

How do you develop your Human Resources Strategy

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According to Armstrong (2008), Strategic Human Resources Management (**SHRM**) is an approach that defines how the organization's goals would be achieved through people utilizing HR strategies and integrated HR policies and practices. The Human Resources strategies set out what the organization intends to do about its human resource management policies and practices, and how they should be integrated with the business strategy. Wright and McMahan (1992), defined SHRM as 'the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. They noted that this entails vertically linking the strategic management process to HRM practices, and horizontally creating coordination and congruence among those HRM practices. They then noted that the major variables of concern in SHRM are the determinants of decisions about human resource practices, the composition of the human capital resource pool (i.e., skills and abilities), the specification of required human resource behaviours, and the effectiveness of these decisions given various business strategies and/ or competitive situations.

What are the objectives of a Human Resources Strategy?

- To develop and deploy a comprehensive Human Capital Strategy that responds optimally to the organisation's mandate and business strategy
- To link HR Strategy directly to the business strategy and to the environmental factors that frame the strategy.
- To get a solid understanding of the Human Capital Value Proposition
- To develop HR services that align with the company's vision, mission and objectives
- To identify the Human Resources portfolio gaps against the current and emerging business needs.
- To understand the organisation's current Human Capital capabilities, systems and processes.
- To design a Human Capital Implementation Plan and Roadmap

What are the steps underpinning the development and implementation of a Human Resources Strategy?

Step.1. Organisational Assessment

This involves a rigorous analysis of business divers, business bottlenecks and environmental scan and looks at their impact on overall business performance. The first step toward developing an effective HR strategy is to define "value" and to understand how business value is created.

What are the objectives of the organisational assessment?

- To understand the business divers and bottlenecks

- To understand how the business makes money and create value for shareholders
- To get an insight into the overall business environment i.e general market forces and trends
- To find out the key business challenges that may have an impact on the HR strategy

step 2. Conducting a Business Strategy Review and Analysis

A strategic review systematically assesses strategy requirements in the light of an analysis of present and future business and people needs.

What are the objectives of business strategy review and analysis?

- To get an understanding of your organization's strategy, vision, mission, goals and values
- To align HR Strategy with the business strategy

Step.3. Build the Business Case for The HR Strategy

This stage involves justification of the HR strategy in terms of its contribution to the wider organisational mission and it seeks answers these questions:

1. *What is the business case for the HR strategy against the background of business needs and environmental factors?*
2. *What is the impact of the HR Strategy on the organisation's competitive advantage?*
3. *Does the HR Strategy have a profound impact on business performance?*

Step.4. Conduct A Swot Analysis of the HR Department

It is important to conduct a broad strategic audit of the human resource function before developing its functional strategies. This stage involves the auditing of the HR function to determine its strengths, weakness, threats and opportunities concerning its policies, procedures, documentation, and systems.

What are the objectives of an HR Audit?

- to get an in-depth analysis and a solid understanding of the existing human capital portfolio including its operating model
- To identify the Human Capital portfolio gaps against the current and emerging business needs
- To assess the extent to which human resources activities are utilized effectively and efficiently.
- To establish a baseline for future improvement for the function

Step.5. Assess your Current HR Strategy

This will focus on the evaluation of your current HR Strategy in the context of your business strategy and its operating environment using a carefully designed HR Strategic Maturity Model.

What are the objectives of HR Strategy Assessment?

- To assess the impact of human resources considerations on strategy formulation
- To detect strengths and weaknesses in the current human resource strategy by each decision category.
- To assess the human resources strategies for each strategic business unit

Step.6. Develop the HR Strategy Map

This stage involves identifying the HR performance measures to address the objectives of the human resource strategy and align them with the business objectives. The main key deliverable of this stage is an HR Scorecard.

What are the objectives of an HR Strategy Map?

- To demonstrate how the value created by HR is created and measured
- To develop HR performance measures that align with business objectives and provide a baseline to track the performance of your HR Department and drive improvement.
- To establish appropriate service levels and performance targets.
- To measure HR's performance against service-level agreements and industry benchmarks

Step.7. Design and Implement HR Functional Strategies

This involves the designing and implementation of HR solutions for every phase of the workforce life cycle. This could include among other services: reward management, performance management, talent management, leadership and management development.

Step.8. Establish the HR Services Delivery, Model

This stage entails the development of an excellent-driven HR Operating Model that seeks to convert HR strategies and initiatives into tangible business value. This requires an appropriate delivery approach, as well as a solid foundation of HR capabilities and infrastructure.

Step.9. Develop the HR Strategy Change Plan

Communicating with the company leadership about HR's improved capabilities and services is the final element of developing and executing an effective HR strategy. But, communication needs to happen consistently every step of the way

Sources:

Armstrong, M and Baron, A (2002) Strategic Human Resources Management

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