THE CONCEPT AND PROCESS OF STRATEGIC HUMAN RESOURCE MANAGEMENT: INNOVATIVE ORGANIZATION PERSPECTIVE

YUTTACHAI HAREEBIN

Phuket Rajabhat University Ratsada, Muang District , Phuket 83000 THAILAND
E-mail: yuttachai.mas@gmail.com

Abstract - The topic of this article is study about Strategic Human Resource Management (SHRM) in organization with Innovative Capabilities, which aims to research about the explanation of Concept and Process as integrated between SHRM and Innovative Capabilities. The result of literature review shows that the comprehensive or relationship between the responsible of human resource duties and organizational strategic planning with comprise of four (4) types; Administrative Linkage, One-way Linkage, Two-way Linkage and Integrative Linkage Administrative Linkage, One-way Linkage, Two-way Linkage and integrative Linkage. The consequence of integration between SHRM and Innovative Capabilities reveal that Content and Organizational capabilities can be explained in three (3) issues; SHRM, HR Innovator and Innovative Strategy with including the different style of manager. In addition, this article is describing the relationship and determination of vision strategy from organization which it shows that organizational characteristic can be determined the direction of company and defined the long term strategy for accommodate changes that are consistent with the current situation, idea, and opportunity.

Keyword - Strategic Management, Human Resource Management, Innovative Capabilities

I. INTRODUCTION

Nowadays, various organizations have started to pay attention to gain a sustainable competitive advantage which means that the organization has to do an on-going process to develop and change for creating competitive advantage and existence for company [1]. Human resources are regarded as the most valuable resource of the organization and it is an important factor that indicates the success or failure of the organization in order to achieve the organization's goals with maximum efficiency and effectiveness. It can be considered as an activity of the organization that needs to be adjusted in accordance with the strategic organization management approach because of the influence of environmental change. As a result, human resource management has changed the way of operations to be in line with the internal and external environment and it plays an important role in an on-going driving the organization to a systematic development which helps the organization to be successful in its future operations [2].

The tendency of human resource management has a direction to the development that changes according to the importance of resources in an organization and it can consider that human resources are the most valuable resource of the organization and an important factor driving to the success or failure of the organization. Therefore, it is important to achieve the organization's goals with maximum efficiency and effectiveness. To formulate human resource management strategies can considered as an activity of the organization's operations and it is also necessary to adapt to the strategic organization management approach (Armstrong, 2009). However, due to the changing trend of human resource management change, the researcher is focusing on the importance of the changes and interested in reviewing literature and studies of strategic human resource management with concepts what kind of operation process, strategy, and what factors are needed to create an innovation organization?

II. LITERATURE REVIEW

2.1 The Concept of SHRM

Armstrong (2009) [3]. claimed strategic human resource management as an organization's intention in terms of the integration between human resource policies and business strategies practices. Dessler (2006) [4] defined strategic human resource management is a process of linking human resource management with strategic goals and objectives for improving business performance and develop organizational culture for promoted innovation and flexibility.

Therefore, human resource management can be said that it is a form of activities for managing human resources in an organization to have high efficiency which, if truly considered the strategy of the organization can be considered as the matter of focusing on the human resources in the organization or being the center of general goals within the organization that will make the organization move in the correct direction. The organization has been laid down by Noe and his colleague in 2006 to discuss the consistency or relationship between responsibilities of human resources and strategic planning of the organization which it may occur in the following ways:

1. Management consistency (Administrative Linkage) is a relationship in which executives are interested in the role of human resources in the form of routine work, in which human resources

have little involvement in organizational strategy.
2. One-way linkage is the kind of relationship; managers focus on the human resource department in the way of implementing the strategy but not focusing on strategy formulation. Most of these relationships can be seen in government organizations.
3. Two-way Linkage, in this kind of relationship, the role of the human resource department will be given a high level of importance from the beginning of the strategy and implementation of the strategy. In the form of this will most likely happen in private organizations.
4. Integrative Linkage is a continuous relationship in which human resource managers will play an important role as a part of senior management and play a role in implementing management plans and strategic human resources has to support the organization's operations.

For the Human Resource Function, the role of the human resource management which includes the competency of general managers and human resource managers in all departments in order to use the professional competence of human resource management for becoming a business partner, which must take into the context of the human resource executive who must first look out to "External Environment" (External Condition) and attach importance to "Stakeholders" with the organization, taking into account the general context of the business expectations of relevant parties and it will be the ability to create strategies and make a decisions in investment.

Next, dimension of organization (Organization), division executives and human resource managers must adjust the culture of the organization to the world's trend with a work culture that respects and accepts each other and having communication that can access personnel or information at all times (Real time). Moreover, having work management that opens the dimension of Individual (Individual), division managers and human resource managers are effective in order to conduct the activities that create credibility with clearly communication and the messages which must be consistent each function.

Finally, the efficiency of the human resource department is related to the operation of the human resource management in the process of human resource management by using various resources such as money and time efficiently [5]. which measures the ability of the human resource management in cost, time and resources management in human resource management tasks in 6 areas, which are 1) recruiting staff 2) training and development 3) performance evaluation 4) compensation management 5) safety and occupational health of employees and 6) Labor relations.

2.2 Innovative Organization

Drucker (2002) [6] further explains that innovation is a unique tool for the organization's operations in both public and private business in order to be able to create new things or new ways of doing business by using the resources that are most useful for business prosperity which it is also consistent with Dundon (2002) [7], which says that innovation is the ability to make profits by implementing creative strategies in practice. For the Innovative Organization, it is an organization capable of adapting to survive in the changing business environment by using product development, services, processes, systems, structures, and policies [8] [9].

The innovation organization characteristics are indicated a strategic human resource management perspective should have a variety of forms to encourage employees to have creativity and innovation, such as allowing employees to go outside of the organization in order to have the opportunity to meet with the external environment and sharing ideas with outsider and rotating staff to different kind of work.

In the sometimes, allowing employees for participating in volunteer activities and allowing employees to participate in meetings to exchange ideas with customers, suppliers, and other organizations.

2.3 The integration of SHRM and Innovative Capabilities

The organization must have an innovator with knowledge and competency, especially every executive and human resource manager in the department's operations to carry out the basic tasks of human resource management such as recruitment and training and development, etc., as well as knowledge in the implementation of strategic missions that are consistent with helping the organization achieve its goals and objectives, such as knowledge about the business of the organization and change management, etc. This type of ability relates to the dimension of value creation for the organization.

The executives and human resource managers will use to design and build a human resource management system that focuses on building, developing and maintaining the core competencies of employees and organizations. Therefore, 3 important elements are Strategic Management, Human Resource Management, and Innovative Capabilities with as follows table 1:

Content	Capabilities of Organization
SHRM	• Function of Human Resource Management • System or Practices of Human Resource Management • Deliverables of Strategic Human Resource Management
HR Innovator	• Focusing on recruiting and hiring creative people with having experience and diverse backgrounds • Long-term personnel development and training strategy and must develop and instill personnel to have a learning habit and self-improvement
Innovative Strategy	• The innovation strategy must focus on the importance of customers. • The organization must have a clear goal, policy and innovation strategy that focuses on innovation and promotes creativity to various departments • Goals must be related to strategies that promote innovation and specificity by identifying clear targets for innovation at every level

TABLE 1: Content and Capabilities of Organization

The development of strategic management and innovative capabilities will be linked to human resource development, which involves continuous learning, experimentation, innovation, fun, creativity and personal development in the organization. The above development will focus on developing of technology skills, learning and self-development (Intrapersonal) and human relations. Therefore, encouraging interaction between people with different organizational, cultural, and professional levels

2.4 The Process of SHRM: Innovative Capabilities Perspective

Strategic human resource management in an organization, executives have to focus on achieving the organizational effectiveness (Organization Effectiveness) by means of management to achieve the objectives of the organization. To develop the organization to keep up with changes in the environment and at the same time still want to achieve the organization's efficiency by means of achieving organizational goals by using management resources [10]. The process of SHRM: Innovative Capabilities Perspective that can help the organization achieve efficiency and effectiveness, which can be described in detail in order to gain a broad understanding as follows;

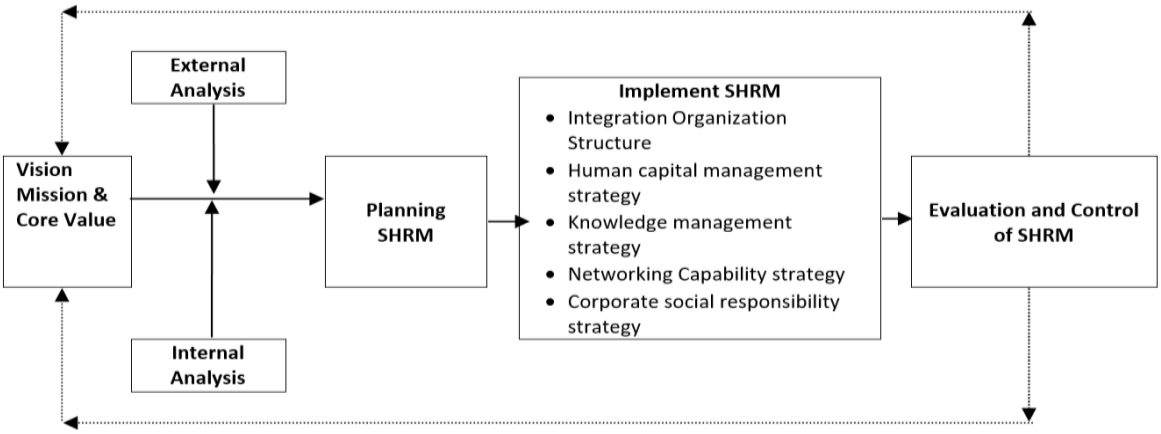

Fig 1: The Process of SHRM: Innovative Capabilities Perspective

From Figure 1; it is a demonstration of relationships of establishing strategic vision from organization which shows what organization should be in the future direction and this is can determined the long-term operational guidelines for the organization with continuously analyze the external and internal environment related to human resource management and then plan to be suitable and consistent with the human resources in the organization.

For the strategy implementation, the author focuses on 3 important SHRM issues: human capital, knowledge, network and social responsibility, these are important in relation to the competence of organizational structure and management. Finally, evaluating performance and initiating corrective adjustments is a strategy performance review which if not going as planned, the amendment will start from determination of vision, defining objectives, strategic making or implementing strategies with changes that are consistent with the circumstances emerging ideas and opportunities.

For assessment effectiveness of strategic human resource management, this article defines the four components of effectiveness as follows: 1) Employee quality with measured by the company's profit per employee. 2) Employee productivity with measured

by the average productivity per employee 3) Employee stability as measured by the turnover rate 4) The relationship between the management and employees as measured by the frequency of complaints or complaints per year[5] [11] [12].

III. CONCLUSION

Operations in the role of strategic human resource management are different by means that currently, most of organizations take a priority to the role of human resource managers in terms of collaborative thinking, making decision planning with the senior management because the environment has changed dramatically by moving into the knowledge economy, various organizations face increasingly fierce competition. Therefore, most organizations have to change the roles of human resource managers to be role-oriented by becoming a strategic human resource planner, being a manager and knowledge consultant as well as having an understanding of what strategies the organization uses in its operations. In addition, employees are considered as innovators who must have innovative skills and entrepreneur skill because these skills will help promote innovation in the organization.

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