

# HRM for SMEs

Strategic HRM

HR Policies & Procedures



# Human Resource Management Strategic HRM

# Strategic HRM

## HR strategies

- Integrated with business strategies
- Interface with strategic management (Boxall, 1996)
- Systematically linking people with the firm (Schular and Jackson, 2007)
- 'Fit' between HR and business strategies – long-term view of HR directions, where to go, how to go to support firm's strategic goals
- Underpinned by the philosophy of resource-based view (RBV)
  - Valuable, rare (cannot be substituted easily), inimitable, organized (VRIO) -> sustainable competitive advantage





- Approach selected by a firm to achieve specific goals in the future
  - Deciding what business will be in; and
  - Infusing a purpose and long-term direction (Thompson and Strickland, 1996)
- Strategic management is a process of strategy making, reforming over time (Boxall and Purcell, 2003)
- Implementation entails converting strategic plan into action (Thompson and Strickland, 1996)
- by the people in the organization

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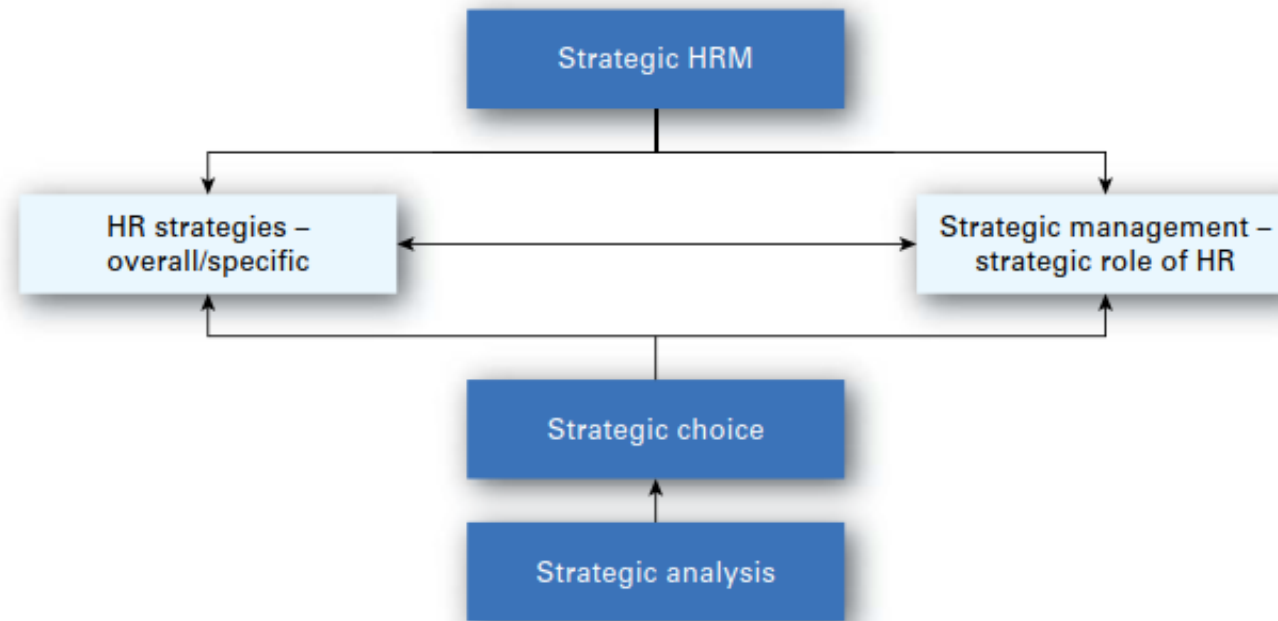
# The Concept of Strategy



# Aims for SHRM

- Generate organizational capability
  - Ensure the firm has the skilled, engaged, committed, well-motivated employees it needs to achieve a sustainable competitive advantage
- Management of employer-employee relationships in such a way that contribute optimally to achieving organizational goals (Alvesson, 2009).
- Provides a sense of direction to its people in a turbulent business environment through coherent HR policies and programs
- Capitalize on the advantages provided by the strengths of its people resources





# Strategic HRM model

Source: Armstrong HRM Handbook

# Human Resource Management HRM Policies



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# HR Policies - Definition



- *Continuing guidelines* on the HR approach.
- Define the *philosophies and values* how people should be treated
- Stipulate the *principles* upon which managers are expected to act when dealing with HR matters.
- Serve as *reference points* for practices, procedures and decisions about people.
- Define '*the way things are done around here*'.
- Formalized HR policies will not be effective if not backed by *supportive culture*.



# Overall Policy

- Defines how the organization fulfils its social responsibilities for its employees
- Sets out its attitudes – how its values or beliefs about people treatment in the organization





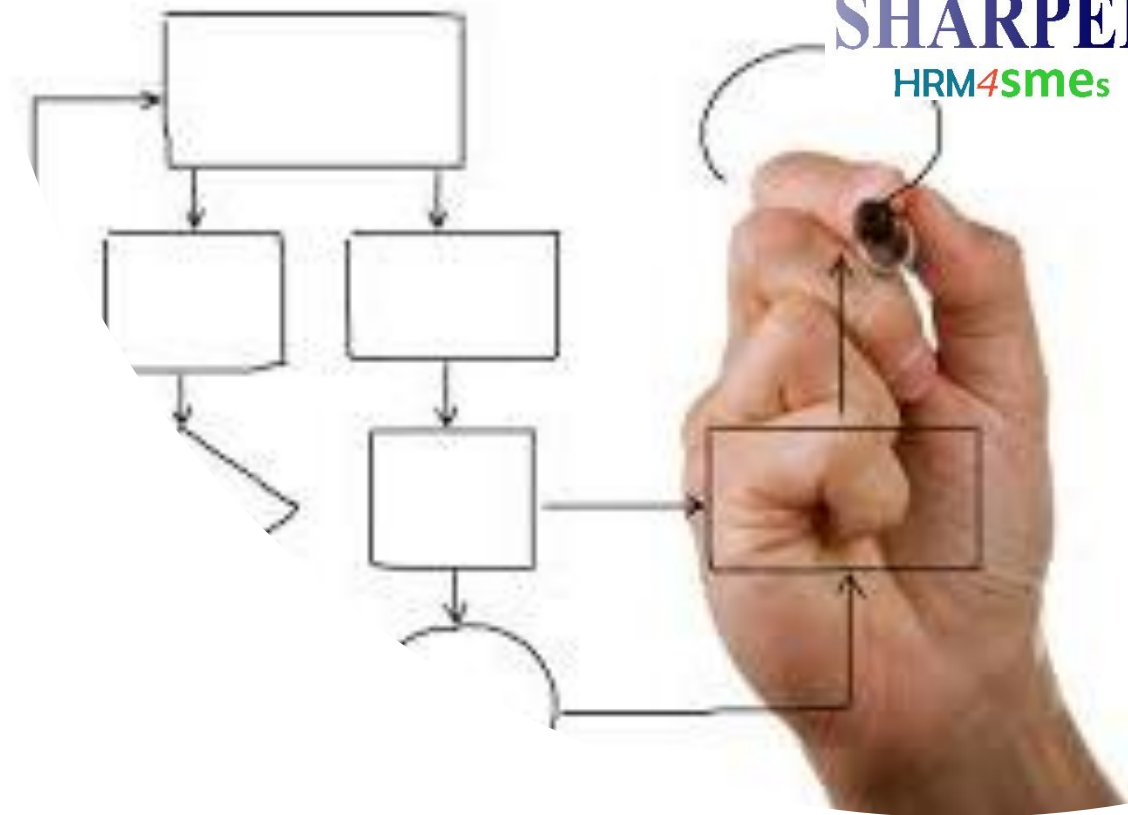
# Overall Policy

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- It may be explicit or implicit covering following concepts:
  - **Equity** – fair and just treatment
  - **Consideration** – consider individual circumstances in decision making
  - **Organizational learning** – promote learning and development
  - **Performance through people** – cultivate performance culture and continuous improvement
  - **Work-life balance** – employment practices that enable people to balance work and personal life
  - **Quality of working life** – increase sense of satisfaction, reduce monotony, increase autonomy and responsibility, reduce stress etc.
  - **Working condition** – healthy, safe and pleasant environment



- Spell out precisely what action should be taken in line with policies in areas such as discipline, capability, redundancy and grievances




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# HR Procedures - Definition



# Why have HR Policies & Procedures

- **Policies**

- help to ensure human resource approach is in *line with corporate values*
- serve as the basis for converting espoused values into *enacted values in use*
- provide frameworks within which *consistent decisions* are made and promote equity in the way in which people are treated
- facilitate empowerment, devolution and delegation.

- **Procedures**

- needed to spell out what *must* be done when dealing with certain employment matters as well as how to do it. They thus ensure that consistent and justifiable decisions are made in line with HR policies.



# What issues are covered under these headers?

- Equal Opportunity
- Managing Diversity
- Age and Employment
- Work-life Balance
- Employee Voice
- Employee Relations
- Sexual Harrassment
- Smoking
- Social Media and Email Usage





# SPECIFIC HR POLICY AREAS 1

Source: Michael Armstrong

<b>Overall</b>	An expression of the values and beliefs of the organization on how employees should be treated with particular reference to equity, consideration, organizational learning, performance through people, the quality of working life and working conditions.
<b>Equal opportunity</b>	The intention of the organization to provide equal opportunities for all.
<b>Managing diversity</b>	Recognizes individual differences and spells out the need to manage them and avoid bias.
<b>Age and employment</b>	Age should not be a factor when considering people for appointment, promotion or training.
<b>Promotion</b>	Promotion from within is the general rule but external recruitment is also necessary.
<b>Work–life balance</b>	How employees will be able to work more flexibility in accordance with their needs.



# SPECIFIC HR POLICY AREAS 2

Source: Michael Armstrong

<b>Overall</b>	An expression of the values and beliefs of the organization on how employees should be treated with particular reference to equity, consideration, organizational learning, performance through people, the quality of working life and working conditions.
<b>Employee development</b>	The commitment to providing opportunities for continuous learning and development.
<b>Reward</b>	The commitment to equal pay, internal equity and valuing people according to their contribution.
<b>Employee voice</b>	The intention to give employees a voice in matters that concern them.
<b>Employee relations</b>	The rights of employees to join a trade union and to be represented by it.
<b>New technology</b>	The intention to inform and consult with employees on the implications of new technology.
<b>Health and safety</b>	How the organization intends to provide healthy and safe systems of work.
<b>Discipline</b>	The rights of employees to be treated according to the principles of natural justice.
<b>Grievances</b>	The rights of employees to raise grievances with their manager.



## SPECIFIC HR POLICY AREAS 3

Source: Michael Armstrong

<b>Overall</b>	An expression of the values and beliefs of the organization on how employees should be treated with particular reference to equity, consideration, organizational learning, performance through people, the quality of working life and working conditions.
<b>Redundancy</b>	The intention to avoid involuntary redundancy as far as possible.
<b>Sexual harassment</b>	A statement that it will not be tolerated and what steps can be taken if it does occur.
<b>Bullying</b>	A statement that it will not be tolerated and what steps can be taken if it does occur.
<b>Substance abuse</b>	How the organization will deal with substance abuse.
<b>Smoking</b>	The policy to eliminate or restrict smoking on the organization's premises.
<b>AIDS</b>	How the organization will deal with anyone who has AIDS.
<b>E-mail</b>	Guidelines to employees on the use of e-mails and the Intranet.



# Formulating HR Policies

- Understand the *corporate culture* and its *core values*
- Analyze *existing policies* – both written and unwritten
- Analyze *external influences*
- Assess any areas where new policies are needed
- Validate and discuss with managers
- Seek views from employees
- Analyze information obtained from above
- Consult, discuss and agree policies with management and unions
- *Communicate* policies with guidance notes





# Implementing HR Policies



## Fairly and consistent

- Line managers have a key role in doing this.
  - Purcell *et al*\* stated that ‘there is a need for HR policies to be designed for and focused on front line managers’.
  - It is they who will be largely responsible for policy implementation.
- Members of the HR function can give guidance but it is line managers who are on the spot and have to make decisions about people.
- The role of HR is to *communicate and interpret the policies, convince line managers* that they are necessary and provide training and support which will equip managers to implement them.



# HR Procedures 1

The main HR procedures deal with:

- **Grievances** –

- the main stages through which a grievance can be raised
- E.g.: immediate manager, more senior manager, senior manager.

- **Discipline** –

- the procedure for dealing with disciplinary matters fairly and in line with the principles of natural justice, the stages of the procedure
- E.g.: informal warning, formal warning, disciplinary action, and the right to appeal.





# HR Procedures 2

The main HR procedures deal with:

- **Capability –**

- the procedures for ensuring that performance expectations are defined and people are given feedback, support and training in meeting these expectations;
- the procedure for informing employees of any shortfall and the areas where improvement is required,
- the steps they should take to improve, the help they will be given, and what happens (disciplinary or other action) if they fail to improve, having been given a reasonable opportunity to do so.



# HR Procedures 3

The main HR procedures deal with:

- **Redundancy** –
  - the procedure for informing unions and individuals of possible redundancy
  - the steps being taken to avoid compulsory redundancy, how, if unavoidable, employees will be selected for redundancy
  - the entitlement to redundancy pay.



# Reference

- HRM Handbook, Michael Armstrong
- HR for SMEs – a practical guide, Paula Fisher