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STRATEGIC HUMAN RESOURCE MANAGEMENT MODELS: BUILDING ALIGNMENT BETWEEN PEOPLE STRATEGY AND ORGANISATIONAL GOALS

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Abstract: This article examines why a single, uniform human resource strategy so often fails to support an organisation's competitive position, and proposes a workforce-differentiated alignment model to address the gap. A review of current strategic HRM practice identifies four recurring problems: HR planning conducted in isolation from business strategy, identical practices applied to employee groups with very different value profiles, a short-term bias in reward design, and a weak evidentiary link between HR metrics and financial performance. Building on the human capital architecture literature, the article develops a four-quadrant model that classifies employee groups by strategic value and knowledge specificity and matches each quadrant to a distinct HR strategy — build, buy, bind or borrow. The framework is illustrated with practices drawn from manufacturing and service-sector organisations and offers managers a structured basis for allocating HR investment where it delivers the greatest strategic return.

Keywords: human resource management, HR strategy, strategic alignment, human capital architecture, workforce differentiation, talent management, organisational performance.

Аннотация. В статье рассматриваются причины, по которым единая, унифицированная стратегия управления персоналом зачастую не обеспечивает поддержку конкурентной позиции организации, и предлагается дифференцированная по группам персонала модель стратегического соответствия. Анализ современной практики стратегического управления персоналом выявляет четыре системных недостатка: планирование кадровой работы в отрыве от бизнес-стратегии, применение одинаковых практик к группам сотрудников с разной ценностью для организации, краткосрочную ориентацию систем вознаграждения и слабую связь между кадровыми показателями и финансовыми результатами. На основе литературы по архитектуре человеческого капитала разработана четырёхквадрантная модель, классифицирующая группы персонала по стратегической ценности и специфичности знаний и сопоставляющая каждому квадранту отдельную HR-стратегию — «развивать», «покупать», «связывать» или «арендовать».

Ключевые слова: управление персоналом, HR-стратегия, стратегическое соответствие, архитектура человеческого капитала, дифференциация персонала, управление талантами, эффективность организации.

Introduction

Most organisations still write one HR policy manual and apply it across every department, from the engineers who hold the firm's core intellectual property to the staff running routine back-office functions. The assumption behind this practice — that fairness means treating everyone the same —

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sounds reasonable, but it quietly undermines competitiveness. A firm that spends as much on developing a temporary data-entry role as it spends on developing the team that designs its flagship product is misallocating a scarce resource. The purpose of this study is to work out why this uniform approach persists and to propose a model that lets HR strategy vary deliberately, and defensibly, across different parts of the workforce.

Four problems recur across the strategic HRM literature and in practitioner reports on why HR strategy underperforms. First, HR planning is frequently conducted as a support function rather than as an input to strategy formulation, so people decisions arrive after the business strategy has already been set rather than shaping it. Second, organisations tend to default to standardised practices — the same recruitment process, the same appraisal form, the same benefits package — for employee groups whose contribution to competitive advantage is fundamentally different. Third, reward systems lean heavily toward short-term, easily measured outputs, which can crowd out the kind of firm-specific knowledge-building that only pays off over several years. Fourth, HR departments rarely produce evidence connecting their interventions to financial or operational outcomes, which leaves HR strategy vulnerable to being the first budget line cut when conditions tighten.

Literature review and methods

The theoretical basis for this study draws on the resource-based view of the firm, which holds that sustained competitive advantage comes from resources that are valuable, rare and hard to imitate — a description that fits firm-specific human capital more closely than it fits generic labour. Lepak and Snell's human capital architecture extended this idea into HR practice by classifying employee groups along two dimensions: the strategic value of their contribution and the uniqueness, or firm-specificity, of the knowledge they hold. Miles and Snow's earlier typology of defender, prospector and analyser business strategies, together with Schuler and Jackson's work linking competitive strategy to specific role behaviours, provides a complementary lens for deciding which HR strategy fits which strategic posture.

From this literature, together with the four problems identified above, four requirements were set for an improved model. The first is strategic derivation: HR strategy choices should follow logically from an explicit classification of workforce groups, not from habit or administrative convenience. The second is differentiation: distinct employee segments should receive deliberately different combinations of recruitment, development and reward practices. The third is a longer time horizon for groups holding firm-specific knowledge, since the value of that knowledge compounds over years rather than quarters. The fourth is measurability: each HR strategy should be paired with indicators that let managers trace its effect on retention, productivity or cost.

Guided by these requirements, the study adopts Lepak and Snell's two-axis framework — value and uniqueness — to define four workforce quadrants, and matches each quadrant to one of four classic HR strategies: build, buy, bind and borrow. This mapping (summarised in Table 1) forms the core of the proposed alignment model.

Results and Discussion

Table 1 sets out the four quadrants together with the HR strategy and representative practices associated with each. The logic is straightforward once the quadrants are made explicit, though it is rarely applied consistently in practice.

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Workforce quadrant	Value / uniqueness profile	Dominant HR strategy	Typical practices
Core strategic talent	High strategic value, firm-specific knowledge	Build (internal development)	Long-term career paths, succession planning, equity-based reward
Operational efficiency workforce	High value, generic skills	Buy (external recruitment)	Competitive market pay, structured induction, standardised KPIs
Specialist contractors	Low strategic value, firm-specific knowledge	Bind (alliance / partnership)	Project-based contracts, knowledge-transfer clauses, milestone pay
Compliance-focused roles	Low value, generic skills	Borrow (outsourcing / contingent labour)	Outsourced payroll or agency staffing, minimal discretionary investment

Core strategic talent — engineers holding proprietary process knowledge in a manufacturing firm, or senior client relationship managers in a professional-services firm — combines high value with knowledge that is difficult to replace from the external market. A build strategy fits this group: internal development programmes, deliberate succession planning, and reward structures weighted toward long-term retention, such as deferred equity or seniority-linked benefits. Cutting training budgets for this group during a downturn, a common cost-saving reflex, tends to be short-sighted, since the knowledge lost is exactly what the firm cannot quickly rebuy.

Operational efficiency workforce — skilled roles such as machine operators or customer-service representatives who add real value but whose skills are widely available in the labour market — fits a buy strategy better than a build strategy. Here, competitive market-rate pay and efficient recruitment matter more than deep internal development, since the organisation can replace departing staff relatively quickly without losing irreplaceable knowledge.

Specialist contractors, such as an external IT-security consultant retained for a specific system upgrade, hold firm-specific knowledge for the duration of an engagement but do not warrant permanent employment. A bind strategy — structured partnership agreements with clear knowledge-transfer clauses — captures the value of the relationship without the fixed cost of a build strategy. Compliance-focused roles, such as routine data-entry or basic administrative support, are best served by a borrow strategy: outsourcing or contingent staffing keeps costs proportionate to the limited strategic contribution of the role, freeing HR capacity to concentrate on the quadrants that matter more for competitive advantage.

A common mistake observed in practice is applying a single quadrant's logic across the board — either building everywhere, which is prohibitively expensive, or buying and borrowing everywhere, which erodes the firm-specific knowledge base that differentiates the organisation from its competitors.

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The model's practical value lies in forcing an explicit classification exercise before HR budgets are set, rather than leaving the allocation to habit or department-level negotiating power.

Conclusion

Uniform HR policy is administratively convenient but strategically costly, since it spreads investment evenly across employee groups whose contribution to competitive advantage is not remotely even. The four-quadrant model proposed here — classifying workforce segments by value and uniqueness and matching each to a build, buy, bind or borrow strategy — gives managers a structured, defensible basis for differentiated HR investment. Its main contribution is not the identification of any single practice as superior, but the discipline of asking, for every employee group, which quadrant it belongs in before deciding how much to spend on developing, rewarding or replacing it.

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