Including Client Opinion and Employee Engagement in the Strategic Human Resource Management: An Advanced SWOT-FUZZY Decision Making Tool

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ABSTRACT

The trend in the Human Resources Management is to enhance it to the strategic level, this paper intends to provide an advanced decision making tool in the field of the Strategic Human Resources Management applying a combination of an augmented SWOT analysis approach to evaluate and to rank strategies and a Fuzzy Inference System (FIS) to eliminate the vagueness in the expressed opinions. The version of SWOT utilized here includes the client opinion and employee engagement besides to the traditional experts' assessment, while the FIS is an instrument that treats the data coming from SWOT analysis with the goal of avoiding the uncertainty that may come from the opinions expressed in the SWOT analysis and so to improve the ranking of the strategies. The results show improvements in prioritization of strategies in the way that besides knowing the decision to make for each, the model shows us also what to do regarding every strategy (what to maximize and what to minimize while talking about strengths, weaknesses, opportunities and threat). The proposed model can be applied for strategies prioritization and decision making problems in all fields.

Keywords: Client Opinion, Decision Making, Employee Engagement, Fuzzy Method, Prioritization, SHRM, SWOT

INTRODUCTION

Strategic Human Resource Management (SHRM) implies a concern with the ways in which HRM is crucial to business performance and organizational effectiveness. Miller (1987) defines Strategic Human Resource Management practice as the decisions and actions, which concern the management of employees at all levels in the business towards sustaining competitive advantage. Cascio (2006) defines the concept of human resource strategy by the...
set of policies and programs a firm uses to meet its strategic business plan.

In the SHRM the quantitative information may come from a predictive model of numbers of employees in a hierarchical system of human resources, (Belhaj & Tkouat 2013), whereas the qualitative information consists of the analysis of the current situation of the organization management in terms of its internal strengths and weaknesses, and of its external opportunities and threats.

Lengnick-Hall et al (2009) presented the evolutionary and chronological perspective on the development of SHRM literature and they trace how the field has evolved to its current state. They emphasized that initial studies were focused on finding ways to achieve a fit between HR activities and desired strategic outcomes, later in the 1990s the directions were about expanding the scope of SHRM to try to outstrip the conventional boundaries, latest trends concerning methodological issues and measuring outcomes of SHRM have gained attention in the achievement and implementation of HR systems.

Way and Johnson (2005) theorized about the impact of strategic human resource management, they generated prescriptive SHRM models that can accurately explicate and evaluate the linkages among organizational strategies. Tichy et al (1982) defined that there are three management levels namely: strategic (long-term), managerial (medium-term) and operational (short-term), the author views that the HR functions performed at the strategic management level are SHRM. Sinha et al (2014) found that role efficacy is one of the factors that influence employee engagement, motivation and attrition. Their study concerned the level of role efficacy in IT companies. Colomo-Palacios et al (2014) presented a tool based on applied intelligence techniques that forecast and anticipate competence needs.

Now days there still divergence between research and practice in the field of HRM. De-Nisi et al (2014) proposed a model of the forces leading to that divergence that deal with forces operating on both researchers and managers to better understand the divergence and so to come to suggestions for how to bring the two sides back together.

Traditional SWOT analysis and the TOWS matrix

SWOT analysis method has been widely used as a tool for planning and analyzing strategic actions over the past decade. This method can also be used in identifying environmental relationships and help to develop strategies. SWOT analysis originally explained by Learned et al. (1969), as a key tool for tackling complex strategic issues by decreasing the quantity of information to enhance decision making. SWOT analysis is a commonly used instrument which scans internal strengths and weaknesses of a product or service industry and highlights the opportunities and threats of the external environment, (Rauch 2007). This will help to focus on the strengths, minimize weaknesses and take the greatest possible advantage of opportunities available by overcoming threats. SWOT serves also as a support for decision-making and is often used as a tool for the systematic analysis of the organization, (Yuksel & Dagdeviren, 2007).

SWOT analysis becomes a useless exercise if it is not extended to TOWS analysis where the strengths are used to capitalize on opportunities and to counter threats, the weaknesses are minimized using opportunities and both weaknesses and threats are avoided. The use of traditional SWOT analysis has no mean of forming the significance of each SWOT factor, (Shinno et al, 2006). It will be hard to evaluate the most impacting factors in decision making process. Hence, SWOT analysis method alone cannot perform accurate decision.

Weihrich (1982) developed TOWS as the next step of SWOT in developing alternative strategies. TOWS matrix provides means to develop strategies based on logical combinations of factors related to internal strengths (or weaknesses) with factors related to external opportunities (or threats).

TOWS matrix identifies four conceptually distinct strategic groups: Strength- Opportunity
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