

Traditional Human Resource Management Vs. Strategic Human Resource Management

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Welcome to the spoken tutorial on Strategic Human Resource Management conducted by Associate Professor Dr. Lata Krishnan, Head, Department of Commerce, Mahatma Night Degree College of Arts and Commerce, Chembur, Mumbai

The objective of today's session is to

- Study the difference between Traditional Human Resource Management THRM and Strategic Human Resource Management SHRM

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Rigid vs. flexible HR policies

- In Traditional Human Resource Management the human resource is managed in a thorough and structured manner following rules and regulation very strictly. The HR policies are uniform, rigid and structured and followed by all whatever be the situation of the business / employees.
- In Strategic HRM the focus is on achieving goals of the business organization. The HR strategies are framed in such a way so as to

direct employees efforts towards the goals of an organization.
Hence the HR strategies are flexible.

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Reactive vs. proactive

- In traditional HRM the process of HRM is reactive in nature. This means that the HR department responds to a change in the environment thus losing on time. This affects the competitiveness of the organization and may result into losses.
- On the other hand, SHRM is a proactive management function. Here with effective environment scanning process in place the HR department can see well in advance the changes / challenges / opportunities that are coming their way and adapt / change well before time to take advantage of / be prepared for the new situation. Example: the subprime mortgage crisis of 2007 or the recent Covid-19 pandemic

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Fragmented vs. integrated approach

- The traditional HRM strategies relies strictly on applying management principles and believing in management principles for managing people and the HR department. It does not integrate its HR strategies with the other department goals or the goals of the business organization. It follows a fragmented approach.
- As against this, SHRM follows an integrated approach, which involves lining up of business strategy with the company's HR practices.

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Conforming vs. partnership

- In traditional human resource management the HR department has to work withing the scope of various employment laws, labour laws, factory act etc. It is imperative to maintain good employee relations to ensure peace and profitability.

- SHRM has a broader approach. It partners with employees to achieve internal goals such as profit maximization, value innovation, becoming market leaders and external goals of pollution control, becoming the highest employer, community service, CSR projects etc. SHRM focuses on a partnership with internal and external constituent groups.

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Short term vs. long term goals

- THRM policies are rigid, structured, fragmented and do not succeed when there are changes in the business environment over a long term period. If you do not adapt, you perish! THRM policies and practices support only short-term business goals and outcomes.
- Since SHRM are flexible, aligned and integrated with business strategies and goals they adapt to changes in business environment and are catalyst to success. SHRM supports long-term goals and results of business.

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Transactional vs. transformational leadership style

- THRM is reactive in nature. The human resource manager plays the role of change follower, i.e. he/she responds to change, hence pursues transactional leadership style. (do what is told of him to do.)
- SHRM is proactive in nature. Changes and adapts before time as they can see what is coming... The human resource manager is a change leader, i.e. an initiator of change, thus seeks transformational leadership style. (innovates and leads change)

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Capital & products vs. people & knowledge

- In THRM MONEY and MATERIAL are important. The primary element in HRM is capital and products.
- In SHRM QUALITY OF HR is important. People and their knowledge are the building blocks of SHRM

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Cost centric vs. Investment centric

- THRM considers salary, wages, incentives, training, facilities, perks etc. as an expense. A cost to company. A conventional or traditional HRM is cost centric.
- SHRM is investment centric. The money spent on human resource is considered as an investment in improving the quality of HR the benefit of which will be reaped by the company in the long run.

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Stringent control vs. Empathy & Leniency

- In THRM, the HR is strictly monitored and controlled.
- As against this, in strategic human resource management, no such control is imposed, rather the rules for managing manpower is empathetic and lenient. This means that the HR department is kind and open to accommodate the problems and issues faced by HR to win their confidence and loyalty. The focus is on partnering with the HR to achieve individual, team, department and organizational goals.

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Division of labour & specialization vs. Cross training & teams

THRM believes in HR specializing in a particular task, skill and remaining in the same process for a lifetime. Individuals are given targets which they have to achieve. Division of labour and specialization can be found in the job design.

In SHRM HR are trained in different tasks and skills other than the one assigned to them. HR HAS TO BE OPEN TO LEARNING NEW KNOWLEDGE, SKILL AND TASKS. Targets are given to the team to achieve and members contribute to team targets. Flexibility and cross-training aids in creation of teams for crisis management. In strategic human resource management flexibility, cross-training and teams can be found in the job design

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With this we come to the end of our session on the difference between THRM and SHRM.

THANK YOU.

