

# Chapter 3

## Role of Human Resource Management on Strategic Management

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### ABSTRACT

*Strategic human resource management (SHRM) is a field of study and practice that focuses on the alignment of human resource strategies and practices with the overall strategic objectives of an organization. It recognizes the critical role that human capital plays in driving organizational success and competitive advantage. By integrating HR practices with strategic goals, SHRM aims to maximize the performance, engagement, and development of employees, ultimately contributing to the achievement of organizational objectives. A thorough understanding of SHRM is essential for organizations seeking to optimize their human resources and gain a competitive edge in today's dynamic business environment. In this literature review, the authors delve into the existing research and explore the various aspects of SHRM, shedding light on its theoretical foundations, practical applications, and the potential benefits it offers to organizations.*

### INTRODUCTION

Amidst the dynamic and ever-evolving landscape of contemporary business, the concept of Strategic Human Resource Management (SHRM) has taken center stage. In an environment where organizations continually strive to outperform their competitors and secure enduring success, SHRM has emerged as a pivotal strategic tool. This comprehensive review endeavors to delve deep into the realm of SHRM, aiming to provide a profound understanding of its core principles, evolution, and multifaceted aspects (Mızrak, 2023a). Its importance lies in its ability to elucidate the pivotal role of SHRM in shaping strategic decisions within organizations. Through a thorough examination of existing literature, this review seeks to unearth valuable insights, identify prevailing trends, and elucidate theoretical frameworks that

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underpin SHRM practices, thus contributing to a more informed and strategic approach to the management of human capital.

The importance of this study lies in its ability to address the growing need for organizations to effectively manage their human resources in alignment with their strategic objectives. In today's highly competitive business landscape, human capital is increasingly recognized as a valuable asset that can drive innovation, productivity, and overall organizational success. Understanding the intricacies of SHRM is crucial for businesses seeking to harness the full potential of their workforce. By conducting a comprehensive review of SHRM literature, this study provides practitioners, scholars, and decision-makers with a valuable resource to enhance their knowledge and insights into the strategic management of human resources. It offers a foundation upon which organizations can build and refine their SHRM strategies, fostering a more adaptive and responsive approach to the ever-evolving demands of the business environment.

Furthermore, the significance of this study extends to its potential to bridge the gap between theory and practice in SHRM. It not only synthesizes existing knowledge but also identifies emerging trends and areas for further research. This synthesis can aid organizations in translating theoretical concepts into actionable strategies that align with their unique goals and circumstances. Additionally, by exploring the resource-based theory in SHRM, this study provides a deeper understanding of how organizations can leverage their internal resources, particularly their workforce, to gain a competitive advantage. Overall, this comprehensive review of SHRM literature has the potential to inform strategic decision-making processes and enhance the effectiveness of HR practices in a rapidly changing and competitive business landscape.

## **LITERATURE REVIEW**

In the ever-evolving landscape of modern organizations, the concept of Strategic Human Resource Management (SHRM) has emerged as a pivotal driver of success and sustainability. This literature review embarks on a comprehensive exploration of SHRM, delving into its fundamental concepts and significance within the realm of contemporary business. We begin by unraveling the essence of SHRM and its core principles, shedding light on its importance as a strategic approach to managing human capital. The review further delves into the intricate web of factors that have paved the way for the emergence of SHRM as a strategic imperative. We dissect the symbiotic relationship between business strategies and SHRM, exploring how these two entities converge to fuel organizational excellence. Additionally, diverse perspectives on SHRM are unveiled, encompassing various theoretical frameworks and approaches that inform its implementation and efficacy. Among these, the resource-based theory in SHRM takes center stage, offering valuable insights into how organizations can leverage their internal resources, particularly human capital, to gain a competitive edge. As we journey through the literature, this review aims to provide a holistic understanding of the multifaceted dimensions of Strategic Human Resource Management and its profound impact on organizational success.

### **The Concept of Strategic Human Resource Management**

While technological advancements have gradually improved and evolved, a competitive and unforgiving landscape prevails in the realm of the free-market economy. In this setting, enterprises bear the respon-

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