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Strategic human resource management toolkit

The purpose of the toolkit is to provide the basis for conducting a strategic review of human resource management practices in order to develop and implement strategic human resource management. The individual tools can serve as checklists to analyse different aspects of HR strategy. They can also be used to involve people in the formulation of strategy by prompting discussions in workshops and focus groups. The kit consists of the following tools:

- *Tool 1:* Overall business analysis and HR implications;
- *Tool 2:* Analysis of competitive strategy and its implications;
- *Tool 3:* Analysis of business strategies and their implications;
- *Tool 4:* Analysis of fit between type of organization and HR strategy;
- *Tool 5:* 'Best-practice' analysis;
- *Tool 6:* Overall analysis of HR strategic goals;
- *Tool 7:* Overall strategic HRM gap analysis;
- *Tool 8:* Integration of business and HR strategies;
- *Tool 9:* Bundling of HR activities;
- *Tool 10:* Analysis of high-performance goals;
- *Tool 11:* High-performance work system gap analysis;
- *Tool 12:* Analysis of engagement and commitment levels – survey;
- *Tool 13:* Analysis of employee engagement goals;

- ▮ *Tool 14:* Employee engagement gap analysis;
- ▮ *Tool 15:* Analysis of resourcing goals;
- ▮ *Tool 16:* Resourcing gap analysis;
- ▮ *Tool 17:* Analysis of talent management goals;
- ▮ *Tool 18:* Talent management gap analysis;
- ▮ *Tool 19:* Analysis of learning and development goals;
- ▮ *Tool 20:* Gap analysis of learning and development activities;
- ▮ *Tool 21:* Analysis of reward management goals;
- ▮ *Tool 22:* Gap analysis of reward management activities;
- ▮ *Tool 23:* Analysis of employee relations goals;
- ▮ *Tool 24:* Gap analysis of employee relations activities.

Tool 1   Overall business analysis and HR implications

Business Matters		Human Resource Implications	
What business are we in?		What sort of people do we need in the business?	
Where are we going?		What sort of organization do we need to get there?	
What are our strengths, weaknesses, opportunities and threats?		To what extent are these strengths and weaknesses related to our HR capability? What opportunities have we got to develop and engage our people? What are the threats with regard to skills shortages and retention of key people?	
What are the main strategic issues facing the business?		To what extent do these issues involve HR considerations?	
What are the drivers of performance in the business?		What contribution should our people make to drive performance?	

Tool 2   Analysis of competitive strategy and its implications

Strategy	HR Area	Possible Actions	Proposed Actions
Achieve competitive advantage through innovation	Resourcing	Recruit and retain high-quality people with innovative skills and a good track record in innovation.	
	Learning and development	Develop strategic capability and provide encouragement and facilities for enhancing innovative skills and enhancing the intellectual capital of the organization.	
	Reward	Provide financial incentives and rewards and recognition for successful innovations.	
Achieve competitive advantage through quality	Resourcing	Use sophisticated selection procedures to recruit people who are likely to deliver quality and high levels of customer service.	
	Learning and development	Encourage the development of a learning organization, develop and implement knowledge management processes, and support total quality and customer care initiatives with focused training.	
	Reward	Link rewards to quality performance and the achievement of high standards of customer service.	
Achieve competitive advantage through cost leadership	Resourcing	Develop core and periphery employment structures; recruit people who are likely to add value; if unavoidable, plan and manage downsizing humanely.	
	Learning and development	Provide training designed to improve productivity; inaugurate just-in-time training that is closely linked to immediate business needs and can generate measurable improvements in cost-effectiveness.	
	Reward	Develop performance management processes that enable both financial and non-financial rewards to be related to competence and skills; ensure that pay levels are competitive.	

Tool 3   Analysis of business strategies and their implications

Business Strategy		HR Implications			
		Performance	Resourcing	Learning and Development	Reward
Market Development					
Product Development					
New Technology					
Diversification					
Merger, Acquisition					

Tool 4 Analysis of fit between type of organization and HR strategy

Miles and Snow Classification	Implications for HR Strategy			
	Performance	Resourcing	Learning and Development	Reward
Prospectors, which operate in an environment characterized by rapid and unpredictable changes.				
Defenders, which operate in a more stable and predictable environment than prospectors and engage in more long-term planning.				
Analysers, which are a combination of the prospector and defender types. They operate in stable environments like defenders and also in markets where new products are constantly required like prospectors.				
Reactors, which are unstable organizations existing in what they believe to be an unpredictable environment. They lack consistent, well-articulated strategies and do not undertake long-range planning.				

Tool 5 'Best-practice' analysis

Pfeffer's List of Seven 'Best Practices'	'Best Practice' Adopted by Similar Organizations	Extent to which 'Best Practice' Exists in Own Organization	Extent to which 'Best Practice' Should or Can Be Adopted in Context of Own Organization
1. Employment security			
2. Selective hiring			
3. Self-managed teams			
4. High compensation contingent on performance			
5. Training to provide a skilled and motivated workforce			
6. Reduction of status differentials			
7. Sharing information			

Tool 6 Overall analysis of HR strategic goals

Possible HR Strategic Goals	Importance*	Effectiveness*
Support the achievement of the organization's goals		
Meet needs of employees		
Develop a high-performance culture		
Create a powerful employee value proposition		
Ensure that the organization is seen as a 'great place to work'		
Increase engagement		
Recruit and retain talented people		
Reward people according to their contribution		
Provide employees with a voice		
Improve communications		
Provide a good working environment		

* Scale: 10 = high; 0 = low

Tool 7 Overall strategic HRM gap analysis

Strategic HRM Area	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Performance			
Engagement			
Organization Development			
Resourcing			
Talent Management			
Learning and Development			
Reward Management			
Employee Relations			
Working Environment			

Tool 8 Integration of business and HR strategies

Business Strategy	Integrated HR Strategy
1.	
2.	
3.	
4.	
5.	
6.	

Tool 9 Bundling of HR activities

Possible Areas in which Bundling (ie Linking HR Activities) Could Take Place	Extent to which Any Bundling Has Taken Place	Any Further Action Required
High-performance work system		
Performance management		
Use of competency framework		
Development of joined-up talent management processes		
Development of blended learning processes		
Development of career grade and pay structures		

Tool 10   Analysis of high-performance goals

Characteristics of the Culture	Importance*	Effectiveness*
People know what's expected of them – they understand their goals and accountabilities.		
People feel that their job is worth doing, and there is a strong fit between the job and their capabilities.		
Management defines what it requires in the shape of performance improvements, sets goals for success and monitors performance to ensure that the goals are achieved.		
There is strong leadership from the top that engenders a shared belief in the importance of continuing improvement.		
There is a focus on promoting positive attitudes that result in an engaged, committed and motivated workforce.		
Performance management processes are aligned to business goals to ensure that people are engaged in achieving agreed objectives and standards.		
Capacities of people are developed through learning at all levels to support performance improvement and are provided with opportunities to make full use of their skills and abilities.		
People are valued and rewarded according to their contribution.		
A pool of talent ensures a continuous supply of high performers in key roles.		
There is a climate of trust and teamwork, aimed at delivering a distinctive service to the customer.		

Scale: 10 = high; 0 = low

Tool 11 High-performance work system gap analysis

Strategic HPWS Area	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Performance drivers identified and govern development of HPWS practices.			
Corporate performance goals cascaded to all employees.			
Roles clarify and emphasize performance goals.			
Effective performance management system in place.			
Rewards related to performance and contribution.			
Learning and development activities focus on delivering performance improvements.			
Performance improvement recognized as key aspect of leadership.			

Tool 12   Analysis of engagement and commitment levels – survey

Please circle the number that most closely matches your opinion.

	Strongly Agree	Disagree	Strongly Agree	Disagree
Engagement:				
1. I am very satisfied with the work I do.	1	2	3	4
2. My job is interesting.	1	2	3	4
3. I know exactly what I am expected to do.	1	2	3	4
4. I am prepared to put myself out to do my work.	1	2	3	4
5. My job is not very challenging.	1	2	3	4
6. I am given plenty of freedom to decide how to do my work.	1	2	3	4
7. I get plenty of opportunities to learn in this job.	1	2	3	4
8. The facilities / equipment / tools provided are excellent.	1	2	3	4
9. I do not get adequate support from my boss.	1	2	3	4
10. My contribution is fully recognized.	1	2	3	4
11. The experience I am getting now will be a great help in advancing my future career.	1	2	3	4
12. I find it difficult to keep up with the demands of my job.	1	2	3	4
13. I have no problems in achieving a balance between my work and my private life.	1	2	3	4
14. I like working for my boss.	1	2	3	4
15. I get on well with my work colleagues.	1	2	3	4
Commitment:				
16. I think this organization is a great place in which to work.	1	2	3	4
17. I believe I have a good future in this organization.	1	2	3	4
18. I intend to go on working for this organization.	1	2	3	4
19. I am not happy about the values of this organization – the ways in which it conducts its business.	1	2	3	4
20. I believe that the products / services provided by this organization are excellent.	1	2	3	4

Tool 13   Analysis of employee engagement goals

Engagement Goals – Enhance Engagement by:	Importance*	Effectiveness*
Providing interesting and challenging work, responsibility (feeling that the work is important and having control over one's own resources), autonomy (freedom to act), scope to use and develop skills and abilities, the availability of the resources required to carry out the work, and opportunities for advancement.		
Establishing an enabling, supportive and inspirational work environment.		
Ensuring that leaders increase engagement through the ways in which they design jobs, allocate work, delegate and provide autonomy.		
Providing people with opportunities to grow and develop.		
Enabling people to feed their ideas and views upwards and feel they are making a contribution.		

* Scale: 10 = high; 0 = low

Tool 14   Employee engagement gap analysis

Engagement Activity	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Job Design			
Performance Management			
Total Reward System			
Leadership Development			
Skills and Career Development Opportunities			

Tool 15   Analysis of resourcing goals

Resourcing Goals	Importance*	Effectiveness*
Match people resources to business requirements.		
Avoid unexpected deficits or surpluses of staff.		
Achieve human capital advantage by employing higher-quality people than competitors.		
Attract and recruit high-quality candidates.		
Minimize recruitment costs.		
Maximize 'recruitment intensity', ie high numbers of applicants per vacancy.		
Increase predictive validity, ie the extent to which predictions of performance and overall suitability made when recruiting people are achieved.		
Increase retention rates.		
Reduce cost of labour turnover.		
Achieve the required degree of flexibility in the use of people.		

Scale: 10 = high; 0 = low

Tool 16 Resourcing gap analysis

Resourcing Activity	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Workforce planning based on thorough analysis of demand and supply forecasts.			
Take action to align resourcing plans to strategic business plans.			
Attractive employment brand developed to obtain good candidates.			
Speedy action taken to deal with forecast surpluses or deficits of staff.			
Use of a variety of potentially valuable sources of candidates.			
Role analysis uses competency framework and forms basis for structured interviews.			
Line managers trained in interviewing techniques.			
Interviews supplemented by batteries of valid and reliable tests.			
Causes of labour turnover analysed and action taken to reduce losses.			
Costs of labour turnover known and used to deliver message on the need to improve retention rates.			
Risk analysis carried out to identify potential losses and take preventative action.			
Effectiveness of resourcing activities regularly reviewed and corrective action taken as necessary.			

Tool 17   Analysis of talent management goals

Talent Management Goals	Importance*	Effectiveness*
Define what is meant by talent in terms of competencies and potential.		
Ensure that talent is treated as a key corporate resource.		
Develop a pool of talent that will provide a guaranteed supply of high-quality people to meet future requirements.		
Provide for management succession.		
Rely primarily on growth from within while recognizing the need to bring in fresh blood from time to time.		
Identify those with talent and potential.		
Institute programmes to develop talent.		
Create a compelling 'employee value proposition'.		
Develop the organization as 'an employer of choice'.		

* Scale: 10 = high; 0 = low

Tool 18 Talent management gap analysis

Talent Management Activity	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Define organization's talent requirements.			
Conduct talent audits to identify talent.			
Identify sources of talent from within and outside the organization.			
Provide talented people with opportunities for career development and growth.			
Design jobs that provide talented people with the opportunity to develop their skills and potential.			
Define career paths and career 'aiming points' or 'destination jobs'.			
Apply systematic policies to improve retention rates.			
Create management succession plans.			
Recognize those with talent through the reward system.			

Tool 19   Analysis of learning and development goals

Learning and Development Goals	Importance*	Effectiveness*
Create human capital advantage by ensuring that the organization has more skilled and competent people than its competitors.		
Improve individual, team and organizational performance.		
Attract and retain high-quality people by offering them learning and development opportunities.		
Extend the skills base of the organization.		
Improve organizational flexibility by multiskilling.		
Provide additional non-financial rewards to people in the form of growth and career opportunities.		
Reduce the length of learning curves and thus minimize learning costs.		
Ensure that talented people are developed to achieve their maximum potential.		
Provide line managers with the skills required to lead and develop their people.		

* Scale: 10 = high; 0 = low

Tool 20 Gap analysis of learning and development activities

Learning and Development Activity	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Encourage organizational learning.			
Develop the business as a learning organization.			
Identify learning needs.			
Introduce blended learning and development programmes to meet identified needs.			
Make good use of e-learning.			
Introduce systematic coaching.			
Develop a mentoring programme.			
Evaluate the outcome of learning and development programmes.			

Tool 21 Analysis of reward management goals

Reward Management Goals	Importance*	Effectiveness*
Reinforce the achievement of organizational goals.		
Recruit and retain staff of the required calibre.		
Facilitate staff mobility.		
Achieve strong relationship between pay and performance.		
Reinforce organizational values.		
Engage and motivate employees.		
Cost-effective.		
Well communicated and understood by employees.		
Managed effectively in practice by line managers.		

* *Scale: 10 = high; 0 = low*

Tool 22   Gap analysis of reward management activities

Reward Management Activity	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Develop total reward processes.			
Use systematic processes for valuing roles and achieving internal equity.			
Regularly survey market rates to ensure pay levels are competitive.			
Develop and maintain grade and pay structures that provide a good framework for managing gradings and pay progression.			
Reward people for their contribution.			
Develop recognition programmes.			
Introduce flexible benefits.			
Manage general and individual pay reviews.			

Tool 23 Analysis of employee relations goals

Employee Relations Goals	Importance*	Effectiveness*
Build stable and cooperative relationships with employees and their trade unions.		
Operate on a partnership basis with trade unions.		
Achieve engagement through employee involvement and communication processes.		
Minimize conflict with employees and their unions.		
Adopt a high-commitment approach that develops mutuality.		
Maintain bargaining structures and negotiating procedures that enable agreements to be reached smoothly.		

* Scale: 10 = high; 0 = low

Tool 24 Gap analysis of employee relations activities

Employee Relations Activity	What We Are Doing	What We Should Be Doing	How We Should Fill the Gap
Recognize unions.			
Develop partnership agreements.			
Maintain effective industrial relations procedures.			
Resolve disputes.			
Negotiate terms and conditions.			
Communicate.			
Provide employees with a voice (involvement and participation).			