

## 2.8: Why It Matters- Human Resource Strategy and Planning

### Why learn about strategy in human resources management?

Although they may seem to be academic concepts, management theories and strategic planning practices have a significant impact on an organization's performance—and, ultimately, its sustainability. What's bizarre is that we're still failing at the basics, despite extensive research and experimentation and the contributions of numerous thought leaders.



Here are a few statistics that highlight critical competence—and confidence—gaps:<sup>[1]</sup>

- Only 2% of leaders are confident that they will achieve 80% or more of their strategy's objectives
- 54% of organizations achieve less than 50% of their strategy objectives
- 61% of respondents acknowledge that their firms often struggle to bridge the gap between strategy formulation and its day-to-day implementation
- 33% of leaders rate their organization as poor or very poor at implementing strategy

Key alignment (and logic) disconnects: 45% of organizations say changing staff member actions or behaviors is the toughest implementation challenge, and yet 95% of employees don't understand their organization's strategy, and the majority of front-line employees (90%) and middle managers (70%) don't have compensation that's linked to the organization's strategy.

Why it matters?

- 63% of successful companies have their business units aligned to their overall corporate strategy
- 70% of organizations that used a formal process to manage strategy out-performed their peers
- "Getting it right" has the potential to increase the value of an organization's current strategy by 60–100%.

In this module, we'll discuss the basics—management theory, strategic analysis, competitive strategy and execution—and how these decisions impact human resource management strategy and planning.

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1. Jansen, Hasse. "94 Mind-Blowing Strategy Execution Stats." Boardview. October 5, 2016. Accessed August 05, 2019. ↵

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