



*Journal of Advances and
Scholarly Researches in
Allied Education*

*Vol. VII, Issue No. XIV,
April-2014, ISSN 2230-7540*

**STRATEGIC HUMAN RESOURCE MANGEMENT
AND FIRM PERFORMANCE: WHAT WE LEARN
FROM SMALL BUSINESS**

AN
INTERNATIONALLY
INDEXED PEER
REVIEWED &
REFEREED JOURNAL

Strategic Human Resource Management and Firm Performance: What We Learn From Small Business

Anshumali Pandey

Research Scholars of Bundelkhand University, Jhansi

Abstract – The most important way a company can ensure that it has the right types of people are by hiring the right types of people in the first place. There are different strategies or sets of human resource practices that companies can use when selecting people.

Keywords: Strategic Human Resource, Small Business, Organizational

-----X-----

INTRODUCTION

Small business leaders are charged with delivering high levels of company performance. There is no shortage of potentially fruitful investments available for consideration; these include developing new products or services, improving product or service quality, and enhancing marketing and sales. Another possible investment – improving the way a company manages its people – tends to receive less attention.

REVIEW OF LITERATURE:

The majority of this work in SHRM adopts the resource-based view perspective which tends to ignore contextual variables, particularly competitive strategies, which influence organizational performance, the scarcities of such studies showing association between SHRM practices and organizational performance and also the mediating role of competitive strategies.

Strategic Human Resource Management and Firm Performance [Esther Wangithi Waiganjo, Prof. Elegwa Mukulu, James Kahiri, 2012]: According to Armstrong and Baron (2004), people and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a major source of competitive advantage. The practices of SHRM such as resourcing, training and development, employee relations and reward management are concerned with how people are employed and managed in organizations so as to achieve competitive advantage through the strategic deployment of a highly committed

and capable workforce. It emphasize that the HR function brings in the strategic value of people in organization by making contribution to value added and contribution to competitive advantage. The organization relies on HR as its employees. Effective HRM strategy systematically organizes all individual HRM measures to directly influence employee attitude and behavior in a way that leads business to achieve its competitive strategy (Huang, 2001). In view of the fact that the goals and the necessities of each of the competitive strategy types are different, the management of HR of the firm should be aligned with the overall corporate strategy. The firm can thus obtain a competitive advantage and thus achieve superior performance (Kelliher & Perret, 2001). There has been a debate by numerous researchers whether SHRM should always be positively related to firm performance. Universalistic scholars argue that there is a universal set of HRM best practices that can maintain a firm's performance (Lau & Ngo, 2004). Contingency scholars hold different points of view and argue that the assumptions underlying the HRM strategy-performance link are applicable only under high external fit conditions, termed the 'best fit' school (Boxall & Purcell, 2000; Bamberger & Meshoulam, 2000).

WORKFORCE ALIGNMENT AND FIRM PERFORMANCE:

Do people contribute to the success of small businesses? When addressing this question it is necessary to point out that the strategic human resource goal of any small business is workforce alignment. A company with an aligned workforce has

- (a) The right types of people,
- (b) In the right places at the right times,
- (c) Doing the right things right.

A company with the right types of people has employees with the knowledge and skills necessary to help the firm achieve its goals. A company with people in the right places at the right times effectively utilizes its people and, thus, gets the most out of its employees' knowledge and skills. Finally, a company with people doing the right things right has employees that always act in ways that help the company succeed. The three components of workforce alignment are highly interrelated. It is tough, for example, for people to act in ways that foster firm success if they do not possess the knowledge and skills necessary to do so or if they are mismanaged (i.e., in the wrong places at the wrong times). In short, then, when all three components are present there is workforce alignment and this, in turn, should help drive company success.

CONCLUSION:

The most important way a company can ensure that it has people doing the right things right is to properly motivate and retain its employees. There are three different human resource strategies that companies can use to motivate and retain people. First, managers can create a family-like community, in which employees are motivated primarily out of a sense of responsibility to one another and the company. Companies that foster a family-like community sponsor company social events and outside activities so that employees can get to know one another [Cornell Research Team, 2004].

REFERENCES:

1. Armstrong, M. & Baron, A. (2004). Managing performance: Performance Management in Action. London: CIPD
2. Huang, G., Roy, M., Ahmed, Z., Heng, J., & Lim, J. (2002). Benchmarking the Human Capital Strategies of MNCs in Singapore. Benchmarking. 9 (4), 357-373.
3. Kelliher, C., & Perret, G. (2001). Business Strategies and approaches to HRM: A Case Study of new developments in the UK restaurant industry. Personnel Review 30(4), 421-437
4. Lau, C., & Ngo, H. (2004). The HR System, Organizational Culture and Product Innovation. International Business Review. 13, 685-703.
5. Boxall, P., & Purcell, J. (2003). Strategy and Human Resource Management. London: Macmillan.
6. Boxall, P., & Purcell, J. (2008). Strategy and Human Resources Management. Basingstoke: Palgrave Macmillan
7. Bamberger, P., & Meshoulam, H. (2000). Human Resource Strategy: Formulation, Implementation and Impact. Sage: Beverly Hills.
8. Esther Wangithi Waiganjo, Prof. Elegwa Mukulu, James Kahiri, Relationship between Strategic Human Resource Management and Firm Performance of Kenya's Corporate Organizations, International Journal of Humanities and Social Science Vol. 2 No. 10, Special Issue – May 2012
9. Cornell Research Team, research report on phase 2 of cornell university/gevity institute study, December 2004