



Study Of Various Components Of Strategic Planning

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Introduction : In the past, human resource management (HRM) was called the personnel department. In the past, the personnel department hired people and dealt with the hiring paperwork and processes. It is believed the first human resource department was created in 1901 by the National Cash Register Company (NCR). The company faced a major strike but eventually defeated the union after a lockout. (We address unions in Chapter 12 “Working with Labor Unions”.) After this difficult battle, the company president decided to improve worker relations by organizing a personnel department to handle grievances, discharges, safety concerns, and other employee issues. The department also kept track of new legislation surrounding laws impacting the organization. Many other companies were coming to the same realization that a department was necessary to create employee satisfaction, which resulted in more productivity. In 1913, Henry Ford saw employee turnover at 380 percent and tried to ease the turnover by increasing wages from \$2.50 to \$5.00, even though \$2.50 was fair during this time period (Losey, 2011). Of course, this approach didn’t work for long, and these large companies began to understand they had to do more than hire and fire if they were going to meet customer demand.

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More recently, however, the personnel department has divided into human resource management and human resource development, as these functions have evolved over the century. HRM is not only crucial to an organization’s success, but it should be part of the overall company’s strategic plan, because so many businesses today depend on people to earn profits. Strategic planning plays an important role in how productive the organization is.

Most people agree that the following duties normally fall under HRM. Each of these aspects has its own part within the overall strategic plan of the organization:

Staffing. Staffing includes the development of a strategic plan to determine how many people you might need to hire. Based on the strategic plan, HRM then performs the hiring process to recruit and select the right people for the right jobs. We discuss staffing in greater detail in Chapter 4 “Recruitment”, Chapter 5 “Selection”, and Chapter 6 “Compensation and Benefits”.



Basic workplace policies. Development of policies to help reach the strategic plan's goals is the job of HRM. After the policies have been developed, communication of these policies on safety, security, scheduling, vacation times, and flextime schedules should be developed by the HR department. Of course, the HR managers work closely with supervisors in organizations to develop these policies. Workplace policies will be addressed throughout the book.

Compensation and benefits. In addition to paychecks, 401(k) plans, health benefits, and other perks are usually the responsibility of an HR manager. Compensation and benefits are discussed in Chapter 6 "Compensation and Benefits" and Chapter 7 "Retention and Motivation".

Retention. Assessment of employees and strategizing on how to retain the best employees is a task that HR managers oversee, but other managers in the organization will also provide input. Chapter 9 "Successful Employee Communication", Chapter 10 "Managing Employee Performance", and Chapter 11 "Employee Assessment" cover different types of retention strategies, from training to assessment.

Training and development. Helping new employees develop skills needed for their jobs and helping current employees grow their skills are also tasks for which the HRM department is responsible. Determination of training needs and development and implementation of training programs are important tasks in any organization. Training is discussed in great detail in Chapter 9 "Successful Employee Communication", including succession planning. Succession planning includes handling the departure of managers and making current employees ready to take on managerial roles when a manager does leave.

Regulatory issues and worker safety. Keeping up to date on new regulations relating to employment, health care, and other issues is generally a responsibility that falls on the HRM department. While various laws are discussed throughout the book, unions and safety and health laws in the workplace are covered in Chapter 12 "Working with Labor Unions" and Chapter 13 "Safety and Health at Work".

In smaller organizations, the manager or owner is likely performing the HRM functions (de Kok & Uhlener, 2001). They hire people, train them, and determine how much they should be paid. Larger companies ultimately perform the same tasks, but because they have more employees, they can afford to employ specialists, or human resource managers, to handle these areas of the business. As a result, it is highly likely that you, as a manager or entrepreneur, will be performing HRM tasks, hence the value in understanding the strategic components of HRM.

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