

Gaining Competitive Advantage Through Strategic Human Resource Management



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Abstract

The concept of SHRM (Strategic Human Resource Management) and gaining competitive advantage through it has been evolved with an emphasis on a proactive, integrative and value-driven approach to human resource management. SHRM links an organization's HRM practices with overall strategic objectives of the business and assists them in improving flexibility and innovation in order to gain consistent competitive advantages. In today's knowledge based economy, SHRM is gaining increasing importance, as it concentrates on the employees as a primary component for gaining competitive advantages.

A firm is said to be in a position of gaining competitive advantage, if it implements a value creating strategy and that should not be simultaneously implemented by any present or potential competitor. Throwing light on the conceptual framework of SHRM and competitive advantage, this paper presents the different competitive strategies to gain competitive advantage. Further, it presents the matching model and resource based model of SHRM and discusses the criteria for any resource to be the source of competitive advantage.

Key Words: Strategic Human Resource Management, Competitive Advantage, Competitive Strategies, Resource Based Model, Matching Model.

Paper type: Theoretical paper

Introduction

The business world is more dynamic today than ever before. Because of the globalization, the business environment has become more competitive than in the past (Ansoff, 1991). The issue of how to counter the dynamic environmental forces falls in the domain of strategic management research. Broadly, strategic management attempts to match (or fit) an organization with its environment (Khatri, 2000, p.336). In the present knowledgeable economy, human resources are seen as "the available talents and energies of people who are available to an organization as potential contributors to the creation and realization of the organization's mission, vision, strategy and goals" (Jackson and Schuler, 2000, cited in Jain, 2005). Now the human resources have become human capital and the only source of gaining competitive advantage as it cannot be copied. The firm which has the quality, committed, and creative workforce under its control, can be the king of the market. Strategic human resource management is the field through which human resource of the organization gain a strategic value. It's a new outlook to see the employees' contribution in gaining the objectives of the organization. Earlier the human resource that was seen as a supporting function only, its face has been changed now altogether with the spread of markets across international boundaries, changing profile of workforce, increasing use of technology and with more cautious and knowledgeable customers. In such a scenario, the field of SHRM has received a great deal of attention in recent years as it links the human resource strategy with the overall organizational strategy and specifies that human resources are a very important part of the overall organizational functioning and has a deep bearing on it.

What are the Strategies?

The term strategy has been extracted from the Greek word 'strategos' means a general and was used for army purpose but in business terms strategy is something which plans and directs the organization towards the path to achieve goals and objectives. In every