

## STRATEGIC HUMAN RESOURCE MANAGEMENT (SHRM) - CRUCIAL IN THE CRISIS

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### Abstract

*The modern business environment is characterized by continuous and rapid changes. In order for businesses to be able to survive and prosper, businesses need to be able to constantly adapt to these changes, but also often to create them. They achieve this through the efficient use of their resources so that they can achieve a competitive advantage. For the long-term survival of the organization the competitive advantage must be sustainable. Businesses today are increasingly realizing the crucial role of their human resources in obtaining a sustainable competitive advantage, through the Strategic Management of Human Resources. One of the pioneers of modern management, Peter Drucker has mentioned that every business or institution has only one true resource, the Human. In fact, it states that "... Human resources have always been critical to the success of an organization, their importance has been always grown and this fact is recognized from within and outside organizations".*

**Keywords:** *Strategic Management, Human Resources Management, Competitive Advantage, Business Performance, Strategy.*

### INTRODUCTION

Strategic human resource management is at the forefront with many challenges faced by businesses, such as financial instability, competition, demographic shifts, etc. Its mission is to enhance change and improve efficiency and organizational performance (Birili, 2011). However, one of the biggest challenges is how to better utilize the human resources of a company or organization, to help create a working environment conducive to high performance and encourage employees to do what is expected, if not more.

Strategic human resource management can also advise managers and senior executives to help manage employees of the company or organization. To do this, managers and human resources officials must take into account the general factors that influence employee behavior, such as abilities, intelligence, personality and emotions (Armstrong, 2006). In addition, they should be aware of the most specific factors that affect the behavior and consequently the performance of employees, such as the motivation offered, the commitment, motivation and satisfaction of employees.

### WHY SHRM?

Greek companies began to face the following dilemma to a growing extent: either to modernize by quickly adapting to the demands of the international open and competitive economy or to

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declare bankruptcy (Rapanos, 2012). However, the required restructurings and modernizations of businesses, which would increase their productivity and competitiveness, are mainly supported and carried out through the Human Resources departments. The great majority of Greek companies found themselves particularly weakened in this sector due to the short-sighted treatment of the role of Human Resources which led to cuts in the funding and staffing of the relevant departments.

In the short term, the relevant choices of Greek companies (dismissals of skilled labor, shift to flexible forms of work) may have yielded some results but as Bouas and Katsimardos (2012) underline on a long-term basis they weakened their administrative ability to manage human capital and business culture.

The weakening of the Human Resources departments in the pre-crisis period was not an exclusively Greek phenomenon but as reported by Apospori et al (2005) it also characterized the countries of South-Eastern Europe where in the early 2000s there was a significant decrease in the number of companies in which the directors of human resources departments participated in their boards of directors. Consequently, in businesses in South-Eastern Europe and especially in Greece, their Human Resources management was largely alienated from what was happening at the level of strategic planning and decision-making with the exception of companies that were members of multinational chains (Myloni et al, 2004). On this issue, Bourantas and Papadakis (1996) argued that, despite the fact that the Human Resources departments in Greece had begun to modernize and acquire a managerial role and goals that follow Western standards, the adoption and implementation by them of advanced Human Resource management techniques is still delayed.

## **RANDSTADT'S PERIODIC SURVEYS ON THE HUMAN RESOURCES OF GREEK ENTERPRISES**

Randstadt ([www.randstadt.gr](http://www.randstadt.gr)) is an international human resource management services company founded in 1960 in the Netherlands. This company regularly conducts surveys related to Human Resources Management in various countries of the world, including Greece.

We will focus on two surveys of the company of Greece concerning the years 2011 and 2016, with the first taking place in the midst of the great economic crisis and the second in the upcoming end of it.

### ***Randstadt's 2011 survey***

77 enterprises participated in the survey with the following sectoral composition of the main ones: financial services (13%), IT / Internet services (10%), manufacturing (8%) and telecommunications (8%). 25% of the companies involved in the survey employed more than 250 employees while 21% were small and medium-sized enterprises employing fewer than 25 employees. The majority of the representatives of the companies involved were managers of Human Resources departments.

The general conclusions of the survey:

- The vast majority of the representatives involved (97%) expressed pessimism regarding the prospects for recovery of the Greek economy.
- 40% of the representatives involved stated that the economic crisis had no effect on the Corporate Social Responsibility and Human Resources Management programs of

their businesses.

- In relation to the incentives for Human Resources, most people said that these are in the form of “bonuses”, medical insurance and educational programs, while profit sharing programs show a significant decrease.
- Absenteeism shows a slight tendency to decrease, possibly due to the fear of losing a job.
- Most of the companies involved were declared to be adequately staffed.
- 23% of the companies involved use seasonal and temporary employment staff while 53% of them, despite the economic crisis, still hire permanent staff.
- Regarding the recruitment of talent, the companies involved used the vast majority of traditional approaches, such as advertising and recruitment companies.
- Regarding networking, 58% of the companies involved rely on conferences and workshops while 42% on social networks (Facebook and LinkedIn).
- Finally, to the question “how the economic crisis affected your business”, the answers are as follows: 57% of businesses were forced to cut their budgets, 31% froze the recruitment of employees, 27% froze or cut allowances, bonuses and salaries and 22% made staff layoffs.

### ***Randstadt's 2016 survey***

340 companies with a particularly extensive sectoral dispersion participated in this survey. 67% of the companies involved were international in nature, 25% national and 8% local. The sectors with the highest representation in this survey were: IT / internet services (12.4%), the manufacturing industry (11.8%), the medical-pharmaceutical sector (10%) and retail and distribution (7%). 16% of the companies involved employed more than 250 employees while 40% of them had fewer than 25 employees.

The main questions of the research concerned the strategies for the management of human resources and the attraction and maintenance of talent. The general conclusions of the survey:

- The findings of the survey showed strong signs of economic recovery, as a result of which there was an increase of 10-15% (compared to the previous year) in the planned recruitment of temporary and permanent staff. An additional indication of the expected economic recovery was the fact that most of the recruitments involved sales departments with requirements for new skills necessary for the processes of introducing new products.
- The key challenges faced by the companies involved regarding the Human Resource are related to its performance and productivity and the attraction of talent to manage the expected economic recovery and exploit the emerging opportunities.
- Several of the companies involved, in addition to the traditional ones that offered for their Human Resources (educational / training, insurance and career management) are also planning incentives for more effective commitment and maintenance of their qualified workforce.
- According to the research findings, the most important skills / abilities that HR managers should have are:
  - The ability to motivate and inspire employees (33%)

- The ability to adapt to the changing work environment (23%)
- The ability to envision the future (16%)
- Analytical and problem-solving ability (9%)
- The capacity for innovation and guidance of creativity (7%)
- According to the research findings, the main challenges for Human Resources Management are:
  - Increasing efficiency and productivity (58%)
  - Attracting talent to manage the emerging opportunities of the expected economic recovery (41%)
  - The creation and maintenance of a good working environment (40%)
  - The commitment and maintenance of qualified HR (35%)
  - Talent management (34%)
- Regarding the attraction of talent, the findings of the survey identified the following key factors:
  - The strong employer brand (69%)
  - The competitiveness of the salary packages offered (58%)
  - The attractiveness of the employer's value proposition to employees (56%)
  - High job security (44%)
  - Good international opportunities (32%)
  - Flexible forms of work (30%)

Greek companies therefore began to face the following dilemma to a growing extent: either to modernize by adapting quickly to the dictates of the international open and competitive economy or to declare bankruptcy (Rapanos, 2012). However, the required restructurings and modernizations of businesses, which would increase their productivity and competitiveness, are supported and carried out mainly through their Human Resources departments. However, as mentioned above, the vast majority of Greek companies found themselves particularly weakened in this sector due to the myopic treatment of the role of Human Resources that led to cuts in the funding and staffing of the relevant departments.

### **SHRM AND COVID-19**

The COVID-19 pandemic has forced organizations on a global scale to rethink how they manage their human resources and act quickly (Collings et al., 2021a). “What differentiates this crisis from previous global crises is that, essentially, the COVID-19 crisis is human” (Collings et al., 2021b). As Biron and his colleagues (2021) report, in such a “highly unstable, uncertain, complex and ambiguous” environment, organizations were forced to adapt the functions of the Human Resources Management almost in a “night”. Organizations and their HR departments were called upon in these circumstances to change the design of work by adopting teleworking (where possible) by moving to a virtual workplace, to implement measures for the health and safety of employees, to react to travel bans that affected outside of business trips and the flow of talent and access to them, conduct employee training online and, in some cases, restrict activities through dismissals (Akkermans et al., 2021, Biron et al., 2021, Harney and Collings, 2021, Oh, Han, 2021, Thomas et al., 2020 in Roumpi, 2023).

Human Resources Professionals and Departments had to become strategic partners to inform and participate in the organization's strategic decisions (Collings et al., 2021a).

Roumpi (2023) focused on the importance of flexible Human Resource Management Systems (Chang et al., 2013; Wright, Snell, 1998 in Roumpi, 2023) and used the Ability-Motivation-Opportunity (AMO) framework (Appelbaum et al., 2000; Purcell, Hutchinson, 2007; Subramony, 2009 in Roumpi, 2023) proposing changes to be taken into account in the management of workers in the post-pandemic world, as shown in table 2. Flexible HRM systems are defined as sets of HRM practices that enable an enterprise to:

- A) acquire and develop human resources in a wide range of alternative uses, and
- B) rearrange these resources quickly and efficiently (Chang et al., 2013 in Roumpi, 2023), allowing organizations to achieve alignment between their organizational strategy and the HRM in uncertain environments that require high levels of response to change.

The Ability-Motivation-Opportunity framework suggests that Human Resources Management systems should include practices that have an impact on workers' abilities (knowledge, skills, abilities and other characteristics), motivation (the direction of employees' efforts) and opportunities or empowerment (Roumpi, Delery, 2019, in Roumpi, 2023). Roumpi (2023) distinguished four phases in the pandemic, characterized by different human resource challenges:

1. the initial “shock”,
2. prolonged business interruptions,
3. finding and accepting the new normality and
4. returning to the office (or maybe not),

pointing out that these phases do not necessarily have distinct boundaries and the time of their occurrence depends on the context (e.g., country where each business operates).

**Table 1. Illustrates the main challenges in each phase**

PHASE	MAIN CHALLENGES FOR THE MANAGEMENT OF HUMAN RESOURCES
Initial “shock”	1) Continuation of business within the climate of uncertainty 2) Addressing health & safety concerns of employees 3) Exploring alternative ways of conducting operations: e.g., online options to continue work, redesign of the workplace, use more shifts and offering protective equipment
Prolonged closure Businesses	1) Making difficult decisions: leave and staff reduction 2) Finding ways to help workers who have been laid off
Find & accept a new normality	1) Virtual recruitment and integration of new employees 2) Preservation of organizational culture 3) Dealing with work-life balance issues and personal life
Return (or not) to Offices	1) Return to the office 2) Mandatory (or not) vaccines 3) Dealing with high employee turnover

**Source: Roumpi, D. (2023)**

The impact of the pandemic on the economy of each country largely depends both on the structure of the country's economy and on the degree of its dependence on other countries

(Rudan, 2021 in Roumpi, 2023). In addition, not all organizations were affected in the same way by COVID-19, as factors such as the size, industry and financial performance of the organization before the pandemic, play an important role in the organization's ability to withstand the economic impact of COVID-19, as well as the course of actions taken. In parallel with the COVID-19 pandemic, there are several other factors that have influenced business activities at local, national or global level, such as climate change (leading to significant changes in the Human Resource Management with the emergence of the Green Human Resource Management - GHRM<sup>2</sup>) and technological developments (technology, in the form of automation, gamification, use of sensors, artificial intelligence (AI) and data analysis), are gradually shaping the future of work (Connelly et al., 2021; Harney, Collings, 2021 in Roumpi, 2021), which change the requirements of the organization in terms of knowledge, skills and competencies of the workforce (Roumpi, Delery, 2019 in Roumpi, 2023), as well as the nature of HRM practices, such as recruitment and compensation (Stone et al., 2015; Stone, Deadrick, 2015 in Roumpi, 2023).

**Table 2. SHRM: Proposals for the way forward**

FRAME	PROPOSALS
Abilities	1) Staffing: Focus on the selection of people with a wide human capital that allows for flexibility 2) Training: Investing in employee training and business (associated with higher performance) and for humans (associated with higher adaptability and flexibility)
Incentives	1) Compensation: Balance between the instability and stability of fees 2) Job security: Consideration of alternatives to dismissals and significant long-term cuts 3) Wellness programs: Consideration of a possible vaccination order and developing a plan for communication and its implementation
Opportunities	1) Flexible working arrangements: Providing greater flexibility to employees to decide what situation (in-person, virtual or hybrid) works best for them, organizationally enhances diversity and inclusion

**Source: Roumpi, D. (2023)**

The COVID-19 crisis can be seen as a wake-up call factor for HR organizations and professionals, reminding that although profits are significant, the management and well-being of employees, as well as other stakeholders (e.g., society and the environment) are equally important (Roumpi, 2023). Moreover, the central role required of Human Resource Management professionals in dealing with the crisis underlines the need for their increasing involvement in informing and designing organizational strategies and, by extension, the importance of SHRM.

<sup>2</sup> GHRM has been defined as “phenomena related to understanding the relationships between organizational activities that affect the natural environment and the design, development, implementation and influence of HRM systems” (Ren et al., 2018, in Roumpi, 2023). GHRM includes all functions of HRM. As Guerci and Carollo (2016) argue, for example, the environmental sustainability focus of HRM can be reflected in selection by including interview questions focusing on environmental sustainability issues, training by enhancing employees' understanding of the importance of sustainability, and incentives by offering monetary and non-monetary rewards to promote environmentally friendly employee activities (Roumpi, 2023).

The SHRM survey has focused heavily on shareholder value as a key target for businesses however the effects of such a close focus have been highlighted by the COVID-19 pandemic (Collings et al., 2021) However, COVID-19 has highlighted the importance of employees as critical stakeholders. The pandemic poses a threat to the health and safety of employees and requires organizations to assess the risk of employees. The pandemic also highlighted the importance of customers (as stakeholders) something that is often taken for granted in management research but rarely in human resources research (Ulrich et al., 2012 in Collings et al., 2021). Customers remain one of the least studied stakeholders in SHRM despite calls for consideration (Beer et al., 2015 in Collings et al., 2021). Companies need to carefully manage transactions between employees, customers, and shareholders. SHRM should also recognize the role of communities as important stakeholders, as COVID-19 has burdened many communities globally. Overall, covid-19 related challenges highlight the need to balance the needs of many stakeholders (Collings et al., 2021). It is remarkable that this awakening in SHRM is parallel to the recent calls in the strategy research to expand the stakeholder approach (Hitt et al., 2020 in Collings et al., 2021).

In their research, Azizi and his colleagues (2021) mention similar challenges brought about by the advent of the pandemic as well as strategies adopted by the organizations. Specifically, regarding the challenges of COVID-19, these include economic shock, changing social attitudes, as well as challenges at the organization level. The strategies<sup>3</sup> used to deal with COVID-19 include flexibility, use of cyberspace in work-related activities, staff safety, focus on working conditions, employee participation, development and motivation (through constantly communicating with them and using creative methods, providing training courses, using creative ways to support them and ensure their health and well-being; using creative fun activities, ensuring adequate benefits for effective and remote work), enhancing internal efficiency and talent acquisition, engaging managers, selecting and involving employees in decision-making, enhancing coherence and sharing experiences as well as making the necessary changes based on organizational evaluation and data (Azizi et al, 2021). They even state that the main goal of any organization in the current situation is the survival, well-being and effective management of human resources (Azizi et al, 2021). In addition, it is important to use different strategies such as flexibility and attention to talent management, work performance, job satisfaction, organizational performance, professional development, social and professional relationships, personal professional performance, work motivation and IT culture (Azizi et al, 2021). In the uncertain conditions caused by COVID-19, in order to create safe and reliable conditions in the organization, it is necessary to pay attention to the three pillars of reliability, which include human resources, information technology and management as a whole (Bienkowska et al, 2020 in Azizi et al, 2021). By identifying future challenges and using effective strategies such as flexibility, talent management and paying attention to the three pillars of reliability, HR executives can help the organization achieve its goals, increase productivity, enhance customer and employee satisfaction and ensure the stability and survival of the organization (Azizi et al, 2021).

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<sup>3</sup> They cite for each strategy a range of actions that support it (Azizi, M., R., Atlasi, R., Ziapour, A., Abbas, J., Naemi, R. (2021) Innovative human resource management strategies during the COVID-19 pandemic: A systematic narrative review approach”, Elsevier, <https://doi.org/10.1016/j.heliyon.2021.e07233>, Table 4)

## CONCLUSIONS

The Strategic Management of Human Resources marks an effort to deal with all the human resources of an organization systematically and long-termly, which must be treated as a “resource”. Objectives in the strategic management of personnel are focused on competitiveness, performance, survival, the creation of competitive advantage and job flexibility. Today, the majority of academics and executives of organizations (private and public interest) have realized that the only effective way to create and implement a development strategy is through employees. What really leads to the success of strategic decisions is the way in which top management motivates and educates its staff about their involvement in the formulation and implementation of strategic business programs. In each organization there should be a continuous effort to create and align the various systems (or processes), which form the necessary behaviors, abilities, and skills of the staff, with the ability of the organization to implement the decided strategies successfully. This alignment leads to behavioral change, both on the personal level of each employee and throughout the organization and is perhaps the most important key to the success of any strategy. The management and executives of an organization can control and influence the activities of staff in the process of implementing a strategy. They can have direct control over the formation of strategies and action plans, as well as all those organizational systems that influence staff behavior.

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