

Learn and Study, How to Integrating Business Strategy with Human Resource Strategy?

Strategy – is a plan or pattern that integrates an organisation's major goals, policies and action into a cohesive whole. **Integrating Business Strategy with HR Strategy! PDF, PDF Reader, and Free Download.** By drawing from strategic management literature, Bhatia (2007) looks at strategy in terms of a statement of the direction in which an organization wants to go and what it wants to become. **Also Learned, [Why Change to HRM?](#) How to Integrating Business Strategy with Human Resource Strategy?**

However, human resources must shape this direction. Therefore, as organisations become strategic, the same strategic decisions on managing people become necessary. Strategic decisions are decisions that determine the overall direction of the organisation. Fombrun *et al.* (1984) regards strategy as a process through which the basic mission and objectives of the organisation are set, and the process through which the organisation uses its resources to achieve its objectives.

Other scholars relate strategy to a competitive advantage. For example, Miller (1989) defines strategy as encompassing those decisions and actions that concern the management of employees at all levels in the business and that are directed towards creating and sustaining a competitive advantage. Human strategies like production, financial, marketing and others should be integrated with business strategy in order to establish operational linkages. Although strategic integration between business strategy and human resource strategy is desirable, it has not been an easy task.

Indeed, American and British firms have experienced disjointed and at many times side-lined human resource strategies in the overall organisational management process. In assessing the utility of strategic fit to the performance of the organisation and the overall improvement of human resource management functions, Green *et al.* (2006) concludes that the organisations that vertically aligns and horizontally integrates human resource functions and practices, perform better and produce more committed and satisfied staff than is the case with the organisations which do the opposite. Vertical alignment refers to the alignment of human resource practices to the organisational context in order to support specific organisational objectives.

Characteristics of vertical alignment include:

- The top management incorporating human resource plans, requirements and activities during the establishment of the organisation's direction,
- Top level managers being trained to integrate all levels of the organisation's management hierarchy and functional departments into the organisation decision making process and
- The human resource department being fully integrated into the strategic planning process.

Horizontal integration is the degree to which specific human resource practices are orchestrated in a coherent and consistent manner to support one another in the best way possible and to integrate with other departments.

The following are the characteristics of horizontal integration.

- The human resource department works hard to maintain corporate partnership with individual managers,
- The human resource department regularly checks with other departments to identify organisational training needs and
- The human resource department supports departmental managers in carrying out critical human resource management functions as part of their core functions and activities.

Therefore, the corporate strategy should set the agenda for human resource strategy in the following key areas:

Mission:

This concerns setting the future of the organisation. What will the organisation be like, serving which purposes and to what extent? This will provide some indicators on the quantity and quality of staff that will be required to effectively transform the functioning of the organisation to that level. This will form the basis of the human resource mission.

Organisational culture:

Organisational culture could mean different things to different people because it depends on individual interpretation. We do not see the world around us in the same way and hence our interpretations of reality are different. An organisation's culture develops itself over a long time. Handy (1993) describes an organisation culture as deep seated beliefs, values, norms, attitudes about the way work should be organised, authority exercised, people be managed, degree of informalisation, obedience by subordinates, punctuality, adherence to rules and regulations etc. This framework is useful guidance in the process of developing human resource policies, regulations, and procedures in order to avoid possible contradictions between the established organisational culture and people management at lower levels.

Human resourcing:

The process of human resource acquisition will depend on business strategy. For example, if new production lines are to be installed in three years' time, there is no doubt that new skills will be required. Plans have to be made including training and recruitment so that there are qualified staff of the right size to manage the new production line. The same will apply to service provision whether in the private or public sector organisations.

Commitment:

As we noted in the first chapter, commitment to the organisation cannot start at the bottom of the ladder. Employees have to see, feel, and believe that the top management is committed to making the organisation the best place for them to work. Business strategies have to indicate that top management commitment in order to create enabling environment for human resource management strategies.

Productivity:

Productivity is an indicator of how best resources are utilised in the organisation. Business strategy has to set out performance targets, standards and measurements. This will form the basis for developing strategies for acquiring the right skills, numbers and performance management as well as reward systems.

Employee relations:

The relationship between the employee and the management as well as the relationships between employees themselves also depends on business strategy. For example, if a business's future is not promising, it will certainly affect working relationships. Strategies have to be developed in order to avoid grievance and disputes that could become very costly to the organisation. Such strategies could include work-sharing arrangements, introducing work shifts, voluntary retirement, part time job arrangements and similar action.
