1) Define Strategic Human Resource Management (SHRM) and highlight its approaches.

Ans: Strategic human resource management is the practice of attracting, developing, rewarding, and retaining employees for the benefit of both the employees as individuals and the organization as a whole. HR departments that practice strategic human resource management do not work independently within a silo; they interact with other departments within an organization in order to understand their goals and then create strategies that align with those objectives, as well as those of the organization. As a result, the goals of a human resource department reflect and support the goals of the rest of the organization. Strategic HRM is seen as a partner in organizational success, as opposed to a necessity for legal compliance or compensation. Strategic HRM utilizes the talent and opportunity within the human resources department to make other departments stronger and more effective.

When a human resource department strategically develops its plans for recruitment, training, and compensation based on the goals of the organization, it is ensuring a greater chance of organizational success. Let's think about this approach in relation to a basketball team, where Player A is the strategic HR department, and Players B through E are the other departments within the organization. The whole team wants to win the ball game, and they all may be phenomenal players on their own, but one great player doesn't always win the game. If you've watched a lot of sports, you understand that five great players won't win the game if each one of those five great players is focused on being the MVP.

That's not how a basketball team wins, and it's not how an organization wins either. A team wins when its members support each other and work together for a common goal. Player A, our strategic HR department, must work with players B, C, D and E, our different organizational departments. They must run plays that they have planned out beforehand, assist when necessary to help another player get the basket, and compensate for the weaknesses of one in order to create a stronger team as a whole. When a team works together to reach that common goal, only then can they be truly successful.

You could also look at strategic HRM as the team captain or coach, as his or her responsibilities are a little bit different from those of the other players. Human resources departments are charged with analyzing the changes that need to occur with each 'player' or department and assisting them in strengthening any weaknesses.

There are five approaches to strategic HRM. These consist of:

- Resource-based strategy,
- Achieving strategic fit,
- High-performance management,
- High-commitment management
- High-involvement management

The Resource-Based Approach

A fundamental aim of resource-based HR strategy, as Barney1991 indicates, is to develop strategic capability-achieving strategic fit between resources and opportunities and obtaining added value from the effective deployment of resources. A resource-based approach will address methods of increasing the firm's strategic capability by the development of managers and other staff who can think and plan strategically and who understand the key strategic issues.

The resource-based approach is founded on the belief that competitive advantage is obtained if a firm can obtain and develop human resources that enable it to learn faster and apply its learning more effectively than its rivals. Hamel and Prahlad, 1989. Human resources are defined by Barney as follows: 'Human resources include all the experience, knowledge, judgement, risk-taking propensity and wisdom of individuals associated with the firm.' Kamoche 1996 suggests that, in the resource-based view, the firm is seen as a bundle of tangible and intangible resources and capabilities required for product/market competition.

b. Strategic Fit

The HR strategy should be aligned to the business strategy (vertical fit). Better still, HR strategy should be an integral part of the business strategy, contributing to the business planning process as it happens. 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. Horizontal integration with other aspects of the HR strategy is required so that its different elements fit together. The aim is to achieve a coherent approach to managing people in which the various practices are mutually supportive.

c. High-Performance Management

High-performance management (called in the United States high-performance work systems or practices) aims to make an impact on the performance of the firm through its people in such areas as productivity, quality, levels of customer service, growth, profits and, ultimately, the delivery of increased shareholder value. High-performance management practices include rigorous recruitment and selection procedures, extensive and relevant training and management development activities, incentive pay systems and performance management processes.

d. High-Commitment Management

One of the defining characteristics of HRM is its emphasis on the importance of enhancing mutual commitment. High-commitment management has been described by Wood (1996) as: 'A form of management which is aimed at eliciting a commitment so that behaviour is primarily self-regulated rather than controlled by sanctions and pressures external to the individual, and relations within the organization are based on high levels of trust.'

e. High-Involvement Management