A comprehensive Human Resource Strategy plays a vital role in the achievement of an organisation’s overall strategic objectives and visibly illustrates that the human resources function fully understands and supports the direction in which the organisation is moving. A comprehensive HR Strategy will also support other specific strategic objectives undertaken by the marketing, financial, operational and technology departments.

In essence, an HR strategy should aim to capture "the people element" of what an organisation is hoping to achieve in the medium to long term, ensuring that:

- it has the right people in place
- it has the right mix of skills
- employees display the right attitudes and behaviours, and
- employees are developed in the right way.

If, as is sometimes the case, organisation strategies and plans have been developed without any human resource input, the justification for the HR strategy may be more about teasing out the implicit people factors which are inherent in the plans, rather than simply summarising their explicit "people" content.

An HR strategy will add value to the organisation if it:

- articulates more clearly some of the common themes which lie behind the achievement of other plans and strategies, which have not been fully identified before; and
- identifies fundamental underlying issues which must be addressed by any organisation or business if its people are to be motivated, committed and operate effectively.

The first of these areas will entail a careful consideration of existing or developing plans and strategies to identify and draw attention to common themes and implications, which have not been made explicit previously.

The second area should be about identifying which of these plans and strategies are so fundamental that there must be clear plans to address them before the organisation can achieve on any of its goals. These are likely to include:

- workforce planning issues
- succession planning
- workforce skills plans
- employment equity plans
- black economic empowerment initiatives
- motivation and fair treatment issues
- pay levels designed to recruit, retain and motivate people
- the co-ordination of approaches to pay and grading across the organisation to create alignment and potential unequal pay claims
- a grading and remuneration system which is seen as fair and giving proper reward for contributions made
- wider employment issues which impact on staff recruitment, retention, motivation etc.
- a consistent performance management framework which is designed to meet the needs of all sectors of the organisation including its people
• career development frameworks which look at development within the organisation at equipping employees with “employability” so that they can cope with increasingly frequent changes in employer and employment patterns

• policies and frameworks to ensure that people development issues are addressed systematically: competence frameworks, self-managed learning etc.

The HR strategy will need to show that careful planning of the people issues will make it substantially easier for the organisation to achieve its wider strategic and operational goals.

In addition, the HR strategy can add value is by ensuring that, in all its other plans, the organisation takes account of and plans for changes in the wider environment, which are likely to have a major impact on the organisation, such as:

• changes in the overall employment market - demographic or remuneration levels
• cultural changes which will impact on future employment patterns
• changes in the employee relations climate
• changes in the legal framework surrounding employment
• HR and employment practice being developed in other organisations, such as new flexible work practices.

Finding the right opportunity to present a case for developing an HR Strategy is critical to ensuring that there will be support for the initiative, and that its initial value will be recognised by the organisation.

Giving a strong practical slant to the proposed strategy may help gain acceptance for the idea, such as focusing on good management practice. It is also important to build “early or quick wins” into any new strategy.

Other opportunities may present the ideal moment to encourage the development of an HR Strategy:-

• a major new internal initiative could present the right opportunity to push for an accompanying HR strategy, such as a restructuring exercise, a corporate acquisition, joint venture or merger exercise.
• a new externally generated initiative could similarly generate the right climate for a new HR strategy - e.g. Black economic empowerment initiatives.
• In some instances, even negative news may provide the “right moment”, for example, recent industrial action or employee dissatisfaction expressed through a climate survey.

2. Making the HR Strategy integral to the organisation

The human resources practitioner should ensure that the HR Strategy is integrated with broader organisational objectives. Above all, it should ensure that the rest of the organisation accepts the Strategy. To achieve this objective, practitioners should:-

• consult all stakeholders on the nature of the strategy;
• cultivate and develop allies and supporters of the strategy through the consultation process;
• focus on the benefits which are being derived from the strategy through talking to and persuading others, and by marketing the benefits of the strategy with concrete examples of how it has helped;

• check that there is real commitment to the strategy at all levels of the organisation;

• give regular feedback on the implementation of the plan through employee newsletters, exhibitions etc;
• where possible, build into the strategy quantifiable outcomes which can be easily monitored and evaluated, so that it is possible to show the effect;

• make the strategy part of the induction process - especially for senior managers.

3. A strategic human resource planning model

There is no single approach to developing a Human Resources Strategy. The specific approach will vary from one organisation to another. Even so, an excellent approach towards an HR Strategic Management System is evident in the model presented below. This approach identifies six specific steps in developing an HR Strategy:-

1. Setting the strategic direction
2. Designing the Human Resource Management System
3. Planning the total workforce
4. Generating the required human resources
5. Investing in human resource development and performance
6. Assessing and sustaining organisational competence and performance

![Diagram of a strategic human resource planning model]

- Strategic Direction
  - The strategic direction & outcomes that the organisation seeks to achieve.

- HRM System
  - Shaping HRM for organisation success

- Planning the Total Workforce
  - Deciding the numbers and competence of personnel the organisation requires

- Assessing & Sustaining Organisational Competence & Performance
  - Measuring the organisation's progress towards its desired outcomes and adjusting the system accordingly

- Generating Required Human Resources
  - Attracting, accessing and initially assigning the people needed in the organisation's total workforce

- Investing in Human Resource Development & Performance
  - Developing & reinforcing competence and performance in individual groups and teams in the organisation's total workforce
The six broad interconnected components of this system consist of three planning steps and three execution steps.

The top three components represent the need for planning. Organizations must determine their strategic direction and the outcomes they seek. This is usually accomplished with some form of strategic planning. Classic strategic planning is a formal, top-down, staff-driven process. When done well, it is workable at a time when external change occurs at a more measured pace.

However as the pace and magnitude of change increases, the approach to strategic planning changes substantially:

- First, the planning process is more agile; changes in plans are much more frequent and are often driven by events rather than made on a predetermined time schedule.
- Second, the planning process is more proactive. Successful organizations no longer simply respond to changes in their environment, they proactively shape their environment to maximize their own effectiveness.
- Third, the planning process is no longer exclusively top-down; input into the process comes from many different organizational levels and segments. This creates more employee ownership of the plan and capitalises on the fact that often the most valuable business intelligence can come from employees who are at the bottom of the organizational hierarchy.
- Lastly, the strategic planning process less reactive and more driven by line leadership.

Once strategic planning is under way, a process must be undertaken by the organization to design and align its HRM policies and practices to provide for organizational success. The remaining step in planning is to determine the quality and quantity of human resources the organization needs for its total force.

The rest of the HR strategic system exists for and is guided by these plans, policies, and practices. These execution components contain mechanisms that generate the correct skill sets, invest in staff development and performance, and productively employ them in the organisation. The last component provides a means to assess and sustain the competence and performance of the organization and the people in it with regard to outcomes that the organization seeks.

4. Analysis

Using the process model discussed earlier, the specific components of the HR Strategic Plan are discussed in greater detail below.

4.1 Setting the strategic direction
This process focuses on aligning human resource policies to support the accomplishment of the Company's mission, vision, goals and strategies. The business' goals sit at the heart of any HR strategy and in order to align business and HR you need to answer one key question, "Can your organisation's internal capability deliver the organisation's business goals?"

Many organisations cite their people as their primary source of competitive advantage. Successful companies continuously identify and adopt innovative human resource management policies and practices to sustain that advantage. More importantly, they structure work and design training, performance management, pay, and reward policies to help members of the organization succeed in achieving desired organizational outcomes. In other words, they integrate and align HRM policies and practices to reinforce employee behaviors that can best realize the leaders' strategic intent. In the most successful companies, the set of policies and practices that collectively make up a company's HRM system is the critical management tool for communicating and reinforcing the leaders' strategic intent.

**Recommended actions:**

- Conduct an external environmental scan and evaluate its impact on the organisation
- Identify the organisation's vision, mission and guiding principles
- Identify the mission's outcomes and strategic goals
- Consult all relevant stakeholders
- Evaluate the impact of legislation on the organisation

### 4.2 Designing the Human Resource Management System
This stage focuses on the selection, design and alignment of HRM plans, policies and practices. Various options may be open to the organisation such as drawing on industry best practices.

Emerging HRM policies and practices range from outsourcing certain non-core functions, adopting flexible work practices (telework, work from home) and the increased use of information technology. Not every industry trend may be appropriate for a specific organisation. In addition, it is essential that a cost-benefit analysis of implementing new HRM policies and practices be undertaken. For example, the costs (monetary and in allocation of resources) of implementing a new job grading system may outweigh the benefit of such an undertaking. There may be more cost-effective alternatives available to the organisation at this point in time.

Particular HRM policies and practices may be necessary to support strategic organisational objectives, such as improving the retention of women in the organisation or promoting diversity, especially the representation of designated groups amongst senior management.

A good approach in selecting the appropriate HRM policies, procedures and practices is to identify the appropriate HRM practices which support the organisation's strategic intent as it relates to recruitment, training, career planning and reward management.

**Recommended actions:**

- Identify appropriate human resource plans, policies and practices needed to support organisational objectives
- Identify relevant human resource best practices
- Conduct an employment systems review

**4.3 Planning the total workforce**
Determining future business requirements, especially those relating to manpower requirements, represents one of the most challenging tasks facing human resource practitioners.

The development of a workforce plan is a critical component of any human resource strategy and one of the expected outcomes of human resource practitioners activities. Despite this, manpower or workforce planning, as well as succession planning, has only recently enjoyed a resurgence in popularity. To some extent this has been prompted by the need to develop employment equity and workplace skills plans and set numerical employment equity targets. The failure of many organisations to develop and implement workforce planning is rather indicative of the lack of strategic planning itself.

Workforce planning is a systematic process of identifying the workforce competencies required to meet the company's strategic goals and for developing the strategies to meet these requirements. It is a methodical process that provides managers with a framework for making human resource decisions based on the organization's mission, strategic plan, budgetary resources, and a set of desired workforce competencies. Workforce planning is a systematic process that is integrated, methodical, and ongoing. It identifies the human capital required to meet organisational goals, which consists of determining the number and skills of the workers required and where and when they will be needed. Finally workforce planning entails developing the strategies to meet these requirements, which involves identifying actions that must be taken to attract (and retain) the number and types of workers the organisation needs.

A workforce plan can be as simple or as complex as the organisational requires. Workforce planning can be conducted for a department, division or for the organisation as a whole. Whatever the level or approach being adopted, it must nevertheless be integrated with broad-based management strategies.

In addition to workforce planning, ensure that organisational structure and jobs ensure the efficient delivery of services and effective management of the organisation as a whole.

**Recommended actions:-**

- Determine the appropriate organisational structure to support the strategic objectives
- Structure jobs (competencies, tasks and activities) around key activities
- Develop a workforce plan designed to support the organisations strategic objectives
- Compile workforce profiles, identifying designated groups, an inventory of current workforce competencies, competencies required in the future and identified gaps in competencies

**4.4 Generating the required human resources**
This process focuses on recruiting, hiring, classifying, training and assigning employees based on the strategic imperatives of the organisation's workforce plan.

A comprehensive workplace skills plan will identify appropriate training priorities based on the organisation's workforce needs now and in the future. New recruitment practices may need to be adopted to increase the representation of designated groups, or securing essential skills in the organisation. A comprehensive "learnership strategy" may assist in developing future workforce needs, identified either in terms of the organisation's workforce plan or required in terms of industry black economic empowerment charters.

**Recommended actions:**

- Evaluate recruitment and selection practices in light of the organisation's strategic objectives
- Develop and implement a comprehensive workplace skills plan (with a thorough training needs analysis)
- Implement a learnership strategy
- Adopt or clarify occupational levels and category classifications

**4.5 Investing in human resource development and performance**
Traditional approaches to career planning, performance appraisals, reward management and employee development must be re-appraised in light of the vision, characteristics and mission outcomes as reflected in the HRM plans, policies, and practices.

Development responses will aim to increase business skills, the application of business skills (sometimes called competencies) and the behavioural elements - all of which contribute to an organisation's effective performance. In many ways, the Skills Development legislation have required organisations to re-engineer their developmental methods and practices. New concepts such as lifelong learning and recognising prior learning should form an integral component of the process of investing in employees.

Clearly, where a workforce planning exercise reveals that there is little projected growth in the workforce or that promotional or career development opportunities are limited, strategies aimed at employee retention will be very different from organisations which are experiencing considerable growth and expansion.

Investment initiatives for the individual, team and organisation are all geared to achieve high levels of organisational performance. It is important that at an individual level, particularly for senior staff, that they feel their development needs are agreed and that they are provided with the skills to do their jobs. At a team level, it defines the individuals' ability to work flexibly with others and align individual and team skills and activities to business goals - all of which ensures that the organisation is equipped to achieve its goals.

Reward strategies aim to align the performance of the organisation with the way it rewards its people, providing the necessary incentives and motivation to staff. Its components can be a combination of base pay, bonuses, profit sharing, share options, and a range of appropriate benefits, usually based on market or competitor norms and the organisation's ability to pay.

**Recommended actions:**

Identify appropriate policies, procedures and practices in respect of

- Career pathing
- Performance appraisals
- Employee development and learning
- Reward Management (compensation and benefits)
4.6 Assessing and sustaining organisational competence and performance

Finally, few organizations effectively measure how well their different inputs affect performance. In particular, no measures may be in place for quantifying the contribution people make to organizational outcomes or, more important, for estimating how changes in policies and practices, systems, or processes will affect that contribution. Implementing clear quantifiable measures, identifying milestones in the achievement of specific organisational goals, and using concepts such as a "balanced scorecard" will articulate the results of the HR Strategic Plan in measurable terms. Regular evaluation of the plan will also assist in fine-tuning the HR strategic plan itself.

Recommended actions:

- Evaluate organisation culture and climate
- Implement succession planning
- Evaluate HR strategy using quantifiable measures, e.g. balanced scorecard
- Revise and adapt HR strategy

5. Conclusion

While HR strategies must be developed to support the achievement of the organisation's objectives, it is a two-way process. HR strategies can themselves be critical inputs in determining the strategic initiatives for the organisation. A fatal error, however, is to develop and implement HR strategies without having regard for the goals and objectives which the organisation has explicitly or implicitly identified. A common mistake is the development of workplace skills plans which are not linked to any strategic goals or objectives or which have no affirmative action components.

Similarly, the isolated identification of affirmative action numerical targets without first conducting a workforce and succession planning exercise is in most instances, simply meaningless.

References:
The approach adopted in this article is substantially based on the SHRM Model developed by the Naval Personnel Task Force, US Department of Navy. The material presented here is in the public domain.


Developing a Human Resources Strategy A good practice guide. South East Employers, June 1999

The Human Resources Standards Generating Body has developed a specific Unit Standard addressing the development of a Strategic Human Resource Plan, entitled "Contribute input into the human resources management strategic plan".