

Extension Material 3.1

So, what does this all mean?

In trying to make sense of what we have considered so far in Chapter 3, which is essentially trying to make sense of what being strategic means and how HR has progressed, or is expected to progress, to being a strategic business function, the following points need to be made:

1. Despite numerous books and articles about strategic HR and on what being strategic means, there is a worrying lack of consensus on what this actually means and involves. Different organizations and stakeholders are likely to have different views on what is considered strategic.
2. Being strategic is not a simple and straightforward notion, although it is often represented as being unproblematic. This is both misleading and wrong! Sullivan (2005) argues that the need to move beyond words and adopt a new language to become strategic involves making challenging and difficult changes. He believes that:

even though strategic actions have great impacts, they also have high risks and high failure rates . . . becoming strategic is hard to do.

(2005: 7)

It follows from this that strategic failure is potentially much more costly to the organization than administrative or operational limitations and weaknesses. A combination of difficulty and risk associated with trying to be strategic can lead to some HR departments deciding to play safe and remain in 'their comfort zones', or senior executives deciding that they lack a strategic vision, mindset, and competences, and that they need to remain a largely administrative and operational function.

3. HR will fail to become a strategic contributor unless its leaders first understand what being strategic means for their organization and acquire a strategic mindset that helps them to think strategically.

Rarely is the transition towards a more strategic position not associated with change—at the level of the individual department or organization and potentially both. The consensus in the literature seems to be that for HR's activities and contributions to be seen as strategic by other stakeholders, they need to impact at the level of the business or organization through the creation of key capabilities, such as flexibility, the ability to learn, creativity, and problem solving. Ulrich and Brockbank (2005) make this point, quoting the HR strategy developed by Motorola:

The strategy recognized that HR's primary deliverable is organizational capability and that the most central aspect of organizational capability is organizational culture; the collective mindset of the company.

(2005: 150)

For them, strategic change involves changes, not in just one aspect of the work that people do or how they do it but in the organization's collective mindset—its culture.

4. The outcome of HR initiatives and practices should not simply meet the specific objectives and targets set for them, such as a certain amount invested in training and development programmes, a particular percentage of appraisals completed on time, or the development of new competency frameworks. Rather, it should have a distinctive and measurable impact on the way goods and services are produced: on such things as levels of labour productivity, degree of labour flexibility, the ratio of employment costs to total costs, and then finally through these intermediate outcomes, impact on 'bottom line' measures. We can conceptualize this through the idea of a *strategic pathway* along which HR needs to progress to deliver strategically important contributions (see Figure 3.7).
5. Being strategic might be more usefully considered a relative rather than an absolute concept. This means that what is considered strategic in one organization and in a specific context might be defined differently by other organizations in different contexts. What is strategic HR for some could well be operational for others. For

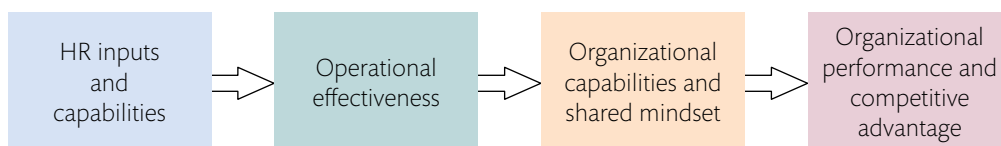


Figure 3.7 Diagrammatic representation of the strategic pathway

example, in an SME, filling a key post with a well-qualified applicant can have a strategic impact on the organization through the expertise and experience the new manager brings. In larger organizations, such HR contributions would not be seen as strategic.

Conceptually, it's important to make the distinction between individuals acting, or having the intention to act, strategically, and the HR function claiming to be, or being recognized as, being strategic in the way it operates. To avoid reifying the HR function we need to recognize that only people can act, contribute, and behave—what HR 'does' is shorthand for what human agents do, don't do, or do differently. But it also needs to be remembered that HR 'actors' exist in different locations and levels within the organization. As was pointed out in Chapter 2, the HR function is not the same as the HR department. This means that strategic HR contributions can come from outside of the HR department and often do (Fowler-Guzzardo, 2010).

6. Perception is often the key to arriving at a conclusion as to whether HR, either at the individual or functional level, is strategic or not. This means that the question is one that has a subjective dimension. On the other hand, to avoid relying entirely on what people 'think', the notion of HR being strategic is often associated with more objective measures, either financial, economic, or performance-based, which seek to establish quantifiable changes in key performance indicators at the organization or key subunit level.



REFERENCES

Fowler-Guzzardo, E. M. (2010) 'Strategic HR: Outsource yourself?', *Cornell HR Review*, 28 April.
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Ulrich, D. and Brockband, W. (2005) *The HR Value Proposition*, Harvard Business School Press.