

# Process Control Model Analysis on Corporate Strategic Human Resource Management

Li Jiliang<sup>1, a</sup>

<sup>1</sup> School of management, Foreign Trade Institute, Chongqing Normal University, HeChuan, ChongQing, 401520, China

<sup>a</sup>125152714@qq.com

**Keywords:** Strategic human resource, process control, score card, model

**Abstract.** In order to solve a series of problems, such as rupture phenomenon between human resource management (HRM) and development and operation of enterprises, imperfect strategic human resource management and process control system, no effective closed-loop management and low-level application of informatization in human resource management, etc., the paper inspects enterprise human resource management from five perspectives of strategy and operation, internal control, scientific instrument, informatization and quantization, constructs a general object of corporate strategic human resource management and process control model, and adopts four control loops of human resource decision support systems, involving in self-control, performance assessment, inspection of internal control and assessment of internal control, to realize the object of human resource management and process control.

## Introduction

The 21st century is the era of knowledge-driven economy, and human resource becomes a key element of achieving competitive advantage and promoting corporate performance for enterprises. Research field of human resource management has been turned into macro or strategic orientation from micro orientation completely, since from 1980s. The focus concentrated by everyone is how to achieve competitive advantage and promote corporate performance through strategic human resource management. From the perspective of current research, research on influencing mechanism of strategic human resource management on corporate performance is not thorough, and influencing mechanism of strategic human resource management on corporate performance still is a “black box”. Strategic human resource management means that planned human resource allocation and active procedure are conducted for the purpose of making enterprises realize the goal [1]. In recent years, strategic, international and political human resource managements have received extensive attention in researches of human resource management, especially for strategic human resource management. Its relevant theoretical researches have acquired new progress constantly. Moreover, the research field called strategic human resource management has arisen [2]. The paper constructs an integrated process control model of strategic human resource, and puts forward corresponding theoretical assumptions, so as to provide more distinct control theory and system of strategic human resource for enterprises.

## Relevant Models of Human Resource Planning

SWOT analysis is a kind of strategic analysis tool of making use of investigation on organization's established internal conditions to analyze its advantages. By applying matrix forms to present organization's internal advantages and disadvantages, external opportunities and threats, etc. factors for decision-makers. It discusses external environments and internal conditions of research object comprehensively, systematically and accurately, applies thought of system analysis, analyzes all kinds of matching factors to draw a series of corresponding conclusions and assist research object to make decisions [3]. Porter's five forces analysis model is constructed on the basis of transparency of information, perfect competition without cooperation in market and fixed industry scale. It is a

kind of effective intellectual tool. The five-force model collects various variables into a simple model, so as to analyze the basic competitive situation of an industry [5.6]. Sources of competition mainly reflect in five aspects, namely the supplier's bargaining power, threat of potential intruders, threat of substitutes, and competition between existing competitors. The concrete model is shown in Figure 1. Michael E. Porter also proposes the rhombus theory, as shown in Figure 2, which is used to analyze how the national forms an overall competitive edge. A key factor of determining whether it can occupy beneficial situation in future competition is factors of production, demand conditions, support of related industries and firm strategy, structure and rivalry of a nation or region. These four factors restrict and interplay. Connection between every two conditions can form a rhombus network, which is also called as the diamond structure. In addition, this model has two major variables of the government and opportunity. In rhombus model, the opportunity can't be controlled artificially, and government policy also will play an enormous influence on competitiveness. Except for the above-mentioned analysis modes, there are also a great number of well-known strategic analysis tools, such as PEST analytical method and Boston matrix, etc.

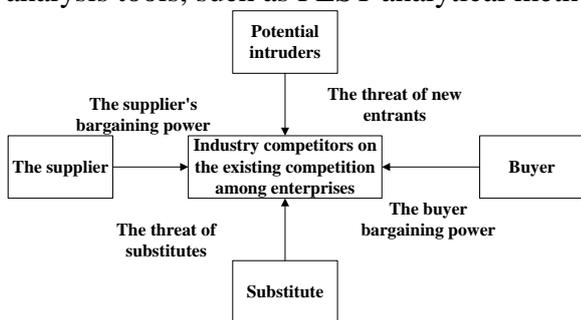


Figure 1 Porter's Five Forces Analysis Model

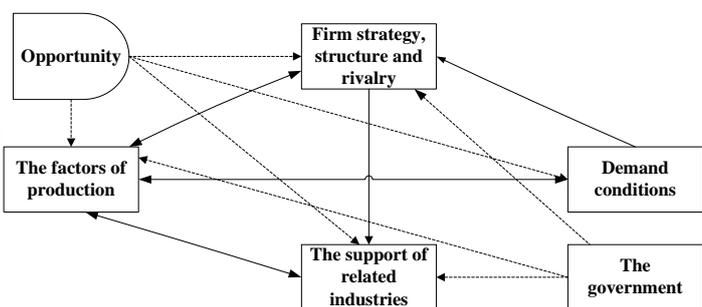


Figure 2 Porter's Rhombus Theory

## Process Control Model Analysis on Corporate Human Resource

**Process Control of Corporate Human Resource:** Number, quality, labor cost and social responsibility of human resource are produced in the process of human resource management. Internal control of human resource management, first of all, requires for integrated human resource management system and indispensable various functions. Secondly, functions can be operated effectively. Thirdly risk of human resource can be controlled validly. Performance assessment on human resource department and staff, namely the assessment on human resource management, is the key to process control of human resource. Performance evaluation management process includes early performance objective, monitoring on plan formulation and performance, and feedback and application of evaluation results. Performance coaching on staff should be run through the entire process and form a circulation of performance improvement. For various functions of human resource management, involving in risk point of human resource, which should be assigned with performance assessment indexes and monitor these performance assessment indexes, and feedback them to human resource department and staff, improve and amend current measures of human resource, form personal closed control loops for human resource management, so as to realize strategic target of human resource development.

**Construction of Score Cards for Corporate Human Resource:** By utilizing four dimensions of index, support, combination and balance described by number, quality, labor cost and social responsibility of human resource, human resource management and corporate development can be combined effectively. Various functions can militate through process control of human resource management, human resource planning, recruitment and allocation, performance evaluation, training and development, salary and welfare, key personnel management and labor relations management. Functions' performance assessment index of human resource management can connect with number, quality, labor cost and social responsibility of human resource. Lagging index and front-loading index of human resource constitute score cards' index system for human resource at different levels. Construction of score cards for human resource is shown in Figure 3.

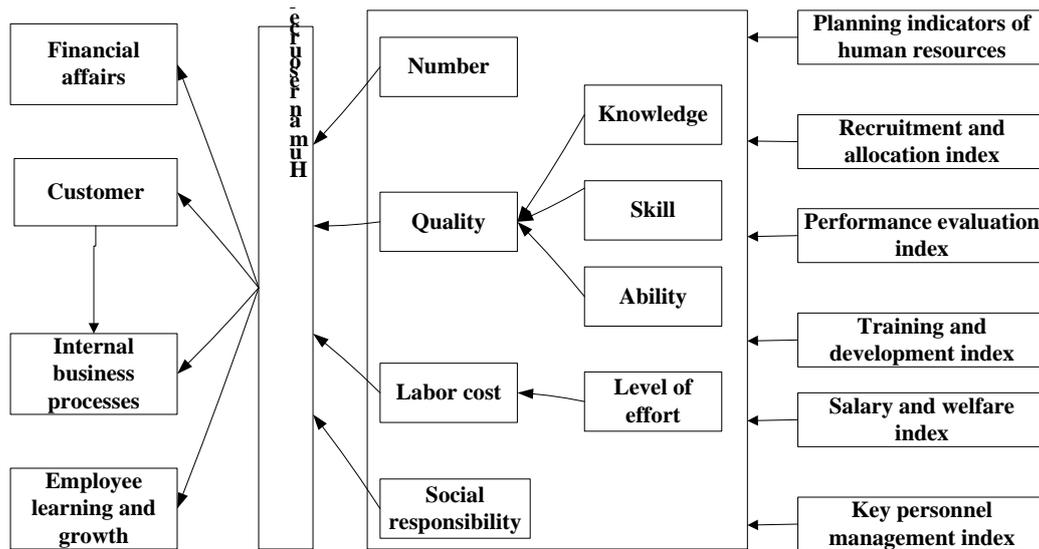


Figure 3 Index Construction Model of Score Cards for Human Resources

According to corporate long-term strategy, five-year plan, annual business plan and monthly plan, different score cards' indexes for human resources can be matched, just like human resource management also has corresponding human resources' long-term strategy, five-year plan, annual plan and monthly plan. If it has the same work content, score cards' index with short duration is the decomposition of the index with long-term duration, as well as is a decomposition of work content.

**Corporate Strategic Human Resource Management Objectives and Integrated Construction of Process Control Model:** Starting with industry development strategy, to definite corporate vision, mission and target strategy, and strategy, approach, mission of realizing objectives, under the guidance of strategy mapping, taking advantage of balanced score card instrument, financial, customer, internal business, employee learning and growth, etc. business objectives are formulated. Through strategic human resource planning and by adopting score card instrument, the number, quality, labor cost and social responsibility of corresponding human resources are decomposed. Through recruitment and allocation, training and development, salary and welfare, key management personnel and practical activities of labor relations management, enterprises can produce corresponding number and quality of human resources, pay out labor cost and fulfill the social responsibility. However, whether have these activities generated the expectant effects? Small four closed management loops are used to control, as shown in Figure 4. One is self-control loop of human resources' decision support system used by human resource managers at different levels. When finding that human resource situation differs from stated score card's index, human resource manager should regulate and control corresponding management activities in time. The second one is performance evaluation loop. Performance evaluation function can set up performance index of human resources and report it to the superior manager after evaluation for checking causes of gap and improving constantly. Here, performance evaluation combines with human resources' decision support system. The third one is that internal control department will examine internal control situation of human resource management, measure effectiveness and efficiency of human resources' internal control, report to human resource department and administering authority and instruct human resource department to improve. The last one is that Audit Department will audit human resource management and internal control system, measure effectiveness and efficiency of human resources' internal control, indicate its support for enterprise development and operation, instruct human resource department to improve. This is a revised corporate strategic human resource management model. First, it increases supporting analysis process of human resource strategic objectives and business objectives. Secondly, it constructs quantized human resource control model from the perspectives of human resource objectives and management process information. Thirdly, it improves the perspective of internal control.

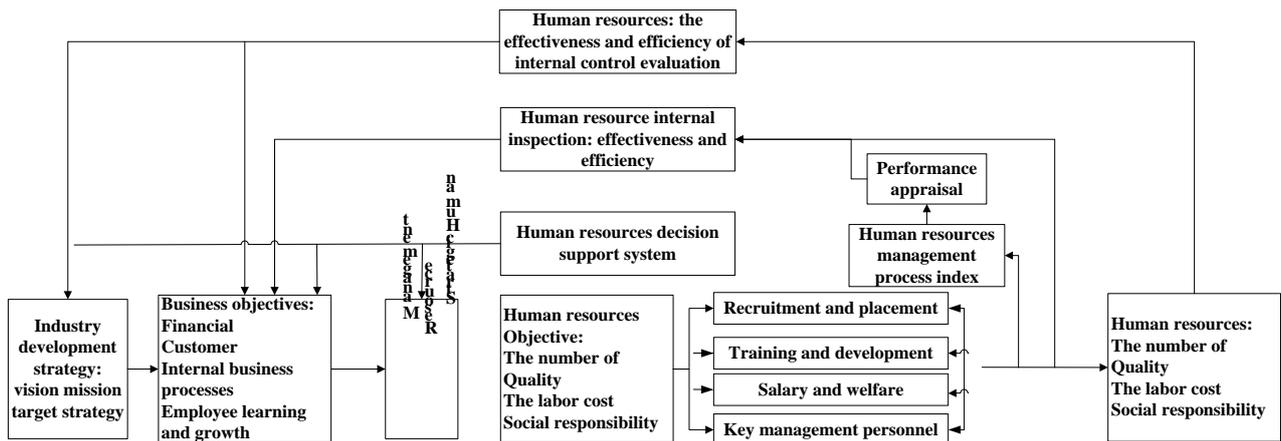


Figure 4 Strategic Human Resource Management Objectives and Process Control Model

Mutual effects between variables in analytical frameworks of human resource strategic management can be designed or evolved at random. Moreover, through continuous alternation and interaction, mutual effects can appear more distinct. As an organic system of coordinating adaptive relations between enterprises and objective environments dynamically, leading role and flexible adaptation of corporate strategy are particularly important. In the process of interaction, the entire human resource management system not only responds to external environments and internal organizational system, but also shapes state and path of external environments and inner-enterprises human resource management system in turn, under the guidance of corporate human resource strategy. In other words, mutual effects between these variables create the constituent part of system and its developmental form. As a result, these internal and external mutual effects not only impact performance of human resource management. On the contrary, it is also impacted by performance. Process control model of corporate strategic human resource, by emphasizing dynamic variable meanings and its mutual causality, extends analytical framework of control variable relations for corporate human resource, and particularly emphasizes self-influence of different variables and relations between them, as well as functional mechanism and historical development path of every variable at different time and situation.

In the human resource management and control analytical framework with the value orientation of instrument rationality, strategy is the core element of strategic human resource management. Formation and execution of strategy should be guided by decision-making process, while this process should be mainly based on planned or rational behavior models. Formulation process of strategic decision-making can be regarded as a “black box”. Strategy is executed in accordance with planning. Formulation and execution of strategy can be considered as a rational result. However, the view of regarding strategy as a decision of external environments means that corporate human resource management changes subjective initiative of external environments and its development is restricted. Dynamic capability of human resource control system consists of specific strategy and organizational process, such as obtainment, allocation and utilization of human resources, as well as a strategic decision-making process of creating values for the enterprise in dynamic environment by allocating human resources to value creation strategy. Process control model of corporate strategic human resource usually opens the “black box” of human resource strategic management decision through acknowledged emotional, cognitive, social and political influences, extends the meaning of rational planning action, deepens management philosophy of controlling value rationality by strategic human resource, and makes dynamic capability of corporate strategic human resource management system can be better translated into corporate competitive edge.

### Process Control Model Empirical Analysis on Strategic Human Resource Management for a Certain Enterprise

This group company has established for over 50 years, and its human resource management model has been mature gradually. Under the overall background of Chinese economic structure’s transformation, three main industries in the company is faced with transformation. The company

puts forward a strategic measure of starting a new undertaking and striving for great-leap-forward development. To be specific, it should break through in four major strategies. The process of transformation is a dynamic adjustment process. The corporate human resource management system, control pattern and development requirement have obvious inadaptation. Human resource management has a thick skin on development requirement. Four major strategies have no better planning on requirement of human resources. There is rupture phenomenon between human resource management, and enterprise development and operation, which can't support for corresponding development and operation. Quantized objectives of management are too less. Structuring is not strong. Requirement for development and operation is defective tightness. There are quite a few qualitative human resource objectives, such as, "obvious improvement of staff qualities and abilities", "progressive optimization of talent structure", "constantly sound management system", and "a galaxy of talents in good situation", etc. It can be observed from Figure 5 that decision support system model base should be constituted by three parts: one is dynamic situation of completing human resources' score cards. After score card's index is confirmed, it is necessary to combine with physical truth to set up index standard. Index and standard should contrast and provide for decision support model. The second one is dynamic associated model. For example, dynamic associated model between labor cost, and number, quality and social responsible of human resources explains the relation between them and points out next index reference value for human resources' score cards. In addition, dynamic associated model between labor cost and personnel mass-based controls is established. Construction of associated models needs to adopt linear programming and dynamic planning, etc. dynamic decision-making algorithms. The last one is analysis tool. It can offer some functions of inquiry, statistics, diagram and combination.

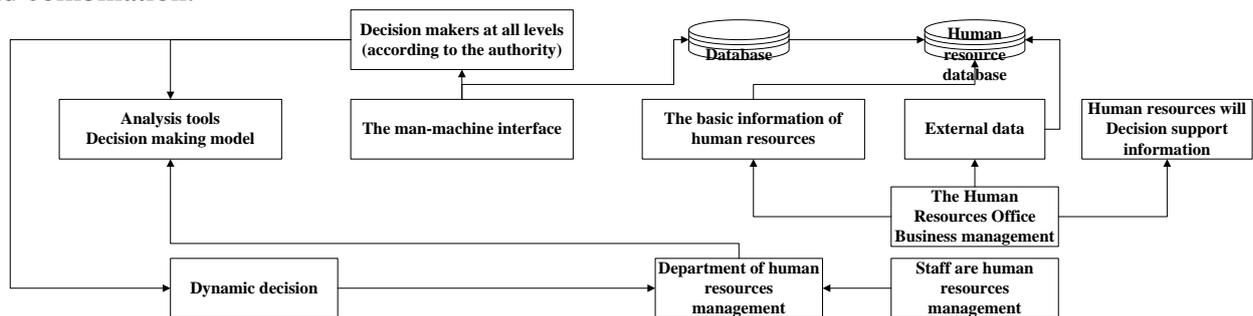


Figure 5 Frameworks of Corporate Human Resource Management Decision Support System

Functions of human resource management are simple. Process control can be realized just by remaining performance evaluation, but has no need for human resources' decision support system, internal control check and internal control evaluation. For group enterprise, except for the corporate headquarters, it requires for coordination of affiliated units and its model needs to extend. For flexible and innovative enterprise, soft indexes, such as open and relaxed work environment, and effective incentive mechanism, etc. often are hard to set and control. If it depends on leadership, function of control model may be not obvious. For the enterprise that can't establish complicated decision support model, function of human resource decision support system has no necessary to develop complicatedly, but it should fit in current management stage. Now, the human resources' decision support system can consist of the human resource management information system with inquiry statistics function, task planning distribution system and performance evaluation system, but it is dispense with integrating in an application system.

## Conclusions

Strategic human resource management should closely match with corporate vision, mission, strategic objectives, strategy approach and mission to realize objectives. By utilizing score cards' tool of human resources and close associations with four business objectives of financial, customer, internal business process, and employee learning and growth, number, quality, labor cost and social responsibility of human resources can be confirmed. Through conduction of human resource

functions, such as, recruitment and allocation, training and development, salary and welfare, key personnel management, and labor relations management, etc. and by using self-support loop, performance evaluation loop, internal control checking loop and internal control evaluating loop of human resources' decision support system to ensure output controllability of human resources, functions of human resources can be exerted and corporate objectives can be realized ultimately. By constructing human resource strategic objectives and process control model for a certain group company, the above-mentioned research conclusions are verified to be feasible.

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