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Overlaps between human resources' strategic planning and strategic management tools in public organizations

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Abstract

Planning develops a foundation for management elements and a process that organizations combine all their activities and efforts related to their intended purposes, the way to achieve them, and how to pass these ways. The aim of this paper is to present scientific research about the applicability and efficiency of two strategic management tools including the analysis of value chain and stakeholder analysis in the public organizations and to suggest that strategic tools such as value chain analysis used in public organizations need to adapt themselves to presupposed conditions in order to maximize the effect of them for understanding the conditions. These studies suggest that the strategic analysis of relations that make up all or part of organizations' values is less important if their complex relationships are mutually interdependent and unclear. This study tries to apply two models including value chain analysis and stakeholder analysis in the similar way to show that how strategic understanding increases as result of coexistence. Therefore, management should have a proper planning for its all resources. One of these resources which is strategic for organizations is human resources which are the important component for strategic planning. Some factors have caused a new approach in the strategic human resources' planning, however; this kind of planning is not used completely in organizations due to some limitations.

1. Introduction

The use of strategic tools in the private sectors has a long history illustrates their usefulness in strategic domain (Frost 2003; Hussey 2002; Orndoff 2002; Poister, 2005; Sharma, 1999). It also sheds more light on context

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specificity of such tools and their migration from the private to the public sector. The necessity for the careful adaptation of standardized private sector models when applied in the public sector is demonstrated in this work. Effective strategic management in public sectors requires the application of private sector's tools in public sector's activities which is often measured against target outcomes (Al Hijji, 2014; Yu, 2003). This article presents two strategic management analytical frameworks that could be very helpful to public sector's strategists and meet stakeholders' expectations as well as providing opportunities to achieve greater added value in service provision (Cong & Pandya, 2003). This article starts by illustrating the context of new public management (NPM) and the application of strategic management frameworks that may be used to meet the NPM challenges. This article shows the applicability and importance of using stakeholder and value chain analyses to strategists and public sector's managers by underlining the importance of environmental requirements in the use of such strategic frameworks. Without careful consideration of public sector standard conditions, selection and contextual adaptation of private sector strategic tools like balanced scorecard, Kaizen, and six sigma frameworks might be even more destructive than useful. Accordingly, this study emphasizes the need for decision-makers today to adapt their practices to the use of such frameworks. Nowadays, human resources are the most important factor of production and asset and essential part of competitive advantage. One of the most significant developments in the field of organizational management in recent times is the increasing importance given to human resource planning because human resources are the most important assets of an organization. Planning to meet special educational and skill needs and improving human resources are important factors affecting the quality of human resource planning. Competitive advantage can best be achieved by seeking improvement in the management of people, in other words, through better utilization of human resources in present situation. Improvement of human resource not only achieves through providing specialized or technical trainings to employees but also through applying strategic management in the realm of human resource management and providing development opportunities for employees.

Since today human resource is a strategic resource for organizations, it is considered as an integral part of strategic management. It means that organizational planning and human resource are strategic in nature. The most important factors that lead to a new approach in the strategic planning of human resource are the process of technological, social, and economic changes which the organizations encounter and handle them both inside and outside of the organizations. The organizations should have a comprehensive and strategic approach and consider various requirements in their consideration in order to keep in line with these changes. Today, the most important source of competitive organizations is human resource or knowledge workers. However, many organizations lack deep expertise and skills that can effectively provide human resources strategic planning. Cooperation and coordination of human resource managers and senior management are important prerequisites for the formation of human resources strategies. Alignment, integration, cooperation and coordination of human resource managers and senior management in various fields lead to human resource development that requisite human resource development planning. It consisted of two parts, namely strategic management framework and value-based evaluation.

2. The Literature Review

2.1. Strategic Management Framework

So far, there have been many discussions on the use of traditional strategic frameworks in the public sector. The public sector should not act selectively to use strategic frameworks and moreover prescriptive models that are used in incompatible or less consistent environments might not succeed. Often this failure stems from poor strategic planning frameworks which need revisions to fit to the existing strategic situation in public sector. Although the management tools such as balanced scorecards are included in public sector servicing activities purposefully for instance in health ministry of Britain, other frameworks such as stakeholder and value chain analyses provide comprehensive, systematic, and holistic strategic prospect to the organizational situation and ultimately to the strategy itself. From public sector's perspective, reputation and credibility of the organizations are dealing with their actual amounts of servicing. Wilkinson and Young (1994) emphasized on the importance of clarity of interaction processes between organization and its stakeholder groups. Organizations should use modern frameworks such as value chain and stakeholders analyses in order to manage suggested received value to the stakeholders. To this end,

modern frameworks such as value chain and stakeholders' planning analysis were used (Gannon, Roper, & Doherty, 2015; Radnor & McGuire, 2004).

2.2. Value Evaluation: Collaboration and Integration within a Value Network

Different qualitative and quantitative tools have been employed for detecting and evaluating the value activities including economic value analysis, strategic value analysis, balanced scorecard, triple bottom line report, and main performance indicator. One of strategic values with a long history in business domain is value chain model which is derived from the company's accounting tools (Lengnick-Hall, Lengnick-Hall, & Rigsbee, 2013). Porter (1985) introduced and added the concept of value chain into the set of strategist's analytical tools. He built it on the works of Coase (1937) and Williamson (1975) emphasizing both internal and external linkages in organizations' value creation. At first, interest within the value chain framework obtains through operations and supply chain management perspectives. Although this framework has increasingly been applied from a strategic point with a concentration on providing value to customers and stakeholders. The interest in the value chain framework initially obtains through operations and supply chain management perspectives. However, this framework was applied using strategic view and focusing on customer and stakeholder value creation. Porter's perception of the concept of stakeholder value leads him to identify and describe the fundamental role of value chain including two broad categories- primary and support activities components (Porter, 1985). The general model of value chain illustrates the interconnected activities of an organization namely basic activities consist of internal logistics, operations (production), external logistics, marketing, sales and services. Support activities in an organization consist of economic foundation, human resource management, technology development, and procurement. Supportive activities are necessary to provide a condition for primary activities to function appropriately, but more importantly, they can make value especially in service based industries or everywhere that servicing is a key component. The literature review about value chain increasingly focused on the advantages of collaboration within a value network (activities web) with an emphasis on the transaction costs of implementing network's performance (Barley et al, 1992; Brooks & Reast, 1996; Collins & Belcher, 1999; Harland et al., 1999; Hinterhuber2002; Pearce & Robinson, 2006).It is likely that public sector organizations enhance real and perceived efficiency and effectiveness in service delivery and understanding the linkages between value activities within the value network or web. The complexity of several stakeholder groups which organizations encounter them in public sector organizations is probably to be more than those complexities in private sector organization. By applying a value network approach, management emphasis can move from operations towards developing communication processes and co-operation in the whole network (Walters & Jones, 2001). Using a value network perspective will help public sector strategists' focus on stakeholder groups and their perceived knowledge of value. A network approach allows the total system of value creation to be analyzed (Payne & Holt, 2001). This analysis provides a comprehensive approach towards business partners' activities (manufacturers, retailers, wholesalers, and suppliers).The management of group relations in value system requires flexible management where softer management issues have not seen frequently (Brooks & Reast, 1996). Methods such as balanced scorecard, TQM, benchmarking, and other analytical techniques which are used in practical numerical measures are deeply linked.

2.3. Stakeholder Mapping

Management of these factors requires considerable skill in understanding and recognizing the needs and demands of stakeholders. Stakeholders are individuals or groups that can influence a firm and importantly assist or hinder the creation of value (Freeman, 1984; Freeman & Liedtka, 1997; Jackson, Schuler, & Jiang, 2014; Schneider, 2002). Nutt and Backoff (1992) and Bryson (2003) supported the stakeholder constituents as possible in a broad spectrum. One of strategic tools that has been developed to help in evaluating and managing a network of stakeholders is stakeholder mapping (Bryson, 2003).This framework classifies stakeholders in terms of their level of interest or intent and their level of power. Both of these criteria are intellectual and substantial for understanding the political priorities and expectations that the stakeholders might have (Jonson, Scholes, & Whittington, 2005). Due to the relative changing position of stakeholders, this model is a dynamic model. This dynamism might be useful to public

service managers like stakeholders' movement that regularly changes in degree or emphasis. This model can also be used to help public sector strategists' mapping to identify stakeholders' desired position. Both of these introduced frameworks in this study are very important to understand strategic situation in both the public and private sectors because stakeholders determine the strategy. Public sector organizations have multiple stakeholders that have competing interests. Understanding their relative positions is essential in the delivery of public sector services and it is clear that both public and private sector organizations have toad value to their stakeholders. Value chain analysis may require considerable adaptation especially when it is used in the context of public sector. However, there is a need to significant adaptation of this model for meaningful and effective strategic application in the public sector activities (Williams & Lewis, 2008).

2.4. Maintenance of Human Resource

One of the most complex task of senior management is preservation the necessary human resources. This process can be studied from two aspects including financial incentive programs are designed to inspire employees' loyalty and increase productivity and profitability among employees such as competitive advantage of salaries, bonuses, and other financial benefits and non-financial incentives such as job security, occupational prestige, having a sense of personal worth and importance, and clarifying the occupational future. Many management science experts believe that considerable attention and resources should be directed to continuous training and ongoing development of all staff involved which may lead to development of long-term and permanent competitive advantage.

2.5. Assessment and Performance Management

These two areas, assessment and performance management, are the most important and central in developing human resources because it is a process that lead to organization performance improvement. The retrospective evaluation of employees' work performance highlights employees' strengths and weaknesses and provides the overall organizations' and administrators' goals in several time frames. Performance management provides an opportunity for interaction, participation, setting organizational management objectives which may result in improving organizational performance (Saadat, 1996).

2.6. Promotion of Organizational Culture

The actions in the field of culture do not neglect the strong emphasis and great importance of cultural influences due to the long time interval. For instance factors such as encouraging employees to continuously improve and increase their scientific level and efficiency are possible with long-term cultural activities using the knowledge management and learning organization's course orientation. These factors do not always fit neatly into any qualitative parts of human resources which can have the highest potential output in the short term. Nowadays, successful companies in business areas find out that they cannot be successful without effectively applying principles of strategic human resource management and linking strategic practices with the overall organizational strategic performance. The main elements in the implementation of this process are obtained through full support of senior management and full participation of managers and human resource management at all levels (Zarei Matin, 1992).

3. Strategic Planning and Human Resources

Planning the process of determining organizational goals and how to achieve them and strategies consequently are all the facilities required for successful organizational tasks. Hence, strategic planning involves determining the organization's long-term goals and making decisions based on methods for achieving these goals that have already been predicted. In other words, strategic planning is the organized and systematic process for making fundamental decisions and establishing plans which set the orientation of organizational activities within the legal framework. The scheduling for the strategic planning process depends on the nature, organizational needs, and immediate external environment and it might be carried out once or even twice a year in a series of gradual steps by considering

mission, vision, values, environmental scan, goals, strategies, responsibilities, time lines, budgets, etc. In other words, if an organization operates in a stable market for many years, then planning might be carried out once a year and only in certain parts. The human resource planning is a process for assessing the demand and evaluating the size and the nature of supplies which will be required to meet the demand and therefore in the first stage of every staff and human resource management programs human resource planning is used. Human resource planning is directly linked with strategic planning and institutional policies. It is the main tool which aims to connect the organizational goals to the programs and goals of human resource. Figure 1 shows that there is a close relationship between human resource planning and strategic planning.

Fig 1. The link between strategic planning and human resource planning

3.1 Strategic Human Resource Planning

Decenzo and Robbins (2005) stated that human resource planning is the process by which an organization determines the right number of employees, type of required expertise and skills in order to achieve its overall goals. The aim of human resource planning is analyzing and evaluating the balance of supply and demand by using a structured framework which provides a clear image about the future. In human resource planning, we need to know the members and required skills for doing everyday tasks and changes that may alter work capacity in the future and the volume of committed activities. This needs a very good understanding of the strategies and more detailed business plans. Next, there is a need to consider manpower supply situation of a company in terms of analyzing the current manpower inventory and how their needs should be changed. This issue indicates that organizations need a reasonably detailed understanding of their members, characteristics, and relationships with organization. Strategic human resource planning as the process is used to establish, develop, and achieve human resource's objectives, strategies and policies through development and maintenance of human resources. Human resource planning is linked to the environmental concepts and organizational functions and consists of various external factors such as economic pressures, technological changes and advancements, rules and regulations, political situations, and education and labor market and internal factors such as organizational objectives, culture, structure, leadership behavior, human resources policies, and stakeholders.

In short, organizations are easily compatible with the human resource planning in three ways including basic planning, process planning, and organizational planning. The basic planning indicates that effective human resource has a scientific effect, while process planning refers that the planning process is beneficial for the organization. Moreover, organizational planning is a type of planning that includes organizational issues and resources and has specific objectives for organizations. One of these objectives is making decisions about human resources in order to find more flexible and innovative sources, patterns of working hours, and different contract forms. Some of organizations are interested in increasing their employees' abilities through periodically transferring employees from one task to other (job rotation) and others show tendency towards breeding grounds for scarce skills of their employees for a long period of time. Human resource planning allows all organizations to identify fundamental challenges all organizations may face during decision- making. Furthermore, this thought foundation cannot achieve without conscious thinking.

3.2 Barriers

The organizations should identify the barriers in the implementation of human resource planning and try to overcome them on time. Some of common barriers of human resources planning that were highlighted by most of the experts are pessimism about planning and predicting in special cases , interference resistance of operating units against central units, lack of connection between various activities in planning process especially business, financial, and personnel planning, conflicts in human resources made by financial and personnel units, lack of relationship

between budgeting and strategic planning, using inappropriate techniques for assessing future needs, lack of adequate attention to qualitative aspects and developing specific individual skills and potentials, and distrust and suspicion toward planning units.

3.3   Human Resource Strategic Pattern

Strategic human resource planning is a process designed to anticipate and integrate human resource planning and strategic planning of an institute. This pattern which is designed with an applied purpose reflects the organizational autonomy at different levels of organizational structure. The objectives of this pattern consisted of contributing and improving the overall organizational performance, showing the importance of human resources, taking an active role in the development of human resources which supports the continuous improvement of the organization, making a clear communication between the main activities of the business and human resources, designing planning tools that provide required supports and facilities for human resource development.

3.4   Strategic Process

Strategic process consists of explaining and defining of strategic positions, objectives, and strategic decisions and analyzing the internal and external environment. To define the strategic positions, internal and external factors should be identified and explained initially. Components of strategic process are strategic decisions, analysis of internal environment, analysis of the external environment, analysis of strengths, weaknesses, opportunities, and threats (SWOT), programs, and human resource planning process.
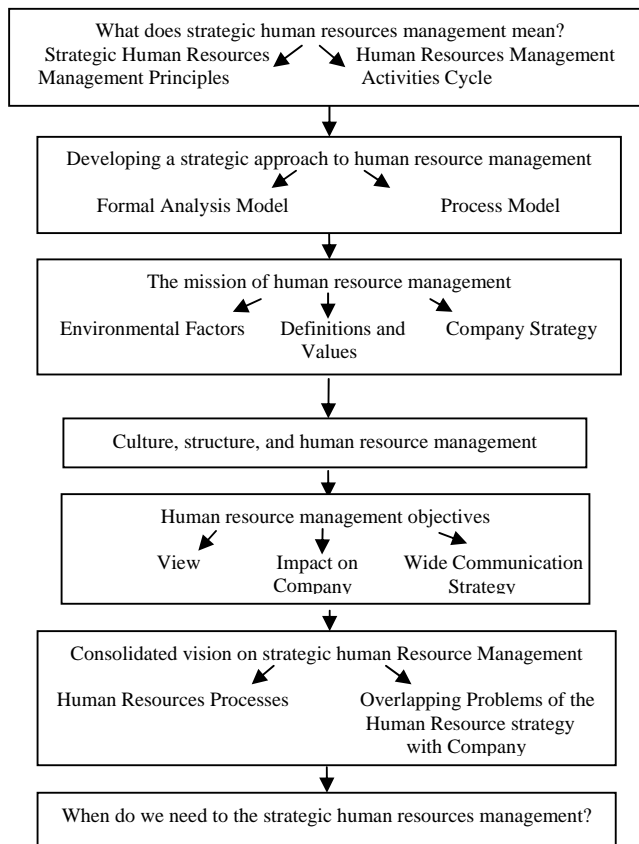

Fig 2. Seven main steps of strategic planning process

Models of H Strategic decisions are final and strategic aims of an organization that all factors act to achieve it and its target is assessing the functional strategic consequences. Analysis of internal environment contains microanalysis of intra-organizational problems, number of employees, job skills, organizational structure, supply ability, stock, sales, defining the human resource status, and designing programs to achieve organizational objectives. Another component is analysis of external environment which refers to identification and analysis of organization's external key factors that have potential effect on human resource management of organization such as economics technology changes, capital market, educational and cultural situation, demographic, and political factors. Economical, social, and cultural factors, technology development, and labor supply have more tangible effect than other components on human resources. Analysis of SWOTs is based on the assumption that an effective strategy increases the strengths and opportunities and at the same time decreases its weaknesses and threats. Understanding changing market, understanding industry competition, and technological changes are considered as opportunities for an institution. Market growth and rules and regulations are considered as threats which have main effects on institutional environment. Weaknesses are lack of or limitation of resources, skills, and abilities which impede effectiveness of planning, while factors such as equipments, financial resources, management skills, and marketing can be sources of strength. Another factor is programs which consist of strategies, policies, and development frameworks of human resources that obtain through training, job rotation, and promotion. As a last factor, human resource planning process refers to micro and macro analysis of human resource variables, organizational culture, physical atmosphere, organizational structure, quality of working life, job skills, fitness level, benchmarking for the best, assessment of human resource outcomes, human resource development and measurement tools, and corrective actions.

4. Human Resource Management

4.1 Rosemary – Harrison Model

For strategic plan in this model, one should consider seven main steps which are presented in Figure 2. Although the implementation of this model in large organizations requires managers' support, this fact is not true in small organizations (Harrison, 1993).

4.2 James -Walker Model

This process is divided into three segments including strategy of the institute, strategic path, and implementing human resource management which have mutual effect on one another (Walker, 1992).
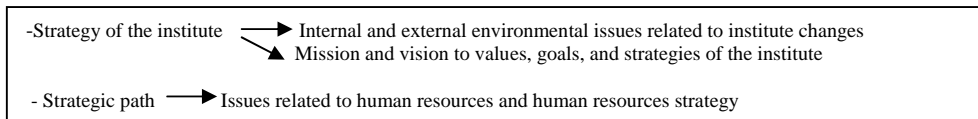
-Strategy of the institute ⟶ Internal and external environmental issues related to institute changes
Mission and vision to values, goals, and strategies of the institute

- Strategic path ⟶ Issues related to human resources and human resources strategy

Table 1. James Walker model

4.3 John- Bryson Model

According to Bryson (1995), strategic planning can help public and nonprofit organizations anticipate and respond effectively to their dramatically changing environments. This model has been developed to investigate the key features of previous models and tries to eliminate the weaknesses of other models. This model is a continuous and reproducible process of making risk-taking decisions which starts before adoption of any decision and continues after the decision is executed. Bryson extends this model into ten key steps, all of which are relevant to mental health.

5. Concluding Remarks

Human resource is the most valuable factor of production and the main source of competitive advantage. Humanistic factor is considered as a strategic resource for organizations; therefore, human resource planning is a part of strategic planning. The foundation of Human resource planning is recognizing the assumptions that decision-makings are based on it and in the case of proper prediction and good judgment the expected goals realize. Recognizing the present external and internal conditions or SWOT which affecting the organization's activities in order to face the future is the subject of investigating in strategic planning realm. Therefore, evaluation of different pattern and models of human resource planning and making optimal use of them in organizational planning will be fruitful. Strategic analysis requires the comprehensive understanding of the communications network around particular issues. The value chain and stakeholder mapping analyses have been used historically to enable researchers to understand the present alliance. Value chain analysis provides a comprehend useful framework for strategic assessment. Value chain and stakeholder mapping analyses help to reach a better understanding of the fitness between an individual's value system and a perceived organizational value system. They can lead to a greater sense of ownership, political welfare, and governmental performance in local communities. Next, the continuous adjustment and monitoring of available models are not always appropriate strategy. Stockholder mapping is not a good technique in constantly changing, emerging, and evolving public organizations, while it is important for value chain analysis to adapt itself. Private sector strategists should not assume that the strategic techniques and business models have grown without any effort in public sector organizations and public sector managers need to fully understand how a strategy acts before considering environmental characteristics.

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