

# Introduction

The first part of this book deals with the concept of strategic human resource management (SHRM) which is defined as the process of making decisions on the intentions of the organization concerning people. SHRM focuses on the need to ensure that the organization's goals are achieved through its human resources by means of the integration of HR strategies with the business strategy and with each other. It is based on the fundamental proposition that the human resources of an organization play a strategic role in its success.

SHRM is based on a number of theories supported by research that explain and justify the process of adopting a strategic approach to HRM. It is a construct in the sense of a subjective theory containing various conceptual elements. It provides an insight into the process of HR strategy formulation in organizations and the factors that affect it. As such the concept of SHRM is something that HR or people professionals, indeed anyone who manages people, need to know about.

## A revised approach

However, a case can be made for adopting a revised approach to SHRM. This could be described under the heading of 'people management'. Increasingly, we have People Directors or Heads of People Management rather than HR Directors or Heads of HR. This change to 'people management' could be justified simply on the grounds that 'human resources' conveys the wrong message – that employees are factors of production who exist to be exploited by the business. It is interesting to note that the extensive New Profession Map produced by the Chartered Institute of Personnel and Development (CIPD) in 2018 refers throughout to 'the people profession' and mentions HR only once in passing. There is no reference at all to strategic HRM. The conclusion reached by the Institute for Employment Studies based on their case study research into SHRM (Brown, Hirsh and Reilly, 2019: 43) was that: 'We hope the term People Management leads to the wider use of the term People Strategy to cover the big picture of employment and workforce management.'

But there is more to this than simply a name change. There are deficiencies in the ways in which HRM is practised which need to be corrected. They have been pointed out by a number of commentators, including British writers such as Armstrong and Brown (2018), Delbridge and Keenoy (2010), Dundon, Cullinane and Wilkinson (2017), Dundon and Rafferty (2018), Guest (2017), Marchington (2008, 2015), Paauwe, Wright and Guest (2013), Sparrow (2017) and Thompson and Harley (2007). Doubts have also been expressed by American academics on how SHRM has evolved – Beer (2015), Beer, Boselie and Brewster (2015), Cascio (2015), Delery and Roumpi (2017) and Kaufman (2015). The thrust of all these criticisms has been that HRM as originally conceived has lost its way. Instead of adopting a multi-stakeholder approach as advocated by Michael Beer and his colleagues in 1984 in their seminal book on HRM, businesses are preoccupied with the interests of only one of the stakeholders – the owners or shareholders, what Marchington refers to as a ‘vertical approach’.

However, this proposal is for a new approach not a radical change. The fundamental notion of SHRM – the focus on the achievement of strategic fit – is still relevant. The underpinning concepts of SHRM – the resource-based view, the behavioural perspective and AMO (Abilities, Motivation and Opportunities) theory – are still important. The elements of a people management system are still those present in an HR system. It is the way in which these elements are applied that needs to be amended, not the elements themselves. The proposed change is to build on the foundation provided by the SHRM concept, not to replace it.

## Plan of the book

The book begins with an analysis of the two elements that combine to create SHRM: human resource management and strategic management. This is in line with the view expressed by Allen and Wright (2007: 88) that SHRM ‘represents an intersection of the strategic management and human resource management (HRM) literatures’. A description of the concept of SHRM follows. In the next chapter the ways in which SHRM has evolved since its initiation in the 1980s are reviewed. This review covers the main features of SHRM, namely the emphasis on strategic fit, the choice between best practice and best fit, and its underpinning concepts and theories: the resource-based view, the human capital and behavioural perspectives and stakeholder theory. In the final chapter of this part it is suggested that while, conceptually,

SHRM has much to offer, it is more of an academic construct than a description of what practitioners actually do and its approach needs to change.

The second part of the book explains how change can take place under the heading of people management. It begins with a definition of what is meant by this term. It continues with descriptions of the nature and practice of people strategy and how people strategies are developed and implemented. It concludes with an analysis of the strategic role of people professionals.

The third part covers the ways in which people strategies are developed in 16 key areas of people management.

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