

# BMGT8003

# Strategic Human Resource Management (SHRM)

Week **Wiki 2** – HRM Theories and Models

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# Karakia Timatanga

Tū tawa mai i runga  
Tū tawa mai i raro  
Tū tawa mai i roto  
Tū tawa mai i waho  
Kia tau ai te mauri tū  
te mauri ora ki te katoa  
Haumi ē, hui ē, Tāiki e!

Come forth from above,  
below, within, and from  
the environment Vitality  
and well being, for all  
Strengthened in unity.



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# Today's plan/ Whakamahere mo te rā

## **Part one (9.00am)**

- Review and recap
- The Resource Based View (RBV) and Competitive Advantage
- Strategic Integration 'Fit'
  - Vertical
  - Horizontal
- Contingency approach
- Universalist approach

***Break 10.30am (15 minutes)***

## **Part two (10.45am)**

- Research models of SHRM/HRM
- Report back
- Homework





## Activity - Heads or Tails Quick Recap Quiz

Hands on your head = **True**

Hands on your hips = **False**

**TRUE**



**FALSE**





## Homework

### Kim et al. (2022) article kōrero/discussion

1. Go on to the online forum and read a few of the posts there, find the post of the person sitting next to you.
2. Identify what you agree with and what you disagree with on both of your posts

# Underpinning Principles of HRM



# Concept 1

## Competitive Advantage (Resource Based View of the Firm (RBV))

# Resource Based View Theory Assumptions (Barney, 1991)

- Each organisation is a collection of **unique resources and capabilities** that need to be effectively managed
- The key organisational resources are:
  - Physical
  - **Human**
  - Organisational capital (e.g. production and sales processes)
- An organisation gains a **competitive advantage** when it has resources that are superior to those of its competitors  
(i.e. Valuable/Rare/Difficult to imitate/Non-Substitutable/Appropriable)
- Challenge for organisations is to find, assimilate, compensate and retain the talented people they need to have competitive advantage



# Competitive Advantage – example Comvita



Comvita's competitive advantages include its unique business model (*vertical integration*) and the quality of its product (*healthy and harmony with nature*).

*"We are real, we are genuine, and we are leveraging our industry knowledge and expertise to help people and the communities wherever we go"* – Andy Chen

(Regional CEO Asia and Pacific for Comvita)

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## Kōrero /Discussion

Identify one (1) competitive advantage from a place you have worked, studied or experienced, then find a person to share your example with



# Concept 2

## Strategic integration 'Fit'

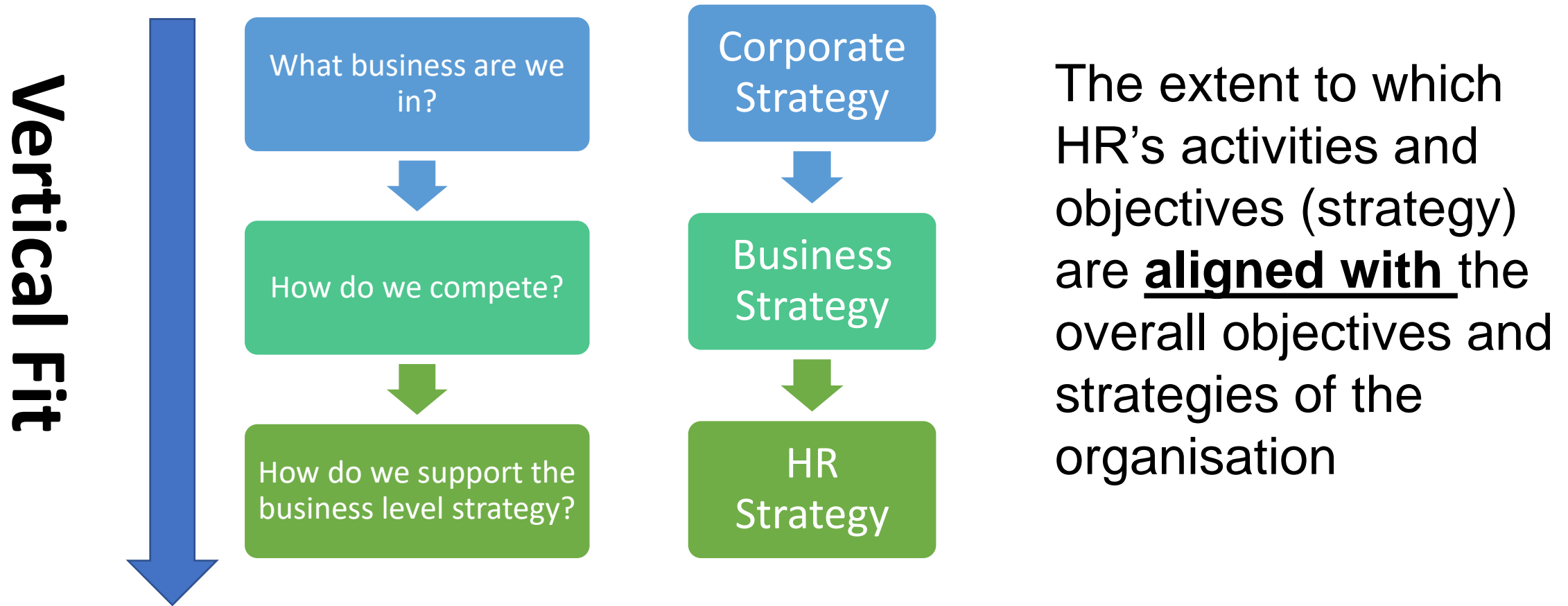
### Behavioural Perspective of HRM

# Linking HRM and Business Strategy

- SHRM is about the integration of strategy and HRM
- HRM specialists need to devise strategies that incorporate comprehensive SHRM approaches aligned with the desired overall goals and objectives (strategy) of the organisation
- Specifically, different competitive strategies require different kinds of employee skills and behaviours (Schuler & Jackson, 2014)



# Strategic Fit – Vertical Integration ‘Fit’



## Example Vertical Fit

### **Strategic Goal – Expand Market Presence through Innovation**

Objective: Develop and launch cutting-edge products that cater to emerging market needs, thereby increasing market share by 20% over the next three years.

### **Business Strategy – Increase Revenue from New Product Lines**

Objective: Generate \$10 million in revenue from new products launched in the next 12 months, focusing on high-demand sectors such as AI and IoT.

### **HR Strategy – Enhance Workforce Capabilities in Emerging Technologies**

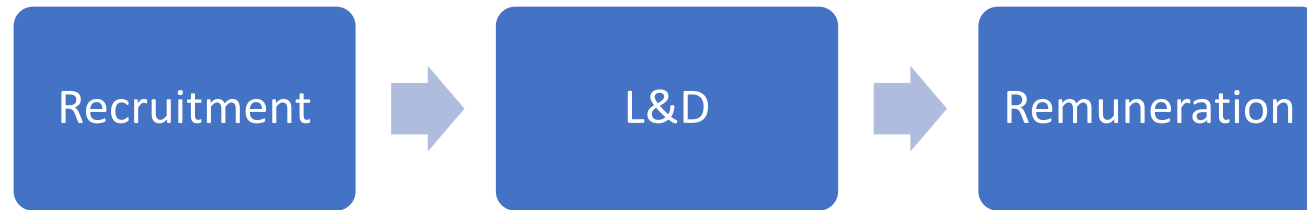
Objective: Train and certify 80% of the technical staff in AI and IoT within the next year to ensure the company has the necessary skills to develop innovative products.

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## Strategic Fit – Horizontal Integration ‘Fit’



### Horizontal Fit



The extent to which HR's activities are **aligned with** each other (Internal consistency/bundling), and therefore they reinforce each other

## Example Horizontal Integration 'Fit'

- **Competency Framework**– (set of definitions that describe the types of behaviours required for successful performance in a role)
- **This framework can then be used for:**
  - Promotion to a higher role
  - Structured interviews (covering key competencies)
  - Recruitment and job specification
  - Learning and development needs/gaps



# Concept 3

## Universalistic approach (Best Practice)

# Universalistic Approach

- Argues that organisations will see performance improvements if they implement practices that have been shown to be the best.
- Top management must recognise, reward and measure best practice assisted by HRM professionals (who are experts on what is best).
- Founding principle: Some HR practices are better than others and there is a list of certain HR practices that all organisations should use to improve performance
- Critique: The focus has mainly been on what enhances shareholder value, cultural differences are largely missing, this type of approach is not helpful and context must always be considered
- Also known as 'best practice'

*Example: Using structured interviewing designed around job-relevant factors to select the best candidate for a role as opposed to unstructured interviews.*

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# Concept 4

## Contingency approach (Best Fit)

# Contingency Theory

- The situation of the organisation – **its context**- will strongly influence how it operates
- HRM practices must fit the organisation's environment, type and circumstances
- Also known as **'best fit'**
- *Example: a strong trade union presence will affect how employment decisions are made, requiring increased consultation and contract negotiations.*

## Industry Fit

- Relationship between organisations and factors specific to their industry
  - For example:
    - Private vs. Public
    - Profit vs. Non-Profit
    - Manufacturing vs. Service
    - Low cost vs. Luxury
    - National vs. Multi-National

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# Founding models of SHRM

# What questions pātai do theories/models of SHRM answer?

1. What **HR practices** are effective in achieving organisational goals
2. What are the likely **outcomes** of implementing specific HR strategies or practices
3. How can organisations **manage** their 'human' resources **effectively**
4. How can we **evaluate** the HR function's contribution?



# Research and Presentation Time

- Form into a group of 9 people (I need 8 groups in total)
- I will now name your group (Remember this name and number- write it down)!
  - Harvard 1
  - Harvard 2
  - Michigan 1
  - Michigan 2
  - 5 P Model Schuler 1
  - 5 P Model Schuler 2
  - Ulrich 1
  - Ulrich 2
- You now have 30 minutes to research your given HRM model and **every** person in your group needs to be prepared to present back to the class!







## Recap – Today's key points

# Recap and Review

- There have been a variety of SHRM models that try to answer how HR practices achieve organisational goals, and how to improve organisational performance
- Some key underpinning SHRM principles are:
  - HRM should be integrated with strategic business planning
  - Human resources are valuable and a source of competitive advantage
  - HR decisions are of strategic importance
- All SHRM models are based upon assumptions, values and beliefs about the nature of relationships between employers, their employees and unions. Therefore a single model of SHRM will not be appropriate for all environments

## References and Sources

- Armstrong, M., & Taylor, S. (2023). *Armstrong's handbook of human resource management practice: A guide to theory and practice of people management*. Kogan Page
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Kim, S., Vaiman, V., & Sanders, K. (2022). Strategic human resource management in the era of environmental disruptions. *Human Resource Management*, 61, 283-293.
- Schuler, R. S., & Jackson, S. E. (2014). Human resource management and organizational effectiveness: Yesterday and today. *Journal of Organizational Effectiveness: People and Performance*, 1(1), 35-55. DOI 10.1108/JOEPP-01-2014-0003

## Karakia Whakamutunga

Kia whakairia te tapu,  
Kia wātea ai te ara,  
Kia tūruki whakataha ai,  
Kia tūruki whakataha ai,  
Haumi ē, hui ē, tāiki ē.

Restrictions are  
moved aside,  
So the pathway is clear,  
To return to everyday  
activities,  
Join us together,  
bind us together,  
Let it be done.



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