CHAPTER 2

Using a Strategic HRM Balanced Scorecard as a Strategic Framework

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# Chapter objectives (C.O.)

When implementing activities related to human resource management, you will be able to:

CO 1: Apply the Balanced Scorecard Approach and its key perspectives in strategic planning.

CO 2: Assess the use of the SHRM Scorecard in linking HR objectives and initiatives to assist managers in implementing their objectives.

CO 3: Integrate a strategy map for linking a set of HR objectives within a strategic theme.

# Summary

**CO 1: Apply the Balanced Scorecard Approach and its key perspectives in strategic planning.** Two different strategic perspectives or schools of thought include: HRM as fit and HRM as the strategic use of resources. The strategic fit model helps in understanding how to focus SHRM so that it recognizes that different HR types of practices might fit better with different types of public and private organizations and cultures. The open systems model illustrates that the HR subsystem is an essential function for survival and growth and that organizational and human resource systems are not directed by rational purposes, but its purposes and strategies are linked to the larger system needs and functions in relating to the environment. For some researchers, the RBV has become the ”backdrop” for work in the SHRM area. Historically, while resources have been useful in analyzing organization efficiency (Efficiency = input / output), the RBV goes further by focusing on prioritizing resources and identifying core competencies related to strategies.

**CO 2:** **Assess the use of the SHRM Scorecard in linking HR objectives and initiatives to assist managers in implementing their objectives.** The Balanced Scorecard is a tool that encourages decision-makers to translate their strategic goals and themes into tangible objectives, initiatives, and measures to represent different perspectives - customer, internal process, financial, and learning and growth - that need to be addressed in implementation. As such, the BSC is simply a way of organizing strategic themes, objectives, and initiatives and encourages us to recognize that performance goes beyond the financial perspective. The BSC assumes that each perspective is linked in a semi-causal way. In public sector organizations, we usually begin by recognizing customer objectives. Then we consider effective processes, in addition to effective financing. The learning and growth perspective recognizes that these objectives rely on a human component – motivation, training, and the appropriate identification of competencies.

**CO 3: Integrate a strategy map for linking a set of HR objectives within a strategic theme.** The Strategic Human Resource Balanced Scorecard (SHRM BSC) framework illustrates HR strategic objectives that are aligned to focus on implementing strategic HR themes. In linking to the organization’s strategic framework, for example, HR might assist line managers by defining and implementing objectives related to recruiting, selecting, and training in attracting and developing people that are key in delivering specific strategic priorities.

In SHRM Balanced Scorecard terms, a strategy map illustrates a semi-causal connection between the overall strategic themes and the strategic objectives within each perspective. It is a visual tool for representing the cause and effect relationship among the strategic objectives and other components of a strategy