

**Strategic Human Resource Management-304**

**Specialization: Human Resource Management**

**Subject Core (SC) Course- Human Resource Management**

**Semester-III**  
**Credits**

**3**

**Unit -1**

**Strategic Perspective**

**Strategic Human Resource Management**

Strategic HRM is an approach that defines how the organization's goals will be achieved through people by means of HR strategies and integrated HR policies and practices.

Strategic Human Resource Management (Strategic HRM, Or SHRM) is an approach to managing Human Resources that supports long-term Business Goals and Outcomes with a Strategic Framework. The approach focuses on longer-term People Issues, matching resources to future needs, and macro-concerns about Structure, Quality, Culture, Values and Commitment

It is the practice of attracting, developing, rewarding, and retaining employees for the benefit of both the employees as individuals and the organization as a whole. ... As a result, the goals of a human resource department reflect and support the goals of the rest of the organization.

**Definition**

According to Jeffery A. Mello, "The development of a consistent, aligned collection of practices, program and policies to facilitate the achievement of the organizational strategic objectives."

According to Schuler, "Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that: (1) human resources(HR)management is fully integrated

with strategy and the strategic needs of the firm;(2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted , accepted and used by line managers and employees as part of their everyday work.”

### **HR strategy consists of**

- Competitive salaries.
- Enviably benefits packages.
- Promotion opportunities.
- Continuous staff training and development.
- Transparent and regular communications.
- Focus on employee wellbeing.
- Investment in corporate social responsibility.
- Employee autonomy.

### **Objectives of HR strategies**

The purpose of HR strategies is to guide HRM development and implementation programmes. They provide a means of communicating to all concerned the intentions of the organization about how its human resources will be managed. They provide the basis for strategic plans and enable the organization to measure progress and evaluate outcomes against objectives. HR strategies provide visions for the future but they are also vehicles that define the actions required and how the vision should be realized. As Gratton (2000) commented: ‘There is no great strategy, only great execution.’

### **Types of HR strategies**

Because all organizations are different, all HR strategies are different. According to Armstrong and Long (1994) and Armstrong and Baron(2002) revealed many variations. Some strategies are simply very general declarations of intent; others go into much more detail. But two basic types of HR strategies can be identified: 1) overarching strategies; and 2) specific strategies relating to the different aspects of human resource management.

### **Overarching HR strategies**

Overarching strategies describe the general intentions of the organization about how people should be managed and developed and what steps should be taken to ensure that the organization can attract and retain the people it needs and ensure so far as possible that employees are committed, motivated and engaged

### **Specific HR strategies**

- Specific HR strategies set out what the organization intends to do in areas such as:
- Talent management – how the organization intends to ‘win the war for talent’.
- Continuous improvement – providing for focused and continuous incremental innovation sustained over a period of time.
- Knowledge management – creating, acquiring, capturing, sharing and using knowledge to enhance learning and performance.
- Resourcing – attracting and retaining high quality people.
- Learning and developing – providing an environment in which employees are encouraged to learn and develop.
- Reward – defining what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders.
- Employee relations – defining the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their trade unions.

### Benefits of SHRM

1. Identifying Threats & Opportunities
2. Provides a clear business strategy and vision for the future.
3. To supply competitive intelligence that may be useful in the strategic planning process.
4. To recruit, retain and motivate people.
5. To develop and retain people.
6. To ensure that people development issues are addressed systematically.
7. To meet the expectations of the customers effectively.
8. To ensure high productivity.
9. To ensure business surplus thorough competency

### Linking HR strategies to business strategies

#### How to Align Your HR Strategy with the Business Strategy

1. Understand the goals and objectives of the business – and make them your own
2. Understand the business strategy and current state challenges.
3. Identify how people must contribute to organizational growth and success.
4. See your HR practices through a business lens
5. Make the connection: Link HR strategy and practices to business results
6. Design and implement your HR talent strategy.
7. Measure your HR strategy.

### Unit 2

#### Unit-3 HR Planning as a strategy

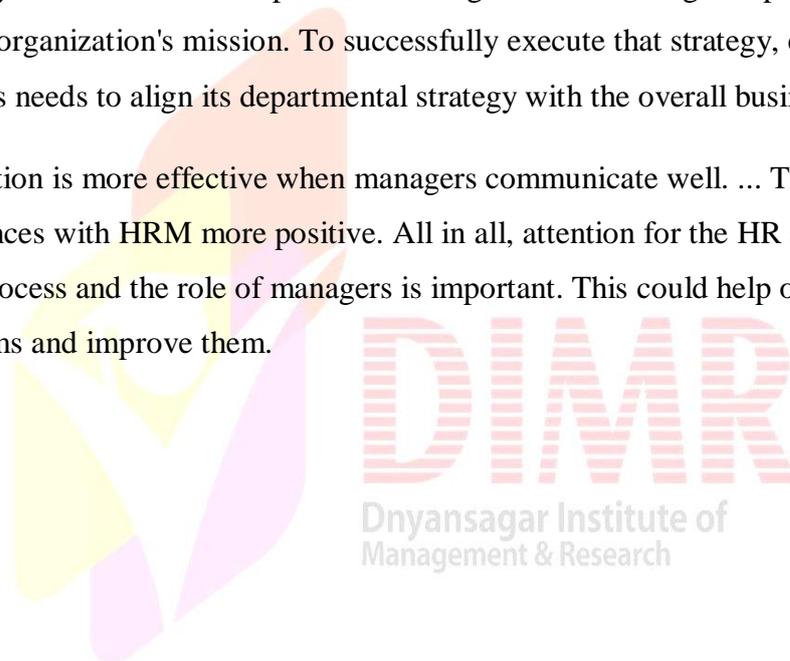
#### Alignment of HR strategies for Improving Organizational Effectiveness

A Human Resource strategy is a business's overall plan for managing its human capital to align it with its business activities. The Human Resource strategy sets the direction for all the key areas of HR, including hiring, performance appraisal, development, and compensation. Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce.

Strategic planning is the process of determining the organization's long-term objectives and establishing the goals necessary to achieve them. The process involves an in-depth analysis of current and anticipated conditions that may affect the organization's ability to achieve its mission.

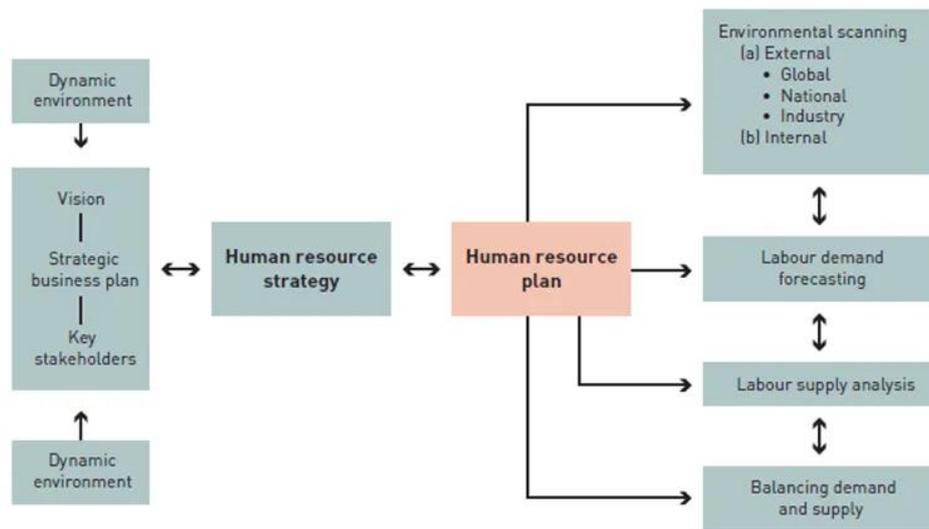
A business strategy is a future-oriented plan for creating and maximizing competitive advantages to accomplish the organization's mission. To successfully execute that strategy, each function within the business needs to align its departmental strategy with the overall business strategy.

HRM implementation is more effective when managers communicate well. ... This can make employee experiences with HRM more positive. All in all, attention for the HR strategy implementation process and the role of managers is important. This could help organizations to better spot problems and improve them.



# STRATEGIC ALIGNMENT

● **Figure 4.1** Strategic alignment



Human resource (HR) demand forecasting is the process of estimating the future quantity and quality of people required. ... Once the hours are available, determining the quality and quantity of personnel will be the logical step. HR Demand forecasting must consider several factors-both external as well as internal.

Demand forecasting helps in determining the number and type of personnel/human resources required in future. The purpose of supply forecasting is to determine the size and quality of present and potential human resources available from within and outside the organisation to meet the future demand of human resources. Contemporary literature on human resources planning identifies several common methods of estimating a business's human capital needs.

- (1) Employment trend in the organisation for at least last five years to be traced to determine the future needs.
- (2) Replacement needs due to retirement, death, resignation, termination etc.
- (3) Improvement in productivity

(4) Expansion of the organisation leads to hiring of more skilled persons.

Human Resource supply forecasting is the process of estimating availability of human resource followed after demand for testing of human resource. ... Internal supply of human resource available by way of transfers, promotions, retired employees & recall of laid-off employees, etc. It is to make an estimation of supply of human resources taking into consideration the analysis of current human resources inventory and future availability.

- Existing Inventory
- Head count
- Age inventory
- Skill, experience, values and capabilities, qualification, training etc.

There are various qualitative methods of Demand and supply HR in Organisation.

Methods of demand forecasting-

Ratio-trend analysis- The technique involves studying past ratios, say, between the number of workers and sales in an organisation and forecasting future ratios, making some allowance or changes in the organisation or its methods.

Regression analysis- A firm first draws a diagram depicting the relationship between sales and workforce size. It then calculates regression line – a line that cuts right through the center of the points on the diagram. By observing the regression line, one can find out number of employees required at each volume of sales.

Delphi Technique- The(HRP) experts act as intermediaries, summarize the various responses and report the findings back to the experts.

Work study method

Managerial judgment

### **Human Capital management**

Human Capital is a measure of the skills, education, capacity and attributes of labour which influence their productive capacity and earning potential.

According to the OECD, human capital is defined as:

“The knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services or ideas in market circumstances”.

Human capital management (HCM) is a set of practices related to people resource management. These practices are focused on the organizational need to provide specific competencies and are implemented in three categories: workforce acquisition, workforce management and workforce optimization.

Human Capital Management, or HCM, is the effective acquisition, employment, and development of a company’s employees through strategic and tactical practices, processes, and applications in order to maximize their economic value.

To be most effective, the set of Human Capital Management practices, processes, and applications should be focused on the organizational need to provide specific competencies.

Strategic and tactical competencies may include:

- Administrative Support
- Personnel Administration
- Payroll Administration
- Rules and Procedures Administration
- Recruitment and Hiring
- Onboarding
- Compensation Planning
- Competency Management

- Performance Management
- Time and Expense Management
- Workflow
- Education and Training
- Reporting and Analytics

## Importance of Human Capital Management

Human Capital Management is important because employees, the individuals who spend much time each day working and contributing to the success of an organization, are a valuable resource that can either make or break an organization. Thus, Human Capital Management is essential for acquiring and retaining high-performing employees.

The responsibility of human resource professionals is to create and implement ways for employees to be hired, oriented, trained, motivated, and engaged. Human Capital Management plays an essential role in helping the organization's human resources department increase the overall productivity and happiness of employees. In turn, productive and happy employees work harder and care more about the success of the organization.

## Human Capital Management- Problems

- Poor Performance Management
- Non-Strategic Workforce Planning
- Weak Usage of Workforce Analytics
- Mismanagement of Organizational Change
- High Cost of Unsolved Challenges
- Valuation of human resources in a strategic level

HR cost : As human resource is considered as an asset, any expenditure incurred in the acquisition and accumulation of human resource will be treated as an investment. Cost of human resources represents sacrifice that will have to be incurred today to acquire and develop people in future. The cost of human resource otherwise called Historical cost of human resources is the investment in human resources which has both Revenue (expense) and Capital (asset) components. It includes the cost of hiring, training, managing , developing etc.

Investments in HR: There exist various ways of investment into human resources. Businesses can invest in general human capital, which is an investment into specific or general training that enables acquisition of general knowledge usable in various companies. This results in higher future expected return of investment.

Human resources development is important because it is an investment in one's employees that will ultimately result in a stronger and more effective workforce. When an organization develops their employees, they are strengthening their assets and making these employees even more valuable.

Benefits of Investing in Human Capital Development. Human capital is the measure of the economic value that an employee provides, through their knowledge, skills, and abilities. ... Despite how much employees cost, many companies do not properly invest in an employee development plan, in their human capital.

## THE IMPORTANCE OF INVESTING IN HUMAN CAPITAL

One of the challenges for the management of the XXI century is a new understanding of the human resources in the enterprise as human capital. By "capital", regardless of its form (money or other property set of means of production, etc.), this is any resource, as a result of the time operation which ensuring growth of the value of income, ie. accumulation. Traditionally, in economic terms, capital is regarded as a category associated with the acquisition, as a result of the investment of tangible, intangible and financial assets over time generate revenue stream.

Investing in general is a process of incorporation of grants, which in the future they will regain (restore) increased its size or benefit for the depositor. For example when a firm invests money by buying the means of production, it expects to increase its profit. When it invests in the quality of the workforce, the goal is again the same - providing more growth, but this time through investment in people. This means that:

creation of professional skills and abilities of people to work, their development and their use in the labor process, has an investment character.

Investments in human capital are government, corporate and individual. They comprise two main components:

Investments in education and vocational training is providing general training and basic knowledge and skills of young people applying in different spheres and activities of the economy. On this basis, then build the system for qualification of employees. Public needs and benefits of education and training depend on government policy to invest in this area. Through public investment finance costs pre-primary, primary, secondary and part of higher education.

Many of these investments are made by individuals and members of their families. This is the cost of fees, textbooks, additional training and more. These costs are significantly greater for education in private schools.

2. Investments in professional qualification of employees, providing acquisition of professional knowledge, skills and competencies related to the exercise of a profession, specialty or position.

The main investor in the professional development and adaptation of the employees should be the employer, but in practice the deficit to employers' investment activity in this area is covered by government investment and subsidies from EU programs.

In some very rare cases, direct investment in the acquisition and improvement of their professional qualifications and make individual employees and unemployed persons.

Roles and responsibilities in the process of investing in human capital

The state is interested to invest in human capital development because thus achieving higher quality and productivity, increased competitiveness, high and sustainable rates of economic growth and a higher standard of living.

This is because in many countries rich in natural resources but poor quality of human resources, poverty and misery reigns. And vice versa - many countries poor in natural resources, but possessing high-quality human resources are economic "oases" with a high standard of living.

Employers are most interested in hiring, formation and development of human capital with high potential because it is a decisive factor for business competitiveness, quality and market acceptance of their products and services for the successful realization of their mission and vision.

Commensurate investment in human capital with the expected benefits to the enterprise from those investments is still poorly developed and very rarely considered question the management of

human resources. It is clear that an undertaking does not invest in human capital, there is no future. Many employers rely on to get ready in the type of human capital from the labor market or to attract educated and skilled workers from other companies through improper "gain" or so-called "head hunting". But forget the fact that the available knowledge, skills and experience are aging rapidly and become unsuitable for dynamic changes in technique and technology, shortening the life cycle of products and services.

So the resulting slew of human resources whose qualifications did not develop and constantly updated over time faster or slower reduce its ability to "produce" more value (gain, ie losing the characteristics and quality of human capital). This is precisely the point of the European strategy for lifelong learning (Life Long Learning).

Individual (and his parents) independently determine the need and investment in human capital. Base for decisions in this direction is again comparing the expected benefits and advantages for the personality of his professional education and training to the costs to be incurred for this purpose. These benefits and advantages are mainly in expectation of:

- higher salary, more diverse and creative work, opportunities for career development, wider and interesting professional contacts;
- more favorable working conditions, less risk to health and performance, greater job security.

Formulation of HR strategies

The following six-step approach is proposed by Gratton (2000):

1. Build the guiding coalition – involve people from all parts of the business.
2. Image the future – create a shared vision of areas of strategic importance.
3. Understand current capabilities and identify the gap – establish ‘where the organization is now and the gap between aspirations for the future and the reality of the present’.
4. Create a map of the system – ‘ensure that the parts can be built into a meaningful whole’.
5. Model the dynamics of the system – ensure that the dynamic nature of the future is taken into account.
6. Bridge into action – agree the broad themes for action and the specific issues related to those themes, develop guiding principles, involve line managers and create cross-functional teams to identify goals and performance indicators.

But many different routes may be followed when formulating HR strategies – there is no one right way. On the basis of their research in 30 well-known companies, Tyson and Witcher (1994) commented that: ‘The different approaches to strategy formation reflect different ways to manage change and different ways to bring the people part of the business into line with business goals.’

In developing HR strategies, process may be as important as content. Tyson and Witcher (1994) also noted from their research that: ‘The process of formulating HR strategy was often as important as the content of the strategy ultimately agreed. It was argued that, by working through strategic issues and highlighting points of tension, new ideas emerged and a consensus over goals was found.’

A methodology for formulating HR strategies was developed by Dyer and Holder (1988) as follows:

1. Assess feasibility – from an HR point of view, feasibility depends on whether the numbers and types of key people required to make the proposal succeed can be obtained on a timely basis and at a reasonable cost, and whether the behavioural expectations assumed by the strategy are realistic (eg retention rates and productivity levels).
2. Determine desirability – examine the implications of strategy in terms of sacrosanct HR policies (eg a strategy of rapid retrenchment would have to be called into question by a company with a full employment policy).
3. Determine goals – these indicate the main issues to be worked on and they derive primarily from the content of the business strategy. For example, a strategy to become a lower-cost producer would require the reduction of labour costs. This in turn translates into two types of HR goals: higher performance standards (contribution) and reduced headcounts (composition).
4. Decide means of achieving goals – the general rule is that the closer the external and internal fit, the better the strategy, consistent with the need to adapt flexibly to change. External fit refers to the degree of consistency between HR goals on the one hand and the exigencies of the underlying business strategy and relevant environmental conditions on the other. Internal fit measures the extent to which HR means follow from the HR goals and other relevant environmental conditions, as well as the degree of coherency or synergy among the various HR means.

### Fundamental Process Considerations

When considering approaches to the formulation of HR strategy it is necessary to underline the interactive (not unilinear) relationship between business strategy and HRM, as have Hendry and Pettigrew (1990). They emphasize the limits of excessively rationalistic models of strategic and HR planning. The point that HR strategies are not necessarily developed formally and systematically but may instead evolve and emerge has been made by Tyson (1997): ‘The process by which strategies come to be realized is not only through formal HR policies or written directions: strategy realization can also come from actions by managers and others. Since actions provoke reactions (acceptance, confrontation, negotiation etc) these reactions are also part of the strategy process.’

Perhaps the best way to look at the reality of HR strategy formulation is to remember Mintzberg, Quinn and James’s (1988) statement that strategy formulation is about ‘preferences, choices, and matches’ rather than an exercise ‘in applied logic’. It is also desirable to follow Mintzberg’s analysis and treat HR strategy as a perspective rather than a rigorous procedure for mapping the future. Moore (1992) has suggested that Mintzberg has looked inside the organization, indeed inside the heads of the collective strategists, and come to the conclusion that, relative to the organization, strategy is analogous to the personality of an individual. As Mintzberg sees them, all strategies exist in the minds of those people they make an impact upon. What is important is that people in the organization share the same perspective ‘through their intentions and/or by their actions’. This is what Mintzberg calls the collective mind, and reading that mind is essential if we are ‘to understand how intentions... become shared, and how action comes to be exercised on a collective yet consistent basis’.

No one else has made this point so well as Mintzberg, and what the research conducted by Armstrong and Long (1994) revealed is that strategic HRM is being practised in the organizations they visited in the Mintzbergian sense. In other words, intentions are shared amongst the top team and this leads to actions being exercised on a collective yet consistent basis. In each case the shared intentions emerged as a result of strong leadership from the chief executive with the other members of the top team acting jointly in pursuit of 48 | Strategic HRM in action well-defined

goals. These goals indicated quite clearly the critical success factors of competence, commitment, performance, contribution and quality that drive the HR strategy.

Strategic HR vs traditional HR:

<b>Dimensions</b>	<b>Strategic human resource approach</b>	<b>Traditional personnel management approach</b>
Planning and strategy formulation	Involved in formulating overall organizational strategic plan and aligning human resource functions with company strategy	Involved in operational planning only
Authority	High status and authority for top personnel officer	Medium status and authority - personnel director
Scope	Concerned with all managers and employees	Concerned primarily with hourly, operational, and clerical employees
Decision making	Involved in making strategic decisions	Makes operational decisions only
Integration	Fully integrated with other organizational functions: marketing, finance, legal, production.	Moderate to small integration with other organizational functions
Coordination	Coordinates all human resource activities; e.g. training, recruitment, staffing etc.	Does not coordinate all human resource functions

### Traditional HR Management

R professional is reactively working. They do not educate workers about responsibilities or how their work will be done; they assume their managers will go over their work and that the employee will pick up the training while on the job.

In general, they are working to solve employee problems, manage labor relations, and keep their employees happy.

Examples of traditional HR management tasks:

Placing ads for jobs when a department requests a role to be filled

Responding to questions employees have on benefits and payroll

Terminating employees

Because this role is reactive, the tasks may sometimes need to be rushed or fragmented.

## Strategic HR Management

In contrast, strategic human resource management (SHRM) has a broader approach. A strategic HR manager is focused on forming a long-term strategy. For example, when they are looking to hire for a position, they are considering future growth projections and goals of the company.

While traditional HR managers work reactively, strategic HR managers work proactively.

Examples of strategic HR management tasks:

- Recruiting employees based on long-term goals
- Training employees
- Creating the employee handbook
- Developing ways to help employees reach the company's goals

Challenges and issues in implementation of HR strategies in Indian context

i. People Attrition:

ii. Differences in HR Practices:

HR practices in acquiring company and acquired company may differ.

Such differences may be on the following aspects:

- a. Matching jobs and individuals — high matching versus low matching.
  - b. Development of people — high concern versus low concern.
  - c. Performance appraisal — modern versus traditional.
  - d. Compensation — competence-based versus job-based.
  - e. Promotion — merit-based versus seniority-based.
  - f. Participation — high versus low or nil.
  - g. Work culture — high performing versus low performing.
-

In these situations, HR professionals have a big challenge to integrate the people of acquired company with the working pattern of acquiring company as people of the acquired company tend to develop the following feelings-

- a. Initial anxiety and stress in the mind of people.
- b. Fear of loss of jobs.
- c. Transfer to new locations.
- d. Job changes including new roles and assignments.
- e. Change in remuneration and benefits.
- f. Change in career paths.

### Changing Workforce Profile:

Over the period of time, there has been a tremendous change in Indian workforce profile. Earlier our labour force was considered to be illiterate and all HR activities used to be geared to meet job demand and expectations based on that illiteracy. Now the situation has completely transformed.

Today, labour force is more educated, skill-oriented, comparatively younger, and has high expectations. This is true with managerial personnel too. With increasing facilities for acquiring skills in management and technical field, the average age of executives has dropped considerably. For example, in Infosys Technologies, the average age of employees is 25 years.

At the level of CEOs, “in the last five years, the age of the CEO has dropped from 47 to 40 years,” says Ronesh Puri, Head of Executive Access, a personnel search firm. He further asserts that “either you make it to the top by 45 or you don’t. After 50, it is death. Even we have stopped accepting bio-data of people above that age because you can’t all them unless they are brilliant or looking for non-executive positions.”

### Increasing Role of Knowledge Workers:

The profile of knowledge workers is completely different from that of other types of workforce. With increasing use of knowledge in economy, the economy has been divided into two broad

groups- old or industrial economy and new or knowledge economy. Knowledge economy derives its strengths from use of knowledge of its human resources.

Human resources in knowledge economy are known as knowledge workers. Though the concept of knowledge workers may include all human resources who are primarily engaged in getting things done through the use of knowledge, from HRM point of view, knowledge workers are those individuals whose jobs are designed around the acquisition and application of information, for instance, jobs in IT or IT-enabled services organizations.

Knowledge workers tend to be different from other workers; they have certain unique personality and occupational characteristics. Because of unique characteristics of knowledge workers, managing them effectively poses serious challenge before HR professionals.

Following characteristics of knowledge workers are important from HRM's point of view:

i. Challenging Jobs:

Knowledge workers want to have challenging jobs which require the use of latest technology and practice. While this is a welcome feature from organization's point of view, it poses practical problems. No organization can provide latest technology in totality as it also requires people for work that is routine and maintenance-oriented.

ii. Autonomy:

Knowledge workers are quite creative and innovative, and creativity and innovation cannot flourish in tightly-controlled work environment. As a result, knowledge workers need more autonomy and work culture characterized by decentralized decision making, open communication, facilitative leadership, and de-bureaucratized structures.

iii. Immediate Feedback and Rewards:

Knowledge workers tend to consider themselves as high achievers; a high achiever looks for immediate feedback about his performance. Knowledge workers want immediate and frequent feedback from their peers, team members, and leaders. When they think of a breakthrough idea, they want someone around to talk about it. Similarly, they require and expect immediate and frequent rewards in recognition of their good work.

iv. Professional Commitment:

Knowledge workers show more commitment to their profession as compared to the organizations they serve. While professional commitment is a welcome sign as it enables knowledge workers to continuously update their knowledge and skills, but this is a dangerous sign from employing organizations' point of view.

Knowledge workers tend to seek positions that facilitate life-long learning. In this process, they switch from one organization to another. It may be mentioned that turnover rate of knowledge workers is significantly higher as compared to other workers.

v. Lifestyle:

In general, in today's context, every employee prefers a lifestyle which suits him most. This is happening because of environmental pressure which tends to create stress. However, knowledge workers tend to give very high importance to lifestyle. That is why they prefer those employers whose employment practices promote work-life balance through measures such as flexi-time, telecommuting, job sharing, health promotion, and on-the-job child care.

Mergers and Acquisitions:

Every organization strives for growth which may come either through grass-root projects or mergers and acquisitions. Grass-root projects have the limitation of gestation period while mergers and acquisitions provide quick entry in the market. In merger, one organization merges another organization and merged organization does not exist while in acquisition, one organization acquires the control of another organization in totally or any of its part.

Liberalization has paved the way for mergers and acquisitions and many companies have become conglomerates through this process- Hindustan Unilever, ICI India, RPG Enterprises etc.; many overseas companies are acquiring Indian BPO (business process outsourcing companies); many Indian IT companies are acquiring overseas IT companies; and so on.

## **Unit 5**

### **Global competitive advantage**

Global competitive advantage will mean having the best technologies and processes for designing, manufacturing, selling and servicing products at the lowest possible cost.

A competitive advantage is an advantage that a company has over its competitors. Companies use their competitive advantage to sell more than their competitors and increase market share.

According to QuickMBA, the two main drivers of competitive advantage are cost advantage, which allows a company to charge lower prices than its competitors, and differentiation, which enables it to offer product features and benefits that competitors cannot match. To achieve and maintain a competitive advantage, a company aims to make the best use of its resources, such as people, knowledge, materials and reputation, and capabilities, such as innovation, speed, efficiency and quality.

#### Definition by Michael Porter

Competitive advantage is the leverage a business has over its competitors. This can be gained by offering clients better and greater value.. Michael Porter defined the two ways in which an organization can achieve competitive advantage over its rivals: cost advantage and differentiation advantage

Its importance can be well explained by the following points:

#### 1. It is the heart of marketing strategy:

Successful companies normally bring into shape those strategies which revolve around an area of distinctive competence to the firm. The real need for acquiring the competitive advantage is as clear as crystal that the companies have failed to acquire competitive advantage needed to make the strategy to work in favour of the company.

It is competitive advantage that takes the company to its preset objectives for objectives remain elusive and the strategies naturally hollow. Any successful strategy is fabric of competitive advantage.

2. It is the antidote for competitor's superiority:

Scoring over the competitors as well as defending against the competitors is founded on competitive advantage. It is the well thrashed out competitive strategy and the competitive advantage of the firm that is clearly understood by examining the various activities of the company by observing as to how differently and distinctively the firm performs these activities as compared to its open and hidden competitors.

3. It is the route to the long-term marketing success:

The opening up of borders has really shaken up the existing protected industries. Therefore, a time has come to have a look at what competitive marketing strategies one needs to follow to counteract the likely competition from global players of this global village.

The competitive actions are bound to evoke a response from competition. Competitive strategy has to be one that is sure to give competitive advantage. Having given the competitive advantage, the strategy should also be able to sustain the advantage. Put in other words, competitive strategy should give sustainable competitive advantage.

This needs competitive analysis that consists of:

- (a) The long-term profit opportunity and
- (b) The company's competitive position – the strengths and weaknesses.

To grasp the implications of the phrase "profit opportunity" it is inescapable to have knowledge of the market, knowledge of the government policies and clear-cut idea about expected for projected growth rates in the markets; to understand the real meaning of phrase "competitive position", one should know the source or sources of competition. The source or sources can be intra-industry, inter-industry, globalisation, liberalisation, buyers and suppliers and even cheaper and substitute products.

4. It makes profit a secondary product:

Good many organisation are increasingly learning where to draw the line of difference. Those that did not learn the distinction had to experience the inevitable hard way through lost- customers and lost market share, finally leading to downing the shutters of business and business houses. Here profit means an advantage or a benefit or the excess of returns over the expenditures.

Therefore, “profit” is no longer considered a bad word though “profiteering” is. Profits are important because they provide much needed basic energy Profit is something that an organisation generates in the process of transforming its resources into customer satisfaction; part of it is utilized for survival.

While the balance is ploughed back with increased importance on newer customer need identification and effective and efficient means of consumer satisfaction. Thus, profit is the “by-product” and not the “end product”.

Effective organisations do not exist and grow for making profits; they never work for maximisation of profits. Instead, they continuously struggle to use the resources optimally towards consumer delight.

5. It makes the unit to remain competitive evergreen:

Every organisation wants to grow. As it grows, it is natural that its structure becomes more fragile, shape becomes less flexible, and the nerve system tends to be more rigid. Organisations develop several restraining forces as they grow, and therefore, they need to be watchful and continuously manage themselves to remain competitive.

**Human resource challenges**

Today's most common human resource challenges along with solutions you can quickly implement in your business.

1 Compliance with Laws and Regulation. ...

2 Management Changes. ...

3 Leadership Development. ...

4 Workforce Training and Development. ...

5 Adapting to Innovation. ...

6 Compensation.

### **Cross-cultural management**

Cross-cultural management is the management of people and things that involve a different culture background. Cross-culture management studies teach how to handle conflicts of the heterogeneity culture and actualize effective management (Li, 2000). Its aim is to design a feasible organization structure and management mechanism across the different culture backgrounds. It also plans to use enterprises' resources, especially exert potential value of enterprises efficiently and effectively.

Besides, according to Holden (2001), culture is presented as a form of organizational knowledge that can be converted into a resource for underpinning core competence, instead of being presented as a source of difference and antagonism. Cross cultural management is a knowledge management perspective that breaks the concept of culture that has affect management thinking, education, and research for several decades.

Cross-culture management happens when a manager oversees employees from a culture other than her own or when employees on a team are from different countries, as well. There are a number of ways a multicultural team might be set up. Organizations have offices in different countries which are managed by people in the head office. At other times, remote employees around the world are managed by someone in yet another country. Another scenario is when people have immigrated from different countries and work alongside others who have also traveled from elsewhere.

For cross-culture management to be effective, the manager must identify and acknowledge the differences in cultures, practices and preferences of the team members. Managers also need to be able to modify or adapt certain business processes or systems, such as the way information is communicated or the how decisions are made, in order to improve the efficacy of the workforce.

How to develop cross cultural sensitivity:

1. Understanding and learning new culture: ...
2. Feeling different from the rest of the group: ...
3. Differences are more evident than similarities: ...
4. Stereotyping: ...
5. Variety: ...
6. Interaction: ...
7. Change with the time: ...
8. Respecting other religion and culture

A lack of cultural sensitivity can limit employees' ability to communicate effectively with different groups – internally and externally – and can alienate or offend customers, partners and colleagues working in different regions, countries and cultures.

Cross-cultural management helps an organization to deal with people coming from different cultural backgrounds. ... Cross cultural management helps us to understand people coming for different cultures. It is important because today organizations are going global

## OCTAPACE

OCTAPACE was developed by Professor T V Rao. It stands for

- Openness,
- Confrontation,
- Trust, Authenticity,
- Proaction,
- Autonomy,
- Collaboration and
- Experimentation.

These values help in fostering a climate of continuous development of employees in an organization.

OCTAPACE CULTURE includes ethics, values, beliefs, attitudes, norms, ethos, climate, environment and culture. ... Eight values usually examined to develop the profile of an organizational culture that is called outapace .

a) Openness – It signifies the transparent environment in the organization. The degree of openness of the organization will be an important factor in determining the nature of the various dimensions of HRD being designed, as well as the way in which these dimensions should be introduced.

Freedom to communicate, share and interact without hesitation. Receiving feedback from customers and giving ideas and suggestions to team members.

OUTCOME: It helps to improve implementation of systems and innovation & free interaction among team mates , leaders and top authority and clarity in setting objectives and common goals.

b) Confrontation – The term signifies the actual problems which team face in the day to day work. It implies to face the problem and find the best solutions to get over it rather than stepping back to escaping the problems. Facing the problems and challenges boldly and not shying away is the main theme of Confrontation. If an organization encourages people to recognize a problem, bring it to people concerned, explore with them to understand it and search possible ways of dealing with it.

OUTCOME: Improved problem solving and clarity and Team discussions to resolve problems

c) Trust – The trust factor comes with Openness which include maintaining the confidentiality of information shared by others and company . If the level of trust is low, the various dimensions of HRD are likely to be seen with suspicion and therefore the credibility of the system may go down. In such a case the system if introduced may become a vital and cease to perform the main functions for which it meant.

OUTCOME: Higher empathy, timely support, reduced stress and reduction and simplification of forms and procedures. d) Authenticity : Authenticity is the congruence between what one feels and says. It is the value underlying trust. Authenticity is reflected in the narrowest gap between the stated values and the actual behavior. This value is important for the development of a culture of mutuality.

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OUTCOME: Sharing of feelings freely to improve interpersonal communication and reduced distortion in communicationis

e) Proactive - Taking initiative, preplanning and taking preventive action is the measures of term Proactive. Organisation must be proactive in terms of their planning. They must be ready for future.

Proaction means anticipating issues in advancing to take advantage of this undertaking conflict or responding to needs of the future in fact creating the future. OUTCOME: Taking and planning actions at immediate concerns.

f) Autonomy – Autonomy is the willingness to use power without fear and helping other to do same. Basically Autonomy is all about Using and giving freedom to plan and act in one’s own sphere. Organisations must avoid Autocratic type of environment and give chance to team to use their powers in positive way.

OUTCOME: Develops mutual relationships, reduce reference made to senior people

g) Collaboration - involves working together in a team for a common cause. Individuals solve their problems by share their concerns with one another and prepare strategies working out plan of actions and implement them together.

OUTCOME: Timely work, improved communication, resource sharing

h) Experimenting – It Involves using and encouraging innovate approaches to solve problems. It is the value which emphasizes the importance given to innovating and trying out new ways of dealing with problems in the organisations.

OUTCOME: Development of new product, methods, and procedures A profile of an orgn on these aspects may help to decide what elements of HRS should be introduced in what sequences in the organization.

## Global Ethical environment

At its simplest, ethics is a system of moral principles. ... Ethics is concerned with what is good for individuals and society and is also described as moral philosophy. The term is derived from the Greek word ethos which can mean custom, habit, character or disposition.

Basic principles of ethics can help us lead a more fulfilling life whether on a personal or professional level. ... Ethics is a system of principles that helps us tell right from wrong, good from bad. Ethics can give real and practical guidance to our lives.

Some of the most common ethical issues in international business include

- Outsourcing,
- Working standards and conditions,
- Workplace diversity
- Equal opportunity,
- Child labor,
- Trust and integrity,
- Supervisory oversight,
- Human rights,
- Religion,
- The political arena,
- The environment,
- Bribery and corruption.



## Staffing for International Assignments

Employees who mix with the organisation's culture and have the ability to engage in the working environment, is extremely useful, for an international human resource manager in the selection process.

Employees should adjust their expectations. High expectations lead to a low level of satisfaction.

- Find Culture Mentors.
- Do a Mindset Check-in. .

- Take Time for Exploration. .
- Develop Friendships With Those in the Target Culture.
- Learn the Language. ...
- Get Social Support.

What are the major obstacles for expatriates when it comes to international assignments?

- Top Reasons for International Assignment Failure
- Are Business Reasons or Personal Issues the Cause of Expatriate Failure?
- Family Issues.
- Cultural and Language Barriers.
- Employee Inexperience or Unsuitable for the Role and Location.
- Health Issues, Stress and Uncertainty of Foreign Posting.
- Leadership and motivation in global context.

