

# CONCEPTUAL CLARIFICATION OF PLANNING AND STRATEGIC THINKING IN HUMAN RESOURCE MANAGEMENT

Literature  
review

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## Abstract

*Many of the concepts and techniques for strategic management have been developed and successfully applied within many companies. As managers are trying to manage better and to face the changes in economical climate, a company develops over four phases of strategic actions and management. These phases consist of basic financial planning, prognosis-based planning, external environment oriented planning and strategic management. Moreover, strategic management consists of four basic elements which ensure a structured format for examination of company strategies: scanning the business environment, strategy formulation, strategy implementation, evaluation and control.*

## **Planning and strategic thinking in human resource management**

Many of the concepts and techniques for strategic management have been developed and successfully applied within many companies. As managers are trying to manage better and to face the changes in economical climate, a company develops over four phases of strategic actions and management. These phases consist of basic financial planning, prognosis-based planning, external environment oriented planning and strategic management. Moreover, strategic management consists of four basic elements which ensure a structured format for examination of company strategies: scanning the business environment, strategy formulation, strategy implementation, evaluation and control.

### **Scanning the business environment**

Business environmental scanning implies the monitoring, assessment, and dissemination of an organization's internal and external environments. The purpose of this first step is detecting the key factors, the internal and external elements that may influence the organization's future plans. This activity is most easily performed by assessing the strengths, weaknesses, opportunities, and threats of the business venture (SWOT analysis).

The strategy takes shape by developing long-term plans for an efficient management of the opportunities and threats in terms of the organization's strengths and weaknesses. This also implies the definition of the company's mission, identification of achievable targets, development of strategies, and setting of the support politics.

The strategy implementation is actually to set going the strategies by developing programs and establishing procedures and the budget. Most frequently, this process involves modifications within the organizational culture and changes of the

company's structure and management team.

Due to the assessment and control process, the organization's activities and output performances are monitored so that to compare the current performances with the required performances.

Moreover, this process can identify the weaknesses of the strategy implementation and can drive and continue the process.

The environmental scanning is a totally necessary process and is preliminary to the process of shaping the strategy. This process involves acquiring, using, and disseminating information about events, trends, and relations of the external politics environment and decision taking activity, with the role of assisting the management side within the process of planning future actions.

The organizations scan the business environment in order to understand the external factors involving the change so that to develop efficient answers providing and enhancing the company's future position. To understand the environmental scanning, the strategic managers shall monitor a number of variables, for example the societal variables and the external strategic forces. The societal forces include general variables as the economical, technological, socio-cultural, and political forces that do not have direct and short-term consequences, but have an impact on the long-term decisions. The external variables comprise the elements that directly impact the company's activity, generally represented by all the elements of a specific industry: political actions, creditors, suppliers, employees, etc.

The organization's internal environment usually includes variables which cannot be influenced on short-term or mid-term. These variables are related to the structure, the culture, and the resources of an organization and usually are the key factors used for the competitive advantage.

Based on the type, measurement, and variables of each and every company, Aguilar classifies four scanning modes:

1. undirected viewing – general presentation of information without specification of the purpose
2. conditioned viewing – direct presentation of information without active searching
3. informal search – implies rather limited and unstructured effort to obtain specific information
4. formal search – implies intended efforts according to a set plan, complying with certain procedures and methodologies in order to put under security specific information.

Fahey et al.(1981) identify three scanning models:

1. irregular scanning
2. intermittent scanning – partial integration of activities with objectives
3. continuous scanning – structured opportunity-seeking.

Similarly Jane (1984) found that scanning practices are developed in four distinct types or phases:

1. the primitive phase – no specific effort
2. the situational phase – the scanning does not introduce a formal system
3. the reactive phase – unplanned, unstructured activities
4. the proactive phase – intensive and rigorous practices on information seeking.

The result of the undirected viewing has an impact on the individuals who became sensitive to selecting domains or issues. With respect to the conditioned viewing, the individuals channel their energy towards perceiving information about the selected subjects or certain types of data. The target is to identify and assess the importance of information in order to estimate the general status of the impact on the assessed company. Most of the times, the individuals would take this action for the lowest possible cost and highest

possible efficiency, without providing the process with a long period of time. If the scanning of the business environment has an important impact, the actual scanning process is followed by the research stage. The entire process of informal search seeks for data that would provide understanding of the actual problem in order to gather information to identify the actions to be taken by the organization.

In the formal searching phase, the individuals take intended or planned efforts to obtain specific information on specific problems. The purpose is to systematically find relevant information about an issue in order to ensure a basis for the decision or actions order development. The formal information are taken from very good sources or have external sources which make efforts and whose object of activity is providing data as accurate, indubitable and realistic as possible.

If the process considers all four scanning models defined by Aquiler, the scanning of the business environment will be performed under best conditions and will have the anticipated output.

### **Shaping Human Resource Strategies**

Generally, shaping a strategy is related to long-term planning and aims at developing the organization's mission, objectives, strategies, and politics. Moreover, it is not easy to separate strategy shaping from environmental scanning as it is related to the development of the mission and goals and to identifying the strengths and weaknesses of the business environment.

As mentioned above, the first stage in strategy shaping is to identify the company's mission with the purpose of expressing the benefits the organization brings to society; generally it includes elements of the long-term strategy and the expected results. The mission of an organization states the core values, the aspects, and philosophy of the company. The mission promotes the expectations and communicates the public image of the

shareholders. The company's mission statement includes "who we are and what we want to do".

The second criterion to be considered when defining the strategy is the specification of the goals. They shall be measurable, attainable, realistic, explicit, understood and communicated by all the parties involved. For the purpose of a better result, based on the management hierarchy, the goals are classified into two types: strategic goals and tactical and operational goals.

The strategic goals are defined by the top managers, while the lower level managers identify the tactical and operational goals. The purpose of the human resources strategic management is to build up a domain by means of the strategic goals clustering. This tandem must be operational, to correspond to the stakeholders interests and to gain the attention of the employees who fulfil them. The third step of strategy shaping actions implies the strategy development which leads to a master-plan indicating the modalities by means of which the organization reaches its own mission and goals. The role of this elaboration is to maximize the competitive advantage and to minimize the competitive disadvantage, according to the three strategies set in practice:

- corporate strategy – overall directions of control and development of different business and production lines.
- business strategy – it relates to the business unit or to the production level and emphasizes the improvement of the competitive positions of the company's products and services within a specific industry.
- functional strategy – it aims at reaching the business and corporate goals by

maximization of resources productivity, from the perspective of the functional area.

The last step of strategy shaping involves the setting of guiding politics which considers a guidance line of taking the decisions that connect the strategy shaping and its implementation. The politics of organization ascertain the decisions and actions of the employees are in conformity with the company's mission, goals, and strategies.

### **Implementation of human resources strategies**

The strategy implementation is the process by means of which the strategies and politics are set going due to programs, budget, and procedures development. Frequently, this process implies changes of the company's culture, structure and management system. In order to prevent from chaos and confusion among the company's employees, a strategic leader must define, manage and unify elements such as: strategic vision, change of the control method, pragmatism, organizational culture, leading structure and politics, control and management.

The strategy implementation considers two main aspects:

- formal – organizational structure
- informal – organizational culture.

The strategy implementation process requires the development of a program with the role of an activity statement, therefore a single plan including programs, budgets and procedures. The latter form a gradual system of stages and methods; the procedures offer a detailed description about the completion of a specific duty or responsibility.

In the end, in order to verify whether the strategy has been correctly implemented and the results are equivalent to the

expected output, an assessment and control process shall be applied. Therefore the actual resulted performance can be compared to the expected output. This process can be used by every-level managers because it can provide the basis for corrective actions and can ensure solutions to the problems that might occur throughout the previous process. The information related to the assessment stage must be clearly stated, efficient and can be easily communicated to the employees in real time so that they could operate whenever necessary.

The environmental scanning, the strategies shaping, implementation and assessment stages cannot form a unitary assembly without an accurate planning of the human resources which stand for the answer of the personnel function and ensure the personnel requirements are provided so that the goals can be achieved. Moreover, it must be integrated within the business general plans and strategies, providing the connections between the company's personnel necessities and the qualifications and availability on the labour market. The human resources planning require the interdisciplinary data based on the analysis of external factors (legislation), organizational elements (recruitment, development, career), institutional factors (technology level, human resources positions) and outputs (sales target, etc.). The personnel level must be set based on the adjustments of the previous mentioned impact factors. The labour planning bonds the strategy, the structure and the personnel. The adjustment of the human resources must be applied to all hierarchical levels; this implies training, commitment, rewards, and quality. If these strategies are not applied at low hierarchic levels, a contradiction occurs and the employee are bound to be considered as just "a number" in the struggle for the competitive advantage by means of reducing costs.

Inaccurate shaping of human resources strategy leads to loss of employees and

therefore to negative consequences (Prof. dr. Ioan CIOBANU, Asist. dr. Ruxandra CIULU, *Managementul Strategic al resurselor umane, Suport de curs, 2009-2010*):

- the organization loses the knowledge, practices and abilities acquired by the personnel;
- it can lead to a decrease of productivity;
- the company's employees experience the feeling of guilt and low motivation and commitment;

the layoff can become stressful for those involved.

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