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HRM is strategic at Shanghai Shuozhi

Close ties with top management ensure that personnel policies meet company needs

Yong Han and Hongdan Zhao



Yong Han and Hongdan Zhao are both based in the Department of Economics and Management at Tongji University, Shanghai, China.

A Chinese business consultancy with more than 60 full-time consultants tightly integrates its human-resource management (HRM) with the overall strategy of the business.

The Shanghai Shuozhi Management Consulting workforce includes eight professors, five employees with doctorates, 16 employees with master's degrees and 25 other senior employees. With branches in Zhejiang, Jiangsu and Anhui, as well as Shanghai, it has been providing consultancy in China for more than eight years.

The top-management team treats HRM, including human-resource development (HRD), as a strategic partner in drawing up corporate strategy. The most senior executives share all business information with HRM and HRD, to enable them to facilitate appropriate decision-making.

Moreover, the most important HRM and HRD personnel are freed of routine administrative work to give them the time to help other senior executives to formulate and implement organizational strategy. This enables key HRM and HRD people to develop a better understanding of internal and external customers' needs and the external environment in which the company operates.

The benefits flow both ways. As a result of their close co-operation with HRM, senior managers from other areas of the business understand the most important challenges facing the company in the areas of recruitment, training, performance management and promotion.

The Shanghai Shuozhi mission statement emphasizes that human resources are an important and valuable resource in helping the company to reach its goals, and should therefore be closely integrated with organizational strategy.

In the development of company strategy, the top-management team and HR managers work together, using such tools as Swot (strengths, weaknesses, opportunities and threats) analysis, to decide the company's targeting and positioning.

Shanghai Shuozhi's trainers work closely with the relevant departments of the firm to formulate and develop training plans that most closely meet the business needs. The company has developed a learning culture, which helps to ensure that any necessary organizational transformation happens as smoothly as possible.

The company has also developed co-operative training agreements with a number of its closest clients as part of its strategic partnerships.

Building strategic partnerships with customers

HRM is also involved in the consultancy's attempts to build close strategic partnerships with its customers.

Shanghai Shuozhi analyzes all its customers to decide who will be its long-term, strategic partners and who will be its short-term, transactional customers. The criteria used for selecting strategic partners include their financial strength and credit-worthiness, the competency of their management team and the strength of their marketing operation.

Having decided which companies it would like as strategic partners, Shanghai Shuozhi sets about courting them by organizing getting-to-know-you parties and focusing other public-relations activities upon them.

Feedback from Shanghai Shuozhi's trusted strategic partners can help to develop and define the company's HRM and HRD initiatives.

One Shanghai Shuozhi strategic partner is the organizational and human-resource research center at Tongji University, Shanghai.

The company understands that, in order to develop its long-term sustainable capabilities, it must provide its employees with world-class training. It consequently encourages them to undertake postgraduate study at Tongji, which it considers to be a high-quality training, research, teaching and consultancy establishment with a strong knowledge pool for the development of Shanghai Shuozhi employees.

Shanghai Shuozhi also has close relationships with a number of regional public-sector organizations through its engagement in regional human-resource planning, policy development, consultancy for government projects and so on. In particular, Shanghai Shuozhi helped the Qingpu district of Shanghai to develop its administrative plan.

These relationships enable Shanghai Shuozhi to showcase its harmonious labor relations and commitment to the development of "humane" HRM.

Shanghai Shuozhi subscribes to the resource-based view that the internal knowledge and skills of a company are important sources of competitive advantage.

The nine characteristics of strategic HRD

Human-resource development at Shanghai Shuozhi is clearly strategic. Thomas Garavan (1991, 1995) describes the nine features of strategic HRD as:

1. integration of HRD with organizational missions and goals;
2. top-management support for strategic HRD;
3. environmental scanning with senior managers;
4. HRD plans and policies in line with corporate strategy;
5. line-manager commitment and involvement;

“The most important HRM and HRD personnel are freed of administrative work to give them the time to help other senior executives to formulate and implement organizational strategy.”

“Shanghai Shuozhi’s trainers work closely with the relevant departments of the firm to formulate and develop training plans that most closely meet the business needs.”

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6. the existence of complementary HRM activities;
7. the trainer role expanded to include innovation and consultancy;
8. the culture of a learning organization; and
9. an emphasis on evaluation.

With the single exception of line-manager commitment and involvement, Shanghai Shuozhi shows all of these characteristics. Moreover, its close involvement with customers, many of which it classes as strategic partners, and with public-sector organizations, are additional features that closely link HRD at Shanghai Shuozhi with the strategic direction of the firm.

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