DECISION PERSPECTIVE WITH EFFECTIVE STRATEGIC HUMAN RESOURCE MANAGEMENT

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ABSTRACT

Corporate decision-making is more towards conscious & logical discretions of the top management. This involves information gathering, data analysis, intuitions & tacit assumptions. The implementation carrier of the decision maker executes the decision with the expectation to succeed, but often sways in with lesser confidence to achieve the desired results.

Strategic Human Resource Management is the practice of aligning business strategy with that of HR practices to achieve the strategic goals of the organization and to ensure that HR strategy is not a means but an end in itself as far as business objectives are concerned. More over it supports the unprogrammed decision-making, and allays the unforeseen challenges before the CEO’s. This research provides for the skills & techniques needed to make high-quality decisions and problem solving methodology. A strategy shall be devised to foster the management competitively rise when faced with global upheavals.

A Decision Perspective process is suggested that peripherals various aspects of the organization focusing on appropriate decision making for right performance. The Research Methodology would focus on Secondary data collection. Case studies and books of renowned authors are referred to understand the Concept, Process, Techniques, Advantages, and Barriers to Strategic human resource management, & right decision-making. The information drawn from the research would help us to know an appropriate way to govern an organization for its prosperity, stability and success.

Key words: Strategy, Decision, HRM, Perspective, Decision-Making, Management, Dynamic Environment.
LITERATURE REVIEW

“It is easy to decide to do something---- it is harder to do it”. -----Michael Armstrong.

Organizations are increasingly looking at human resources as a unique asset that can provide a sustained competitive advantage. The changes in the business environment with increasing globalization, changing demographics of the workforce, increased focus on profitability through growth, technological changes, intellectual capital and the never-ending changes that organizations are undergoing, have led to increased importance of managing human resources performance. Decisions on recruitment, selection, training & development, corporate policies and planning though potent are still resulting into miscarriages at various levels.

The concept of strategic HRM is based on the important part of the HRM philosophy that emphasizes the strategic nature of human resource management and the need to integrate HR strategy with the business strategy. HRM can be defined as a strategic & coherent approach to the management of organizations most valued assets--- the people working there who individually & collectively contribute to the achievements of its objectives.

John Storey, (storey 1989), believes that HRM can be regarded as a ‘set of interrelated policies with an ideological & philosophical underpinning’.

Strategy is the determination of the basic long-term goals & objectives of an enterprise, & the adoption of courses of action & the allocation of resources necessary for carrying out these goals, (chandler, 1962).

Strategy is a set of fundamental or critical choices about the ends & means of a business, (Child, 1972).

Therefore, it can be concluded, that strategy is concerned with the long-term direction & scope of an organization. It is also crucially concerned with how the organizations position itself with regard to the environment & in particular, to its competitor…..It is concerned with establishing competitive advantage, ideally sustainable overtime, not by technical maneuvering, but by taking an overall long-term perspective (Faulkner & Johnson, 1992).

Much of the research on strategic HRM has used as its foundation the Miles and Snow (1978), strategic typology (e.g. Delery & Doty 1996; Olian & Rynes, 1984; Wright & Snell, 1991). The typology proposes three viable strategic types, defenders, prospectors and analyzers. According to Miles & Snow (1978), defender organization serve only a subset of potential product/ market domains, pursue technological efficiency, and maintain tight internal controls. In contrast, Prospectors emphasize competence acquisition; the preference is to “buy”, rather than develop human resource training. (Miles & Snow, 1984; Olian & Rynes, 1984; Wright & Snell, 1991). Finally, analyzers confront a unique challenge because their dual focus on efficiency & innovation (Miles & Snow, 1984).

Decision making is the heart of management. It has often been defined as choosing from among alternatives courses of action. Decisions are made through habitual as well as problem solving behavior. Then questions such as “are decision-makers in organization rational?” , arise. Thus when making decision, individuals make choices from among two or more alternatives. Decision – making usually occurs as a reaction to a problem. That is, there is a discrepancy between some current state of affairs and some desired state, requiring the consideration of alternative courses of action, (Stephen P Robbins & Timothy A. Judge).

Decision making is however the thought process of the decision-maker. So, in thinking about your decision making, you need first to understand your attitude to risk. Are you risk averse, a risk taker, or does it depends on the situation? The amount of risk you accept in your decisions is related to your overall risk profile. Some people are simply more cautious by nature. So what the cautious
decision maker deems high risk may have a lower risk assessment when analyzed by the "courageous" decision maker.

Six Thinking Hats’ is an important and powerful technique. It is used to look at decisions from a number of important perspectives. This forces you to move outside your habitual thinking style, and helps you to get a more rounded view of a situation. This tool was created by Edward de Bono in his book ‘6 Thinking Hats’. He has provided six different colored “Hats”, namely, Red, Blue, Green, Yellow, White, & Black. The process of decision making is supported by different color hats, as each hat has its own criteria that enables an individual to set his/her thought process and make decisions appropriately. Basically it provides for an operative methodology that an individual chooses to, when faced with uncertainties of results.

Strategic Management means that managers are looking ahead at what they need to achieve in the middle or relatively distant future, and for this they endeavor to devise appropriate strategy’s for right decision making. The concept of ‘strategic fit’ states that to maximize competitive advantage a firm must match its capabilities & resources to the opportunities available in the external environment. As Hofer & Schendel (1986) conclude, “A critical aspect of top managements work today involves matching organizational competencies (internal resources & skills) with the opportunities & risks created by environmental change in ways that will be both effective & efficient over the time such resources will be deployed.

STRATEGIC HRM & DECISION MAKING

High quality decisions are essential for strong business performance, but only a few people get the training they need to make good decisions consistently, with clarity and confidence. Moreover manager’s need to build competencies by learning how to work on the right problem, develop & structure objectives, understand the consequences and make appropriate trade-offs. An elaborate & systematic plan of action has become indispensable for every organization. The current day working has become so dynamic & competitive that day-to-day decisions are becoming critical. Furthermore, the uncertainty of the outcome makes it imperative for the top management to be prudent with every decision they make.

Decision-making is the process by which managers respond to opportunities & threats by analyzing options, and making decisions about goals & course of action. Decision-making is always circumference by uncertainty & risk of its after effects. Moreover incomplete and ambiguous information along with time constraints befuddle the managers & CEO’s & cast unwarranted distress that digress them towards malfunctioning.

Strategic Human resource management is designed to help companies best meet the needs of their employees while promoting company goals. SHRM is the proactive management of people. It requires thinking ahead, & planning ways for a company to better meet the need of its employees, & for employees to better meet the need of the company. Hence, strategic HRM is concerned with the relationship between HRM & strategic management in the firm. Strategic HRM refers to overall direction the organization wishes to pursue in achieving its objectives through people.

Strategic HRM serves as a linchpin to the decision making in the organization on many facets. First, the decision on the recruitment policy of the organization, placing the right person at the right job is the need of the time. Qualifications just do not suffice this. It is the actual skills, knowledge, and talents of individual employees that prove beneficial for the organization. Secondly, generating right performance is another crucial task because employee performance is the actual indicator of the decisions an organization makes.

The consequence of any wrong decision is visible prominently on the internal environment of an organisation. Be it employees, or the work process system or the future plans of an organisation,
all get affected giving birth to the sentiments of loss, fear to take further risk, or becomes skeptical of innovations and leaving the routine pathway.

**DECISION MAKING PHILOSOPHY**

In generic terms decision-making is the process by which managers respond to opportunities & threats by analyzing options and making decisions about goals & courses of action. Decision making is the heart of managing, as managing is a continuous decision making process --------- even a stand to do nothing in the face of a problem is also a decision.

However, decisions are made through habitual as well as problem solving behavior. When a manager faces a recurrent problem, he generally makes an instantaneous decision without deliberately going through all the steps of routine decision-making. Such habitual decision-making may be fully rational, and even the most appropriate way of solving minor problems of a recurrent nature. A different process of decision-making may be involved when a person faces an immediate problem of moderate complexity. In such a situation he may recall the relevant information stored in his mind, collect available information from outside sources, guess the consequences of various alternative courses of actions & “see” a solution, which he tries and verifies.

Who so ever the decision maker is, a CEO or a Manager, they are apprehensive always whether the outcome will be either as expected or negative. It is this concern that precludes intellectual and learned managers from venturing into varied decisions sustaining innovations and so they shed away avoiding the perils of decision-making and dribble with the policies of the competitors and play safe. However, these philosophy forebears the proximate losses but impede future prosperity.

**PSYCHOLOGY IN DECISION MAKING**

It is the normal psyche for every individual to exhibit oneself as the best among others. It is the past success and experiences that gives him/her the confidence to stand upright and preach as to how things should happen in a given situation. Organizations do have past records, database as the internal source of information usually used for the routine decision-making. At present, there are a number of research agencies such as Nielson, McKenzie, General Electric’s etc that provide a pool of data based on which the Executives actualize their decisions. The data from these renowned agencies are reckoned to give logical base to the decision makers to bank on and decide the process for achieving organizational objectives.

The basic problem lies with the type of hierarchy and the Leader of the organisation. The sentiment of accomplishment based on the data base and information system gives them confidence but no surety is there that the future situation would bring the same result.

Moreover, when the decisions have to be made on the spur of moment, even the experienced intellectuals and the research reports do not come handy. It is then the organizations freak out in making right decisions and inhibit to take risk, even if it is so required. Even if the decision so taken is appropriate, it results in inappropriate implementation and fails the whole purpose. This happens because there lays a communication gap between the top-level management and the executor functional level management. The functional level managers generally not part of the decision making group remain unprepared to implement sudden decisions.

The fear of failing, or to be a highflyer both prove fatal for any decision maker. Thus being in the shoes of a decision maker an individual experiences number of emotions and the art lie in to decide objectively.
BARRIERS TO EFFICACIOUS DECISION MAKING

A number of situational factors, including organizational, environmental and personality variables of the decision maker influence decisions.

1. Organizational variables: A number of organizational variables influence the decision making process and the quality of decisions. Objectives, strategies and policies provide the framework for decisions. Setting of objectives and determination of policies happen at the top level but its execution lies at the middle level management. Problem arises when the functional level manager misconstrues the intentions of the top management and fails to generate desired results. On the other hand, long process of decision making and implementation procedures kills the very purpose of decision-making.

2. Environmental Factors: Environmental factors, mainly its social, legal, technological, marketing, political and economic aspects, exercise a significant influence on organizational decisions. Environment destroys as well as creates new opportunity, and organizations have to cope with it in order to survive, grow and make profit. The task of the decision maker is to integrate the organization with the environment. This is where most decision maker’s makes mistake in analyzing the dynamics of environmental variables and therefore strategies made to counter competition severely suffer setbacks.

3. Personality Factors: personality characteristics of the decision maker such as his values, needs, capabilities, intelligence etc have an important bearing on his decision. It is when unprogrammed decision has to be taken the complexities of the leader’s personality are displayed. Risk takers are few and risk handlers are rare. It is very easy to decide to do or not to do something but to handle the consequences is seldom displayed in the capabilities of all.

According to the administrative Man or Behavioral theory of decision-making, “choice is always exercised with respect to a limited, approximate, simplified ‘model’ of the real situation”. This happens because decision problems seldom satisfy the conditions of certainty. The manager seldom has access to full information about the problem; he acts based on available information. He also does not possess knowledge of all the possible alternative solutions to the problems and their consequences. Therefore, he finds a “satisfying” rather than optimizing solution to the problem. He searches for alternative solutions to the problem and gather information relating to their possible consequences. This search stops when he reaches a point that meets his subjective standards. That is, instead of searching for all the alternatives and their associated consequences, he stops search for alternatives as soon as he is satisfied with his search for possible alternatives. Simon thinks that because of these limitations, the manager acts with “Bounded Rationality”, rather than with full rationality, resulting into satisfying rather than optimum decisions”

Of all the documented cognitive distortions, over-optimism and loss aversion (the human tendency to experience losses more acutely than gains) are the most likely to lead people who make strategic decisions astray, because decisions with an element of risk—all strategic ones—have two essential components. The first is a judgment about the likelihood of a given outcome, the second a value or utility placed on it.
For every organization, it becomes imperative to have such individuals that are not only intellectually sound but are prepared to handle situations that bring forth challenges after the action has been affected. These Individuals or group of individuals is known as Decision-makers.

Thus, strategic human resource management plays a significant accessory to a higher cognitive process. Hence, it is in the guardianship of the decision, that every action planning is finished.

The decision perspective process lays down route for a decision maker, a pathway for operating the organization. His first step is to set the objective/goals to be achieved in the light of the available opportunities. Moreover, it becomes a conquest for him to avail the opportunities present in the external environment before his competitors do. The Objectives must be well-defined suiting to the short and long-term requisites of the firm. However, one’s the objectives are set, it must be altered to fit the challenges posed by the external environment.
The escapade of the decision-maker does cease at any phase. He has to continuously explicate avulsions and redefine the objectives to forestall any casualty. He needs to prognosticate the requirements of the organization from time to time and make amendments to the plan of action as well as objectives.

Decision making is an emotional event. Emotions bog you down and cloud your ability to make good decisions. Medical science has shown that we make decisions emotionally, not rationally. The data behind this theory points to a small, almond-shaped part of the brain called the amygdala. The amygdala receives the information before it is passed on to the cognitive part of your brain. The amygdala is primarily responsible for controlling our “flight vs. fight” responses. Its purpose is to help us react quickly, without really thinking through the situation. This is good if you are confronted by a hungry tiger, but not so good if you are faced with deciding which competitive strategy to implement or any other life-changing event.

Strategic decisions are never simple to make, and they sometimes go wrong because of human short comings. Behavioral economics teaches us that a host of universal human biases, such as over optimism about the likelihood of success, can affect strategic decisions. Secondly, the decisions top management take is usually based on the information provided to them by their executives. If, for example, the organization decides to expand into new market, the review committee of the organization reviews & evaluates it. The problem is affected by the personal biases of the executives and in case the executives fall short of the appropriate information, it results into unintentional distortions.

Hence the above model focuses on devising and defining the authority & responsibility relationship as a primary task of the top management. As stated above, ‘risk takers are few but risk handlers are rare”, it becomes imperative for every organization to select a leader who not only has a corking vision but should also possess the capability of chalking out the pathway to achieve it. However such routes are bombarded with the dynamics of the external environment and not every individual is well equipped in terms of skills to counter-play the forces. Thus a leader with a right vision also should sail with such soars that would protect his organization even when diversions happen on a fully planned route and should ensure that the visions remain undefeated. It is the risk-handler that who is well equipped with the creative ideas of him and his employees that he is able to choose appropriate strategy and make the right decision.

Knowing the material and emotional biases of human nature leads the decision making astray. Wise executives have to use their insight to fortify their judgments when they make important decisions. This becomes plausible only when the management does justice in allocation of tasks and appropriately defines various role profiles. Educational Qualifications are the theoretical exhibits of an individual’s talents. The actual skills possessed by way of creativity, knowledge, and personality traits such as dynamism, confidence, risk takers are displayed only in real working situations. Thus the top management must have an open mind and be discreet while selecting the leader for the organization.

Another important solution provided by the decision perspective process is the revision of organizational policies. Policies are framed to achieve organizational objectives, and they set the processes of working environment. However optimum a policy is, if not compatible with the ideologies of the individual employees and the resources available, it results into miscarriage of the desired goals. Moreover, political upheavals, economic recessions, socio-technical changes, leadership changes, employee dissatisfaction & turnover, etc, are the repercussions of a stagnated or outdated policies. Thus it is essential to devise such policies and revise it from time to time so as to enable such system & processes that are able to counter the changes within external & internal environment of an organization.
Administering Human Resource is one of the most crucial tasks in every organization. Extracting high quality productivity from each individual employee is a challenge posed before the top management. Decisions on recruitment, selection, training & development, corporate policies and planning though potent are still resulting into miscarriages at various levels. So it becomes essential for the management to create such responsibility profile that matches the actual skills and personalities of the individual employees. Ambiguities in work allocation to the incompetence of individual skills, incongruent authorities, etc, all misbalance the organizational culture. Thus an efficacious implementation of the job analysis technique is required, thereby creating distinct role profiles with right responsibilities and authorities creating positive work environment of creativity, support, competition, efficiency and generating a spirit of respect towards each task and role.

Quoting Maslow, who described that individuals initiate to fulfill their basic needs first and then eventually move on towards self-actualization. With the changing technologically advanced society, all needs are now re-defined with varied ingredients such as fashion, competition, and materialistic achievements, and added to the hierarchy. Similarly the organizations have enhanced their expectations from its employees. For example, an individual appointed as a Marketing manager, is not only required to manage his sales force, but is also expected to provide customer feed-back, devise such strategies so as to ensure product stability in the market. Moreover the training and development of his sales force comes directly as his primary responsibility. Hence an ambidextrous employee is more treasured by every organization & organizations yearn to recruit such individuals. Therefore employees must be motivated and trained for multitasking profiles to avoid the distraction of the ever changing external environment and balance the distortions of the internal environment.

CONCLUSION

Decision making is an essential leadership skill. If you can learn how to make timely, well-considered decisions, then you can lead your team to well-deserved success. Decision making is a fundamental skill for any successful executive. But decisions at strategic level are hard to make, requiring large amounts of resources and commitments, which may be irreversible. Executives face multiple, often conflicting, strategic objectives, which are difficult to balance, particularly in the presence of risk and uncertainty.

Companies can't afford to ignore the human factor in the making of strategic decisions. They can greatly improve their chances of making good ones by becoming more aware of the way cognitive biases can mislead them.

The Decision Perspective process advances to calculate such uncertainties of the external environment by instituting groundwork for the management. This in-turn tunes the working of the internal environment to anticipate the avulsions and counter the disruptions. Moreover this process ensures a tactical use of the human resource by not only enhancing their efficiency to perform but to create an organizational culture of confidence and competition thereby capturing every potential of the individual employees.

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