THE STRATEGIC HUMAN RESOURCE MANAGEMENT DISCOURSE: A STRATEGIC MANAGEMENT PERSPECTIVE

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ABSTRACT

Strategic human resource management has been presented as a novel and contemporary strategic management tool unlike the non-strategic traditional human resource management for the past two decades. In light of this contestable notion, this paper aimed to review previous and current human resources management and strategic management literature in order to ascertain the extent to which we can agree or disagree with these propositions. It was found that despite the high levels of excitement, it does not seem to come across as a novel concept in managing strategy since the strategic role of human resources and their management has long been conceived and extensively discussed in the strategic management literature.

Keywords: Strategic human resource management, human resource management, strategic management, strategic management process, corporate strategy, organisational strategy.

INTRODUCTION

Strategic human resource management (SHRM) has generated some excitement amongst human resource management (HRM) theorists, academics, researchers and practitioners over the past two decades. Even though there is an obvious lack of consensus on what the term SHRM specifically means (Wright & Boswell 2002; Dolan, Mach & Sierra 2005; Boxall & Purcel 2003; Bowen & Ostroff 2004), two major constructs have been established.

First it denotes something different from traditional HRM and is largely considered an evolution of traditional HRM (Bowen & Ostroff 2002; Ferris, Hochwater, Buckley, Harrell-Cook & Frink 1999; Zhang & Albrecht 2010). Second, it presents new implications for the management of strategy since it advocates a more strategic, proactive and top management role for the HRM practitioner within organisations (De Cieri, Kramar, Noe, Hollenbeck, Gerhart & Wright 2008; Schuler, Jackson & Storey 2001). To this end, SHRM is akin to the latest concept that is aimed at

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aiding organisations to better align their human resources with corporate strategy in order to fulfill organizational goals.

The fact that human resources contribute significantly to winning strategies and competitiveness is in no doubt at all (Dainty, 2011; Purcell, 2001); indeed the extant strategic management literature has reported a plethora of theoretical and empirical papers regarding the different ways and processes by which corporate strategy can be developed and managed within organizations.

The strategic role of firm-specific resources including human resources has been at the centre of most of these works. For instance the resource-based view (RBV) is based on the premise that distinct inimitable resources should provide the basis for strategy formulation and competitive advantage (Lado, Boyd, Wright & Kroll 2006; Wenerfelt, 2006); the dynamic capabilities approach (DCA) explains how strategic advantage may be gained through resources recreation, renewal and knowledge development (Dyer & Singh 1998).

The strategy lens approach (Johnson, Scholes, & Whittington 2008) which includes the design, experience and ideas schools of strategy formulation and the logical incrementalism perspective (Mintzberg 1973; Quinn 1980) to name a few make reference to deploying available resources as well as those that can be acquired in pursing strategy.

Given the current body of knowledge in strategic management, should SHRM rather be directed at addressing possible strategy implementation lapses of the traditional HRM function or at strategy formulation as it seems to be depicted presently? It has been argued that strategic management research and practice has somewhat emphasized planning to the detriment of the more important process of implementation (Crittenden & Crittenden 2008; Hahn & Powers 2010; Khalil, Kin & Shin, 2006; Tsai, Fan, Leu, Coou & Yang, 2007; White 2008) and as a result, strategy implementation other than formulation contributes to the failure of more than half of strategic decisions (Hickson, Miller & Wilson 2003; Nutt 1999).

According to Raes, Heijltjes, Glunk and Roe (2011), a misalignment of the interface of top management team and the human resource manager for instance may lead to a diminished strategic role of the human resource function and hence failure of strategic decisions. Subsequent to the observations made by Raes et. al. (2011), including the human resource manager in the top management strategy formulation team in order to fortify the strategic role of human resources may not necessarily be the panacea to averting any human resource-related strategic decision problems.

Again, despite the excitement SHRM has generated within the mainstream HRM research community it is yet to prove its worth. SHRM is said to lack theoretical foundation and it is yet to inform and establish an independent research agenda and organized knowledge. These in turn weakens its potency as a truly novel strategic management concern (Boxall & Purcel 2003; Ulrich 1997; Wright, Gardner & Moynihan 2003; Wright & McMahan 1992).

In light of these, this paper seeks to modestly find some answers to the question: is there anything original and different about the SHRM thinking and discourse, and has it any new implications/directions for the strategic management process? There is immense value for
scholars and practitioners alike if we succeed in clarifying the above dilemma. On the one hand it will shape future research and theory building within the HRM and strategic management domains; on the other we would have dealt with a paradox however modest the efforts might be. In developing my ideas, broad SHRM themes that cut across the existing literature will be identified and discussed. I will do this in lieu of theories and research on the strategic management process in order to advance greater understanding of the core issues that may lead to answers to the questions asked above.

**STRATEGIC HUMAN RESOURCE MANAGEMENT LITERATURE**

The main SHRM constructs mentioned in the introduction of this paper could further be decomposed into four broad themes to allow for better scrutiny, review and insight into current SHRM discourse vis-à-vis past and ongoing dialogue in the strategic management literature. Aply put, Whetten (1989) suggested scholars consider multiple elements of a theory when critiquing one.

First, it has been suggested that the ‘strategic’ included in SHRM distinguishes it from traditional HRM (Anderson, Cooper & Zhu 2007; Butler, Ferris & Napier 1991; Zhang & Albrecht 2010). Second, SHRM is a better strategic tool for gaining and sustaining competitive advantage than traditional HRM (Anderson et. al. 2007; Budwar 2000a; Buyens & De Vos 2001). Third, proponents of SHRM have called for the involvement of human resource managers at the macro (top management) level in relation to strategy formulation (Anderson et. al. 2007; Bowen & Ostroff 2004; Budhwar 2000b; Brewster & Larsen 1992; Dainty 2011; Ferris et. al. 1999; Ulrich 1998; Teo 2000, 2002; Wright & Boswell 2002). Finally, SHRM requires us to rethink the strategy management process (Bowen & Ostroff 2004; Ulrich 1998). The paper proceeds by exploring each of these four themes in greater detail.

**The ‘strategic’ in the SHRM**

The word ‘strategic’ has almost become a buzzword in theorization and practice of management to the point that its real value is often called into question. As a result of this obsession, we unconsciously tend to associate it to any contemporary development or direction in management without making a strong case for the value in those claims. Wright and Boswell (2002) acknowledge this potential ambiguity in the HRM literature and wondered what an accurate distinction between strategic HRM and non-strategic HRM would be. Further Ferris et. al. (1999) concluded there is little coherence in the notion of ‘strategic’ conceptually after a comprehensive review of the HRM literature.

Boxall (1996, p. 127), by this quotation: “the concept is entangled in complexities such as: what is strategy? How is it formed? Are there not different levels of strategy in the firm?”, sets the tone and agenda for this and later sections of the paper.

Indeed reference has been made to streams of HRM research that are regarded strategic and hence an upgrade of the traditional non-strategic notion of HRM. Amongst these are the contribution HRM makes to important strategic objectives of organisations (Anderson et. al. 2007; Chadwick & Cappelli 1999, Wright & McMahan 1992), the extent to which an
organisation’s strategic choices are subsumed in their HRM systems (Schuler 1992; Anderson et. al. 2007), and lastly the level of fit between competitive strategy and HRM policies and practices (Buyens & De Vos, 1999; Chadwick & Cappelli 1999; Ulrich 1997). First, we discuss the novelty or otherwise of these propositions from the traditional HRM lens and then from a strategic management perspective.

Three broad approaches have been identified in the area of HRM. The universalistic/best practice approach, the configurational approach and the contingency/best fit approach (Delery & Doty, 1996). The contingency/best fit approach appreciates the place of organizational context and therefore strategy in the choice of HRM policies and practice. The context includes culture, strategy, environment etc. (Bowen, Galang & Pillai 2002; Schuler & Jackson 1987). To some extent the contingency/best fit approach is consistent with the RBV (Beugelsdijk 2008; Garavan 2007).

Even though some scholars do not entirely agree (see Colbert 2004), a lot more have given it some conceptual considerations (Boxall 1996; Taylor, Beechler & Napier 1996; Ulrich & Lake 1991). Considering this backdrop, we can fairly conclude that the strategic role of HRM has long been established even in the traditional HRM literature as such we might not need SHRM to concretise the contribution of the human resource function to organizational strategy.

From a strategic management perspective, it is interesting to note that the literature has long been explicit on the strategic role of human resources in all its facets which encompasses the above identified ‘strategic’ claims in the SHRM literature. Again it is important to emphasise that the inside-out approach to strategy in all its variants has made it sufficiently clear that the human resource function alone for instance can shape the choice of future strategies.

The underlying principles of the RBV make it emphatically clear that; to the extent that an organization’s human resources are rare, valuable, non-imitable, non-substitutable (Peteraf & Bergen 2003; Parayitam & Guru 2010; Wenerfelt 2006), organizational strategy could be pivoted around this set of distinctive features of the human resource pool of an organization. Johnson et. al. (2008) in their experience school of strategy development suggested that future strategies can largely be informed and shaped by current strategies after negotiations amongst the various human actors. At the heart of this approach is the organizational culture which they referred to as ‘taken for granted assumptions that pervade the organisation’. Clearly, it is people-human resources through their interactions that are supposed to be at the forefront of strategy development. In effect the organization can rely on the experience of her human resources in terms of what they have done particularly well, to determine which strategy to pursue in order to meet organizational goals.

The experience approach is also regarded as an incremental approach to strategy and is touted as a more accurate representation of how strategy actually develops within organizations (Johnson et. al. 2008; Wheelan & Hunger 2007). Largely, organizational strategy is formulated by aligning internal structures, systems, practices and policies to the external environment however the outcome is always an incremental strategic decision over the last one made (Mintzberg 1978; Miles & Snow 1978; Quin 1980). Given these dated references we can argue that strategic management scholars have long conceived the strategic role of firm-specific resources including
human resources and have put in place building blocks for managers to craft and continually search for that fit between these resources and organisational strategy.

A review of yet another strategic management theory makes this position more pervasive; the dynamic capabilities view (Lado et. al. 2006; Wenerfelt 2006) is a typical theory that has also provided the impetus for the strategic role of human resources. If managers are guided by its main tenets through a proactive process of creating, recreating, regenerating and renewal over time a perfect fit between human resources and organizational strategies may be realized.

**SHRM as a better competitive tool than traditional HRM**

No other single force is driving the interest in SHRM than competition. Competition amongst organizations has heightened largely because of the dynamic and uncertain environments in which organizations have to operate. In response, scholars and academics are devising theories and best practices in attempt to aid organizations gain competitive advantage over their rivals. The ability to outperform rivals emanates from well thought-out and appropriately executed strategy (Yoo, Lemak & Choi 2006). SHRM is supposed to be one of these strategic interventions geared towards helping organizations position themselves better. SHRM assumes the traditional HRM is far from being an appropriate tool for gaining and sustaining competitive advantage (Anderson et. al. 2007; Beer 1997; Bowen & Ostroff 2004; Davenport, Prusak & Wilson 2003; Nippa, Pidun & Lumpkin, 2011; Ulrich 1998). This position could at best be considered notional. The strategic management literature has made clear the different levels of strategy development within organizations and each level has its own locus as far as corporate, competitive and operational strategic decisions and contributions are concerned (Nippa et. al. 2011; Johnson et. al. 2007; Rees & Porter 2006).

The traditional HRM is typically conceived as a competitive tool that should contribute to competitive strategy in line with an overarching corporate strategy. Consequently, traditional HRM is supposed to play a strategy implementation role. It is widely believed that successful organisational strategies are highly dependent on operational strategic decisions. For instance the extent to which HRM approaches, policies and systems are integrated with higher level strategies could form the basis of sustainable competitive advantage. After all, it is at this operational level that real competitive advantage is created and sustained.

Unfortunately, implementing strategic decisions does not happen automatically (Rees & Porter 2006; Qi 2005), but requires genuine effort, commitment and skill and perhaps that is where the strategic role of traditional HRM can better be moderated by human resource managers. Invariably, one will assume that interventions should be directed at re-looking at the ingenuity of human resources managers in managing this implementation aspect of strategy.

In another breadth, it has been observed that the complexity and success of strategy implementation is a function of the level of support top management provides middle managers (see Qi 2005). As such the extent to which the human resource manager reinforces competitive advantage through the deployment of available and prospective human resources is fundamentally a matter of the level of perfection an organization attains in the strategic management process.
Practicing managers and management scholars alike seem to concur on the subject of the possibility of the strategic management process hurting competitive advantage. For instance, Qi (2005) found in a study that majority of middle managers surveyed were not satisfied with the level of support they receive during strategy implementation. Raes et. al. (2011) in a very recent study alluded to the fact that research has particularly been limited on the actual nature of top management and middle managers interaction though such interaction is salient to effective strategy formulation and implementation.

So instead of a whole new buzzword, perhaps a new thinking, or better still a new concept to correct what can be described presently as management failures in applying an existing theory, we should confront existing practice vis-à-vis the existing theory. The evidence from strategic management literature points to the argument that SHRM concept in its present form is not necessarily new in terms of stimulation of new thinking on HRM as a competitive tool. According to Whetten (1989), concepts or theories that offer nothing radical to current thinking are not good enough more so if their assumptions are invalid given information from another field.

**Involvement of human resource managers at the macro (top management) level**

Arguments are rife in the SHRM literature about the need to transition traditional HRM which is considered micro and functional to a higher macro or strategic level. On a lighter note, Wright and Boswell (2002) suggested that an integration of the two is long overdue. Coming from this backdrop, Anderson et al. (2007) view traditional HRM as reactive, prescriptive and administrative unlike the strategy formulation and implementation perspective of SHRM (Brewster & Larsen 1992). Strategy formulation describes the thought and design processes that go into deciding on a particular course of action (Love, Priem & Lumpkin 2002; Mintzberg & Waters 1985) and strategy implementation encompasses actionable plans, steps and tactics towards execution of the formulated strategy (Johnson et. al. 2008; Mintzberg & Waters 1985; Noble 1999).

SHRM researchers have therefore called for the involvement of human resource managers in the top management team who are seen to be responsible for formulating corporate strategy (Budhwar 2002b; Teo 2000, 2002). By so doing, they can establish relationship with CEO (Sullivan 2003), be considered equal business partners (Cheddie 2001) and have a greater opportunity to align HRM plans, strategies and related practices with corporate objectives and strategies (Buyens & De Vos 1999). Largely, the impression is being created in the SHRM discourse as though the only way to make the human resource manager a strategic partner is when he or she is made a member of the top management team (Andersen et. al. 2007).

We may miss the point if we are to take these arguments on the surface of it because it cannot be the case that middle or functional managers are unable to shape strategy in any way if they are not members of the top echelons of management. There are various schools of thought in strategic management about how strategy develops within organisations. Whether we contemplate a ‘top-down or synoptic approach” (Fredrickson & Mitchell 1984), a ‘bottom-up or ideas approach’ (Johnson et. al. 2008), or anything in-between, usually referred to as ‘logical incrementalism approach’ (Quinn 1980; Mintzberg 1978), all functional areas just like the
human resource have unlimited opportunities to shape or influence strategy; be it formulation or implementation.

Taking a typical ‘top-down’ view, the human resource manager, similar to the operations manager, IT manager or marketing manager by their training and designation, manage and control critical function-specific resources within the context of an existing corporate strategy. So while a top management team is concerned about the whole, middle managers are more interested in a limited part within the general scheme of things. Top managers are better positioned to formulate corporate strategy because of their capability to develop such broad conceptual worldviews (Johnson et. al. 2008). In effect, involving the human resource manager in the top management corporate strategy formulation team for the reasons espoused above could detract from the ability of the top management team to formulate overarching corporate strategy that benefits from integrative organization-wide considerations. Further, decisions at that level are supposed to be more complex, non-routine and affect every other decision within the organization unlike a typical human resource management decision for example that is principally about deploying human resources in a creative and strategic fashion in order that an already formulated corporate strategy is implemented successfully in line with organisational goals and objectives.

These arguments notwithstanding, strategic management scholars have maintained there is the possibility of tightening the connection between strategy formulation and strategy implementation, and by extension that between top management and middle management. In this regard these two groups of managers can critically influence strategy formulation and execution (Wooldridge, Schmid & Floyd 2008; Floyd & Lane 2000). The power that a human resource manager for instance wields to make him or her a formidable strategic partner, cannot be described in a better way than in the words of Raes et al.: “Middle managers’ position as organisational ‘linking pins’ gives them the power to initiate strategic initiatives, to support and accelerate strategy implementation, or to reduce the quality of implementation, delay it, or even sabotage it completely” (2011, p. 102).

Observations made about the strategy development processes of major multinationals by Quinn (1980) does not also make a strong case for the necessity of including the human resource manager in the top management team if he or she is to contribute meaningfully to organisational strategy. In fact the evidence showed that top managers of organisations do not often formulate grand and mechanical strategies but rather pursue what is referred to as ‘logical incrementalism’ when developing strategies (Mintzberg 1978). In effect Quinn concluded, amongst other things, that top managers rather experiment with other managers or groups within a subsystem and that, strategies do emerge from these subsystems that are not necessarily designed by top management.

The need to rethink the strategic management process

The fundamental argument presented by the SHRM discourse is the need to revisit and continually rethink the strategic management process and that position I believe is not misplaced. Indeed a myriad of past and current strategic management works have drawn attention and argued for extensions, improvements, modifications and reconceptualisation of strategic management theories, tools, concepts, models etc. for the sole reason of improving strategic
decision making (Parnell 2006; Darbi 2010; Kale & Singh 2009; Nippa et. al. 2011; Parayitam & Guru 2010). While Parayitam and Guru (2010) acknowledged the value in these efforts, they were quick to warn about the tendency for concept and terminology overlap in their particular study on two popular strategic management concepts.

It is therefore instructive to note that for as long as the strategic role of human resources remains critical to the strategic management research and practice, any new perspectives and insights targeted at extending our understanding must be embraced and encouraged. In the same vein however, we must interrogate these efforts in order to uncover what new implications they have for the management of strategy beyond the coinage of new terms for already existing thoughts and desperately looking for fresh arguments to explain past and existing management failures. To this end, new perspectives and thoughts should be seen to be pushing the frontiers of existing strategic management discourse to higher heights, at least modestly.

If the SHRM discourse has any contemporary directions for the strategic management process then it is largely ‘a wake-up call’ to managers at all levels to get them to execute the process more effectively and efficiently. The strategic management literature has reported cases of lapses in the process to the extent that it detracts from firm performance (Hahn & Powers 2010). It has been argued quite often that the process can be configured and managed in ways that people become the fulcrum around which the organization’s strategy and profitability are built.

According to Dobni (2003), a firm-specific core competence may be achieved through employee capabilities if strategy is implemented effectively. This may mean the human resources manager creatively recruit, unearth, unleash and develop those capabilities. Again, Johnson et. al. (2008) suggested that managing human resources strategically means, for instance giving a careful thought to their numbers and mix and also harnessing their intangible resources in the form of skills, knowledge and experience. In effect HRM policies, plans and systems should reflect one or more of these building blocks and must necessarily dovetail into an overarching strategy designed to meet particular organisational goals and objectives. Porter and Harper (2003) refer to this arrangement as implementation capability in which employees, managers and firm-specific infrastructure are configured in ways that provide a firm with a core competence.

It is obvious the problem has always been the quality of strategy implementation and the more we direct our attention towards perfecting this aspect of the strategic management process the more the strategic role of human resources and their management is brought to the fore. It is worthy to note that many reasons have been given that reinforces the position that what is needed is just getting the strategic management process in its present form right. For example, it has been suggested that managers underestimate the challenges of strategy implementation (Speculand 2006); the crucial implementation aspect of managing strategy is often taken for granted (O’Regan & Ghobadian 2007); research has failed to examine and elucidate implementation capability (Heracleous 2000). Genuinely, the peculiar nature of the implementation aspect of the process has been blamed for some of these observations. Chebat (1999) has explained that operationalising implementation constructs for the purposes of empirical inquiry may be challenging.
CONCLUSION: IMPROVING PRACTICE, RESEARCH AND THEORY BUILDING

SHRM has a lot more to prove despite generating so much enthusiasm amongst a section of HRM scholars. It is yet to make a compelling case as a novel school of thought in the true light of strategic management literature. For example, the strategic role of the traditional HRM have long been conceived and ingrained in the strategic management process; likewise the key themes in the SHRM discourse. Given volume of shortcomings elaborated in this paper, the argument can be made that SHRM remains in the realms of speculation with many of its propositions unable to breathe a fresh lease of life into the extant strategic management literature and practice.

Any case of a diminishing role of the human resource manager as a strategic partner may largely be attributed to the lapses in strategy implementation and that is where managers at all levels should direct their energies in the search for better outcomes. The SHRM concept would therefore hold relevance if the focus of the discourse is directed at exploring ways by which human resource managers can be better empowered and equipped in order for them to play the organizational ‘linking pin’ role described by Raes et. al. (2011).

As regards encouraging strategic implementation research, Noble (1999) called for a focus on middle managers and the development of measures for constructs and concepts amongst other things. In the face of challenges with construct validity in strategy implementation research, a shift towards qualitative approach could provide a lee-way for two reasons.

First, it allows for the use of a variety of methods to collect data to reflect different perspectives of a phenomenon (Mays & Pope 2000); so an optimal measure of the construct may be found. A lead to a more reliable, valid and diverse construction of realities is through engaging multiple methods such as observation, interviews and recordings (Golafshani 2003). Second, because it is strongly context-related (Fendt & Sachs 2008), it would provide a good basis on which to start even as we contemplate and work towards a more universal set of measures in the future. Better still a combination of quantitative and qualitative methods can be contemplated in an attempt to maximize the benefits of triangulation.

Finally, I would dare to argue that SHRM is barely a new buzzword that is tickling organisational management thought for all the good reasons, but yet to inform how differently we should manage strategy in light of the new perspective it is supposed to bring to bear. This said, the SHRM discourse invokes a sense of unrelenting testing and search for adequacy from existing strategic management tools and practices amongst scholars and practitioners.

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