



**Recent Trends in Management and Commerce**  
**Vol: 3(3), 2022**  
**REST Publisher, ISBN: 978-81-936097-6-7**  
**Website: <http://restpublisher.com/book-series/rmc/>**



# **A Study of Organizational Strategic Human Resource Management**

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**Abstract:** Reviewing three contemporary works on the subject of strategic HRM and examining how they relate to various theories and ideas is the goal of this essay. Utilizing a qualitative descriptive approach, the study checked for the existence of research on strategic human resource management by looking through publications from journals with SCOPUS indexes. The study's conclusions demonstrated that researchers frequently use a variety of theoretical frameworks, such as the resource-based view (RBV), social exchange theory (SET), and theories of human capital, to correlate SHRM with business performance, human capital, and competitive advantage. Although the examined studies take varied approaches to the subject of SHRM, they all point out research gaps in SHRM and emphasize the significance of coordinating HR practises both horizontally and vertically.

**Keywords:** strategic human resources management; organization; literature review

## **1. Introduction**

According to Mathis & Jackson (2000), human resources are one of the most valuable assets of an organisation because they guarantee its survival, enable it to acquire other resources it needs, and generate profits. In addition, human resources are becoming more and more crucial to the success of organisations in the modern day. A human resources manager must effectively manage human resources in accordance with organisational goals for them to be the most beneficial to the company. The idea of strategic human resource management (SHRM) was created by scholars to assist human resource managers in achieving this objective. Since the 1970s, SHRM has grown rapidly thanks to two major developments in the literature: first, the transition from the antiquated personnel administration method to a more contemporary understanding of human resources; and second, the development of a general strategic model for internal organisation reorientation. Nonetheless, as time passes, a number of articles offer models to explain SHRM that continue to expand and evolve, particularly in the wake of significant theoretical adjustments made by some earlier research, including those by Wright and McMahan (1992), Jackson and Schuler (1995), Kamoche (1996), and special editions of the International Journal of Human Resource Management (1997) and Human Resource Management Review (1998). While the general concept of SHRM appears to be sensible and advantageous for organisations, in-depth research is still required in this sector to produce workable solutions that handle a variety of situations, concerns, and affects on stakeholders. Stated differently, prior research has attempted to explain SHRM in a variety of ways and in a wide range of industries. With that context in mind, the purpose of this article is to examine three recent SHRM-related publications from SCOPUS-indexed journals and talk about how they relate to SHRM theory and principles. Lastly, the writers will offer their personal assessment of the examined piece.

## **2. Review of Literature**

Current studies on strategic human resource management (SHRM) have focused a lot of emphasis on the general problems associated with managing people at the corporate level. This is a critique of earlier research that concentrated on HRM strategy and practises separately and in part from other business strategies and policies (Lepak and Snell, 2002). Because the environment is constantly changing, the methods used to explain the process of integrating a chosen strategy into human resource policy are evolving. In general, there are two ways in SHRM: inside-out approaches and outside-in approaches. The former concentrates on business challenges and analyses the external environment, including industry structure, competition, consumers, and other people's difficulties, as the foundation for human resource strategy management. The latter is designed to address issues that arise when an outside-in approach is unable to meet the demands and

difficulties of competing in a changing environment. The Resource Based View (RBV) theory, which outlines the process of integrating human resource strategy and policy, supports an alternate model called inside-out. Inside-out pays close attention to the current state of human resource management, meaning that a firm's internal capabilities and core competencies determine its strategic human resource management (Paauwe and Boselie, 2003). This is in line with the RBV approach, which emphasises the importance of a firm's capabilities and resources in order to achieve rents and sustainable competitive advantage (Barney, 1991; Wernerfelt, 1984). The most crucial element for a corporation or organization to manage its operations is its human resources (HR) department. An organization's members must work towards a common objective (Niati et al., 2021). Development is an improvement-oriented shift. In order to achieve improvements, all available human resources and motivation must be mobilised (Shah et al., 2020). The process of adapting an organization's human resources to a new setting in order to better prepare them for a future role in accomplishing organizational goals is known as human resource development (Werdhiastutie et al., 2020). In order to manage human capital that is influenced by or influences business strategy, organizational variables, and economical-social aspects, an organization must implement an integrated cluster of practises, policies, and strategies known as SHRM. 2008 saw Mulla and Premarajan. In addition to being a source of the company's competitive advantage, SHRM has been utilised as a framework to examine the relationship between human resource strategy and performance (Rose and Kumar, 2006; Wright et al., 2001). According to Becker and Huselid (2006), SHRM provides a general explanation of the relationship between HR architecture and performance. HR architecture is made up of systems, practises, competencies, and employee performance that is based on attitude and that highlights or reflects the ongoing management and development of human capital. Three primary methods are utilised to comprehend SHRM, according to Michie and Sheehan (2005): the configurationally approach, the contingency approach, and the universalistic approach. The universalistic approach, also referred to as best practise, holds that certain HR practises are universally applicable and superior to others, meaning that businesses that implement and utilise those practises would outperform their rivals (Rose and Kumar, 2006). Even with its widespread use, this strategy is frequently criticised. According to Mulla and Premarajan (2008), Brewster (1999) asserted that the universalistic approach is too simplistic in explaining how a human resource practise can be suitable and successful when implemented in a variety of industries, situations, and cultural contexts. In the meanwhile, the contingency strategy maintains that for a company to increase its business performance. It is imperative to provide coherence among the policies chosen for human resources, business strategy, and other organizational components to ensure that employee behaviour and the firm's purpose are in sync. Lastly, the configurationally method is not to be overlooked. This strategy mainly depends on the ability of the company to produce human resources as a planned system or pattern (planned human resource), which arranges all activities in order to achieve the vertical consistency (external consistency) and horizontal consistency (internal consistency) that would lead to business performance.

### **3. Research Method**

This study includes a literature review and is descriptive and qualitative in nature. The goal of this qualitative study is to investigate current issues, in this case, the implementation of SHRM in an organization. The findings of numerous research articles pertaining to SHRM were examined as primary data sources in the literature reviews conducted for this study. Journal publications made up the type of articles under study. The publish and perish tool, which is the most comprehensive index for looking up worldwide articles and offers a simple search with adjustable time intervals, is used to do literacy searches in the Scopus database using the SHRM keyword. From the results of this publication index search, the author then selected 3 journal articles and examined whether there were differences or similarities from the published articles that researched and discussed SHRM in an organization.

### **4. Results and Discussion**

This concise overview of the literature examines SHRM research from a variety of angles. We are able to draw three conclusions about commonalities in the SHRM research by comparing the data that have been summarised above. Wright and Ulrich (2017) produced the first paper, which gave a general overview of the discipline of strategic human resources management (SHRM) by outlining its history, outlining its current situation, and forecasting its future course. According to Wright and Ulrich (2017), in the late 1970s, researchers realised that HR operations needed to be in line with business objectives. This realisation sparked the creation of SHRM and the start of research in the area. Researchers' finding that there is a connection between HR practises and business performance was a milestone in the field of SHRM. As a result, a growing corpus of empirical research has shown that effective HR practises improve an organization's financial performance. Nevertheless, others have contended that this relationship is not always there. Consequently, the authors discover that SHRM started to develop as a means of coordinating HR initiatives with business requirements in order to improve business performance. Wright and Ulrich (2017) have recognised the most

widely used theoretical models of SHRM at the moment, which are the human capital theory, social exchange theory, and the resource-based perspective (RBV). According to their findings, studies on the connection between HR practises and business performance are still ongoing, but the focus now is on the mediating mechanisms that influence this relationship. Wright and Ulrich (2017) also discovered that while there is a correlation between HR practises and organizational performance, the specific practises that are responsible for this relationship have not yet been identified by academics. Little evidence of the effect of conformity on organizational performance was discovered by the researchers, who examined the concepts of flexibility and conformity. Nonetheless, experts have studied flexibility extensively and discovered that an organization that solely invests in it will prosper during transitional periods. Lastly, the paper's authors offered recommendations for additional SHRM study. Wright and Ulrich (2017) advise utilising a variety of data sources, assessors, and endogenous variable control to improve the study's dependability. Furthermore, they suggest researching SHRM in a global setting, identifying particular traits of human capital that influence business success, fusing strategic and SHRM research, and enhancing the relationship with real university research (Wright and Ulrich, 2017). The goal of putting these suggestions into practise is to help practitioners manage human resources effectively and to offer research useful implications.

The context of SHRM and performance is the focus of the second piece. Seibel (2018) sought to highlight the distinctions and parallels between research from the three main economies—China, Europe, and the United States. By comparing these three clusters, the author is able to draw the conclusion that European and then Chinese organization's adopted the American human resource management (HRM) paradigm through a process known as mimetic isomorphism. Furthermore, the bulk of research has demonstrated that specific HR practises improve organizational success. Their conclusions demonstrated that Chinese organization's are now copying US and European HRM, as European organizations adopted HRM configurations and the idea that HR should play a more strategic role from US organizations. There is strong empirical support for the HR function's ability to directly provide value and enhance organizational performance across all summarised research. Furthermore, the researchers evaluated previous research to assess the efficacy of strategic HRM and contrasted Chinese and Western HR roles. It is reasonable to conclude that, in comparison to Western organizations, Chinese organizations employ the most effective people configurations given the pseudo-symorphic process. Reviews corroborate the hypothesis that China's HR functions are developing more quickly because to the subsidiaries of Western multinational corporations.

The third item under consideration covered the topics of human capital and competitive advantage as they apply to SHRM. To show how RBVs are treated differently in the literatures on strategic human capital and SHRM, Delery and Roumpi examined the conceptual logic of the relationship between HRM practises and business outcomes. Then, contrary to what the majority of studies on human capital strategy have acknowledged, we suggest a conceptual model that demonstrates that HRM practise is not the straightforward lever that allows businesses to generate lasting competitive advantage. Rather, we contend that HRM practises can support a business's long-term competitive advantage by improving worker capacities, offering possibilities and motivation, and figuring out how to control supply and demand mobility limitations.

The authors of the reviewed articles used the same research methods. Wright and Ulrich (2017) presented an extensive review of the literature related to the SHRM topic to describe the emergence of SHRM and the current state of research in the field, identifying research gaps and make recommendations for future research. Delery and Roumpi (2017) also completed a literature review, with human capital and competitive advantage. Their choice is justified since their purpose was to analyze the most influential articles, the findings of which constituted the basis for other research in this field. Seibel (2018) also used the same research methodology, even though he more focused on Strategic human resource management and its impact on performance. Overall, all the authors used research methodologies that were appropriate for the purposes of their work. The articles under review fit well into the background established by other research devoted to the topic of SHRM. One of the core principles of SHRM is regarding employees not as human resources but as qualities and capacities that can become an organization's source of competitive advantage (Leopold and Harris, 2009). These employees' capacities, which include knowledge, skills, talents, and abilities, are commonly referred to as human capital (Boon, et al., 2017). According to the resource-based view, human capital can be a source of competitive advantage if it provides "valuable, rare, inimitable, and no substitutable resources" (Jiang and Messersmith, 2017). In this regard, Wright and Ulrich (2017) mentioned two types of human capital: general and specific human capital. General human capital includes such characteristics as health and education, and, since these attributes are valuable for all firms and portable, they cannot be a source of competitive advantage (Wright and Ulrich, 2017). Only specific human capital consisting of skills and knowledge applicable within a particular organization contribute to a firm's competitiveness (Wright and Ulrich, 2017). HR managers should keep it in mind while creating training and development HR practices. While human capital serves as a major source of competitive advantage, it should be remembered that it is provided by people whose life consists not solely of work and who do not like to be managed. Managing human resources is problematic because all people have various identities, tend to defend their interests, and

go to work to use an organization for their purposes just as it uses them (Leopold and Harris, 2009). Delery and Roumpi (2017) discussed the outcomes of this problem in their article. According to these researchers, a firm's competitive advantage is contingent on the combination between HRM practices and human capital resources. As a result, the adoption systems of HRM practices appropriate for their particular competitive environment: it is the HRM practices that can influence the characteristics of a firm's human capital resources and determine the extent to which these resources will be effectively combined with other resources and ultimately used to achieve the strategic goals of the firm. The role of HRM systems, however, does not end there. HRM systems are also key in turning competitive advantage into sustainable competitive advantage by influencing the workings of labor markets. The authors of the reviewed articles emphasized the importance of considering the context in the process of developing HR strategies. Wright and Ulrich (2017) paid particular attention to the importance of contextual factors for HR strategies in international organizations. Thus, it may be concluded that the choice of HR strategies and practices is a challenging process requiring the consideration of many factors that determine the organizational environment. One more significant point regarding the development of HR practices is their vertical and horizontal alignment. HR practices should fit into the organization's business situation and managerial debate, and, at the same time, they should align with each other without inconsistencies (Leopold and Harris, 2009). Wright and Ulrich (2017) referred to the same concepts as vertical fit and horizontal fit, respectively. The authors of the reviewed articles used different approaches to treating the topic of SHRM. Wright and Ulrich (2017) provided an overview of how the field of SHRM developed over time and gave a summary of its major theories and concepts, such as the RBV, SET, and human capital theories, as well as the concepts of vertical and horizontal fit and flexibility. Seibel (2018) criticized SHRM research for placing too much emphasis on organizational performance and comparing only three groups namely the US human resource management (HRM) model adopted by Europe and China through mimetic isomorphism mechanisms. Finally, Delery and Roumpi (2017) focused their attention on discussed the firm's competitive advantage is contingent on the combination between HRM practices and human capital resources. The definitions of key SHRM concepts and theories are consistent throughout the three studies.

## 5. Conclusion

In summary, the purpose of SHRM is to provide consistency in HR practises and to match them with the strategic goals of the organisation. Scholars frequently employ a variety of theoretical frameworks, such as the resource-based view (RBV), social exchange theory (SET), and human capital theories, to establish links between SHRM and competitive advantage, firm performance, and human capital. Although the examined studies take varied approaches to the subject of SHRM, they all point out research gaps in SHRM and emphasise the significance of coordinating HR practises both horizontally and vertically.

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