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# **Aligning Strategy with Practice**

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**Lesson 9**

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# Learning Objectives

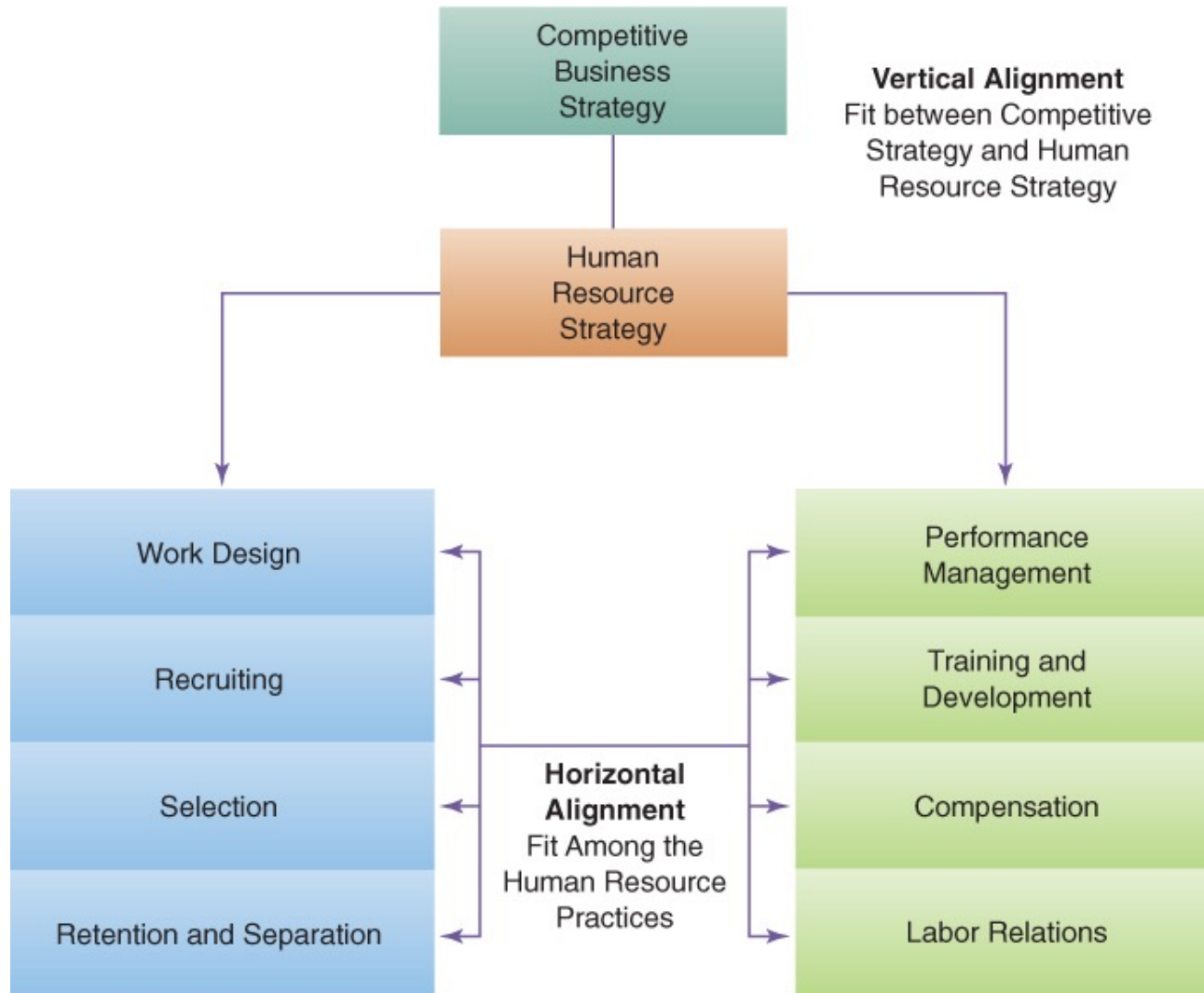
- After this lecture you should be able to:
    - Explain the concepts of vertical and horizontal alignment.
    - Identify specific HR practices that fit within each HR strategy.
    - Describe how the field of HRM is likely to change in upcoming years.
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# How Can Alignment of HR Practices Make an Organization Effective?

- Each HR practice is in **alignment** when it is in its proper place relative to the other managerial practices and to the strategic goals.
  - Two Types of Alignment:
    - **Vertical**
    - **Horizontal**
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# The forms of the strategic alignment



# Vertical Alignment

- It refers to the positioning of the HR strategy with respect to the other organizational strategies.
- The need is to fit the HR strategy with the competitive strategy.
  - For example the organization might be out of vertical alignment if it seeks to differentiate its products through innovation but adopts a Bargain Laborer HR strategy

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# Horizontal Alignment

- This alignment is concerned with the coordination of parts within the organization.
  - In human resource management, horizontal alignment refers to the fit of specific practices with other practices.
    - The selection practice of hiring team players aligns with the performance appraisal practice of reducing competition among employees,
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# Bargain Laborer

**Table 14.1**

*Practices Aligning with Bargain Laborer HR Strategy*

Practice	Emphasis on . . . .
Work Design	<ul style="list-style-type: none"><li>• Simplified tasks</li></ul>
Recruiting and Selection	<ul style="list-style-type: none"><li>• Having numerous job applicants</li><li>• Predicting dependability</li></ul>
Retention	<ul style="list-style-type: none"><li>• Accepting some employee turnover</li></ul>
Performance Management	<ul style="list-style-type: none"><li>• Assuring minimally acceptable contribution</li></ul>
Training and Development	<ul style="list-style-type: none"><li>• Learning specific job duties</li><li>• Reducing training costs</li></ul>
Compensation	<ul style="list-style-type: none"><li>• Minimizing labor costs</li><li>• Limiting pay differences among employees</li></ul>
Labor Relations	<ul style="list-style-type: none"><li>• Labor union incompatibility with short-term employment</li></ul>

# Loyal soldier

**Table 14.2**

*Practices Aligning with Loyal Soldier HR Strategy*

Practice	Emphasis on . . . .
Work Design	• Standardized procedures
Recruiting and Selection	• Internal promotions
	• Organizational fit
Retention	• Keeping loyal workers
Performance Management	• Parity-based assessments that encourage cooperation
Training and Development	• Teaching specific skills
	• Continual learning
Compensation	• Rewarding long-term contribution
	• Limiting pay differences among employees
Labor Relations	• Labor unions supplementing a culture of solidarity



# Committed Expert

**Table 14.3**

*Practices Aligning with Committed Expert HR Strategy*

Practice	Emphasis on . . . .
Work Design	<ul style="list-style-type: none"><li>• Broad work responsibilities</li></ul>
Recruiting and Selection	<ul style="list-style-type: none"><li>• Predicting high potential</li><li>• Organizational and job fit</li></ul>
Retention	<ul style="list-style-type: none"><li>• Retaining high performers</li><li>• Dismissing low performers</li></ul>
Performance Management	<ul style="list-style-type: none"><li>• Merit-based assessments that encourage good outcomes</li></ul>
Training and Development	<ul style="list-style-type: none"><li>• Skill training for current job</li><li>• Development for future jobs</li></ul>
Compensation	<ul style="list-style-type: none"><li>• Using variable pay to reward high performers</li><li>• Long-term benefits and employee ownership</li></ul>
Labor Relations	<ul style="list-style-type: none"><li>• Potential negative impact of labor unions on innovation</li></ul>

# Free Agent

**Table 14.4**

*Practices Aligning with Free Agent HR Strategy*

Practice	Emphasis on . . . .
Work Design	<ul style="list-style-type: none"><li>• Complex tasks</li></ul>
Recruiting and Selection	<ul style="list-style-type: none"><li>• Assessing achievement and specific skills</li><li>• Job fit</li></ul>
Retention	<ul style="list-style-type: none"><li>• Dismissing low performers</li></ul>
Performance Management	<ul style="list-style-type: none"><li>• Merit-based systems that create internal competition</li></ul>
Training and Development	<ul style="list-style-type: none"><li>• Attracting good employees by offering development opportunities</li></ul>
Compensation	<ul style="list-style-type: none"><li>• Providing high compensation for top performers</li><li>• Making rewards contingent on performance</li></ul>
Labor Relations	<ul style="list-style-type: none"><li>• Labor unions conflicting with special treatment for high performers</li></ul>

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# The turnaround strategy

- Companies using this strategy lay off employees looking for new approaches to production are implemented.
    - This strategy is compatible with an external labor orientation.
    - Low performers are fired and new employees are hired for their ability to change how tasks are accomplished.
    - **A Free Agent HR strategy is adopted** with the emphasis on turning around low organizational performance quickly.
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# Global Expansion Strategy

- It focuses specifically on growing an organization's presence in foreign countries.
  - This strategy requires organizations to attract and select workers who are quite different from those already employed.
  - The HR approach most closely aligned with the global expansion competitive strategy is the **Free Agent HR strategy**.

# Growth Strategy

- It is adopted by companies seeks to expand into new markets.
- Growth may occur through mergers & acquisitions.
  - HRM focus will be on **reducing barriers** to effective integration of organizational cultures.

# HR in Small Business

- In small firms the emphasis on recruiting, selection, performance appraisals, training, and compensation **grow at a faster rate than other firms.**
- Effective HRM helps small organizations **innovate.**

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# What might the future of HR look like?

- It is estimated that organizations will soon face or are already facing a shortage of workers.
    - It will become increasingly difficult to find people to fill jobs, specifically jobs requiring special skills.
    - The need for good HRM practices will continue to grow to meet this challenge.
    - There will be a greater emphasis on identifying quantifiable measures to show the value of good HRM practices.
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# Challenges for HR Professionals

**Table 14.5**

*Challenges Faced by Human Resource Professionals*

Challenge	
Lack of Power	HR professionals are seldom final decision makers, so they must work to convince others of the value of human resource management.
Walking the Tightrope	HR professionals must constantly balance an emphasis on organizational productivity with the protection of employee interests.
Dealing with Skeptical People	HR professionals often work with others who do not see the value created by systems for effectively managing people.
Vulnerability to Workforce Reductions	HR professionals must avoid being laid off by continually demonstrating their contributions to the organization.
Being Overwhelmed	HR professionals often feel overwhelmed by the demands for their services.