Innovation in Strategic Human Resource Management: Building Capacity in the Age of Globalization

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Abstract

This article addresses innovation as a strategic instrument in human resource management capacity building in the age of globalization. To meet the challenges of globalization—negative as well as positive—capacity building is needed in areas of organization, management, governance, and public administration all over the world. Innovation is defined, strategic innovations and innovative strategies are explained, capacity building is delineated, and over 22 areas or realms of innovation are identified, explained, and emphasized as strategic instruments of capacity building. Viewing human resources as human capital and beyond, the article argues that without human resources nothing can be accomplished, and without a well-trained, well-developed, well-appreciated, and well-managed human resources, modern organizations of government and business cannot meet the challenges of the globalization age, which demands a new generation of future-oriented, anticipatory managers who can develop effective visions and manage organizations by riding the high waves of change in the turbulent world.

Introduction: Problem and solution

The world has changed dramatically during the last 20 years, and the dawn of a new form of civilization has emerged as the new millennium begins. In this age of rapid, unexpected, and unpredictable changes with far-reaching consequences, the role of governments, citizens, organized groups, nation-states, and societies is changing rapidly as well. Public and private organizations, and management systems, are being transformed by either choice or pressure and necessity of adaptation for survival.

Along with governmental transformation, citizens are also transforming from the traditional passive or receptive role to one that is highly demanding, challenging, and participating. New technologies and organizational networks are enabling citizens to play a more active and powerful role in the governance and
administration processes that affect their present as well as future lives. Obviously, inequality persists and in fact widens rapidly between the rich and the poor, and between the rich nations of the industrialized world and those of the developing and less developed countries. All nation-states are challenged by the forces of rapid globalization and their governments' sovereignty is being eroded by the new norms and organizations of the world order. There is also a widening gap between the few powerful nations that are home to globalizers and those of the rest of the world that are being globalized and affected by the consequences of globalization and the new world order. Therefore, the challenges—positive as well as negative—facing the governance, administration, and management of developing nations are far more serious and more demanding than those in industrialized nations (for a detailed discussion of globalization, see Farazmand, 1994, 1999, 2001a, b, 2002a).

These challenges present opportunities as well as severe constraints to the governments in these nations that are making efforts to develop their economies, to utilize and manage their resources, to promote the social welfare of their citizens, to advance in science and technology, and to improve their capacity in both governability and service delivery to their citizens. To counter and meet these challenges, all governments are forced to rethink the philosophy of government, to reconsider the modes of governance, and to redesign new systems and organizations of public administration and management. To accomplish these multiple objectives, a new vision is required that strategically places human resources development and management as a key strategic instrument in meeting and managing the challenges of globalization.

This new future-oriented and anticipatory strategic vision is especially needed to assist Iran in its leapfrog move toward rapid development and enhanced capacity for sound governance and democratic administration. Strategic planning and management is central to accomplishing developmental goals, but strategic human resources development and management is key to the design and implementation of developmental plans as well as to the operation of a sound governance and administration of Iran. To this end, capacity building and enhancement must be established in all areas of governance and administration, and this can be accomplished only through innovation. To meet the challenges of globalization and to ride the rapid "waves of change" (Morgan, 1988), the future managers—both generalists and human resource specialists—have no choice but be effective human resource managers with high qualities. They must be intelligent, knowledgeable, skilled in human resources management and organizational behavior, able and willing to learn and lead learning organizations, and capable to create human capital and work with people on an equal basis, not as authoritative leaders over them.

This article addresses innovation in strategic human resource development and management as a capacity building strategy to not only cope and meet the challenges of core national development programs in the age of rapid globalization, but to move beyond by developing an anticipatory and future-
oriented capacity that can foresee potential challenges and devise strategic “choices” to control destiny in the highly uncertain global environment. First, the importance of capacity building and strategic innovation is briefly discussed, followed by a more detailed discussion, in section two, of innovation and its multiple meanings. Then, areas of strategic innovations are presented as strategies to human resource capacity building in government and public administration. Finally, several suggestive approaches are outlined, without elaboration, for implementation and transformation of the ideas into action, followed by a brief conclusion and a call for further research and writing on this important subject.

**Capacity building in strategic HRM**

The key words or concepts of innovation, capacity, and strategy or strategic human resources management used in this article require some explanations. First, innovation is considered as a strategic instrument for building and enhancing capacity in government and public administration.

Second, strategic human resource management is central to all development plan and programs and their implementation, as no plan or program can be designed and implemented effectively without strategic thinking. Strategic human resources development is essential to the governance and management systems of all organizations of public, private, and nonprofit sectors, regardless of the nature of the political and economic systems. Thus, both strategic human resources development and strategic capacity building in human resource management are used interchangeably in this article.

Third, capacity building here refers to the development of institutional, organizational, managerial, technological (both soft and hard), cultural, and individual abilities, capabilities, skills, and knowledge of a government and public administration system to not only manage today but also tomorrow. Such a capability enables government and public administration to not only cope with and manage ongoing current challenges of governance and administration but also to act well beyond by performing through anticipation, effective visions, proactive knowledge and skills, and self-corrective organizational behavior. Capacity building is mainly an internal, local or domestic matter, and it is directly related to sustainable development and enhancement; it means building and developing national or local capabilities to conceive, develop, promote, and manage policies, programs, and projects with excellence and toward desired goals and missions.

Capacity building also means developing abilities to build and control the future, and this means “choice” of strategies to control events and build future by developing an anticipatory capability in public management and governance. The United Nations Development Program (UNDP) defines capacity-building as "the process by which individuals, groups, organizations, institutions and
societies increase their abilities to: (1) perform core functions, solve problems, and define and achieve objectives; (2) understand and deal with their development needs in a broader context and in a sustainable manner” (quoted in UNDP, 2002: 68). While very helpful, this definition is limited in scope as it only points to the development capacity building, while the concept capacity building is a much broader one, as noted in my earlier definition and explained throughout this article it covers well beyond the ability to perform “the core function,” and entails future-oriented and anticipatory capabilities as well as abilities to govern and manage.

Capacity building and enhancement in strategic human resources management, therefore, refers to building and enhancing a cadre of highly qualified, highly able, and highly motivated human resources at all levels of government, public administration, and management that serves the country in her pursuit of not only coping and managing the challenges of the day, but also of making strategic choices and decisions that can control her destiny tomorrow in the rapidly changing global environment under globalization of corporate capitalism. In this respect, building strategic human resource capacity also includes human resource capacity in private business as well as nonprofit, non-governmental organizations, and self-governing organizations of the cooperative sector.

Human resource capacity building and development is critically needed both horizontally and vertically. The first focuses on domestic capacity building strategies, while the latter stresses capacity development in international relations and in effective functioning as a nation in the global community; both are directly related to national sustainable development capacity building.

The domestic area of capacity building innovations address all sectors of the economy, society, and politics as well as administration: in the heavy infrastructure development, diverse industries, agriculture, tourism, social services, transportation and communication, urban and rural governance and administration systems, and in the management of all organizations in public, private and nonprofit sectors. Innovation in domestic human resource capacity building requires new as well as established skills in technical as well as non-technical areas. This is essential to running and managing a dynamic economy, to promoting opportunities for political and social involvement and participation of not only employed people but also ordinary citizens who can take part in the governance and administration processes through various forms of partnership-based and network-based organizations.

Innovations in domestic strategic human resource capacity building also promotes the enabling role of government by providing it with the highest levels and types of skills and cutting edge knowledge that are not only essential but also critical to the effective functioning of the government. The skills and knowledge required to prepare through education and training are crucial to obtain on an up-to-date basis. The search and effort must be endless, for
advancement in science and technology, and in human and social sciences, is fast and the changes in domestic and global environments are so rapid that no time can be wasted. Thus, domestic-oriented human resource capacity building is a first step toward accomplishing the objectives of an effective vision for tomorrow’s nation states. Domestic capacity building is a stepping stone, a priority to establish a sound governance and management system to gain international and global confidence and respect among fellow nation-states in the international or global community. This domestic capacity building must be done both horizontally (through technical and operative personnel and managerial or organizational leaders as well as generalists and professionals at the same levels of organizations) and vertically at different levels of organizations in government, nonprofit, and private sectors.

Capacity building and enhancement in international or global areas of skills and knowledge are formidable tasks and most demanding, especially in the age of dramatic change and transformation, and accelerated globalization (Farazmand, 2001c). The global environment has turned during the last two decades into a highly turbulent and uncertain state, causing unpredictability, anxiety, and chaotic development (Rosenau, 1990), and led to a long-term future world that is inconceivable to our current mode and capability of thinking and acting (Farazmand, 2003). Most governments and political officials in both industrially advanced countries of the West and developing or less developed nations lack the necessary and effective capacity to cope with and mange the rapid changes that globalization is posing on them (Dror, 1994).

The capacity to govern and manage uncertainties requires new, anticipatory skills, flexibility in action and innovation and creativity in all fronts. The kinds and levels of skills and knowledge essential to building international capacity must be acquired and mastered through new education and training programs well integrated with the rest of the overall national plans.

Capacity building in external international arena requires a set of strategic human resource skills and knowledge that are different from domestic human resources capacity building. For example, preparing and developing strategic global managers, and global civil as well as political and military executives require significant attention to public investment in education and training in the areas of technical, behavioral, managerial, organizational, linguistic, and diplomatic knowledge and skills. However, both domestic and international capacity areas must be well co-ordinated and they must complement each other, as there is a high degree of interdependence between what the nation does domestically, on the one hand, and how it relates and functions in the international community, on the other.

Building and enhancing capacity in strategic human resource management, or building and enhancing strategic capacity in the process of human resources development, requires a new vision that places human resource management at the apex of national strategic plan in an effort to not only meet the challenges of globalization, but also turn them into great opportunities.
Innovations in human resource development and management

Innovation is key to progress, development, and sound governance and public administration. Innovation is also key to invention and re-invention in all spheres of life, society, science, technology, and administration. Through innovations, inventions, and re-invention, survival and dynamic continuity can be assured with high certainty, though the latter is subject to various environmental contingencies.

Through innovations, environmental contingencies can be tamed, predicted to a degree and anticipative strategies can be utilized toward achieving the goals of effective visions. In the case of strategic human resource management, anticipative capacity building is key to prepare and develop domestic and international cadres of strategic personnel for all sectors—public, nonprofit, and profit. Innovation is also key to learning organizations with learning leadership capacity that must lead and manage those organizations for high performance and productivity (Schein, 1995; Argyris and Schon, 1988). As noted earlier, in our treatment of the subject, the idea of strategic innovation in human resources management is used interchangeably with the phrase innovation in strategic human resources management capacity building and development.

Innovation: definition and function

Innovation refers to novelty in ideas, approaches, methods, processes, structures, behaviors, attitudes, and cultures, as well as in technologies and skills. It also refers to the knowledge base that is used to produce new products and deliver services, to govern and administer societies, and to manage organizations of all types. This broad definition is obviously not conclusive but it covers the main realm of the innovation concept. Generally speaking, innovation may be viewed, among other things, to serve several functions as follows:

Innovation as a concept. Conceptualization is a useful way of expressing creativity through modeling and establishing frames of reference that serve as guideposts to observation and experiential as well as metaphorical phenomena. Innovation as a concept serves as a guide to explanations, but it also serves as a transition to reality, to practice, and future actions. Conceptualizing innovations in human resources development and management is both helpful and necessary, as it is a building block to strategy formulation and development for capacity building and enhancement in governance and administration. This is an absolute necessity for national development process.

Innovation as a response to needs or problems. The old notion that “need and necessity lead to creativity and invention” holds true in case of innovations. Domestic and international environmental pressures, constraints, and uncertainties dictate a need for innovations, creativity, and self-reliance, which itself serves as a key impetus for further innovations to promote capacity
enhancement in all areas of science, governance, management, and administration. Innovation is an answer to constantly challenging problems and changing needs and expectations, obligations, and responsibilities governments face all the time, especially in the age of rapid globalization. To be responsive, it is imperative to innovate.

**Innovation as progress and advancement.** To innovate means to invent, to create the means of progress and advancement. Examples include invention of new weapons systems, new computer software, new rocket systems to carry spacecrafts to the orbit. This is an innovation of staying on top and be dynamic.

**Innovation as a mind-set.** Treating innovation as a mind-set is like navigating in an ocean with full alert senses, radar systems, and the capacity to create and find new ways of breaking through storms and barriers as well as clear and calm realms of sailing process. Having a campus is not enough for a captain of a ship; what is more important is a restless and creative mind-set that is always seeking new ways of naval operation. Innovation as a mindset allows strategic human resource management to guide the human dimensions of organizations to monitor and advance beyond routines and predictable outcomes. It provides the strategic human resource managers and, indeed, all organizational leaders to stay on top and manage organizations with confidence through an anticipatory capacity system (ACS) that cuts across the four areas of innovation: human, technological, organizational, and managerial. With a mind-set of innovative management, innovation will become a key strategic instrument of progress, development, high performance, and organizational and system legitimacy.

**Areas and issues or subjects of innovation**

There is no limit to the areas of innovation in human resources development and management. These areas may be grouped into three categories: (1) human resources or personnel area, including general management and leadership; (2) technological and financial resources necessary to sustain and promote strategic human resources; and (3) organizational area, which include structure, process, and value system or culture.

The first or human resource management category for innovation is a constant search for the needed personnel, for the right person for the right position, and for the right position or job for the right person. This is a challenging job that can and should be accomplished through careful planning, recruitment, education, and training all the time. This includes the challenge of recruiting, educating, and training the highly competent managerial and leadership personnel for strategic and operational levels. These are the people whose knowledge and skills are indispensable for leading and managing large and complex organizations in all sectors.
Second, technological innovation is central to strategic human resources development and capacity building, but it can only be made possible through the availability of necessary financial resources that finance and support it. Without necessary financial support, innovations can and do occur but may not reach the developmental stage. The third category of innovations in strategic human resources development and management is directly related to the first two, and all three complement each other. Organizational setting provides structure through which processes of innovation take shape, and the norms and values that develop within the organizational structure and process help shape a system of organizational culture that can promote or hinder strategic innovations.

Once institutionalized, the new culture of innovation can help shape and reshape the process and structure of the organization. Institutionalization is key to the legitimacy and support systems that innovative ideas can enjoy as a strategic instrument toward capacity building and enhancement in human resources development and management (Farazmand, 2004b). It is this institutionalized organizational culture of learning and learning to learn for adaptation, change, and transformation that the strategic human resource management in particular, and all-level managerial leadership, in general, can raise its quality standards of performance by means of strategic capacity building and enhancement. Examples of this sort include post-revolutionary Iranian government’s efforts to build and develop capacity for self-reliance in many areas, including in warfare and scientific technologies which even the Western powers have long considered a monopoly of their own (Farazmand, 2001d).

Another example include the post-revolutionary shape and institutionalization of macro-level cultural values of independence, respect for other people’s views and ideas, and eagerness to share knowledge and expertise with other developing nations in the international community. Still another example is the creative foreign policy of conciliation, peace, and dialogue of civilizations of President Khatami that has helped institutionalize a new value system within Iran and has gained Iran a good degree of respect and recognition in the international/ global community. Effectiveness of a visionary government system will be evaluated against several criteria.

Aside from these three broad areas of strategic concern to build and develop capacity, there are a number of areas or subjects that demand innovation and present both challenges and opportunities for strategic human resource management in Iran.

**Realms of strategic innovation in HRM**

Identifying and explaining a comprehensive list of strategic realms of innovation in human resource development and management is beyond the scope of this short article. The following presents a highlight of some of the key strategic areas
or realms of innovation to build and enhance capacity in human resources as human capital in public administration. The list is suggestive, and by no means an exhaustive one.

**Information Technology.** Information technology is the central intelligence of strategic human resource management. It is a strategic tool for collecting, processing, and managing strategic data and information in order to make strategic decisions for forecasting, planning, recruiting, developing, promotion, evaluation, and developing key human resources at all levels of organizations. This includes technical, professional, managerial, scientific, leadership, and administrative functions in public and private sectors (Davenport, 1992).

Innovations in IT programs must be consistent with the current and future overall plans and programs of national development, management, and governability capacity building. Such strategic IT programs can be developed through a multitude of methods and approaches that include, for example, internal and external schemes, in-house and outsourced programs, training and education modules, and public–private partnerships. They can also be developed through international assistance agencies affiliated with the United Nations. Finally, it can be developed through regional and international or global partnerships with other governments, corporations, and universities. Needless to say, IT programs must be provided adequately through both hardware and software systems that are most up-to-date and recognized as the state of the art worldwide.

**E-governance and E-HRM.** The age of red-tape, long line waiting, and time-consuming procedural processes are passing rapidly and becoming bureaucratic features of the past, though it takes time to totally eradicate them. What is coming to age is the new generation of organizational capability and capacity tools that enable governments in general, and human resource management systems in particular. These tools enable governments to formulate, develop, and communicate public service delivery messages that are both routine and strategic, essential and informative, and required as well as suggestive. Through E-governance and electronic systems, governments and human resource managers can identify, locate, place, and train key strategic personnel all over the country, and provide maximum capacity to various agencies and organizations in need of such personnel (Ciadow, 1999)

E-governance and E-human resource management can also provide two more functional capacities: First, they enable public organizations to provide public service information—from position and personnel needs announcements to assessment and report of the human resources status—to citizens as a way to inform people of what and how their government in general, and public organizations in particular, are performing. This function serves both the citizens, who in turn may develop trust in their government. The second capacity function is even more important, and that is the electronization or automation of government–citizen interaction, eliminating or reducing time consuming, red-tape oriented, and delayed prone activities of government organizational
performance that has traditionally been the case for thousands of years (Davenport, 1992).

Through E-governance and E-HRM innovations, citizens can interact with their government organizations and receive services in an efficient and effective manner, and public organizations can also cut on time, cost, and red tape that burden governments all the time. However, strategic innovations in such E-governance and E-HRM programs require serious education and training in information technology as applied to such functions. It also requires training and educating the old as well as young citizen populations who can use such innovative technologies and techniques. Without training how to work with new technological systems ad programs, the most sophisticated technological systems will be of no use because no one knows how to work with them. Despite the difficulties, E-governance and E-HRM systems are strategic answers to the future governance and human resources development challenges. In fact, E-government has been “virtual” government, and is dealing with virtual bodies and souls.

Strategic positions and leadership personnel. A key strategic area of capacity building in human resource development and management is the innovation in identifying strategic positions and functions in public organizations of government, a task that is challenging. At the same time preparing and promoting exceptionally skilled and knowledgeable personnel for leadership and managerial as well as a professional functions of government organizations is essential for all managerial functions. The challenge is a great one, and so is the effort to meeting it. Strategic human resources at all levels of organizations are core components of innovative human capital development. There are at least four major areas of attention, which may fall into two broad categories: one is preparation of “generalists” and another being “specialists.”

Generalists must be educated and trained with an outmost effort to master a well-rounded, highly developed executives who can lead as well as manage strategic posts of public organizations with the broad, long term visions of anticipatory characteristics. Such strategic people are hard to come by, in developing as well as developed countries. Once trained and developed, these people can serve as able captains of the ships that can navigate under any circumstances and lead the ship to safety and reach desired destination. However, retaining such a cadre of highly talented and extremely valuable strategic people in organizations require significant motivational and institutional programs that serve as incentives within and outside the organizations in government and business enterprises. These strategic executives are the organizational assets that must be utilized most effectively across agency and inter-organizational levels.

Many of these executives are specialists either by training or experience that provide public organizations with institutional competence beyond market values. These strategic people should be placed in key professional, managerial, administrative, behavioral, and technical functions of organizations where the
proper "fit" is both desirable and necessary. Remember: these people are strategic leaders of the organizations in government and business.

**Strategic motivation.** The old theories, ideas, and techniques of motivating people at work are still valuable, but to develop strategic human resource management capacity requires stepping beyond the traditional methods and approaches. Here, identification, recognition, and application of some of the most up-to-date, dynamic systems of motivation that can move people beyond their daily excitements and provide them with an extraordinarily high level of mission-driven purpose is a central task that must be adopted by an anticipatory and vision-driven organizational system.

Some of the examples of these high-road and visionary motivational forces include (1) creation and instilment of a "real purpose" of "public service" among strategic personnel; (2) promotion of trust with a promise of future career beyond the narrow notion of "careerism," a sense of belonging to the organization, to the cause they serve, and to their nation as well as faith they cherish; (3) maintaining a sound compensation system that is both equitable and efficient in order to not only prevent organizational brain drain but also attract the most competent talents to the public service; (4) create an inter-organizational mobility and rotation system that would enable both organizations and strategic personnel to move freely without obstacles; and (5) promote the "knowledge and skill-base" of these strategic people periodically to keep them up to date equipped with the cutting-edge knowledge they need to manage, and function in, the organizations in the information age. This can be done by in-service training programs, seminars, conferences, and workshops; nothing is worse than ignorance, and ignorance is the mother of many organizational anomalies in government, business, and nonprofit systems (Farazmand, 2004b).

**Strategic knowledge development and management.** Knowledge is key to learning and understanding, without which no progress can be made. Strategic organizational adaptation and success require development and management of strategic knowledge and skills inventories, and this is an essential element of any management system, especially for human resource management (Milner, 2000). Cutting-edge knowledge is critical to the rapid progress of all organizations, and it can only be obtained through education, training, and development via university and technical as well as behavioral types and norms of inquiry. Knowledge inquiry is one task, and management of such knowledge is another, a more challenging one.

Today's national and global changes demand acquisition of the latest knowledge and skills in information technology (IT), management information systems (MIS), dynamic data processing techniques (DDPT), human resource inventory and potential migratory resource analysis systems (HIPMRAS), and a host of other models and techniques that are necessary knowledge-base capacities that must be developed in the strategic human resource management. Also, acquiring the latest management systems borrowed from the private sector is another way of applying new benchmarks to promote organizational capacity.
Finally, a key area of knowledge development and management is the new “organizational learning” and the “ability to learn,” a requirement that must start from the top leadership of public organizations and develop throughout the organizations. Learning to learn enables organizational leaders and managers to transform human resources at all levels, but most importantly at the strategic levels (Argyris and Schoen, 1996; Schein, 1992).

**Cultural innovation and transformation.** Most organizational problems and failures emanate from a creeping cultural dysfunction that generates from many organizational and environmental anomalies. Cultural anomalies, or what I would prefer to call as “cultural diseases” are the most difficult barriers and obstacles to change, learning, and transformation. Without such change and transformation, organizational failure is almost guaranteed (Farazmand, 2004a, b; Senge, 1990). To transform, strategic human resources of organizations in government and business must learn to learn, change and adapt, and this can only be done through cultural change and transformation.

Such organizational culture change and transformation can also be accomplished in a variety of ways, utilizing a variety of techniques and approaches that range from behavioral or technical and managerial training and education. Ethics education is a key component of this process, so is the behavioral and human relations skills training, but above all is the training and change of cultural values that emanate from both the external and internal organizational environments. Strategic human resource leadership plays a key role in changing and transforming such an organizational culture that is characterized by results-oriented purposes, visionary missions, highly innovative energies, and quality commitment (Schein, 1995).

**Total quality management (TQM).** TQM is not a new technique or system of managing organizations. It has been around for over 3000 years, and its successful application can be traced to the administration of the ancient Iranian Elamite and Persian Empires, especially under Darius the Great, and Babylon under Hamurabi. However, what is new is the novelty of sophistication in techniques, ideas, and applications of the concept TQM with a multitude of different variants applied in private and public sectors around the world. The underlying assumption behind the TQM is quality in production, service delivery, and simply performance in personal and organizational settings (Milakovich, 1995).

The old Iranian saying that “do things right the first time in order to avoid duplication” is key to understanding TQM, and the concept comes in a variety of terms and titles, such as Quality Service, Quality Assurance, Quality Circle, and the like. Central to TQM is commitment to quality performance from the first step, followed and monitored all the way throughout the “process” to the end, and continue the process all over again.

Using TQM as a strategic innovation helps promote the goals and missions of strategic human resource management capacity building. Although pioneered in application by Japan, TQM has been used in various countries of the world and at
different levels of government, with various degrees of success (Robertson and Ball, 2002). Public sector application of TQM is a fairly new development and still in progress, but its success in private sector organizations has been proven worldwide. Using TQM along with the “global quality standards” exposed by the International Standards Organization (ISO-2000, 2002, and more) is helpful in strategic human resource development of Iranian public and private sectors. In a nutshell, TQM is a strategic capacity building tool (Saner, 2002).

**Merit and pay-for-performance.** This strategy is not entirely new, but its novelty still works very well when applied properly and consistently. Merit system should awards meritorious performance in government and private industries, and it is merit that can serve as a powerful motivator to keep and promote talented people in organizations. One of the big problems with the management of contemporary organizations is, and has always been, that they spend so much time, energy, and money to recruit and hire talented people, and even train them to the details, only to “lose them easily with mismanagement and carelessness.” This is a problem that most organizations around the world practice: Attract the best and lose them to others or turn them into apathetic and unproductive people. This is a fundamental mistake, even a managerial stupidity. It is true that not everyone can be retained but retaining, motivating, and promoting talented people in organizations is a challenge that is often ignored or overlooked, because managers very often “take for granted” their most valuable people (Farazmand, 2004a, b; Hays and Plagens, 2002).

Merit system builds trust and enhances capacity in organizations through credibility, quality performance, and “pay-for-performance” should be a key strategy to attract and retain quality personnel in government. It is a challenge that must be met by developing a comprehensive and consistent plan of pay-for-performance along with a system of merit protection in government, especially in the age of rapid globalization where border crossing and labor migration from one country to another is becoming easier and more attractive. Countries that can offer such a system more effectively are likely to attract some of the best talents globally, but strategic positions must be maintained by indigenous strategic executives at home (Farazmand, 2001a, b).

**Global executives.** Living in the age of rapid globalization requires preparation and adaptation to this new global challenge. Today, public as well as private organizations are rapidly interacting and doing business across national boundaries, and this new development demands a cadre of highly trained in technical, professional, managerial, and cultural, organizational, and leadership knowledge and skills that can be moved across the globe from one location to another. These global managers and executives are the change agents of the future; they are also the agents of cross-national organizational innovation and adaptability.

They can be trained both vertically and horizontally, and they will serve in both directions of home and abroad at the same time.
Transparency, accountability, trust, and ethics. Key to building and enhancing strategic capacity is trust in organization and government. The key words to building trust are credibility, fairness, transparency, and accountability, not just for the past actions but also for what should and should not be done now and tomorrow. Punishing one for the past wrong doing is too late to build trust; prevention is the answer. Transparency eliminates opportunities for corruption and closes the doors to secrecy and abuse, and proactive accountability mechanisms help serve as a strategic instrument in pursuit of excellence and trust, and hence legitimacy. Similarly, ethical training and ethical behavior in public organizational setting promotes professionalism, organizational and system integrity, and helps build trust in public organizations, managers, and administrators, whether civil servants or those contracted out to carry out the public's business (Farazmand, 2001a, 2002c; Davenport, 2002).

Global labor migration and mobility. The fate of labor and labor organizations in the globalization age is uncertain, but what is certain is the rapid movement of global capital and labor, as both organizations and labor forces find ways and motivations to cross borders—physically, intellectually, and virtually—around the globe. Labor means both white as well as blue color employees and workers. Today, most of the transworld corporations' work is performed globally across the globe, breaking national borders. American, Japanese, German, and British corporations' actual work is performed in developing and less developed nations, and most workers and employees in the latter countries never leave their home nations. Many people work at home and perform as virtual employees, and migrate through the cyber system. The global labor migration is a serious development that requires serious innovation strategies to keep and utilize talented people at home and local organizations. Through adaptation, government and private organizations can benefit from this new, global migratory workforce in the future.

Management–labor partnership building. Management–labor contradictions will never disappear in capitalism; in fact, as globalization of capitalism increases rapidly, so do the degree and intensity of these contradictions. However, these contradictions can be and should be managed more effectively by utilizing innovative strategies, and one such approach is formation of various forms of partnership between management and labor/employees. These partnerships should be based on mutual understanding, trust, and cooperation, with mutual gains. They can be formed through various systems and approaches such, for example, “productivity bargaining partnership,” “productivity-based partnership,” “interest-based partnership,” “indigenous partnerships,” “collective and individual partnership,” and others (see Farazmand, 2004a).

Reform and reorganization. Reform and reorganization are two concepts directly related to each other. Reform aims to improve administrative, organizational, and institutional capacity and it covers both structure and process as well as culture, while reorganization aims at structural
rearrangements and reconfigurations, and it is mainly structural in nature. One example of strategic reorganization is privatization of government functions, another is consolidation of several government agencies and or bureaucratic organizations into one or vice versa, and or internal reorganization of a particular agency by either flattening the hierarchy or vice versa. Strategic reform and reorganization programs within the bureaucracy and public service in general, and in human resource management, in particular, must be carefully designed and applied in order to increase the capacity to manage. This can involve a variety of human resource management areas, from recruitment to compensation and merit system to civil service system restructuring, and the like (Farazmand, 2002b, d).

**Benchmarking.** Benchmarking has been around for a long time, but its recognition as an effective innovative strategy is fairly new. Benchmarking can be used as a strategy by using best practices across (1) public organizations within one government, (2) organizations of different governments worldwide, (3) sectoral organizations such as industries, service sector, and around the world, and types or kinds of products or services. Benchmarking requires standards of performance, and performance measurement becomes important as a key instrument to achieve the goals of benchmarking process (Keehley et al., 1997). Using best practices and case studies to promote excellence in performance is one of the key approaches to building and developing capacity in government and private management.

**Strategic civil service and public enterprise capacity.** Should all governmental functions be performed by government organizations? This is a key question of policy and politics as well as management. Policy because it hits the heart of how the society and economy be organized into public, private, and co-operative sectors. Accordingly, the Constitution of some countries, like, for example, the Islamic Republic of Iran has already answered this question, but the legislature must deal with the details, because it involves politics of various kinds: interest groups politics, policy politics, organizational or bureaucratic politics, institutional politics, economic politics, and more.

It is also a management question because doing what government organizations do and must do matter most to the society. Here, a reorganization and restructuring of the government organizations is necessary to determine: what the right size of the civil service should be, what organizations and institutions can and should be consolidated or reorganized to eliminate duplication, and what government enterprise should or should not remain under direct public management. No matter what the decision, strategic innovations should be addressed at running public organizations and enterprises with utmost adaptability, efficiency, and effectiveness that include fairness as well. Should there be a core of strategic civil servants with different forms of privatization in the side? Should out-sourcing and contracting out be key strategies to free the government from non-strategic functions? If yes, how should the new contract management be like? (Farazmand, 2001a).
Strategic public enterprise management. Governmental functions will never disappear, the state is here to stay, and market cannot replace core government functions. Historically, many public enterprises (PEs) have served strategically the core functions of government and contribute to national economic development worldwide (Farazmand, 2001a). But, inefficiency, lack of accountability and transparency in some enterprises have caused a major problem of legitimacy, therefore making them ripe for privatization. What is needed is a new philosophy and way of thinking about public enterprise management, and as a public asset, public enterprise management must be strategically revisited. PEs require specialized personnel, training, and expertise. There should be special educational and training programs and projects to prepare public enterprise managers with academic degrees, certificates, and recognition. A competent public enterprise management will be a desperate need of tomorrow when the market failures will begin to surface one after another as a result of sweeping privatization; therefore, preparation must begin today (Wettnheall, 2003; Farazmand, 2002a, b; UN, 2002b).

Contract management capacity. The rush to privatization during the last two decades has caused a major institutional crisis world wide in the ways how privatization, contracted out programs, and outsourced projects are managed (Farazmand, 2001b). Most governments, including the ones in advanced industrialized nations, lack the capacity to manage and monitor contracted out and outsourced projects performed by private sector organizations. They simply do not have trained and qualified personnel to manage contracts. As a result, many, including the U.S. Federal and many local/state governments have been hiring private contractors to manage and monitor contracts; what a silly thing! It is like “asking a fox to watch over the hen house full of chicken.”

Governments should prepare, through general and specialized training, a large number of “contract managers” to effectively manage and monitor out-sourced and contracted out services and projects. The ultimate responsibility of all public service functions rest on the shoulders of government, and it would be irresponsible to shirk that responsibility, a fact that will come back and haunt the governments.

Human capital. Considering human resources as human capital should be considered as a way of strategic capacity building. Strategic innovations in human capital development includes restructuring human resource management at all levels and across organizational divisions and units. One such restructuring is the removal or elimination of the old staff-line demarcation or distinction. A dynamic management system requires the knowledge and skills in managing human resources in all units and departments, in engineering, production, sale, and so on. At the same time, the specialized human resources located in such specific departments must focus on core functions unique to that organizational requirements. Their function is to enable all other departments and units to manage their own human resources; and this should be done through specialized capacity-building programs and methods.
There are several strategic challenges to human capital management, and these challenges range from organizational to cultural and communicational, but the most important challenges may be viewed in three categories of structure, process, and values. Structural challenges deal with organizational command, decision-making, control, and authority issues, as well as levels and degree of complexity of the organization. Process challenges include techniques, methods, and programs used to process tasks and inputs into outputs, and the ways they are used by human resources. Here, innovation in technology and methods is key to meeting the challenges of human capital development (Farazmand, 2004b).

Cultural or value challenges are most to overcome as they run deep into the value system of the organization; they are the basic assumptions of the organization in which human resources operate. These challenges can be overcome through training, development, and learning to learn, a process that must start from the top leadership (Shein, 1995).

**Team building and development.** Team building has always been a feature of Iranian culture and administrative systems since the ancient time. Much of the public works projects and programs, from building roads and highways to irrigation systems and housing development, have traditionally been performed through team structures, collective cultural values, and co-operative spirit. Team spirit must be reinvigorated in and outside the administrative system of Iran, but using it as a strategic innovation will boost the character and performance of the public sector organizations in Iran (Farazmand, 2001a; 1989).

Sharing power, responsibility, expertise, and skills as well as knowledge promotes the ability as well as capability to manage a diverse workforce of Iran and contributes to a high level of capacity building and sustainable development. Team spirit as well as formal structural team arrangements must be promoted among all human resources, but most importantly at the supervisory, managerial, and leadership levels; this is where genuine team spirits can translate ideas into action.

**Council system of management.** Closely associated with the team management system is the concept of council system in human resource management. Promoting this novel system of management serves as a strategy to improve morale and sense of organizational belonging, builds trust and contributes to participatory management, raises the level of democratic administration and governance, and promotes motivation to work and productivity. No organization can operate or function without competent human resources, and participatory council forms of human resource management contributes to the effectiveness of organizational visions and strategic capacity building in public management (Farazmand, 1989).

**Enabling role capacity.** Government has a central enabling role in society; it must enable all sectors, institutions, and organizations of the society to develop and grow. The enabling role of the government is most essential for building and enhancing capacity in human resources of the public, nonprofit, co-operative, non-governmental, and private sectors. It also must create the opportunities for
such growth and sustainable development. Using the strategy of government as an enabling force to develop human resources is essential in order to meet the challenges of globalization (Farazmand, 2001c; 2002a).

Privatization and other alternative approaches to service delivery do not replace the role of government, and it is the government or state that must always shoulder the responsibility of what happens in society, economy, administration, and politics. In the age of globalization of corporate capitalism, unfortunately, many governments have rushed to wash their hands off the responsibilities they traditionally have performed and by privatization have transferred the burden of social and economic tasks on citizens who lack the ability or capability to function in society. This problem is not unique to developing countries. In fact, it started out in the advanced nations of the West and is forced upon the governments in developing nations so subject to the influence of the former ones the global sweeping privatization and structural adjustment programs imposed on developing nations by the International Monetary Fund and World Bank are but two examples of this externally imposed pressure that have served as powerful strategic instruments of implementing globalization of corporate capitalism worldwide (see Farazmand, 2002b for more details on this issue).

With the rapid privatization, the enabling role of government must be enhanced to promote self-governing organizations in all sectors. The old Persian question that “we salt whatever that tends to rotten, but what happens when the salt itself gets rotten?” applies there to the washed-off-hands of the state or governments worldwide. Unless governments retake their role in society and citizens reclaim their rights and roles in economy, society, and governance systems, public administration and human resource management can not and will not succeed, and their capacity will diminish rather than enhance, especially in the age of rapid globalization and global integration (UN, 2000).

**Thinking globally and performing locally.** Thinking globally and acting locally is a strategy that must be utilized to change the old traditional organizational culture of localism and parochialism. Localism is good as long as a worldview is in the picture. Global thinking requires global knowledge and information, and strategic human resources must be trained and educated accordingly. Globalization is demanding new skills and knowledge that local managers must be able to respond, and local demands also need to be addressed in this globalizing world of interdependence.

This whole thing requires new challenges that rapidly growing uncertainties and complexities pose to public management. Uncertainties and complexities dictate that managers “think unthinkable,” “think unlikely, and do unreasonable” (Handy, 1998). To do so, strategic innovations are needed in all areas of human resource management to build capacity and prepare an anticipatory government that has the capacity to govern, and public management that has capacity to manage chaos and complexity, manage globalization at home while being globalized itself (Farazmand, 2003; Stacey, 1992).
Approaches to implement innovative capacity building in strategic public HRM

This article has posited that in order to develop the human resource management, innovative strategies must be designed and applied as a strategic capacity for an anticipatory and dynamic system of management and governance that not only functions well today, but also helps control the future destiny of a country tomorrow.

To accomplish this visionary end, governments need to build and enhance their human resource capacity strategically as well as operationally. Over twenty such innovative strategies are suggested here in this article to achieve the goals of strategic human resource management capacity. Several approaches can be used, either separately or in combinations, to address and carry out these innovative strategies suggested above. Strategic innovations are essential to building capacity for an anticipatory public management system that can ride the waves of change now and in the future.

These approaches include (1) reform and reorganization of the public sector institutions and organizations, especially the bureaucracy at large; (2) a comprehensive civil service reform along with creating more flexibility in managing the human resources of a country; (3) incremental reforms and changes in organization and management of the civil service and bureaucracy; (4) institutional reforms to meet the goals of the Constitution for reaching a balance between equity and fairness on the one hand, and efficiency on the other in society by addressing the public, private, nonprofit, and co-operative sectors properly; (5) privatization and outsourcing as an option; (6) increased public investments in infrastructure development, including in human capital capacity development; (7) partnership building in various forms, with domestic private, nonprofit, and co-operative sectors; (8) partnership building in various forms, with foreign and international organizations of public and private sectors; (9) directly training and development through the domestic universities and educational and training institutions; (10) training and educating human resources abroad at foreign universities and institutions; (11) inviting in scholars and professional trainers from abroad to train and develop trainers in the country; and more. Unfortunately, space limitation precludes discussion in detail of these approaches and related issues in this article. Such a discussion is done in another manuscript.

Conclusion

This article has addressed innovations in strategic human resource management as key instruments for capacity building and enhancement in the age of accelerated globalization of corporate capitalism and rapidly changing global environment that challenge governance and public management worldwide.
Such a capacity building enables the governments and public managers to not only perform the functions of today, but also move beyond by using strategic choices to control destiny through capabilities of an anticipatory and future-oriented system of governance and public management. Necessity of strategic innovations in human resource development and management is a necessity that no organizations can afford to overlook.

By defining innovation, a number of key strategic innovations have been suggested here for implementation toward achieving high excellence and visionary goals of national development of today and tomorrow, and various approaches for implementation are suggested. The article concludes that essential to national development, to sound governance and public administration is the dire need to innovate in strategic human resource management that serves as capacity building to meet the challenges of globalization of corporate capitalism. No organization can function without competent and co-operative people, and strategic human resource management is central to the development and enhancement of sound governance and public management. Further research and writings are needed in this critical area of globalization, especially, in less developed countries. Today’s managers need the cutting edge information for tomorrow.

Note

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References


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