustainable competitive advantage. Therefore a belief that HRM strategy can significantly affect the performance of the entire organization has been adopted gradually.

Wright and McMahan define strategic human resource management (SHRM) as "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals" [8]. Armstrong sees SHRM as an integrated process that aims to achieve strategic coherence [1]. Olexová defines SHRM as an approach to decision-making about the intentions and plans of the organization related to human resources – the nature of their employment, recruitment and selection practices, staff training and development, performance management, compensation and labor relations [4]. Since 1980 HRM strategy has become an increasingly important topic in the field of HRM, since it provides resources that companies can use to increase their competitiveness and promote management efficiency [6]. An effective HRM strategy systematically coordinates all of the various HRM measures and implements them to directly influence the attitudes and behavior of employees in a manner that will help the company achieve its specific objectives [3]. Organizations should be aware that SHRM involves active management of people. Simply put, it is designed to help organizations

which aim to meet the needs of their employees, while promoting the goals of the company.

In the formulation of HRM strategy there are three possible cases [5]:

1. HRM strategy and business strategy are two mutually unrelated documents.
2. HRM strategy is superior to business strategy.
3. Business strategy is superior to HRM strategy and HRM strategy is an integral part of business strategy.

In practice, the third case is the most commonly used and the most preferred. If the business strategy is not supported by the HRM strategy, it is not possible to achieve long-term success [2].

Dowling and Schuler distinguish three types of HRM strategies [3]:

- Utilization strategy.
- Facilitation strategy.
- Accumulation strategy.

Companies that adopt the accumulation strategy usually fill their vacancies from internal resources and provide career opportunities to their employees abroad. These companies pay close attention to the training and development of employees, they emphasize fair internal salary and provide many kinds of motivation. Conversely, firms using utilization strategy are characterized by their tendency to assess the performance in the short term and on an individual basis, while ensuring a lower basic salary and worse job security. In regards to the companies applying facilitation strategy, their HRM practices are usually somewhere between companies that have adopted the utilization strategy and those that use the accumulation strategy.

An organization can use the following approaches to the SHRM [1]:

- The approach focused on high performance – an approach to individual and team performance, which supports the performance of workers that contributes most to the objectives of the organization. This concept involves an ongoing process of communication between the worker and the supervisor, which includes clear definition of expectations and a consensus on what should be done.
- The approach focused on the high degree of commitment – the aim is to increase employee identification with the organization, to create a sense of loyalty among its workers and provide conditions under which motivation and performance increase. The factors that influence commitment in the workplace mainly include having an atmosphere of cooperation and trust, workers' involvement in problem-solving, and use of teamwork.
- The approach focused on the high level of involvement and participation of workers – the aim is to create an atmosphere where dialogue has an important place among the managers and other team members. Workers' interests are respected and have a voice in important matters related to decision-making and management.

Certain aspects of HRM have been selected as the objectives of a research conducted in 2005 and 2006 under the VEGA project named "Methodology for employee contribution evaluation for the development of small and medium-sized enterprises". The research focused on the importance of the perception of corporate resources by employers. The greatest importance overall was assigned to human resources and in the public sector these numbers were even slightly higher. Research has shown that overall, a HRM strategy is drawn up in approximately 29% of enterprises – in the public sector it is 58% and in the private sector 23% of enterprises. Preparation of HRM strategy can be considered as an important tool aimed fulfill the mission and achieving the strategic objectives of each company [7].

The aim of this paper is to present current results of a survey focused on issues of strategic human resource management in Slovak companies.

2. SCIENTIFIC AIM, METHODOLOGY/METHODS

The aim of the survey is to assess the current state of strategic human resource management in Slovak companies. In the survey, two partial goals were followed:

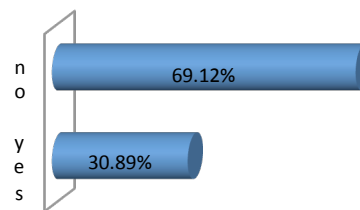
1. To assess the state of implementation and usage of HRM strategy and long-term plans in Slovak companies.
2. To determine the attitudes of managers and workers of the HRM departments towards the importance of human resources in terms of strategic orientation of their company.

The survey was conducted in January 2014 on a sample of organizations employing 50 and more workers. Primary data collection was conducted through a questionnaire, managers and workers of HRM departments were contacted personally or by e-mail. 250 companies were addressed, the return rate was 27.2%. The research sample thus consists of 68 organizations employing 50 and more employees.

3. FINDINGS

The first part of the survey investigates the status of the use of HRM strategy and its relevant components, on the basis of which we are able to evaluate the organization's strategic approach to human resource management.

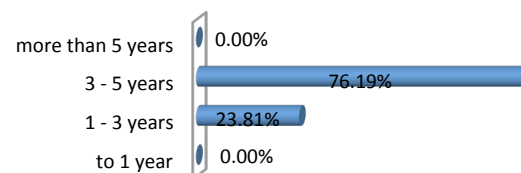
The first question that was investigated is whether companies have elaborated a strategy of human resource management. The results cannot be assessed as positive, since only 30.89% of respondents have confirmed that their organization has prepared an HRM strategy. These results correspond almost completely to the results of the research conducted in Slovakia in 2005 and 2006, where 29% of organizations confirmed having an HRM strategy. The results are shown in Graph 1.



Graph 1 Utilisation of a HRM strategy in Slovak companies

Source: own research

Strategy is a document, which should include long-term business objectives. However in practice, HRM strategies may have different forms and may not fully correspond to those defined by management theory. Therefore, we have investigated the time horizon for which the HRM strategies have been devised by the companies (see graph 2).



Graph 2 Time horizon of HRM strategy

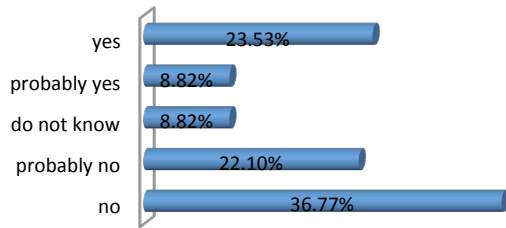
Source: own research

The results show that companies usually do not apply long time horizon when formulating the HRM strategy and the activities in the field of human resource management are more often planned in the medium term. The biggest part of the sample has drawn up a strategy for a period of 3-5 years, the rest of the sample for a period of 1-3 years.

An SHRM should also include a clearly defined mission or vision of HRM. Through the mission formulation, the organization declares its overall values and attitudes towards the HRM. The formulation of the of HRM also expresses the degree to which the human resources are important for the company itself and can be seen as an crucial part of personnel marketing of the organization. The results are negative as most companies (36.77%) have not drafted a mission of HRM, which may be considered as a shortcoming of HRM in Slovak companies. The results are shown in graph 3.

An additional finding is that most businesses that have developed a mission of HRM have confirmed that it has been communicated to all employees of the company, but

nearly 29% have not confirmed this fact. One of the preconditions for a successful SHRM is the declaration of values and attitudes to employees in the organization, since it creates a greater sense of employee loyalty to the company and greater job satisfaction.



Graph 3 The processing of mission of HRM
Source: own research

Any organization applying the strategic approach to HRM should create long-term plans for their HR activities. It is one of the prerequisites for achieving the objectives set. It is important to note that the HRM aims also support the achievement of corporate objectives. Therefore long-term orientation in the HRM area is a prerequisite for the effective run of the organization in the long term. The results point to the fact that the vast majority of companies (67.65%) have devised long-term plans, but only for certain HR activities. A relatively large proportion of respondents (25%) have expressed that they processed no long-term plans for HRM, which confirms the fact that the level of implementation of a strategic approach to HRM in Slovakia is still low.

In the second part of the research, the perception of the importance of human resources and their management by HR managers of companies was studied. It is the importance which HR managers attribute to their employees, which affects the level of various HR activities, which in turn ultimately also influences other business areas.

We have investigated the perception of the importance in a questionnaire made out of four items, in which respondents rated the importance of human resources in four aspects, namely:

1. The overall importance of employees for their organization.
2. The importance of human resource management in the achievement of the business objectives.
3. The importance of human resources in terms of overall business performance.

4. The importance of human resources management for long-term success of the organization.
5. The answers on given items are shown in graph 4.

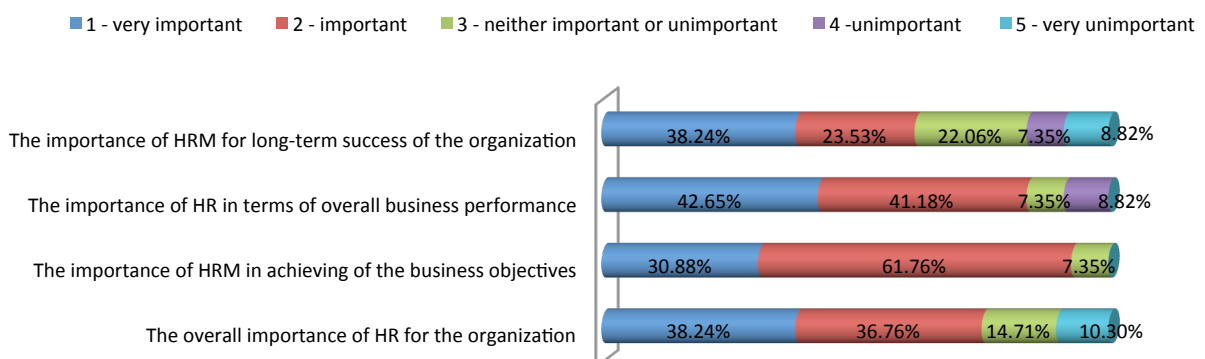
4. DISCUSSIONS

Results of the perception of the importance of human resources are rather positive in comparison with the results of the first part of the research. Most respondents have commented positively on all four items. The highest level of importance assigned has been detected in regards to the performance of the company, which confirms that HR managers understand the close link between the management of their staff and the organizational performance. One rather curious outcome shows that 10% of respondents assign their employees the lowest possible importance for their organization and a rather negative attitude has been also found in the perception of the importance of HRM for the achievement of long-term success of the organization.

This finding demonstrates that in the Slovak environment there are still organizations that do not attach sufficient importance to HRM, which will probably also be reflected in the approach of such an organization to its employees. This finding could be subject to further research, which would focus on the relationship between the perception of the importance of HRM in the company and job satisfaction of its employees.

The overall comparison of the results offers interesting results too. As already mentioned, the overall condition of the application of the strategic approach to HRM is rather inadequate, because only a small proportion of companies has devised a HRM strategy, while the greater part of organizations does not have a formally designated mission of HRM and only a very small number of organizations has developed long-term plans for all its HR activities.

However, the overall assessment of the perception of the importance of human resources is positive, which shows that HR managers value human resources and perceive them as an important organizational source which can affect performance and thus can also affect the overall long-term success of organization. On the other hand, it can also be stated that despite the appreciation of their employees, HR managers are not sufficiently aware of the importance of the strategic orientation, which would be reflected in the long-term orientation of the HRM.



Graph 4 Perception of importance of HR
Source: own research

5. CONCLUSION

Human resource management presents an important area of the overall business management. Therefore, to be able to actively participate in the achievement of corporate objectives, it must be of a strategic nature. This strategic approach is based on a clearly defined vision and mission in the field of HRM and on the application of a HRM strategy, which will determine the direction of the management of the human resources in the long term. Understanding the value of employees for the overall functioning of the organisation is a prerequisite for the application of strategic

orientation in HRM. The research found that despite the fact that the majority of Slovak organizations understand their employees as important corporate resources, the application of strategic human resource management is still at a low level. However, the companies should be aware that a long-term focus on human resource management is a necessity for the long-term success of the organization.

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