

STRATEGIC HRM IN ACTION

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STRATEGIC HRM IN ACTION

BRIDGING THEORY
AND PRACTICE

INSIGHTS FROM INDUSTRY LEADERS ON ALIGNING
HUMAN RESOURCES WITH BUSINESS STRATEGY



BERT SCHREURS & JIM JAWAHAR

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INTRODUCTION

“Our people are our greatest strength.” This sentiment, shared by all human resource (HR) professionals we spoke with while we were compiling this book, reflects a fundamental belief about the role of people in organizations. Almost all emphasized that employees drive success, innovation, and resilience. It is a reassuring idea—that progress comes from the talent, creativity, and dedication of individuals. For employees, it reinforces their value and the impact of their contributions. For managers and HR leaders, it highlights their role in cultivating, nurturing, and empowering the human potential that shapes their organizations.

However, in a world increasingly influenced by robotics and artificial intelligence (AI), this belief is being challenged. With technology advancing rapidly, and employees often sidelined during waves of restructuring, we must ask: Are people always the driving force behind organizational success? Or are there cases where machines, algorithms, or systems take priority over human contributions? As the work landscape evolves, addressing these questions becomes essential for understanding the future role of people in organizations.

Introducing strategy-driven HRM

In this book, we explore the many ways companies can compete, questioning the assumption that people are always at the core of the action. While employees often drive success, there are times when technology, systems, or processes lead the way. Regardless of the strategy, human resources play a critical role in guiding the organization toward its goals. By aligning HR policies and practices with

the company's strategy, human resources management (HRM) shifts from being a support function to a central force in organizational success. This is what we call "strategy-driven HRM"—a framework that ensures HR efforts are integral to achieving competitive advantage.

Why this book?

The idea that HR should support business strategy is by no means new. First introduced in the 1970s and gaining traction in the mid-1980s, it has long been a guiding principle. Why, then, does this book deserve your attention?

1. Implementing strategy-driven HR across domains

While the concept of aligning HR with business strategy is well-established, few resources provide clear, practical guidance on how to apply it consistently across HR functions. Discussions about strategic HR often remain abstract, focusing on demonstrating *the fact that* HR adds value without explaining *how* alignment can be achieved in practice. This book bridges that gap by offering actionable insights into how HR can align with strategy within domains like recruitment, selection, performance management, training and development, and compensation and benefits. Our goal is to move beyond broad concepts and provide actionable insights into how HRM can effectively align its efforts with business strategy to drive meaningful results.

2. Testing theory against practice

To ensure our approach reflects real-world challenges, we conducted in-depth interviews with HR managers. These case studies, introduced in the first chapter, serve as a central theme throughout the book. While the interviews confirmed many established insights about HR's strategic role, they also highlighted significant gaps. For instance, while it makes sense in theory that business strategy should inform HR policies and practices, HR managers often find that urgent challenges and competing demands overshadow long-term priorities. Bridging this gap is essential for HR to realize its full potential as a driver of organizational success. Through evidence-based insights and practical examples, this book provides the tools to navigate these complexities effectively.

3. Adapting to a dynamic market

Modern markets demand agility. Companies frequently shift strategies or pursue multiple approaches simultaneously to stay competitive, creating uncertainty for HR professionals tasked with aligning their efforts. Even when HR managers are involved in strategic decision-making, the rapid pace of change complicates their role. This need for agility poses one of the greatest challenges for strategic HR: How to structure HR policies and practices to support an organization's ability to pivot quickly. This book addresses these challenges head-on, providing a framework for HR professionals and students to understand, implement, and adapt strategy-driven HR in dynamic, real-world contexts.

Strategic choices: Defining the scope of this book

Just as strategy involves making difficult choices, we, the authors of this book, have made a few deliberate decisions about our focus. We look mainly at the profit sector, specifically companies with the scale and resources to develop and sustain a mature HR policy. This focus, however, does not imply that the principles and insights shared in this book are irrelevant to other types of organizations. On the contrary, the underlying concepts can be readily adapted to the public sector, nonprofit organizations, and even small and medium-sized enterprises (SMEs). After all, the core principle is applicable across all contexts: HR practices contribute to achieving organizational goals when they effectively promote the desired behaviors among employees. Whether in a multinational corporation, a government agency, or a small nonprofit, the alignment of HR policies with strategic objectives is critical to success.

The second focus of this book is on how HR contributes to organizational performance, often quantified in financial terms such as euro or dollar value. While the link between HR practices and firm performance is a central theme, it is not the whole story. Human resources are not merely assets or tools to achieve business goals—they are individuals with histories, internalized values, and norms that may not always align with those of their organization. Employees belong to a variety of communities, both inside and outside the workplace, and their behavior is shaped by far more than the structures of the institutions they serve. Our decision to focus on organizational performance, rather than individual well-being, as a key outcome of HR should not be misunderstood as a reflection

of the authors' personal values. Both of us have conducted extensive research on topics such as work stress and motivation, and we fully recognize the importance of fostering well-being in the workplace. We would even argue that organizations should promote the well-being of the people they employ—not primarily because a healthy workplace leads to better results (which it undeniably does) but because well-being is important. Period.

Our choice to focus on organizational performance is driven by a specific goal: To contribute to the professionalization of the HR field and equip HR professionals with the tools they need to make a compelling business case to executive teams. By framing HR contributions in terms of organizational performance—often a key concern for decision-makers—we aim to bridge the gap between HR practices and strategic priorities. This approach ensures that HR is not only seen as a vital partner in driving business success but also as a discipline that can demonstrate measurable value at the highest levels of leadership.

In this book, we prefer the term *strategic human resources management* (SHRM) over *talent management* (though we occasionally use the latter synonymously). Observant readers may note that talent management has grown in popularity and, in some cases, has even replaced SHRM. We believe that this shift is premature. Talent management focuses on the importance of employees—especially high potentials who contribute significantly to organizational performance—while SHRM emphasizes the roles and HR practices that underpin an organization. Both perspectives are not mutually exclusive; rather, they complement each other.

What this book offers (and does not offer)

This book offers practical and actionable guidance on how to implement strategy-driven HR across key functional domains such as recruitment, selection, performance management, training and development, and compensation and benefits. Through real-world case studies and interviews with HR managers, it illustrates how companies navigate the complexities of aligning HR practices with business strategy. At its core, the book provides a structured framework for strategy-driven HR, emphasizing its role in enabling organizational success, particularly in today's fast-changing and dynamic business environments.

However, this book does not promise one-size-fits-all solutions. Every organization is unique, and HR strategies must be tailored to specific needs rather than rely on universal best practices. It also avoids presenting a rigid step-by-step manual; instead, it encourages critical thinking and adaptability. Finally, it does not offer simplistic answers to the complex challenge of aligning HR with strategy but instead acknowledges the nuanced trade-offs and long-term considerations required for success.

By balancing evidence-based insights with practical applications, this book equips HR professionals and students with the tools to effectively navigate the challenges of strategic HR in real-world contexts.

Navigating this book

This book serves a dual purpose: It acts as both a syllabus for undergraduate and graduate HRM courses and a reference for HR professionals looking to deepen their understanding of the theories, practices, and strategic applications that shape modern HRM.

A possible teaching approach involves engaging students in critically examining the role of HR within the broader business strategy through a combination of interactive exercises. For instance, students could conduct individual or small-group interviews with HR professionals to analyze how well an organization's HR architecture is aligned both horizontally—ensuring consistency across HR practices—and vertically, linking HR initiatives to the company's strategic goals. Additionally, students might be tasked with reviewing case studies, such as those included in this book, to evaluate HR alignment in different organizational contexts, or they could develop mock HR strategies for hypothetical companies to apply their learning in a practical setting.

To ensure the content remains accessible and engaging, sources are not cited directly in the main text. Instead, they are referenced in endnotes and accompanied by a selective bibliography. This approach ensures the book maintains academic rigor while enhancing readability, making it practical for both students and professionals.

Outline

The first chapter clarifies the distinction between human resources—the people who drive organizational success—and the practices designed to manage them effectively. It examines the evolving role of HR professionals and the challenges they face in today's dynamic workplace. To ground these ideas in real-world contexts, the chapter introduces the companies that will serve as case studies throughout the book, illustrating how HR practices are applied in practice.

In the second chapter, we explore the concept of strategy-driven HRM, examining how HR can effectively align with and contribute to organizational success. We discuss the conditions under which HR delivers the greatest value, introduce the most prevalent business strategies, and analyze key concepts such as horizontal alignment—ensuring consistency across HR practices—and vertical alignment, which connects HR initiatives directly to the organization's strategic objectives.

The third chapter examines job analysis, a process designed to clarify job requirements and identify the qualifications necessary for successful performance. Despite being a foundational element of HR, job analysis is often overlooked in broader discussions about HR functions. This chapter also highlights three strategic applications of job analysis: the widely recognized competency modeling, the lesser-known strategic job modeling, and the identification of critical roles.

In the fourth and fifth chapters, we compare operational and strategic approaches to recruitment and selection. Recruitment focuses on identifying qualified candidates and encouraging them to apply for specific job openings. During selection, the organization evaluates applicants' qualifications and chooses those most likely to succeed in the role. The operational approach is reactive, aimed at filling immediate vacancies. It focuses on addressing short-term hiring needs. In contrast, the strategic approach is proactive. It seeks to hire employees who can contribute across multiple roles within the organization, not just one. This approach prioritizes positions that align with the company's long-term business strategy. Moreover, the strategic approach serves a signaling function. Through recruitment and selection practices, the organization conveys its values to potential employees. This process acts as pre-entry socialization, helping applicants understand the company's culture and expectations before they formally join. This shapes their understanding of the organization's values, preparing them for a smooth integration into the company.

Chapter 6 examines the core elements of performance management: its purpose (employee development or administrative decisions), what to evaluate (traits, behaviors, or results), how to evaluate (methods like rankings or narratives), and who should evaluate (supervisors, peers, or multisource feedback). It argues that misalignment of these elements often leads to ineffective performance management. A strategic approach is proposed, emphasizing simpler systems, continuous feedback, a focus on strengths, and redefining supervisors as mentors. The chapter also recommends a differentiated approach, where performance management systems align with the strategic importance of roles, ensuring efficient resource allocation and tailored practices.

Chapter 7 covers orientation, training, and development, each aimed at investing in employees. Orientation helps new hires adjust to the organization by familiarizing them with role responsibilities, company policies, and their coworkers. Training addresses skill gaps or prepares employees for future job needs, with a structured model that includes setting objectives, conducting needs analysis, selecting appropriate techniques, and evaluating effectiveness. Development is a longer-term process focused on employee growth, requiring substantial resources. From a strategic perspective, investing in the development of employees in critical roles and generic competencies offers a higher return for the organization.

The final chapter covers compensation and benefits, examining how organizations use various rewards to motivate behaviors that align with company strategy. It discusses the development of a pay structure, considering market data and the strategic importance of different roles, while ensuring equity within the system. This includes maintaining fairness both internally, across roles, and externally, in relation to market standards. The chapter also explores different types of incentive systems, such as performance-based bonuses, profit sharing, and stock options, highlighting how each one can drive desired employee behaviors. This approach ensures rewards are competitive, aligned with organizational goals, and equitable for all employees.

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B & J

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CHAPTER 1

THE BALANCING ACT OF MANAGING HUMAN RESOURCES

Human resources management (HRM) shapes every aspect of how people work—from recruiting the right talent to designing motivating jobs and guiding employee development. Far more than just “hiring and firing,” HRM involves strategic decisions that align people’s efforts with the organization’s broader goals. In this chapter, we begin by defining HRM and outlining its core activities. This foundation helps us see how HRM can serve as a powerful lever for enhancing both individual performance and overall organizational effectiveness.

Next, we clarify what we mean by “human resources.” While often synonymous with “people” or “employees,” the term also highlights the valuable qualities—knowledge, skills, abilities, and other characteristics (KSAOs)—that individuals bring to the organization. Building on these attributes, we introduce competencies: the real-world behaviors that translate KSAOs into tangible workplace success. To understand the role of HR professionals more concretely, we explore the HR Business Partner (HRBP) model proposed by Dave Ulrich. This framework identifies four key roles—administrative expert, employee champion, change agent, and strategic partner—emphasizing that HR must juggle both daily operations and long-term, strategic initiatives. We also discuss the HR triad, illustrating that effective HRM is a shared responsibility among HR professionals, line managers, and employees.

Finally, we highlight the importance of making HR a strategic business partner that navigates diverse stakeholder interests, regulatory environments, and competitive pressures. This perspective underscores the complexity of the HR profession and the need for data-driven, ethical, and forward-thinking approaches.

To bring these ideas to life, we introduce four real-world cases—KBC Group, bpost, Dstny, and Colruyt Group—whose HR leaders share firsthand insights into adapting HR practices to evolving business landscapes. These companies, alongside additional real-life and fictitious scenarios, will serve as recurring examples throughout the book.

WHAT IS HRM?

HRM refers to the set of practices and decisions that guide how organizations manage people throughout their employment journey. It covers the activities of job analysis, job design, recruitment, selection, onboarding, performance and reward management, training and development, employee relations, and employee well-being, among others. Key HRM decisions often revolve around several critical questions, such as:

- » How do we attract and find the best talent?
- » What motivates employees to perform at their best, stay innovative, and remain loyal?
- » What skills and development opportunities do employees need to grow?
- » How do we decide who should be promoted?
- » How can we structure jobs to keep employees engaged and motivated?
- » Why are employees leaving, and what can we learn from their exits?

HR practices

While there are many HR practices available, this book focuses on six core areas: job analysis (Chapter 3), recruitment (Chapter 4), selection (Chapter 5), performance appraisal and management (Chapter 6), training and development (Chapter 7), and compensation and benefits (Chapter 8). These practices form the foundation of HRM by directly influencing how organizations attract, develop, and retain the right people to drive success.

- » **Job analysis** is the systematic process of identifying the duties, responsibilities, and required skills for a specific role. It establishes a clear understanding of what is expected, serving as the bedrock for all subsequent HR activities.
- » **Recruitment** involves attracting a pool of qualified applicants to fill job openings. This process is critical for building a diverse and capable workforce,

ensuring that an organization's values and opportunities are effectively communicated to potential employees.

- » **Selection** follows recruitment, focusing on evaluating and choosing the most suitable candidates from the applicant pool. By ensuring that the right people are placed in the right roles, selection directly impacts organizational performance and cultural fit.
- » **Performance appraisal and management** refers to the ongoing process of assessing employee performance, providing constructive feedback, and setting future goals. This practice aligns individual efforts with broader business objectives and supports continuous improvement.
- » **Training and development** encompasses initiatives designed to enhance employee skills and knowledge. By investing in learning opportunities, organizations not only address current performance gaps but also prepare their workforce for future challenges.
- » **Compensation and benefits** involves creating competitive pay structures and benefits packages that reward employees fairly and motivate them to perform at their best. This area is crucial for attracting and retaining top talent while reinforcing a culture of recognition and accountability.

A strategic perspective

Many definitions of HRM emphasize its role in enhancing employee performance and overall organizational effectiveness to achieve *strategic* goals. In practice, HRM activities—such as recruitment, training, and performance management—should be thoughtfully designed to align employees' efforts with the organization's broader objectives. When this alignment is in place, employees are more focused and productive, directly contributing to the organization's success. This is the perspective we adopt in this book, viewing HRM as a strategic tool for gaining a competitive advantage.

One of the main reasons for writing this book is to address the common issue in many organizations where HRM is not strategically coordinated. HR activities often operate in isolation or react to immediate needs rather than aligning with the organization's overall goals. Without this alignment, HR practices may fail to drive the behaviors needed to achieve strategic objectives, limiting both employee and organizational potential. In some cases, HR managers are aware of HRM's strategic value but lack the resources to develop a cohesive HR system. In others,

the resources are available, but HR is not included in key decision-making. There are also cases where HR managers may not know how to create a well-integrated HR structure. This book is aimed at providing guidance to those HR professionals and students who face these challenges, helping them build a more strategically aligned HRM system.

WHAT ARE HUMAN RESOURCES?

When we use the term “human resources,” it can often be substituted with “people” or “employees.” The word “resources” highlights that employees bring valuable qualities to the organization. These qualities are essential not only for completing their tasks but also, from a strategic standpoint, for driving the organization’s success. Hence, by referring to people as resources, we underscore their importance in contributing to the company’s overall goals and long-term performance.

Traditionally, human resources are defined using the framework of knowledge, skills, abilities, and other characteristics (KSAOs). This framework is used to describe the essential attributes that employees bring to their roles. Here is a breakdown of each component:

- » **Knowledge:** The information and expertise employees acquire through education, training, and experience. For example, a marketing manager’s knowledge might include market research techniques or consumer behavior analysis. Knowledge forms the foundation for effective decision-making and job performance.
- » **Skills:** The learned abilities employees develop to perform tasks effectively. Skills are task-specific and gained through practice, education, or training. For instance, coding, public speaking, and financial analysis are skills that can be cultivated and improved. Skills focus on *how to do something* and are directly tied to specific roles or tools.
- » **Abilities:** The natural talents or capacities employees possess that enable them to perform tasks. Abilities are broader and often innate, such as creativity, adaptability, or problem-solving. Unlike skills, abilities reflect *what employees are naturally capable of doing*. For example, someone with strong analytical ability can quickly acquire and excel in data-related skills.