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**STRATEGIC HUMAN RESOURCE MANAGEMENT TO CREATE SUSTAINED COMPETITIVE ADVANTAGE**

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**ABSTRACT**

*This research paper intends to interpret the previous researches into a viable human resource strategy, which will be practically applicable in the current business environment. In this consistently changing business environment Organizations will have to rethink on their HRM strategy if they have to create a sustained competitive advantage. The evolution in HRM has been more in academics while as compared to the same being implemented in the organizations. The study is an attempt to understand activities to be undertaken by the organization so as to create a culture of high performance and a sustained competitive advantage through SHRM. Hence a effort has been made to understand and surmise the studies conducted and list the features and dynamic which will enhance the sensible application of this progression of HRM to strategic HRM.*

**Key Words :** Strategic Management, Strategic Human Resource Management (SHRM), Human Resource Management (HRM), Business Environment.

**Introduction**

In this consistently changing business environment, which presents higher level of competition, structural and behavioral changes in organization demands an appropriate amendment in the organization practices and procedures. In this globalized era, competitive strains have lay bare the limitations of traditional models of management in many countries. Organization to deal with with these speedy changes in the global business environment which requires strong internal structure to with stand the external environment challenges, are considering a strong HRM strategy as a important element of the organization to build capacity to adapt and perform in this dynamic environment. SHRM represents new model of HRM, which stresses on creating value system, necessary to keep up with competition and maintain the uniqueness. More or less literature available on SHRM has directly or indirectly agreed to SHRM importance to organizational performance however for variety of pressure on decision makers, they have not been able to consistently follow SHRM which will have long term effects on the organizational performance at the same time stressing more on the short term goals having less impact in the long run and unable to contribute towards the bigger strategic objective. So while formulating and implementing HRM strategy business strategy need to be looked upon for clear and steady Organizational design. As there is no choice with the organizations as it has already started effecting employee market and organizational performance.

The field of strategic human resource management has enjoyed a remarkable dominance in both academic literature and with growing interest among HR practioner within a span of almost two decades. Since its origin it has went through many changes and consistently being followed by HR researchers. The link between firm's performance and HRM practices has been established by most of the researchers. This has made it inevitable for the academicians and the practicing managers to be aware of the development in the field of SHRM, so as to explore, understand and focus on HR factors and decision which are going to have significant influence on the organizational performance. This further adds to the roles and responsibilities of the HR practioner and Organizations to implement SHRM, which focuses on the organizational performance and not on the individual performance. This research tries to explore the Human resource strategic factors which will be effective in creating a sustained competitive advantage in this 21<sup>st</sup> century, by developing a core competency of the organization.

Hence, there is need to research more on the concept of SHRM and how an organization can incorporate these strategic HR factors which will help traditional HRM transform and proactively contribute towards this process. This research is an preliminary effort to understand how the factors of SHRM could be integrated in their standard activities of organization so as to have lasting effect and achievement of organizational goals.

### **Research Methodology**

The research seeks to illustrate the factors of strategic HRM by interpretation of previously made researches on strategic HRM. This is a descriptive research, where the research tries to take note of the past researches and create an opinion on the factors of SHRM. The secondary sources of data have been the imperative component of the research data collection possibility, which are journals, articles published research papers, quotes etc.

### **Objectives of the Paper**

- 1. To understand the Importance and Scope of SHRM**
- 1. To comprehend and characterize the development in the field of SHRM**
- 2. To understand the challenges faced by SHRM.**
- 3. To site factors contributing the transformation of HRM to SHRM**

### **Meaning & Challenges of HRM**

Human resource management is the formal system in an organization to ensure effective and efficient use of Talent to accomplish organization goals." HR should not be defined by what it does but by what it delivers" **David Ulrich**. Hence the term Human Resources Management can refer to the company's employees who are one element of the resources available to organization along with financial and other resources while human resource management refers to managing this resource to attain business objective. General HR activities pursued by organization are listed as following:

- Talent Acquisition and retention
- Training and development
- Performance Management
- Compensation and benefit
- Employee engagement & Employee Relations etc.

The Business environment prevailing in which HR operates is full of challenges and dynamism. The Following are the most prevalent challenges:

- Global Economic and technological change
- Labor market challenge
- Diversity issues
- Organization competitions

In order to make the Organizational environment favorable for constitution of organization policies and procedures and smooth operation and adoption of the changes in the business environment, there is need for a strong HRM policy and practices, which will develop, direct and integrate the efforts of individuals and groups in the organization. Managing Human resource (employee) of an organization is seen as the most difficult task in any organization. There are series of question one after the another like What it takes to 'manage' humans? Why humans are a 'resource' and what makes them special? etc, which has made it difficult to manage and maintain the Human resource and direct it towards achievement of organizational objective.

This is where the importance of strategic Human Resource Management become fundamental while facing the challenges posed by the business environment. Hence to overcome these challenges HR will have to transform and get proactively involved in achieving Business strategic goals. This objective could be achieved through logical alignment of HRM strategy and business strategy.

### **What is Strategic HRM**

The field of strategy has been seen as a divide between economic and behavioral approaches. It states in a sense all approaches are behavioral as any problem solving will require a behavioral act prior to any rational approach to it hence there may not be any divide between behavioral and rational approach rather there are different behavioral approaches and mechanism (Daniel A. Levinthal, 2011). 'Thomas c. Powell, Dan Lovallo, and Craig R. Fox' in their research on behavioral strategy support the following view, Behavioral strategy merges cognitive and social psychology with strategic management theory and practices. Behavioral strategic perspective is still unclear and more exploration required in the field. Behavioral complexity of strategic Management related to decision making has always been recognized in the organization. As decision making process is not mechanistic in nature it requires skills and capability by individual, team, and organization so as to overcome the challenges posed by the changing environment, the stress on the behavioral approaches direct towards SHRM.

Strategy determines the direction in which the organization is going in relation to its environment. It is the process of defining intentions (strategic intent) and allocating or matching resources to its opportunities and needs (resource based strategy). Business strategy is concerned with achieving competitive advantage. **(Michael Armstrong 10<sup>th</sup> edition)**. This refers to developing strategy according to the need and at the same time understanding and developing organization capability to implement the same.

One of the most important developments in the literature linking HR strategy and business performance is growth in studies of High performance work systems (Peter Boxall, 2003). SHRM is a distinctive approach to managing people and are those decisions and actions which seek to achieve competitive advantage through strategic development of highly competitive, committed and capable employee base, it has been established and demonstrated by resource based view. **(Bechart, huselid, 2006), (Wright, P.M. and McMahan, G.C, 2011), (Guest, D.E, 2011), (Brian Becker and Barry Gerhart, 1996), (Budhwar, Debrah, 2004), (Timothy Kiessling , Michael Harvey, 2005), (Patrick M. Wright, Timothy M. Gardner, Lisa M. Moynihan, 2003), (Larry W. Hunter), (Wei, L, 2006), (Benjamin James Inyang, 2010)**. The field of strategic Human Resource Management is still evolving and there is no single definition on the concept. SHRM is about strategically linking people and the organization i.e. integration of HRM

strategy with Business strategy to improve organizational performance (**Benjamin James Inyang, 2010**). **Hendry and Pettigrew (1986)** explained Strategic Human Resource Management as Human resource centric strategy, a personal management system and a man power strategy. The matching of HR activities with the business strategy and seeing people as a strategic resource for achieving competitive advantage.

**There are different approaches to strategic HRM namely:**

- **Resource based strategic HRM**
- **The high performance management approach**
- **The high commitment management model**
- **High involvement management approach**

The four views mentioned above may be giving differing option of managing HR, while looking deeper in to the approach they stress on the positive and motivating behavior towards the HR.

#### **Distinguishing factors of HRM & SHRM**

Inspite of all the researches and scholaristic views on both HRM AND SHRM the precise meaning and the relationship is indistinguishable. As some have defined SHRM as a system designed to achieve sustained competitive advantage through people i.e. linking HRM practices to business strategy while some have explained it as a system to create value based system and look to link it with social and intellectual of the members to the needs of organizational strategy. SHRM is the consequence of the organizational thought-out objective and HRM functions arranged in priorities to achieve those objectives. SHRM deals with a system or a process created for organization wide performance while HRM focusing on process and practices emphasizing on individual performance. The goal of SHRM is to focus on key areas of HRM where organizational strategic objective could be achieved in the long run by developing human resource and increasing their productivity. The two model are unexceptionally an approach towards people management and maintenance so as to achieve organizational objective.

#### **Literature Review**

**A rapidly changing business environment**, characterized by phenomena of globalization and deregulation of market, changing customer and investor demands and ever increasing competition organization have to continuously improve their performance. In this environment HR decision are going to play major role in creating and sustaining organization performance and competitive advantage. (**Brian Becker & Barry Gerhart, 2010**). The challenges facing HRM are clearly complex and daunting. Majority of challenges have emerged due to the changes in the in the economic environment. In particular globalization and international competitiveness' have brought to the fore need for organizations to adopt appropriate HRM practices in their quest for competitive advantage (**Pawan S. Budhwar & Yaw Debrah, 2004**). The HR element in global organization becomes increasingly important and effect organization strategies. These global employees may provide the necessary core competency with which organization could maintain their competitiveness' (**Timothy Kiessling & Michael Harvey, 2005**). Organizations are responding to the challenges posed by the globalization and rapid changes by adopting more flexible and participative ways of working and highlight the importance of the people and their effective management as a means towards enhancing competitive advantage and organizational success (**Deepika Faugoo, 2009**). It also supports the view that HR as a strategic partner can have significant impact on the organization financial performance, however while achieving the objective it aims to shift focus more towards value creation. The link between HR practices and firm performance has been established and from a resource-based view, it has been demonstrated that human resources can potentially be a source, or contributor, of a firm's sustainable competitive advantage. (**Hamish G. H. Elliott**). The need to rethink on conventional HR is urgent. Recent events add further complexity to

challenges that will test the organization capability during economic meltdown, failed business models and deteriorating organization capability to forecast and manage the risk and adapt to the changes global business environment which will be less predictable than in the past. Managers need to be realistic about what can and cannot be learned from the past practices (**Rousseau, D.M. and Barends, E.G.R. 2011**). Here again author refers to building capability of the Human Resource to face the future unseen and unanticipated challenges, which may not be met head-on by traditional HR activities, hence there is need for a superior system which will create a system which enables organization face these challenges and increase its competitiveness'. Strategic HRM is recognized being important, but it is not developed or applied. The senior management is eager to develop SHRM in organization and understand the potential advantage for the organization (**Juni Chan & and John Burgess, 2011**). Hence, If the Strategic Human Resource Management is adopted, then Human Resource considerations must be intimately linked with strategic choices. This view assumes that the HR is critical to achieving competitive success (**Cynthia, Mark, 1988**). One could picture an organization made up of individual stars whose competitive ambitions lead to sub optimal performance. (**Wright, P.M. and McMahan, G.C, 2011**). The activities of corporate planning departments are reflected in their organizational structures and the organizational chart (**Robert M. Grant Jun., 2003**). This refers to well defined roles and responsibilities, hierarchy in the organization so as to facilitate different organization management process. HR managers cannot survive in an increasingly changing business environment without regularly enhancing their knowledge and skills with desired attitude. Also it is needed to involve HR managers in strategic decision making process so as the HR face is adequately represented (**Ajantha S Dharmasiri, 2009**). The view is of importance as it will ensure clear alignment of HRM practices with the organizational strategy. In any organization to implement SHRM there has to be an efficient and interlinked HRM systems linked to business strategy and a monitoring mechanism to identify any misalignment (**Sandeep Krishnan, Manjari Singh, J Barney 1991**).

Strategic Human resource researchers almost exclusively focus on the practices that can acquire and develop the human capital resource and has resulted their largely ignoring the resource itself (**Wright, P.M. and McMahan, G.C, 2011**). As the general Human capital could act as a source of competitive advantage. There are still so many unproven or weak links between high commitment and performance outcomes that it is difficult to know how far minor conceptual configuration can take us. A firm's outlook often becomes more inwardly focused, making it more difficult to accurately predict and interpret environmental events. Further, if HR considerations are used to determine strategic position, a firm may become less competitive than firms having greater internal flexibility. Finally linking HRM with strategic management may over emphasize HR matters in strategy formulation (**Cynthia, Mark , Jul., 1988**).

**Thompson, P. (2011)** quoted '**KOCHAN** view that the human resource management profession faces a crises of trust and loss of legitimacy in the eyes of major stakeholders. The two decade effort to develop new 'strategic human resource management' the HR role in the organization has failed to realize its promised potential of grater status, influence and achievement (**Kochan 2007**). Also stated that **KOCHAN (2007)** is surely right in observing the changes in the HRM role in organization less towards recognition and regulation of employee interest and more towards organizational power structure and performance which diminishes the HR authenticity. Ultimately resulting in HR not being the main architect of Work and employment trend (**Thompson. P, 2011**). If a firm elects not to adapt a strategic HR perspective it must solve HR problems through HR means and solve competitive problems with implications related to other types of resource. With this kind of approach the HR may also be seen as a constraint in terms of achieving business strategic objective (**Cynthia, Mark, Jul., 1988**). So to overcome the above issue and in partial agreement of the argument will suggest that SHRM should not separate

itself from the traditional activities but will need to encompass a broader point of view towards the HR and develop the Human resource capability and building on their interest while aligning them with the organizational strategic objective. Firms involved in strategy formulation process will have to reciprocally and systematically consider HR and competitive strategy which will help perform better in the long-term **(Wei, L. (2006), Cynthia, Mark, Jul., (1988))**.

### **Indian shape of Management Process & practices**

Indian Economic scenario is undergoing basic structural changes affecting all the walks of life. Physical, Behavioral, and psychological changes and differences among the individuals has increased with rapid changes taking place in management process of the organization **(K. Krishna Kumar, 2009)**. The researches have indicated these kinds of structural changes which give a view of preferences of today's organization in India towards better management process and practices. There have been research studies indicating, that in Indian organization traditional philosophy of management is being practiced, which focuses on managerial control and has always dominated **(Anil Kumar Singh 2005)**. It has been clear that HRM is undergoing change in the Asian region but the outcome is unclear. However a system based on mix of both the Asian characteristics and western rationale may emerge **(Pawan S. Budhwar & Yaw Debrah, 2004)**. Also in a research finding on Indian firms indicated that organizations no more perceive pay/compensation as a sole motivator for employee performance and thereby high performance. The study also establishes the significant role of HRM in sustained competitive advantage **(Deepika Faugoo, 2009)**. Apart from pay and compensation there are other HRM factors which need to be looked upon. The effectiveness of even the highly skilled employees will be limited if they are not motivated to perform, and HRM practices can effect employee motivation through its influence over employees skill and through organizational structures that allows employees improve how their jobs to be performed. **(Mark Huselid, 1995)**. Also stated that HRM practices are expected to positively affect the turnover and productivity and if the return from investment in superior HRM practices exceeds their true costs then lower employee turnover and greater productivity should in turn enhance the corporate performance. The inferences could be drawn from this is that employee turnover and productivity has some influence on the organizational financial performance. This point towards better and superior HRM practices, i.e. and transformation from traditional HRM to SHRM. The view is also supported in a research done by **Mousumi Bhattacharya\*, Donald E. Gibson, D. Harold Doty**.

Although academic research continues to replicate and refine these empirical results, the HR strategy has moved beyond whether or not there is significant return to better workforce management. Managers asking questions like, "what are the key strategic positions in our organization and how they should be managed?" and how we can design and implement a workforce management system that helps us to execute strategy and create wealth? This signal an evolution in the research problems confronting SHRM, as well as foundation for an equally exciting 15 years going forward **(Brian E. Becker & Mark A. Huselid 2006)**. The most fundamental lesson from that experience is that although SHRM was initially an HR- centric paradigm it is rapidly moving out of the hands of HR professional into the hands of line managers and senior executive.

The research states the complexities and the competition raised due to the global business environment, where a highly competitive environment is created by the competition posed by the international and MNCs by the changes and alterations they bring in their business operations and superior and professional management process and practices. The changes in the business market and the employee market have raised the needs for the organizations to change the way they operate. Not only their business strategies are altered, their HRM strategies also require changes to attract talent and retain their current HRM strength so as to create a competitive advantage and maintain the uniqueness

which could be achieved through HR and not by any other resource. According to a research conducted by a management consulting firm **Spencer Stuart**, India stands at the forefront of the world's emerging economies. While it is a time characterized by high growth, it is also a time of change and uncertainty.

### Interpretation and Analysis

Human resource is among one of the critical success factors of an organization in creating core competency which in turn creates a competitive advantage. Thus it becomes very crucial for an organization to build a loyal employee base because committed employees have a substantial impact on profits in meeting and exceeding customer expectations. **(Deepali Bhatnagar\* Durgesh Batra\*\*, 2006)**

In today's dynamic and competitive business environment the question faced by every organization is "What will be the Human resource strategies of the effective organization in highly competitive 21st century"?

The HRM strategy test itself for its preparedness for the future and continuous monitoring and alignment with the business strategy. One of the techniques is by mapping future requirements against the current capability an organization can define a roadmap for development activities **(Thomas F. Cummings IBM Corporation, Steven Marcus William M. Mercer Incorporated 1994)**. SHRM as an integrated set of practices, policies and strategies through which organizations manage their human capital, that influences and is influenced and is influenced by business strategy, the organizational context and the socio-economic context **(Fernando Marti'n-Alca'zar & Pedro M. Romero-Ferna'ndez & Gonzalo Sa'nchez-Gardecky, 2005)**. There is a broad agreement that a strategic approach to HRM involves designing and implementing a set of intentionally consistent policies and practices that ensure firms' human capital (employee collective knowledge, skills and abilities) and contributes to the achievement of business objectives **(Mark A. Huselid, Susan E. Jackson, Randall S. Schuler Source (Feb., 1997))**. Here the researchers suggest retaining HR capabilities and skills to support SHRM activities and business-related capabilities appear to be important contributors to SHRM activities and their development among HRM professionals should be encouraged. HRM policies directly influence HRM outcomes such as collective skills, attitude, behavior, and thus indirectly through HRM outcomes improving organizational performance. Important aspects of HRM outcomes constituting satisfaction, motivation, competence, cooperation with management and colleagues, commitment and retention **(A.A. Katou 2008, Eric C.A. Kaarsemaker & Erik Poutsma 2006)**. Organizational strategies reflect the view of firms' leaders and also emerge from the culture of the organization **(Sean A. Waya, T. Diane E. Johnsonb (2005))**. This suggests that organizational strategies formulated by the leaders (individuals) of the organization and the culture of the organization which involves the HR (Individuals) in the organization.

In a study by **J Barney 1991**, on firms' sustained resources, stated that strategic resources are heterogeneous and immobile across firms and these resources are stable over a time, also mentioned the four empirical indicators of firms' strategic resources they are Value, Rare, Inimitable, Sustainability to create competitive advantage. These features are very well available with the human resource than any other resource. HR is valuable, rare, cannot be imitated, and sustainable. The challenge here faced is of high mobility of this resource in the current business environment. The talent is in high demand, to retain and attract talent in the organization SHRM factors need to be worked upon comprehensively as pay and compensation are not the only motivators left as proved in the researches. Also supported by a research by **Benjamin James Inyang, 2010 on SHRM**.

Organization will have to translate their strategy in logical architecture of strategy road map and balance scorecard to specify in detail the critical elements of growth strategies.

**(Robert S. Kaplan and David P. Norton, 2001)** The Five principles of a strategy-focused organization:

1. Translate the strategy to operational terms.
2. Align the organization to the strategy
3. Make strategy everyone's everyday's job.
4. Make a strategy a continual process.
5. Mobilize leadership for change

Here in the above research on strategic management and HRM may or may not be the part of strategy formulation but surely it is very imperative to consider while strategy implementation. Strategic variable selective staffing, extensive training, empowerment, performance evaluation, broad job design, and performance based pay (**David Wan, Victor Kok, Chin Huat Ong, 2002**). **Purcell et al (2003)** maintain that such differentiation can be achieved by having HR strategies, policies and practices which ensure that:

- The firm has higher quality of people than its competitors
- The unique intellectual capital possessed by the business is developed and nurtured
- Organizational learning is encouraged
- Organizational specific values and a culture exist that bind the organization together and give it focus.

In a research on Indian firms, it was observed that recruitment and compensation practices have been changing in the Indian firms (**Ashok Som, 2007**), but they are not the only activities of organization which can direct towards Organizational performance. As recruitment here may not be of strategic nature and may be due to high turnover and compensation policies may be undergoing change so as to attract people and to fill in position required to fulfill the day to day act or the backlog created by the turnover.

Hence there is a need for HRM while fulfilling the traditional activities also to look for other factors which are of strategic in nature.

Researches have established the link between SHRM policies and practices and organizational performance. Policies and practices pertaining to forecasting HR needs (workforce planning), laying policies accordingly to development and retention of talent in the organization and also playing a important role in attracting required potential in the organization. As it is also true with regards to a talented employee staying long in the organization depends upon many factors like the way organization behaves with the employee, the learning and the growth opportunity offered by the organization, the work life balance and for the new potentials to join the organization above criteria's are very much effective. On the basis of extensive literature survey, and the established relationship of HRM practices and firms performance following suggestions needed to be worked upon for better alignment of HRM strategies and business strategy:

1. SHRM is about stressing on organizational objective which could be achieved by highly motivated and committed groups and teams. Hence, there has to be due importance given to teamwork other than stressing on individual output.
2. Employee empowerment and participation is a key to strategic objective achievement as their suggestion could prove vital as they are the one implementing strategies.
3. There has to be appropriate Workforce planning (roles and responsibility allocation) so as not to overburden the resources and also to forecast the future employee requirement.
4. Employees need to be consistently trained and developed with current and future need in eye, so as to consider them for further strategic positioning in the organization (succession planning/ management development)

5. SHRM will have to provide with apt organization communication channel so as to optimization and timeliness of the objective achievement.
6. Organization HRM will have to strike a balance between the personal and professional life of employees so as to be in better frame of mind to contribute towards organizational objective.
7. The biggest challenge in front of HRM will be to anticipate external business environment and accordingly shape the internal environment so as to swiftly and voluntarily adapt to the competition and create a sustained competitive advantage for the organization.
8. The strategy implementation needs to be monitored accurately so as to have exact vision of organizational performance.
9. Talent acquisition and retention strategies should be aligned with business strategy, so as to have optimum level of HR in the organization within the acquisition reach so as to fulfill the requirement.
- 10 Organization HRM will have to strive towards becoming an employer brand an employee choice organization if it wants to build its uniqueness and create a sustained competitive advantage.

### **Significance of the research**

The research tries to put forth factors of SHRM so as to be stressed upon other than the traditional HRM activities. Although the link between HRM and organizational performance is being established and confirmed again and again, but it is also known that the dynamic which bring that level of performance cannot be fully controlled. Hence the research stresses on the motivational and satisfying factors and factors of incremental improvement which can have long term effect on the most important resource of the organization to create and maintain the uniqueness, and create a sustained competitive advantage. Hence contributing to the organizational performance.

### **Limitation and further scope of research**

The limitation of the research is further scope for the investigation on the concept of SHRM. As the research is limited to the literature available is confined to the views and ideas presented in the same literature. There has to be further study combining both qualitative and quantitative methods of research. As the research is in the initial stage of development could not adapt to the quantitative research methods. Competitive advantage is a comparative concept, to identify above average performance, one needs an average to begin with, and that can only be provided for by quantitative research. But quantitative approaches may not be sufficient to provide insights useful to understanding and strategizing (Tywoniak, Stephane 2007).

Study does not rule out the possibility of the suggested factors availability in the organization but has a view that even if these factors are being put in practice is by individual initiatives or few organizations. It is also being understood that HRM factor flexibility may differ from one organization to another separately and combined.

As for the current research tries to suggests factors which could influence the sustainability of HR, the factors need to be tested for their trueness. Every factor will have different degree of effect on the individual and team, hence advisable to be learned collectively as well as separately

### **Conclusion**

The research tries to lay down suggestions related to SHRM factors which have high level of impact at all levels individual, group and at an organization level. The challenges of SHRM in India are clearly complex due to its strong cultural beliefs influencing the policies and practices of the organization. The importance of HRM is being realized by the Indian still for certain reasons and pressure unable to adapt

to the requirement of desired professionalism of formulating and implementing strategies. While we try to lay down factors of SHRM importance, many researches on Indian firms have concluded on the inadequacy of basic HRM structure in many Indian companies apart from few which have achieved the required level of operative effectiveness.

Indian Organizations will have to understand and appreciate the importance of strategic value of HRM at the earliest possible so as not to lose the competition. It has been increasingly obvious that a sustained advantage could be created through its people, and to keep them motivated and committed a culture of high performance should be created which empowers the employees to make changes to the work process and adapt to the business environment. As we have seen a well developed product market and financial market achieving its highest potential and also other resources finding grounds of solidarity in the prevailing business environment, it is Human Resource (employee market) still in the phase of development no organization can afford to stay back as this is one resource which is scarce on quality and not easy to attract and retain.

Hence following propositions could be made with regards to HRM importance to strategic management:

- HR should focus more on strategy implementation while being proactively participating towards strategy formulation.
- HR is a key differentiating factor in the competition, which should be satisfied with the required concentration, and cannot be and should not be ignored.
- There is requirement for the organization to understand that, HR will require higher level of investment so as to achieve high performance strategically
- SHRM provides with an opportunity to produce continued incremental value and performance.
- It is very important to realize that a successful SHRM strategy is instrumental in creating a sustained competitive advantage in this rapidly changing business environment.

There have been diverse views on HRM, some stating the importance and further inclusion of superior activities and increment in the role and responsibilities i.e. discussing the strategic importance of HRM, at the same time few researcher mentioning drawback and challenges faced by HRM. Even after having such assorted viewpoints on HRM, still it remains one most important part of organizational structure and management process and a necessary mechanism to achieve business objective.

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