

People and Process oriented role of Strategic HRM in selected firm – A Study

Lt. Dr Lakshmi.T

M.Com, MBA, M.Phil, PGDMM, LLB, Ph.D

Assistant Professor & NCC Officer

Maharani Women's Arts, Commerce and Management College

Bangalore -560 001

E-mail Id: drlakshmit13@gmail.com

Introduction

The increased globalization of businesses necessitated the linking of HR policies, programmes, and practices with corporate policies and programs gave rise to the emergence of the discipline strategic human resource management. It is based on the premise that firms can be more effective if their human resources are managed with human resource policies and practices that deliver the right number of people with the appropriate behaviors, the needed competencies and the feasible levels of motivation to the organization.

Today, based on the accumulated evidence, the academics and professionals can claim that systematic co-ordination of human resource policies and practices based upon the needs of the firm can result in such outcomes as improved employee satisfaction, customer satisfaction, profitability, environmental and social impact, strategic partner relationship and organizational survival. These outcomes are achieved by the practice of strategic human resource management on the basis of partnerships. Making the partnerships of HR and corporate endeavors concrete and real is more challenging and complex because strategic human resource management is practiced in firms operating across several countries of the world. The multinational companies are stretching out all over the world, therefore the practice of formulating and implementing strategy is considerably more complex. Thus, linking of human resource management policies and practices is also challenging and complex.

Of late, human resource professionals are being challenged to learn more about the business, its strategy, its environment, its customers, and its competitors. They are also being challenged to manage the process of change that organizations are going through. Under the circumstances, human resource professionals are demonstrating to others that they can add significant economic value to the organization and that they are producing

competitive advantage for the firm. In doing so, they are significantly transforming their human resource departments.

The human resource professionals create organizational structures such as centers for excellence and service centers to achieve competitive advantage. They are also reducing the size of their operations through outsourcing some of their traditional activities and focusing only on their core competencies. The discipline strategic human resource management is imbued with great amount of excitement and energy, both for professional and academics.⁸

Strategic Human Resource Management – Defined

There are innumerable definitions of strategic human resource management in the literature. SHRM has been summarized to capture the following meaning. First, it relates to the development of planning systems, which permit the connection of HR practices with the workforce forecast and business plans. Second the match of human resource policies and practices to business strategy is emphasized in SHRM, since HRM practices and systems could facilitate appropriate employee behaviors to gear the achievement of organizational goals.

Third, SHRM represents a coherent approach to design and manage personnel based on employment policy and manpower strategy of the firm, and is often underpinned by an HR “philosophy”. With an HR philosophy integrated with corporate culture, the development of HRM practices is coherent with the set of management attitude and values, but not simply governed by the environment changes. Finally, in SHRM, people are regarded as the „strategic resources“ of the organization and the role of HRM in achieving competitive advantages is also recognized.

- Hendry and Pettigrew's (1986)

Added that HRM and SHRM could be differentiated from each other by the role and organizational level they are focusing on. While line managers are downplayed in

traditional HRM, they are main actors in strategy making is SHRM, with HR managers playing only a supportive role. Whereas traditional HRM function is fulfilled by middle-level personnel specialists, SHRM relates to strategic decisions and resources allocations, and is therefore, usually formulated at the top

- **Dyer and Holder (1988)**

Guest (1989)¹³ emphasizes the nature of strategic human resource management as the integration of human resource practices and firm strategy in both policy levels and across different hierarchical levels to facilitate the achievement of organizational goals.

SHRM is all those activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of the business

-**Schuler .R.S (1992)**

Strategic human resource management is the pattern of planned human resource developments and activities intended to enable an organization to achieve its goals.

- **Patrick M. Wright and Gary C. McMahan (1992)**

NATURE OF SHRM

The past decades witnessed an increasing interest of management scholars in strategic human resource management. A number of theoretical and empirical studies emerged in the field of strategic human resource management, and there is a consensus among practitioners and scholars that people are valuable resources for business success, and can be the source of sustainable competitive advantage of the firms. In the following paragraphs, the thesis best captures the nature of strategic human resource management.

Strategic human resource management is broadly defined as the pattern of planned human resource activities and policies for effectively deploying and utilizing human resources for the attainment of organizational goals. By linking human resource practices with business strategy, SHRM covers a series of internally consistent and strategy with compatible HR practices.¹⁴ It is voiced that firms engaging in strategic human resource management usually outperformed the firms that do not have SHRM.

SCOPE OF SHRM

Strategic human resource management ensures that human resource management is fully integrated with the strategy and the strategic needs of the organization. Human resource policies cohere both policy domain and across different levels of management. Human resource architecture of the firm that is a judicious mix of structure, systems, rewards, processes, people, styles, skills, and shared values results in above average economic performance. HR architecture sub-components reflect the development and management of the firm's human resources. Further, HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

OBJECTIVES OF SHRM

Strategic human resource management is a relatively new field, which commits itself to examining the effectiveness of human resource practices on the holistic performance of firms. At present SHRM has developed as an independent field in management. The conspicuous objectives of strategic human resource management areas follow.³⁴

SHRM is a strategic management of human resources in accordance with the intentions of the organization on the future directions it wants to take.

- In SHRM, HR practices are used to control, motivate, and reinforce desired behaviors consistent with business strategy.
- Under SHRM, the management in consultation with the HR professionals of the firm selects individuals with competencies; develop those behaviors needed to produce high job performance and productivity for the business strategy.
- One of the objectives of SHRM is to establish the relationship between business strategy, HR practices and human capital. These are linked to a sustainable competitive advantage.
- SHRM measures the contributions of employees and reward accordingly. For this purpose, HR practices must motivate and retain skills needed for business strategy.

ORIGIN AND GROWTH OF SHRM

Strategic human resource management is a distinct philosophy and a new field which appears in recent decades in management study domain. It bridges across both the field

of human resource management and the field of strategic management. In the 1970s, firms were familiar with the concept of human resource management (HRM). The traditional HRM function covered the functions such as recruitment, selection, performance appraisal, training and development, compensation management and so on. The emphasis was on people only but ignored the connection of these HR functions with the strategy of the organization. It also ignored the treatment of human resource in perspective of strategy and that led to the lack of fitness and elasticity between the human resource management and the organization strategy.

SHRM IN INDIA

As global business competition shifts from efficiency to innovation and from enlargement of business to creation of value, management needs to be oriented towards the strategic use of human resources. Strategic human resource management practices increase employee productivity and the ability of firms to achieve their mission. Integrating the use of HR practices in strategic planning process enables an organization to better achieve its goals and objectives in future to manage the operations effectively, it is essential that companies produce business leaders and innovators through SHRM approach. India is a powerful force in today's global market place. The enlightened companies in India understood the crucial role of adoption of innovation in strategic human resource management.

Objectives

1. To study the nature and nuances of strategic human resource management in sample companies;
2. To examine the people and process-oriented role of strategic human resource management in select firms;

Review of Literature

Stock man (1999) in his article portrays one organization that has effectively re-designed its HR function to assume all four strategic HR roles. Mercantile Bank, headquartered in St. Louis, is a multi-bank holding company, 131 billion dollars in assets and more than 10,000 employees. The bank strategically re-designed its HR functions during 1990s, when it went through mergers and acquisitions. Consequently,

Mercantile's HR function is able to assume the roles of strategic partners, change agent, administrative expert, and employee champion simultaneously.

Fox A (2003) postulates a strategic partner role of HR in regard to US based Wells Fargo Bank. It has 185 branches, more than 3000 employees and does more than 20 billion dollar business annually. In such a large organization, HR had performed many of its traditional administrative roles. To become more competitive, Wells Fargo saw the need to move to a more strategic approach to human resource management. Line managers needed specific HR solutions to help them to improve their operation to impact the bottom line. The end result was that the re-organization has allowed managers to reach their strategic and business goals by moving HR closer to line managers and creating value added processes.

Dave Ulrich and Dale Lake (2000) in their book emphasized the fact that to create value and deliver results, HR professionals must begin not by focusing on the activities or work of HR but by defining the deliverables of that work. For this, HR professionals must perform four roles. They are strategic partner, administrative expert, employee champion and change agent roles. The authors gave a framework to perform all these four roles. HR professionals must learn to be both strategic and operational, focusing on long term and short term. The authors expounded that the HR manager must consider that three issues: the deliverables that constitute the outcome of the role, the characteristics accompanying the role and the activities the HR professionals must perform to fulfill their role.

Gary Hamel and C K Prahalad (1994) say that to be effective as administrative experts, HR professionals need to undertake activities leading to continual re-engineering of the work process they administer. In many firms, this re-engineering of HR processes has led to a new HR organizational form called shared services through which HR administrative services are based across company divisions while maintaining service quality for their users.

James Heskett (2006) in his article enumerates the challenges of becoming HR professional in a strategic partner. Becoming a strategic partner requires both fortitude and discipline. Some HR divisions inserted phrases such as strategic partner in their

mission statements, hoping that the words alone would make it happen. Unfortunately hopes without understanding create more cynicism than change. To become a strategic partner requires overcoming five challenges: those are, avoiding strategic plans on top shelf, creating a balance scorecard, aligning HR plan to Business plan, watching out for quick fixes and creating a capability focus within the firm.

Dave Ulrich (2001) observed that the challenges for HR professionals acting as employee champions are many and complex as work today is more demanding than ever before- employees are continually being asked to do more, often with fewer resources. As firms move away from offering career or even employment security, employees find themselves rethinking their contribution and commitment to the firm. If firms withdraw the old employment contract, which was based on security and promotability, and replace it with faint hopes of trust, employees will return in kind. Their relationship to the firm becomes transactional: they give their time but do not contribute to their fullest efforts.

Daniel Z. Ding and Syeds Akhtar (2001) in their research work on the topic entitled "The Organizational choice of human resource management practice: a study of Chinese enterprises in three cities in the People's Republic of China (PRC)" examined the effects of an organization's contextual variables on the choice of human resource management practices to secure, nurture, reward and retain managerial employees. The contextual variables included organizational characteristics (ownership, age and size), on the one hand and its competitive strategies (innovation, quality and cost) and the strategic role of the human resource function, on the other. Using structural equation analysis, they examined both the direct and indirect effects of the contextual variables on HRM practices. The indirect effects were measured through the strategic role of the human resource function. Results indicated that ownership and the strategic role of the human resource function were key variables in explaining an organization's choice of HRM practices.

Craig Schneier (1995) in his article looks at human resource management (HRM) and in the context of Mexican literature. The paper also examines the Thatcherite approach, with regard to declining international competitiveness, in seeking labour market reforms

to try and re-align competitiveness from Asian economies. The author further contends that labour market flexibility (LMF) and strategic human resource management (SHRM) have strategic roles in off-setting employers' attempts to discard traditional means of collective labour market regulations.

Research Gap

Business firms must know the relationship between investments in HR and the line managers and HR professionals must be able to better link investments in HR and Business Performance. Why do investments in HR lead to business performance? Because, investment in HR provide the required capabilities and that create an organization's unique ability to turn strategy into result. How do investments in HR lead to business performance? It is by focusing or bundling HR investments on capability which in turn allow strategies to lead to results.

HR department need to act in partnership with other departments for networking. In some instances HR function can be outsourced because that will add value to firm's businesses by increasing the value of the human resources that they locate for their clients.

STATEMENT OF THE PROBLEM

Strategic human resource management (SHRM) is considered to be a source of competitive advantage for a firm (Wright, Dunford & Snell, 2001). However, few studies have investigated how and why SHRM may create an advantage in a competitive environment identifying the capabilities or mechanism by which SHRM promotes firm performance is worthwhile (Becker & Huselid, 1999).

Furthermore, literature tends to examine rank-and-file SHRM systems and ignore the significant effects that an executive-focused SHRM system may exert on firm outcome (Lepak & Snell, 1999)⁴⁴. In contrast to organization-wide SHRM systems, executive SHRM systems are directly related to strategic decision makers and thus may produce relatively extensive effects on firm strategic and financial results (Collins & Clark, 2003; Martell & Carroll, 1995). The investigation of an executive SHRM system therefore becomes imperative.

LIMITATIONS OF THE STUDY

The study has been beset with the following shortcomings.

- The study is Indian context based of Fortune-1000 companies
- The findings are based on the data supplied by the respondent groups on the topic.
- The results cannot be generalized because SHRM is firm-specific and context-specific,

Scope of the Study

Strategic human resource management, business strategy, tying HR strategy to business strategy, HR policies, HR practises, HR programmes, HR as a success factor, HR as a strategic factor, HR as a source for achieving sustainable competitive advantage, SHRM environment, HR architecture, HR system organizational capabilities, people capabilities, people strategy, human behavior, SHRM normative models, empirical model, and theoretical are all included in the study's scope.

Hypotheses

The study revolves around seven hypotheses based on the review of literature, empirical data, pilot study, strategic human resource management models, and deliberations with luminaries in the field of strategic human resource management. The details are as follows

- H_0 : There is no relationship between external environment of SHRM and financial performance
- H_0 : There is no relationship between process-oriented role of HR and financial performance

METHODOLOGY

The study articulates what has happened and what is happening on the strategic human resource management front in advanced countries and developing countries including India. The time-tested SHRM Models and theories developed by renewed global HR

stalwarts such as Randall S. Schuler, McMahan, David Guest, Jeffrey A Mello, Hueslid, Dave Ulrich, McWilliams, Patrick Wright, and so on are the contributors of research variables, which form core of the study.

The well-structured questionnaire based on the strategic and sensitive variables was administered personally and also through e-mail survey mechanism called kwik-survey. The responses were processed, analyzed and interpreted to know the findings, draw the conclusion and offer constructive suggestions especially, the linkage of HR strategy with business strategy in Indian context. Therefore, the study is marked as a survey.

Sampling frame is covered in section A.

All well-known Indian Fortune 1000 companies.

ii. Sampling Technique

The study's respondents fall into three categories.

They are members of top and line management, HR specialists, and staff.

The top management authorities in charge of affairs must unavoidably be consulted in order to investigate and analyze the five objectives of the research programme regarding the relationship between HR strategy and business strategy on organizational effectiveness. For this reason, the sampling technique used to choose top and line management respondents is non-random judgmental sampling.

As a result, the non-probability judgmental sampling method was used in the study.

Sample size

Based on the sampling frame confining to the territory of India in regard to Fortune 1000 companies operating therein, 60 firms under various manufacturing and service industries category have been drawn. In order to arrive at the greater empirical data on the topic strategic human resource management, and for inferential analysis, a large sample size of 60 was considered. The characteristics of the sample necessarily reflect the characteristics of the sampling frame.

Data Collection

Secondary Data

The secondary information on the subject was gathered from widely respected HRM text books, empirical research papers, sample firm HR manuals, yearly reports, online information, published theses, dissertations, and highly regarded HR journals, magazines, bulletins, newspapers, and micro-films.

Primary Data

The study used a well-structured questionnaire, timetable, in-person interviews, and an email survey method called "kwik-survey" to collect primary data.

Results and Analysis

In today's competitive environment HR managers are playing the role of strategic business partners to guarantee their viability and ability. Only then, the HR will be able to contribute to the development of and the accomplishment of the organization wide business plan and objectives. HR professionals are playing the role of strategic partner. They become strategic partners when they participate in the process of defining business strategy, convert strategy into action and also align HR practices with business strategy. There are four roles, the modern HR professionals in multinational companies play; they are as strategic partner, administrative expert, employee champion, and change agent. The first two roles of strategic partner and administrative expert fall under "process-orientation". The employee champion and change agent roles are grouped under "people-orientation". Process-orientation refers to the performance of HR function and alignment process in relation to HR strategy with business strategy.

HR as Strategic Business Partner and Administrative Expert

HR as Strategic Business Partner and Administrative Expert	Top and Line Managers (N=60)					Mean Score	HR Professionals (N=60)					Mean Score	
	SA	A	N	D	SD		SA	A	N	D	SD		
HR has to play a more strategic role in that, the HR must have the knowledge of business operations	N	37	13	04	04	02	4.32	24	17	09	05	58	3.83
	%	61	22	07	07	03		40	29	15	08	08	
Strategic business partner role can be achieved effectively if HR director plays an active role having line management support	N	19	28	08	05	00	4.01	21	20	09	05	05	3.78
	%	32	47	13	08	00		35	33	15	08	08	
Our HR is playing a strategic business partner role because HR controls the direct labour cost, which firms quite a significant amount in total cost structure	N	12	31	09	06	02	3.75	16	25	06	08	05	3.65
	%	20	52	15	10	03		27	42	10	13	08	
Administrative expert role deals with management of firm infrastructure and HR professionals are required to designed and deliver efficient HR processes	N	23	20	06	07	04	3.85	20	22	06	07	05	3.75
	%	38	33	10	12	07		33	37	10	12	08	
By HR infrastructure refers to HR professionals constantly examining and improving the HR processes	N	15	27	09	07	02	3.77	21	20	09	05	05	3.78
	%	25	45	15	12	03		35	33	15	08	08	
It deals with building an efficient infrastructure (HR processes) and reengineering organization processes – “Shared Services”	N	21	25	04	03	07	3.83	16	25	06	08	05	3.65
	%	35	41	07	05	12		27	42	10	13	08	

(Source: Primary Data)

(Key: 5 = Strongly Agree; 4 = Agree; 3 = Neither Agree nor Disagree;

2 = Disagree; 1 = Strongly Disagree)

Analysis and Interpretation for the above table

▪ **HR as Strategic Business Partner Role**

SHRM is the process of recreating the HR function so as to enhance HR contribution to the business. It calls for a paradigm shift from the transactional and inward approach to a more market perspective related to firm performance. HR transformation deals with the issues of organizational renewal, change management, business success, business intelligence, culture, and behavioral change. Now, HR professionals are being called up to deliver.

HR has to play a more strategic role and therefore, HR professionals must have the knowledge of business operations. They have to play active role with the help of top and line management support. Further, they have to control the direct labour cost and increase HR efficiency leading to HR and organizational effectiveness. The mean scores for these parameters are 4.32, 4.01, and 3.75 respectively in the first category of respondents. Correspondingly, in respect of HR professionals, the scores are 3.83, 3.78, and 3.65 respectively.

The role of HR business partnering started off as a cost saving initiative, responding to a business directive. This led to the introduction of information technology driven HR services and revitalization of the whole of HR functions. The HR is driving the vision and strategy targets of the firms, hence, the HR role as strategic business partner.

▪ **HR as Administrative Expert**

The HR managers have to create and manage their firms' HR infrastructures in order to deliver the HR functions effectively and that forms the role of administrative expert. This statement was accepted by top management respondents with the mean score of 3.85 and HR professionals with the mean score of 3.75. HR professionals also constantly examine and improve HR processes; the mean scores are 3.77 and 3.78 respectively.

This indicates the consensus among the top management and HR professionals in regard to the second statement. As a cost cutting HR measure, and to create value

through re-engineering HR processes, the corporate top management shares the HR services through HR out sourcing for all its business units in different parts of world (see table 4.4).

Another important role played by HR professionals in sample companies is that of administrative expert wherein they create infrastructure to improve and balance the HR processes. Further, by re-engineering the HR processes, the routine HR functions are outsourced. The HR outsourcing caters to the needs of all business units of a particular corporate spread over the entire globe. This is the established paradigm for the sample companies.

○ **PEOPLE-ORIENTED ROLE OF HR**

The people-oriented role of HR manager is attending to the day-to-day problems and needs of employees. Enabling employees to contribute to increased commitment and therefore, HR professionals are called “employee champions. The commitment of employees enhances the intellectual capital and in turn contributes to firm’s financial results.

As a change agent, HR professionals can add value to a firm by managing transformation and change. Transformation calls for cultural change within the firm. HR professionals are instrumental and cultural catalysts in making employees committed and managing the change, therefore, these roles are grouped under “people-orientation”.

HR as Employee Champion and Change Agent

HR as Employee Champion and Change Agent	Top and Line Managers (N=60)					Mean Score	HR Professionals (N=60)					Mean Score	
	SA	A	N	D	SD		SA	A	N	D	SD		
In the role of employee champion, HR professionals are held accountable for ensuring that employees are fully engaged in and committed to the organization	N	30	19	07	04	00	4.25	18	22	09	07	04	3.71
	%	50	31	12	07	00		30	36	15	12	07	
Management of employee contributions	N	37	13	04	04	02	4.28	21	20	09	05	05	3.78
	%	61	22	07	07	03		35	34	15	08	08	
Increasing employee commitment and capability and listening and responding to employees – “Providing Resources to Employees”	N	23	18	07	07	05	3.78	16	25	06	08	05	3.65
	%	38	30	12	12	08		27	42	10	13	08	
HR manager should ensure that change initiatives are defined, developed, and delivered in a timely manner	N	18	23	10	07	02	3.80	18	22	09	07	04	3.71
	%	30	38	17	12	03		30	36	15	12	07	
Creating a renewed organization by managing transformation and change – “Ensuring capacity for Change”	N	21	25	04	03	07	3.83	21	20	09	05	05	3.78
	%	35	42	07	05	12		35	34	15	08	08	

(Source: Primary Data)

(Key: 5 = Strongly Agree; 4 = Agree; 3 = Neither Agree nor Disagree; 2 = Disagree; 1 = Strongly Disagree)

Analysis and Interpretation for the above Table

▪ **HR as Employee Champion**

It is the onus of the HR professionals to attend the day-to-day problems and needs of

the workforce and solve them on time. Thereafter, it is also the HR professionals thrust area that he or she should make workforce committed and engaged for the purpose of invaluable contributions. For these people-oriented tasks, HR professionals are called employee champions. HR professionals held accountable for employee commitment, engagement, and contributions. This is well received by top management with the mean scores response rate of 4.0 and above. As far as HR professionals are concerned the responses for the statements in the table-4.5 are 3.65 and above mean scores. In so far as providing resources to the employees the HR professionals for their commitment leading to enhancement of capabilities, the first category of respondents answered positively with mean score value of 3.78 and HR professional respondents with 3.65 values.

HR professional roles as employee champions ultimately culminates into financial results in the form of increased profitability, productivity, firm value, and market share, therefore, this role is branded as „HR deliverable“ (outcomes).

▪ **HR as ChangeAgent**

Change is the constant phenomenon in all spheres of human activities and also in the business and HRM activities. Any change results in change of policies, programmes, practices and parameters. As firms undergo transformation HR executives help the employees to let go of the past and embrace the new. As change agents HR professionals help organizations to identify a process for managing the change. The HR deliverables are in terms of employees“ capacity for change. The top and line management ensured the timely development of initiatives to address the changes (mean score 3.80), it is 3.71 for HR professionals. Ensuring capacity for change receive the mean score value of 3.83 and 3.78 respectively for both the categories of respondents.

The activities of change agents include identifying problems, building relationships of trust, solving problems, creating and fulfilling action plans. HR professionals who are agents make change happen.

Today human resource professionals have become leaders, who not only manage the HR functions but also collaborate with CEO and Board of Directors on a range of

strategic issues. They are the change masters, crafting workforce strategies with an eye on global trends. They also act as HR service delivery owners. They deliver HR functions in a cost effective way through a mix of self service operations and use of vendors(outsourcing).

HR professionals work directly with board on HR issues relating to risk management, business intelligence, and ethics. As strategic business partner, HR professionals have to manage people, identify skills required within the people in the organization, develop and supply quality executives, understand customers and customer profiles and their needs.

PROCESS-ORIENTED ROLE OF HR

HR as Strategic Business Partner and Administrative Expert

HR as Strategic Business Partner and Administrative Expert	Employees (N=360)					Mean Score	
	SA	A	N	D	SD		
HR has to play a more strategic role in that, the HR must have the knowledge of business operations	N	102	102	66	42	48	3.46
	%	28	28	18	14	14	
Strategic business partner role can be achieved effectively if HR director plays an active role having line management support	N	96	102	66	48	48	3.25
	%	27	28	18	13	13	
Our HR is playing a strategic business partner role because HR controls the direct labour	N	108	90	60	66	36	3.46
	%						

cost, which firms quite a significant amount in total cost structure	%	30	25	17	18	10	
Administrative expert role deals with management of firm infrastructure and HR professionals are required to designed and deliver efficient HR processes	N	84	120	60	54	42	3.41
	%	23	33	17	15	12	
By HR infrastructure refers to HR professionals constantly examining and improving the HR processes	N	96	114	54	54	42	3.46
	%	27	32	15	15	12	
It deals with building an efficient infrastructure (HR processes) and reengineering organization processes – “Shared Services”	N	84	114	54	48	60	3.31
	%	23	32	15	13	17	

(Source: Primary Data)

(Key: 5 = Strongly Agree; 4 = Agree; 3 = Neither Agree nor Disagree; 2 = Disagree; 1 = Strongly Disagree)

Analysis

It has been a well accepted phenomenon that the companies practicing strategic human resource management tenets must have HR professionals, to play the role as

strategic business partners. There is paradigm shift from traditional role of personnel management to administrative, to managerial, and to strategic. It means that the HR department is an integral part of corporate planning and therefore HR professionals play the role of strategic business partner and administrative expert role as process-oriented part of HR management. The employee respondents accepted the fact that HR role is strategic and accordingly have assigned values for which the mean scores crossed 3.25 and above (see table-4.24).

Interpretation

Now-a-days, HR has to play a more strategic role that is they must have the knowledge of business operations. They have to gel with line managers. The labour cost need to be managed and a proper HR infrastructure should be in place. These are the opinions put forth by employee respondent in regard to the role of HR professionals as strategic partners. As far as, the administrative role of HR managers are concerned they should avail HR Practices outsourcing services in order to bring about HRefficiency.

a. PEOPLE-ORIENTED ROLE OF HR
HR as Employee Champion and Change Agent

HR as Employee Champion and Change Agent		Employees(N=360)					Mean Score
		SA	A	N	D	SD	
1. In the role of employee champion, HR professionals are held accountable for ensuring that employees are fully engaged in and committed to the organization	N	90	120	48	66	36	3.41
	%	26	33	13	18	10	
2. Management of employee contributions	N	90	114	66	48	42	3.42
	%	25	32	18	13	12	
3. Increasing employee commitment and capability and listening and responding to employees – “Providing Resources to Employees”	N	78	108	60	66	48	3.28
	%	22	30	17	18	13	
4. HR manager should ensure that change initiatives are defined, developed, and delivered in a timely manner	N	90	102	72	36	60	3.35
	%	25	28	20	10	17	
5. Creating a renewed organization by managing transformation and change – “Ensuring capacity for Change”	N	96	114	60	54	36	3.50
	%	27	32	17	15	10	

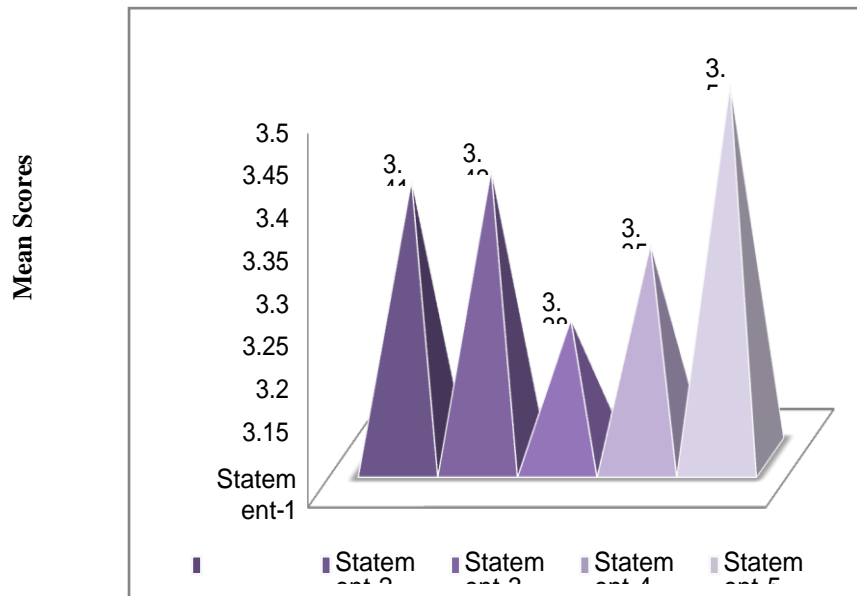
(Source: Primary Data)

(Key: 5 = Strongly Agree; 4 = Agree; 3 = Neither Agree nor Disagree; 2 = Disagree; 1 = Strongly Disagree)

Analysis

It is the responsibility of the HR professionals to induce and inspire employees for work commitment and thereby engage the employees for productivity and profitability. Employees have the capacity to bring about the quality changes in all spheres of business activities. The HR professionals must treat employees as strategic resources and to a great extent; the latter must be handled with democratic approach to reap best business results. The employee respondents have expressed these facts when asked about the role of HR as employee champion and change agent. The mean scores results are above 3.28(N=360).

HR as Employee Champion and Change Agent



Interpretation

HR playing the role of employee champion and change agent under people-orientation calls for greater understanding of employee needs and attending to their competency development in course of their stay with the company. As an employee champion the HR professional need to create a favorable and conducive environment wherein employees come forward to commit themselves. Employees are also to be transformed to meet to the new requirements by the process of changemanagement.

Hypotheses testing Results

The empirical data about external environment of strategic human resource management and financial performance of the sample Fortune companies have been gathered on Likert's five-point scale. The external environmental factors influencing the financial performance of the sample companies are political, Legal, technological, economic, socio-cultural, and global environmental factors. The financial performance factors are profitability, productivity, shareholder value creation and economic value added.

The causal relationship has been established between external environmental factors (5 items) and financial performance factors (4 items). To test the cohesiveness and veracity of the grouping items under independent external environmental factors and the dependent financial performance factors, Cronbach's alpha test was conducted and the respective values are indicated below in tables 6.1 and 6.2 respectively.

Cronbach's Alpha Values for External Environment under SHRM as per Top and Line Managers, HR Professionals and Employees

Independent Variable	Respondents	Cronbach's Alpha Values
External Environment of SHRM (5 items)	Top and Line Managers	0.901
	HR Professionals	0.913
	Employees	0.757

Cronbach's Alpha Values for Financial Performance under SHRM as per Top and Line Managers, HR professionals and Employees

Dependent Variable	Respondents	Cronbach's Alpha Values
Financial Performance (4 items)	Top and Line Managers	0.879
	HR Professionals	0.905
	Employees	0.879

(Source: Tables 5.18, 5.38, 5.58))

The cronbach's alpha value 0.7 and above indicates the high reliability of groupings of factors in both independent variable and dependent variable in hypothesis-1. This is the base data for the testing of causal relationship and hypothesis of external environmental factors influencing financial performance of the sample companies.

The regression coefficients for the said independent variable and dependent variable in the hypothesis are given in table6.3

Regression Coefficients and R-Square Values as per Top and Line Managers, HR professionals and Employees

Causal Relationship	Respondents	Values	
		Regression Coefficients	R
Between External Environment (IV) and Financial Performance (DV)	Top and Line Managers	0.015	0.724
	HR Professionals	0.033	0.830
	Employees	0.001	0.686

(Source: 5.7, 5.5, 5.25, 5.27, 5.45, 5.47)

At 5% level of significance, the regression coefficients values for the causal relationship between external environment and financial performance indicate high significance and the R-Square values of dependent variable on independent variable for all three categories of respondents show the maximum percentage and therefore, the null hypothesis (H₀) that there is no relationship between external environment and financial performance under the study was rejected. The alternative hypothesis (H₁) that is, there exists a positive and significant relationship between external environment and financial performance under strategic human resource management of the sample companies was evolved. Further, to corroborate the alternative hypothesis, Canonical correlation has been computed, the results are shown in table

Canonical Correlation Values as per

Top and Line Managers, HR professionals and Employees

Causal Relationship	Respondents	Canonical Factor Loadings	
		IV	DV
Between External Environment (IV) And Financial Performance (DV)	Top and Line Managers	0.235	0.712
	HR Professionals	0.262	0.863
	Employees	0.631	0.781

(Source: Tables : 5.19, 5.20, 5.39, 5.40, 5.59, 5.60))

Thus, the canonical dependent factor loadings on independent canonical factor loadings show the high degree of relationship between external environmental factors influence on the financial performance of the sample companies. It can be inferred that SHRM to a great extent is influenced by contextual and contingent factors, the fortune 1000 companies are operating in different countries of the world and therefore, they are influenced by country-specific political-legal, technological, economic, socio-cultural, and global factors. The value creation through integration of external environment with financial performance produces productivity, profitability and economic value addition for the firms.

Findings

□ There are four roles, the modern HR professionals in multi-national companies play; they are as strategic partner, administrative expert, employee champion, and change agent. The first two roles of strategic partner and administrative expert fall under “process-orientation”. The employee champion and change agent roles are grouped under “people-orientation”.

□ HR has to play a more strategic role and therefore, HR professionals must have the knowledge of business operations. They have to play an active role with the help of top and line management support. Further, they have to control the direct labour cost and increase HR efficiency leading to HR and organizationaleffectiveness.

□ As an administrative expert, HR professional has to create and manage firm's HR infrastructures in order to deliver the HR functions effectively. As a cost cutting HR measure, and to create value through re-engineering HR processes, the corporate top management shares the HR services through HR outsourcing for all its business units in different parts of world

□ Employees under the study indicated that the HR department is an integral part of corporate planning and therefore HR professionals play the role of strategic business partner and administrative expert role as process-oriented part of HR management

□ HR as employee champion need to attend the day-to-day problems and needs of the work-force, at the same time, he has to secure the commitment from the employees. The champion role eventually culminates into financial results in the form of increased profitability, productivity, firm value and market share. Hence, this role is branded as „HR deliverables“ (outcomes).

□ The activities of change agent role of HR professionals include identifying problems, building relationships of trust, solving problems, creating and fulfilling action plans. HR professionals who are agents make change happen.

□ HR professionals work directly with Board on HR issues relating to risk management, business intelligence, and ethics. As strategic business partner, HR professionals have to manage people, identify skills required within the people in the organization, develop and supply quality executives, understand customers and customer profiles and their needs.

□ The cross-correlation between dependent variable of firm performance (finance, customer, employee and social) and the independent variables of process-oriented role of HR which are positive and significant, the values ranged between 0.428 and 0.816 for three categories of respondents. The R-square value of multiple regressions ranged between 0.597 and 0.847. This result provides support for the said hypothesis

□ As far people-oriented role of HR professionals is concerned the cross-correlation between dependent variable of firm performance and independent variable of people-oriented role of HR showed the positive and significant relationships with the values ranging from 0.553 to 0.614 (see table-4.108). The R-square value for all three categories of respondents ranged between 0.632 and 0.847.

□ The relationship between process-oriented role of HR and financial performance is highly significant in as much as regression coefficients of top management was 0.036, HR professionals value was 0.049 and that of employees 0.036. Hence, at 5% level of significance the relationship exhibit

CONCLUSION

Strategic human resource management is a distinct philosophy and a new field in management. It is concerned with linking HR strategy with business strategy for achieving organizational objectives under competitive environment. The linkage produces competitive advantage by reducing the labour cost and achieving HR efficiency on the one hand and linking employee competencies and behavior to produce HR capabilities. Organizational capabilities are boosted up through HR capabilities by harnessing HR functions and managing human behavior at work. 30 years ago the concept strategic human resource management emerged from United States of America and thereafter the field of SHRM enjoyed a remarkable ascendancy during the past two decades. It has grown as academic literature and that of management practice.

The increased global competition arising out of world trade necessitated the linking of HR policies, programmes, and practices with corporate policies and programmes giving rise to the emergence of the discipline strategic human resource management. It is based on the premise that firms can be more effective if the human resources are managed with human resource policies and practices that deliver the right number of people with appropriate behaviors, the needed competencies and the feasible levels of motivation to the organization.

Suggestions

□ Now-a-days, HR has to play a more strategic role that is they must have the knowledge of business operations. They have to gel with line managers. The labour cost need to be managed and a proper HR infrastructure should be in place. These are the opinions put forth by employee respondents in regard to the role of HR professionals as strategic partners. As far as, the administrative role of HR managers are concerned they should avail HR practices outsourcing services in order to bring about HRefficiency.

□ HR playing the role of employee champion and change agent under people-orientation calls for greater understanding of employee needs and attending to their competency development in course of their stay with the company. As an employee champion the HR professional need to create a favorable and conducive environment wherein employees come forward to commit themselves. Employees are also to be transformed to meet to the new requirements by the process of changemanagement.

□ HR processionals work directly with Board on HR issues relating to risk management, business intelligence, and ethics. As strategic business partner, HR professionals have to manage people, identify skills required within the people in the organization, develop and supply quality executives, understand customers and customer profiles and theirneeds.

DIRECTION FOR THE FUTURE RESEARCH

□ Dynamics of SHRM in Higher Education-A Case Study inKarnataka

□ SHRM practices in Indian Based Companies - An AnalyticalStudy

□ SHRM practices in Private sectors and Public Sectors – A ComparativeStudy

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