

## STRATEGIC HR MANAGEMENT: THE PAST, THE PRESENT AND THE FUTURE FACES

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### ABSTRACT

*Human resource management paced long way to gain this name as its own distinct identity. But strategizing this practice is still in process. Strategic HR management is current momentum in the world now providing prominence for HR unit by taking HR manager to strategic table. It is a tool to gain value adding HR of the organization by integrating HR strategy of the HR unit with overall corporate strategy. HR management can add value or can strategically contribute only when it tilt toward two way integration by detaching itself from separate or personnel function.*

**Keywords:** Strategic HR Management, Conventional HR Management, Era of Strategic HR Management

The object of this conceptualization is to show how to gain competitive advantage and value from human resource through mega philosophy of strategic HR management. Strategic HR management reach this status through challenges and by the work of many committed scholars. Now it is in the era of two way integration from evolving from its separate personnel function. The goal of the article is to conceptualize strategic HR meaning, and its development and place through time in organizational setting The frame work centre on:

- Concept of strategic HR management
- Strategic Human Resource Management Versus Conventional HR management
- Eras of strategic HR management

The conceptualization used logic, system and scientific conceptions to answer the above basic targets. Secondary data are collected from printed papers, books and statistics used to answer the basic objective of the article.

### Strategic Human Resource Management

Koys (2000) as cited in Neiger et al. (2005) described that “many HR departments have informal, unwritten strategies that do not force HR departments to show how they contribute to organization goals”. It is traditional and difficult to leave HR unit by such practice. It has its own written formalities and conceptualization and procedure to be followed. Strategic HRM (Armstrong, 2006) is an approach to the strategic management of human resources in

accordance with the intentions of the organization on the future direction it wants to take. These focus on the decisions of the organization on what needs to be done and what needs to be changed in particular areas of people management. Appleby and Mavin (2000) and generally perceived SHRM “as a distinctive approach to managing people which seeks to achieve competitive advantage through the strategic development of a highly committed and able workforce.”

Adding on this Greer (2001) strategic human resources management is largely about integration and adaption. Its concern is ensure that: (1) human resources(HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work. It is the process by which organizations seek to integrate the human, social, and intellectual capital of their member to the strategic needs of the firm.

Walker (1992) in (Armstrong, 2006) defined strategic HRM as ‘the means of integrating the management of human resources with the strategic content of the business’. Armstrong (2006) described SHRM form two perspectives such as Vertical and Horizontal integration. Vertical integration is necessary to provide congruence between business and human resource strategy so that the latter supports the accomplishment of the former and indeed helps to define it. Strategic HRM is also about horizontal integration, which aims to ensure that the different elements of the HR strategy fit together and are mutually supportive.

The strategic management issues force institutional units to be so careful by what they own inside their operation to implement selected alternative strategies. People aspect has to be the center of this issue as mentioned so many times in my conceptualization above. Therefore the outcome of this total integration yield strategic human resource management (SHRM). Aswathappa (2005) described SHRM in the following enumerated approach:

It is not that the HR manager himself/herself formulates strategies. He or she will be the member of a core team which formulates company strategies and ensure their implementation. To be full-fledged strategic partner with senior management, HR executives should compel and guide serious discussion on how the company should be organised to carry out its strategy. Four roles of HR executives are relevant in this context. First human resource should define organization architecture. In other words, it should identify the underlining model of company way of doing business. More specifically, the architecture is a judicious mix of structure, system, rewards, processes, people, styles, skills and shred values. Second human resource need to be accountable for conducting an organizational audit. Audit helps to identify which components of the architecture should be changed in order to facilitate strategy execution. The third role of HR as strategic partner is proposing, creating and debating best practice that help to implement strategies. The fourth and finally human resource must take stock of its own work and set clear priorities. Such as pay of performance, global team work, and action learning development experience. But to be truly tied business out comes; HR needs to join forces with line manager to continuously assess the impact and importance of each one of these initiatives (Aswathappa, 2005, pp 53).

In general designing human resource strategy is the issue of success and competitiveness. According to Torrington et al. (2005) this is not to say that producing a strategy is an

unhelpful act, and indeed research carried out by Price Waterhouse Coopers indicated that those organisations with a written HR strategy generated 35 per cent greater revenues per employee than those without.

### Strategic HR Management versus Conventional HRM

Aswathappa (2005) indicated that the nature of SHRM becomes clear when it is contrasted with traditional HRM. As table 1 below shows, in the traditional approach to human resource management, the responsibility for people management programme rests with staff specialists in an organization. But in strategic HRM, the task of managing people vests with the manager who interacts with people–line mangers (Greer, 2001; Rao, 2006; Armstrong, 2005; Torrington et al., 2005; Ingham, 2007). In essence, strategic HRM would argue that any individual in a firm who has the responsibility for people is an HRM manager, no matter in which functional area the person works. Similarly, for Aswathappa (2005) the focus in conventional human resource HR is on employee relation, ensuring that employees are motivated and become productive and that the firm is in compliance with necessary employment laws. In strategic perspective, HRM goes beyond and focuses on partnership with internal as well as external constituent groups. Likewise in other dimensions such as role of HRM, initiatives, job design and the like, there is a contrast between conventional HRM and strategic HRM.

**Table 1.** Traditionnel Versus Strategic Human Resource Management

	<b>Traditional HRM</b>	<b>Strategic HRM</b>
Responsibility of HRM	Staff specialists	Line manager
Focus	Employee relation	Partnership with external and internal stakeholders
Role of HR	Transactional, change follower, and respondent	Transformational, change leader, and initiator.
Initiatives	Show, reactive, fragmented	Fast, proactive, integrated
Time horizon	Short term	Short, medium and long
Control	Bureaucratic role, policies, procedures	Organic-flexible, whatever is necessary to succeed
Job design	Tight division of labour, independence, specialization	Broad, flexible, cross training teams
Key instruments	Capital, products	People, knowledge
Accountability	Cost centre (view Human resource as cost)	Investment centre(view human resource as asset)

**Source:** Jeffrey A.Mello(n.d) Strategic Human Resource Management in Aswathappa K. (2005) Human Resource Management: text and Cases. Delhi; Tata McGrew Hill publication

### Eras of strategic Human Resource Management

The following conceptualization of Snell et al. (2006:66-89) cited in Hitt et al. (2006) is mandatory to understand how HR strategy evolved through time. These scholars break the issue down into three parts: First, they discussed HR in the context of history by examining the primary competitive challenges faced by firms in the past and show how those influenced

our concept of HR. Second, they looked at the accepted concepts and models that define HR strategy right now and discuss their connection to the extant literature on strategic management. Finally, they drawn inferences from emerging work in the field of strategic management and HRM to identify the dimensions of a paradigm that is beginning to take shape.

**The Era of Person-Job Fit:** Snow and Snell (1993) noted that although the concept of HR strategy by itself is fairly new, its underlying logic and principles date back as far as the industrial revolution in the United States. Overtime, the concept has evolved to reflect our changing views of strategic management and the arising challenges within HR (Hitt et al., 2006; Pynes, 2004). Snell et al. (2006) in Hitt et.al (2006) summery in table below, indicate that each phase of this evolution represents a paradigm for research and practice in that they not only influence the way we conceptualize HR, they also orient our priorities for managing people.

Snell et al. (2006) stated that at the height of the industrial revolution, in industries such as railroads, autos, and steel, corporate strategies were marked by a focus on volume expansion and vertical integration. The overriding organizational challenge for many firms was maximizing efficiency. In that context, labor came to be viewed as one of the most costly and uncontrollable resources (Chandler, 1962). Organizations and work systems were influenced by the administrative principles of Weber, Fayol, and Taylor that emphasized rational, impersonal management authority (Balunywa, 2007; Armstrong, 2006; Torrington et al, 2005). In large and complex organizations of the day, the administrative burden associated with hiring, work design, training, compensation, and employment relations required that personnel management become its own functional specialty.

**The importance of person-job fit:** The concept of HR strategy was certainly not explicit at the time, but the actual strategy for managing people focused on person-job fit (Snell et.al, 2006). Traditional employment models were oriented toward employment stability, efficiency, and productivity through division of labor, specialization, and work standardization (Becker, 1976; Capelli, 1995; Hirschhorn, 1984; Balunywa, 2007). A preoccupation with analytical methods (as an outgrowth of scientific management) pervaded nearly all HR-related activities (Ingham, 2007).

Here according to Snell et al. (2006) and Ingham (2007) measurement systems were developed to assess the administrative efficiency of the HR function as well as its effectiveness in meeting business goals (e.g., costs per new hire, validity of selection systems, absenteeism, and turnover).

HR activities built around the idea of person-job fit enabled organizations to establish a level of efficiency and stability necessary to meet the competitive requirements of organizations of that time. James Walker (1992), founder of the HR Planning Society in Ingham (2007) named this people management approach as “separate process (Personnel)”. This level of people management strategy is associated with the self standing personnel function of the 1980s. At this level, top management sets the overall business strategy and then personnel develops distinct people management plan to support it.

**Table 2.** Era of HR Resource Strategy

HR Strategy Era	Person-Job Fit	Systemic Fit	Competitive Potential
Strategic drivers	<ul style="list-style-type: none"> <li>• Vertical Integration</li> <li>• Economy of scale</li> <li>• Efficiency/productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Globalization</li> <li>• Diversification</li> <li>• TQM/reengineering</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge based competition</li> <li>• Innovation and change</li> <li>• Outsourcing, alliance</li> <li>• Network organization</li> </ul>
Focus of HR strategy	<ul style="list-style-type: none"> <li>• Administrative</li> <li>• Job-center</li> <li>• Tasks</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy implementation</li> <li>• System(e.g. Team)</li> <li>• Behavior/roles</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy formation</li> <li>• Competencies</li> <li>• Knowledge/ learning/ and culture(values)</li> </ul>
Prevailing Logic	<ul style="list-style-type: none"> <li>• Analysis (job analysis)</li> <li>• Deductive</li> </ul>	<ul style="list-style-type: none"> <li>• Synthesis(integration)</li> <li>• Deductive</li> </ul>	<ul style="list-style-type: none"> <li>• generative</li> <li>• inductive</li> </ul>
Key design Parameters	<ul style="list-style-type: none"> <li>• Division of labour</li> <li>• Work standardization</li> <li>• Employment stability</li> <li>• Efficiency (input/output)</li> <li>• Ease of replacement</li> <li>• Minimum investment</li> </ul>	<ul style="list-style-type: none"> <li>• Internal(horizontal fit)</li> <li>• External (vertical) fit</li> <li>• Bundling</li> <li>• High performance work system</li> <li>• Configuration</li> <li>• Contingency models</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic value of capital</li> <li>• Uniqueness(firm specific)</li> <li>• Knowledge creation, transfer and integration</li> <li>• Agility(flexibility and fit)</li> <li>• Architecture of multiple HR systems</li> </ul>
Measurement Issues	<ul style="list-style-type: none"> <li>• Efficiency (cost per hire)</li> <li>• Validity/utility</li> <li>• Turnover, absenteeism</li> <li>• Department size</li> </ul>	<ul style="list-style-type: none"> <li>• Synergy among practices</li> <li>• Rater agreement/reliability</li> <li>• Strategy</li> <li>• Firms performance</li> </ul>	<ul style="list-style-type: none"> <li>• intellectual capital</li> <li>• competencies</li> <li>• balanced scorecard</li> </ul>

**Source:** Snell, S.A. et al. (2006) HR Strategy: The Era of Our Way. In Hitt, A. et al. (Eds) (2006) Hand book of Strategic HR management, New York; Blackwell publication

But paradigm shift occurred during this era because there were several innovations in management thought and practice –with clear implications for organizational performance – that began to precipitate a paradigm shift in HRM (Snell et al., 2006; Torrington et al., 2005). The human relations and socio-technical schools, for example, emphasized the “human factors” underlying productivity issues (Roethlisberger and Dickson, 1939; Herzberg, 1957; McGregor, 1960; Trist, 1963). Analysts provided evidence to support the argument that enhancing work conditions could lead to improvements in work outputs. The socio-technical systems approach in particular emphasized the importance of integrating human systems and work systems. This was a marked departure from a purely analytical model of HR strategy (Snell et.al 2006 in Hitt et al., 2006). This occurrences yield era of systemic fit.

**The Era of Systemic Fit:** During the 1980s, a new logic pervaded organizations, and its effect was seen in the broader agenda of HRM (Torrington et al., 2005). As challenges associated with global competition, diversification, total quality management, and the like took centre stage, observers such as Mason and Mitroff (1981) noted the need to deal with organizational problems “in a holistic or synthetic way as well as in an analytic way.” So in addition to subdividing HR into its analytic elements, researchers began to look at how the pieces fit together to establish a more comprehensive and integrated system for managing people. It was at this time that the concept of HR strategy appeared in the literature (Walker, 1980; Tichy, Fombrun, and DeVanna, 1982; Miles and Snow, 1984).

Writers such as Wright and McMahan (1992) described HR strategy as “the pattern of planned HR deployments and activities” in order to capture the ideas of continuity over time as well as consistency across various decisions and actions. Baird and Meshoulam (1988) wrote an influential piece on the principles and parameters that governed HR strategy and noted that two issues – internal and external fit – were paramount for research and practice. The concept of internal fit (also referred to as horizontal fit) refers to how the mechanisms of HR support and complement each other inside the organization.

External fit focuses on how the HR strategies and practices are go well together with the developmental stage and the strategic direction of the firm (Greer, 2001). This stage in general described by Walker (1992) in Ingham (2007) as “An aligned process”. At the aligned level, people management strategy is developed alongside the business strategy, helping the business achieve its objectives through the capabilities of people and the processes required to produce this capability.

**Importance of Systemic fit** this era of HR strategy helped us develop a much broader understanding of how administrative systems underlie strategy implementation, and in the process transformed the way we looked at the design of HR systems (Snell et al., 2006 in Hitt et.al, 2006). Instead of focusing only on the technical characteristics of a particular HR practice, we began to look at how sets of practices worked in concert to elicit, reinforce, and support patterns of behaviour that benefit the firm(Snell et al., 2006 in Hitt et al.,2006). As researchers expanded their view of HR strategy, they also developed a more integrative perspective of how policies and practices can and do work together to support the firm's strategic intentions (Snell et al., 2006 in Hitt et al., 2006; Armstrong, 2006). In the process, HR took its place alongside other organizational systems such as structure, culture and technology (Snell et al., 2006; Greer, 2001).

Paradigm shift occurred in this era as with the era of person-job fit, there were notable exceptions to the HR strategy paradigm based on systemic fit that began to loosen its foundation. For instance, much of the research during this period cast HR in the role of strategy implementation rather than strategy formation (Snell et al., 2006 in Hitt et al., 2006, Ingham, 2007). As one of the last vestiges of the hierarchical model of organizations, strategy (at the top) was taken as given, and HR was seen as adapting itself to the resulting needs and requirements. While researchers such as Dyer (1983) and Buller (1988) found occasional instances where business plans and HR planning had reciprocal relationships, most often there was a one-way linkage from business strategy to HR.

As Lengnick-Hall and Lengnick-Hall (1988) noted, “Rarely are human resources seen as a strategic capacity from which competitive choices should be derived.” This severely limits the potential contribution of HR to firm competitiveness. In this context, HR is seen as an enabling factor at best and a limiting factor at worst. But by the end of the 1900s, it was clear that much is changing today (Pfeffer, 1994; Pucik, 1988; Schuler and MacMillan, 1984). In high velocity environments that characterize business today, HR is now being viewed more as a catalyst for strategic capability. That is, HR is viewed as propelling strategy rather than the other way around (Snell et.al, 2006 in Hitt et.al, 2006; Greer, 2001).

**The Era of Competitive Potential:** This era named by Walker (1992) in Ingham (2007) as an “Integrated Process (HCM)”. Walker (1992) explains that, at the top level of strategy development, people management is integrated into the business strategy along with other functional strategies. Just as the strategic priorities of the 1980s changed the way we looked at HR back then, competitive challenges in today's organizations are reorienting HR strategy again (Snell et al., 2006 in Hitt et al., 2006; Armstrong, 2006, Torrington et al., 2005, Ingham, 2007).

The new competitive equation places a premium on knowledge-based assets and the processes that underlie learning and innovation (Leonard-Barton, 1992). In some ways, this evolving paradigm stands in contrast to the previous model(s) of HR strategy. Rather than viewing HR as a result of strategic planning, strategic planning is now increasingly built on the capabilities and potential available through a firm's human resources (Snell et.al, 2006 in Hitt et.al, 2006; Greer, 2001, Bhattacharyya, 2006). Employee skills, knowledge, and abilities are among the most distinctive and renewable resources upon which a company can draw benefits (Ingham, 2007).

As the pace of change places a premium on innovation and learning, strategy formation increasingly resides in “people-embodied know-how.” Because people can learn and adapt, they potentially are a self-renewing resource (Davenport and Prusak, 1998; Nonaka and Takeuchi, 1995). Further, in combination with broader organizational systems and technologies, people form the basis of a firm's core competencies (Prahalad and Hamel, 1990). From this standpoint, HR strategy is seen as cultivating the competencies, cultures, and composition of workers that underlie a firm's competitive potential. For the scholars Snell et al., (2006) in Hitt et al., (2006) there are three elements to the current paradigm shift in HR strategy: (1) knowledge-based perspectives complement behavioural perspectives of HR; (2) the concept of agility is used to reconcile simultaneous needs for flexibility and strategic fit; and (3) architectural models provide a more elaborate view of employment and HR. Each of these is discussed below.

**Knowledge-based perspectives:** Several trends in strategic management – such as a shift toward resource-based and knowledge-based views of the firm, a focus on intangible assets, intellectual capital, knowledge management, and the like – have placed HR-related issues at centre stage in organizations (Barney, 1991; Davenport and Prusak, 1998; Kogut and Zander, 1992; Nonaka and Takeuchi, 1995, Greer, 2001). And these theories have fundamentally altered the way we look at HR strategy. In the past, our perspective has been focused on the requisite behaviours required to implement a given strategy.

But these earlier strategic models did not explicitly incorporate an HR dimension within them. There were implications for HRM but human resources were not seen as a central contributor to strategy implementation. A break with this approach came from strategy analysts such as Prahalad and Hamel (1990) who argued that core competencies are derived from the collective learning with the corporation and that a central focus of top management must be to provide a strategic architecture to enhance competence building. Human resources were thus positioned as a pivotal component of competitive advantage (Snell et al., 2006 in Hitt et al., 2006).

**Reconciling fit and flexibility:** A second major thrust in HR strategy today relates to reconciling the notions of fit and flexibility (Milliman, Von Glinow, and Nathan, 1991). Lengnick-Hall and Lengnick-Hall (1998), for example, pointed out that where adaptation and flexibility are paramount, tight fit between HR and strategy might be ill advised. “Fit can be counterproductive from a competitive perspective because it may inhibit innovativeness and constrain the firm's repertoire of skills”. Schneider (1987) raised a similar concern in his framework of organizational attraction-selection-attrition (ASA) cycles. If organizations attract and retain an increasingly homogeneous group of members, particularly with regard to their values and personalities, it can result in organizations that have unique structures, processes, and cultures. In the near term, this can be quite beneficial with a view toward strategic fit and inimitability. However, over time homogeneity may constrain the variety of interests and perspectives needed to generate new ideas. A tightly fitted ASA cycle may thereby work against the forces of change.

HR systems themselves (not the people, but the practices) may inhibit flexibility as well. Snell and Dean (1994) noted that, once in place, administrative systems such as HR practices tend to be notoriously intractable. Because they are held in place by numerous forces, such as written records, organizational traditions, corporate regulations, and employee expectations, they represent one of the major forces of organizational inertia that prevent change.

To address these issues, Wright and Snell (1999) developed a framework that balances the needs of fit and flexibility. Rather than viewing fit and flexibility as opposite ends of a continuum, these authors saw the two as complementary dimensions (Milliman, Von Glinow, and Nathan, 1991). Fit is conceptualized as a static element seen at a point in time, whereas flexibility is viewed as the capacity for change and adaptation over time. This distinction raises the possibility that HR systems as well as work force characteristics can be both flexible and fitted to the needs of the organization.

Dyer and Shafer (1999) provide perhaps the most comprehensive treatment of these ideas about flexibility in the context of HR strategy. Building on extant literatures in innovation and change, they view organizational adaptation not as a one-time or even periodic event, but



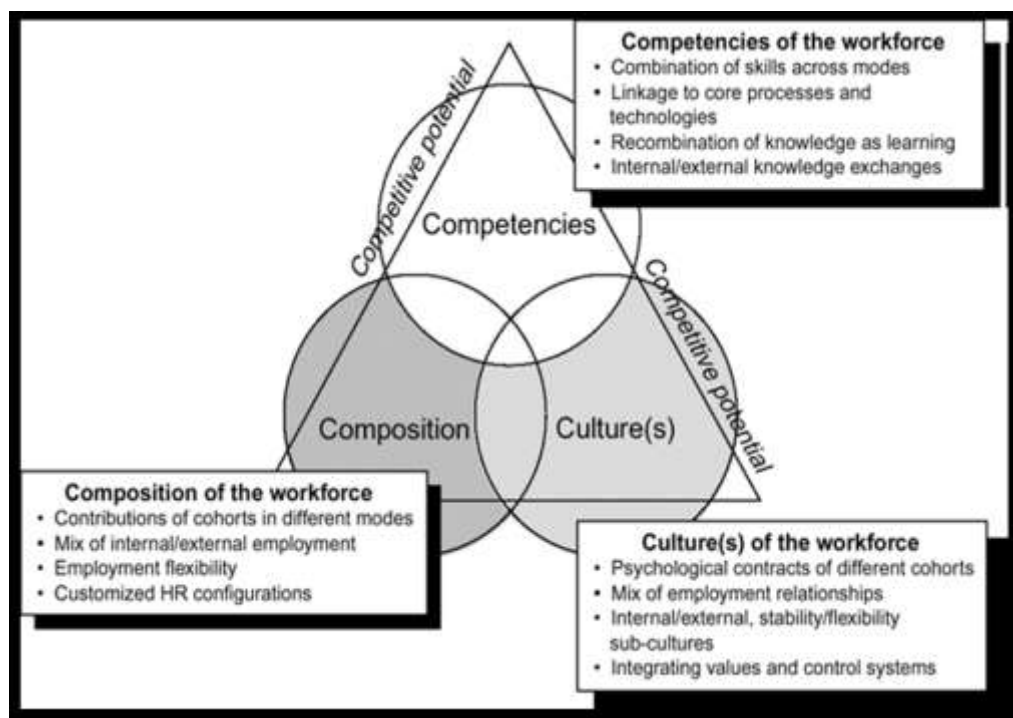
as a continuous process termed organizational agility (Brown and Eisenhardt, 1997). This is a subtle but important distinction and alters our viewpoint from a “change in strategy” to a “strategy of change.” In agile organizations, the role of HR strategy is multifaceted. On the one hand, it is designed to forge a stable core of shared values, vision, and common performance metrics. But around this core, HR strategy plays an instrumental role in developing competencies and behaviours of an agile workforce that embraces change and learning.

**Elaborating on the HR architecture:** The third major thrust in HR strategy today is a focus on more complete architectures used to manage people. An architectural perspective of HR begins with the assumption that different employees contribute in different ways to organizations. As a consequence, they are likely to be managed in different ways as well. As noted by Mangum, Mayall, and Nelson (1985). Many employers carefully select a core group of employees, invest in them, and take elaborate measures to reduce their turnover and maintain their attachment to the firm. Many of these same employers, however, also maintain a peripheral group of employees from whom they prefer to remain relatively detached, even at the cost of high turnover, and to whom they make few commitments (Lepak and Snell, 1999).

The era of competitive potential in HR management approach can be seen as big move in the area. Still new paradigm is coming. It is a bit too soon to determine exactly how we might portray this era of HR strategy. What seems to be emerging is a more complex view that parallels the evolving nature of strategic management. As firms reorient themselves toward the development and deployment of core competencies while simultaneously entering into alliances with outside partners, the infrastructure of organizations and human resource management is at once more differentiated and purposefully integrated. Figure 2.8 shows three main dimensions of HR strategy in this context: (a) the composition of the workforce, (b) the cultures of the workforce, as well as (c) the competencies of the workforce (Snell et al., 2006 in Hitt et al., 2006).

**Composition of the workforce-**One of the primary dimensions of HR strategy has always been workforce composition. Getting the right number and kinds of people in the right places at the right times doing things that benefit both them as individuals and the firm as a whole is an arduous and multifaceted process (Snell et al., 2006 in Hitt et al., 2006). Blending the facets of traditional manpower planning with strategic analysis is more difficult in today's environments of change and workforce fragmentation. The process hinges on an understanding of how various cohorts of individuals contribute to the firm (Aswathappa, 2005).

At the core of workforce composition, HR strategy focuses on the development of a cadre of knowledge workers that are central to a firm's advantage (Huey, 1998). These “gold collar workers” (Huey, 1998) have substantial autonomy to pursue initiatives upon which the firm is likely to build its future strategies. At the same time, HR strategy is oriented toward preserving existing relationships with employees in more traditional work arrangements as well as making more use of a contingent workforce that includes part-timers, temporary workers, contractors and long-term partners. In this context, the architectural perspective of HR strategy focuses on managing the complexities of employment in a network organization (Snell et al., 2006 in Hitt et al., 2006).



**Source:** Snell et al., (2006) Human Resource Strategy, In Hitt et al., (2006) Blackwell Hand Book of Strategic Human Resource Management.

**Figure 1.** Dimensions of HR Strategy

Each cohort of workers is likely to vary in several ways: the types of human capital they bring, the expectations placed upon them by the firm, the investments made in their development, and the like. Each of these differences translates into a different configuration of HR practices. But HR strategy necessarily moves beyond merely management of these pieces to the management of the whole. HR strategy must incorporate decisions about the balance and mix of different types of human capital within this matrix as well (Snell et al., 2006 in Hitt et al., 2006).

Future research might focus more on decisions regarding the type of work that should be kept internal to a firm, what work should be externalized, and how the integration of those activities might be best achieved (Snell et al., 2006 in Hitt et al., 2006). Do firms do better when they hold all their assets internally, or are there an optimal mix of internal and external arrangements? If so, why do some firms bring a particular form of expertise into the organization, while others leave it outside? Is flexibility (through externalized employment) achieved at the expense of efficiency and competency development? Each of these research issues becomes important in an environment that explicitly views employment composition as an issue of portfolio management.

**Culture(s) of the workforce**-Hand in hand with issues of workforce composition, an architectural view of HR strategy also incorporates issues of culture and control. We have known (and sometimes ignored the fact) that individuals in different cohorts have different

allegiances to firms, different values, and different attachments to their work (Lawrence and Lorsch, 1967). Subcultures are embedded in the psychological contracts established with different cohorts and manifested in their various control systems and HR practices (Osterman, 1987).

As Schein (1990) pointed out, culture is developed as an organization learns to cope with the dual problems of external adaptation and internal integration. Dennison and Mishra (1995) found that cultures overly oriented toward consistency and commitment tended to focus too much on internal adjustment to the exclusion of external flexibility. They pointed out the advantages of cultures that could mix internal and external perspectives with those that balance flexibility as well as stability. From an architectural perspective, HR strategy focuses our attention toward the creation, maintenance, coordination – and then integration – of these different subcultures.

Creating a core set of values that unite a workforce and guides collective action, an architectural view of HR strategy would also draw our attention to the relational interactions among various subcultures in a firm. No longer is this simply a white collar/blue collar distinction; relational exchanges among different cohorts preserve the complexity and richness of perspectives within organizations while achieving a common strategic posture (Snall et al., 2006). So culture that is functional must be developed to share common value and sentiment among different cohort of employees.

**Competencies of the workforce**-As we combine issues of composition and culture, we begin to get a better perspective of the fabric underlying a firm's competencies. An architectural view of HR strategy addresses the integration and combination of talents, from different cohorts who have different attachments to the firm and different attachments with each other. Particularly in the context of core competencies, if we recognize that competitive potential does not reside in any one set of individuals, then strategy development requires explicit attention to the aggregation of skills across modes to create differentiated value (Snell et al., 2006). Competency refers to knowledge set of portfolio or flexible workforce with dynamic capabilities (Wright and Snell, 1999).

HR researchers can therefore address important questions to illuminate how firms use competencies more effectively (Snell et al., 2006 in Hitt et al., 2006). For example, how do we adequately distinguish which skill groups contribute to a firm's core competencies? How do those individuals combine their talents in a way that is both value creating and inimitable? How can we best leverage those competencies throughout the organization – in effect transferring and integrating the knowledge to other workers? How do we ensure that knowledge outside the firm is acquired and assimilated, transferred and transformed, in order to create competitive potential that is renewable over time? If we can begin to answer some of these questions, HR researchers will contribute substantially to the development of theory and practice in strategically planning HR of an organization (Brown and Eisenhardt, 1997; Cohen and Leventhal, 1990; Matusik and Hill, 1999; Teece, Pisano, and Shuen, 1997).

## CONCLUSION

Strategic HR management is therefore all about the integration of HR unit practices to corporate strategy. It started its move from the era of person-job-fit characterized by vertical integration, efficiency and productivity, focus in administrative function, division of labour

and work standardization. The present and future face of strategic HR management noticeable by knowledge based competition, innovation and change, leaning culture, uniqueness, agility and building intellectual capital.

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