

Strategic Human Resource Management



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1. SHRM

a. Review of Theories

From the perspective of SHRM, every organization will benefit if they maintain, gain and implement a desired set of HRM practices. HRM practices are vital for any organization as it shapes the destiny of the organization and steers it forward. HRM cannot work in isolation; it needs to be supplemented specified approaches. The two main approaches to have been the universalistic approach and the contingency approach that aims to strengthen the organization.

Universalistic approach

The universalistic approach begins with the premise that there appears a strong link between the adoption of a specific HRM practice and enhanced performance of the organization. It stress on the best practice that when put into implementation would provide great result to the financial performance irrespective of the strategic aims of the organization (Bieger, 2013). Moreover, it is a well-established fact that HRM policies have a strong impact on the employee motivation and enhances the efficiency.

Contingency approach

This approach provides another manner that leads to enhanced performance. It provides that the organizations need to be adapted with the practices of the HRM and in tune with the business strategy. Greater organizational performance is achieved from the interlink between the firm, as well as HRM. This approach stresses that the contingency models are better aimed to HRM (Bieger, 2013). By utilization of the contingency theory, the organization can promote the behaviour of the employee that are in tune with the strategy of the business as behaviour takes birth from ability and motivation. Hence, the organization can implement the practices of HR while recruitment of the individuals.

b. Evaluate strengths and limitations of both perspectives.

Universalistic Theory

Advantages

- It establishes a strong link between the HRM practices and the enhanced performance of the organization. Therefore, this approach displays how the best practice can provide best result to the company.
- When good practices are done it, motivate the employees and leads to an enhanced performance.
- It uplifts the morale of the entire organization and adds productivity to the organization.
- It instills best practice mechanism and hence, creates a sound atmosphere that is dedicated to meet the end results or the goals of the organization.

Disadvantages

- The organizational performance may not match with the HRM approach and hence, implementation might be a difficult task. It may lead to difference and not go in the desired direction.
- There might be a difference and the entire course of action might approach is a different direction leading to severe issues.
- The motivation factor cannot be evaluated and hence a difference with the pre-determined result might crop up.
- When it comes to implementation, there might be a strong opposition because the organization works under a pre-determined set of mind and hence, different adaptability might pose an issue.

Contingency Approach

Advantages

- This approach helps the management to change the role of the employees to meet the needs of a project in a short span of time. In short it prepares the employees for the work.
- When the projects are tailored made, it helps the company to have the correct and appropriate people on the board to cater to the requirement of the client.

- This method has been into practice from a long time that indicates it is user-friendly and reliable in nature.
- This method remains in tune with the current theme and hence, a better exposure is provided to the employees.

Disadvantages

- It is a reactive model in business management. This strikes the fact that personnel do not plan to reduce the risk of a particular project and develop strategies only when needed.
- Nothing is pre-determined therefore planning is done when it matters, hence it might lead to severe issues.
- This might not go well in the books of the organization and hence, lead to deficiency of skilled personnel to meet the requirements of a project.
- Risk exposure is more in this method and hence organizations that are new might not adopt this method.



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c. Applicability of theories

Universalistic and contingency approach both has their own stance and depends on the objectives of the organization. Each approach has its own advantages and limitations and hence, needs to be implemented as per the result to be achieved. Universalistic is more theoretical in nature while contingency is result oriented and practical in nature. When it comes to the universalistic approach, it is best suited when the best practices needs to be implemented in the organization. This is better linked to the enhancement of the motivation. Therefore, this approach can be better proposed when there is a need to build the team, motivate the employee and increase the efficiency. This also leads to strong and better opportunities (Fritsch, 2013). On the contrary, when it comes to contingency approach it is better attributed to

increasing the performance. Contingency model is better suited to HRM and promotes the behavior of the employee that is in tune with the business strategy. This approach is better aimed at promoting policies and motivating the employee so that the employee works in harmony and the strategy is followed in a strong manner (Merchant, 2012).



Question 2

- a) **Using theories on Strategic HRM, critically analyze the approach to strategic HRM adopted by the company in this case.**

The main purpose of an effective Human Resources policy and strategy is to ensure the efficient utilization of the human resources and at the same time providing adequate returns to the employees to create a win-win situation. The Universalistic approach to strategic management requires the same redundant policies to be implemented and practiced in the organization despite the changes in the external conditions. The contingency approach of strategic management typically requires the management to assess the situations and develop or amend the strategies based on the need of the hour. Thus; it is more practical and realistic approach.

The Strategic Management policies at Southwest Airlines are motivated by the contingency approach as the Human Resources practices and policies at Southwest have evolved with time and changing market and environmental conditions (Osterwalder, 2010). From concentrating on work life balance for employees to achieving employee and aircraft productivity, Southwest has been voted the best in the industry to work with. A few shortcomings against the numerous advantages of this policy are only that the frequent changes in the strategies and policies make it difficult for the employees to adjust, adapt and settle. This is also known as the Soft Approach which is subject to ambiguity issues and concerning the flexibility and commitment as there is very little or almost nil empirical evidence to support the same (Merchant, 2012). Despite this, the contingency approach has helped Southwest reach the Top and more importantly maintain the position that its rivals have not been able to do despite imitating the policies of Southwest.

On the other hand, the strategic management policies at Ryanair are influenced by the Universalist approaches that require the same set of policies to be implemented irrespective of the changing needs. The HR Policies and business strategies are considered mutually independent in the determination of the performance of the business (Merchant, 2012). An example can be drawn where Ryanair treats its employees as cost units and not as partners in growth of the company. The employees working for long hours over and above the duty hours are labeled as the dedicated lot without concern for the disturbance of their work life balance (Hornigren C. T., 2014). There is very little importance given to team spirit as the company constantly focuses on reducing its costs. Thus, the company has received negative publicity with

reference to treating its employees. This policy based on universal principles ignores many areas of employee development and thus does not integrate with the organizational principles. In today's world, the universalistic approach does not hold practically good as there is lack of optimal organizational performance and this is seen as a hard approach to HRM with significant focus on the systems and practices. This approach also ignores the creative side of the human resources as the scientific management of the employees is assessed on the basis of the skills possessed by them (Osterwalder, 2010). For all these reasons, this model has been subject to various criticisms and it is a universal fact that people do not like to work under tight controls.

b) Discuss what your selected perspective adds to the discussion about HRM and organizational performance link in this case and what it fails to address.

In this discussion about Universalistic and Contingency approach, the contingency approach establishes a direct link between the HR Policies and the organizational performance. Thus, it is rated as the best HR Practice contributing positively towards the productivity and employee motivation (Parrino, 2012). The only possible area of failure of this system is when there is weakness in data collection and the professionals responsible for the management make the system more subjective rather than objective. For instance in the case of Southwest Airlines, the appointment of two close relatives of the CEO led to significant distance between the Top Management and the middle and lower order employees. This made the system self interested and having self-constrained views (Horngren C. , 2013)

The Universalistic approach fails to establish the link and integration between HR Policies and company goals as the HR Policies are merely considered from the additive viewpoint. Thus it is evident that both the policies have their own shortcomings and it is just that the contingency approach is rated better and proved to make Southwest successful in its business (Lasher, 2010). To overcome the shortcomings of both the approached, the configuration approach has been designed which is a perfect blend of the internal and external fit. It picks up the recruitment strategy from the continuous changing and evolving type and has focus on the changing markets that are competing in the environment and so this is seen to be a stable policy for the organizations to adapt new products and create a suitable environment to easily adapt to changes also.

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