*Strategic Management*, 9e: Chapter 16 study guide

Checklist: Analyse human resources from a strategy leadership perspective

Strategic management is fundamentally linked with people of the organisation and, specifically, its leadership. People are a major resource, arguably *the* major resource. It is therefore valuable to undertake an audit of the people in the organisation.

A human resource audit is an examination of the organisation’s leadership, its people and their skills, backgrounds and relationships with each other. In undertaking the human resource audit of an organisation, it is important to give careful thought to a basic list of important areas in the business. The Exhibit below shows a suggested list. The main principles are:

 to obtain some basic information on the people and policies involved in the organization

 to explore in detail the role and contribution of the human resource management function in the development of strategic management

Exhibit: Human resource audit: people in theorganisation

 Leadership in terms of people and style

 Employee numbers and turnover

 Organisation structure

 Structures for controlling the organisation

 Use of special teams, e.g. for innovation or cost reduction

 Level of skills and capabilities required

 Morale and rewards

 Employee and industrial relations

 Selection, training and development

 Staffing levels

 Capital investment/employee

 Role of quality and personal service in delivering the products or services of the organisation

 Role of professional advice in delivering the product or service

Human resource audit: Role and contribution of human resource strategy

 Relationship with strategic management development in the organization

 Key characteristics of human resource strategy

 Consistency of human resource strategy across an organisation with several divisions

 The responsiveness of human resource strategy to changes in business strategy and the environment

 The role of human resource strategy in leading change in the organisation

 The monitoring and review of human resource strategy

 The time frame for the operation of human resource strategy

The difficulty is to move beyond an audit list to something of strategic significance for the leaders of the organisation. Three factors need to be added:

1. analysis of the list in the Exhibit using the *key factors for success*

2. comparative data for a *leading competitor* or, in the case of a smaller company, several competitors of comparable size

3. consideration of the ownership shareholding and stakeholders of the organisation – *see* Chapter 6

Using these additional factors, it should be possible to develop a human resource analysis that is rather more focused on the *key strategic issues* related to the company and provides insights for the chief executive and other leaders in the organisation. Such an audit will assist the leaders to define and explore the role of human resources in the development of *competitive advantage*. The development of such advantages is likely to derive both from:

 *Issues common to all organisations in the industry* – for example, levels of service expected in all organisations, such as the quality of cars for Ford customers.

 *Factors that are unique to the organisation itself* – for example, aspects of the service that only the organisation itself can provide, for example the local support for car servicing through the car dealer network of the company.