

A Study on the Impact of Implementation of Strategic Hr Practices on Organization Performance

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Abstract--- *Strategic HRM being a relatively topic deals with the drastic transformation of the HR function in order to make it more acceptable as a business partner and is essentially connected with the way in which human resource management professionals could play a vital role in improving organisational performance. Research has identified that HR practices implemented through business partnership resulted in a 47% jump in shareholder value (Bruce Pfau & Ira Kay, 2002). The objectives of this study are to know if the relationship between SHRM implementation and organizational performance is affected by firm's size and age and to analyze the relationship between SHRM implementation and the organizational performance. The study is descriptive in nature and has made use of a questionnaire to collect primary data required for the study. The results of the study have shown interesting findings which prove that both number of years in existence and size of the organization have a role to play with respect to implementation of strategic HR and the impact of strategic HR on organisational performance.*

Keywords--- *Strategic HR practices, HR goals, organisational goals, organisational performance*

INTRODUCTION

At one time, HRM was primarily an administrative function. The HR Department focused on 'filling out and filing of forms' besides processing paperwork. With more organization realizing the significance of highly skilled human resources, the HR Department attuned itself to a more proactive role in supporting the organization's strategy. An important element of this responsibility is human resource planning, identifying the numbers and types of employees required to meet objectives, using these estimates to forecast need for hiring, training and re-assigning employees.

Research has identified that HR practices implemented through business partnership resulted in a 47% jump in shareholder value (Bruce Pfau & Ira Kay, 2002). The outcome has been due to the attitudinal shift within the HR function of an organization which has diversified into multiple roles. This includes developing and executing strategy through HR actions, driving organizational change, developing best practice in administrative processes and developing motivated employees. Above all HR technology has tremendously revolutionized the HR role within an organization. Some excellent examples of software tools that go beyond the basics of benefit administration include online performance reviews, applicant tracking, succession planning and HR Metrics.

REVIEW OF LITERATURE

Strategic HRM being a relatively topic deals with the drastic transformation of the HR function in order to make

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it more acceptable as a business partner and is essentially connected with the way in which human resource management professionals could play a vital role in improving organisational performance.

Campbell (1999) put forth a theory which seeks to evaluate performance as a kind of behaviour or action exhibited by employees in trying to attain the objectives of the firm which are measurable. It should be noted that performance on a particular job could be viewed as what is the payment one receives for doing the job. This theory also insists that the measures used in evaluating an employee's performance be it evaluation done by self, peer or superior, should be capable of stimulating the individual to perform better.

An ever-ending problem with respect to conducting of performance appraisal is seen as the lack of real reliability with respect to the observations made with respect to an individual's

behavior (Ronan and Prien 1971). Lifson (1953) found that up to one-third of performance measurement variance is due to rater differences despite the fact that the observers had considerable experience in observing and evaluating people in the workplace. Lance (1994) seconded the findings brought out by them.

OBJECTIVES OF THE STUDY

1. To know if the relationship between SHRM implementation and organizational performance is affected by firm's size and age.
2. To analyze the relationship between SHRM implementation and the organizational performance

METHODOLOGY

The study is descriptive in nature and has made use of a questionnaire to collect primary data required for the study. The sample size is 75 respondents chosen from manufacturing firms' operation in and around Chennai city. The respondents included junior and senior managers belonging to various age groups and employed with firms with varying years of existence and varying sizes which include small, medium and large manufacturing firms.

Data Analysis

The data collected with the help of the research instrument has been analyzed as shown below :

Table 1 : No of years in existence and level of agreement that Strategic HR Places more emphasis on HR Planning

No. of years in Existence	I. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	3	3	5	4	7	22	II. 1.57	III. 0.009**
10-20 years	1	4	8	4	10	27		
>20 years	3	5	5	4	9	26		
IV. Total	7	12	18	12	26	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that Strategic HR places more emphasis on HR Planning which invariably would help increase organizational performance

Table 2 : No of years in existence and level of agreement that Strategic HR results in Innovative Recruitment Practices

No. of years in Existence	V. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	3	2	4	10	3	22	VI. 2.85	VII. 0.004**
10-20 years	2	2	10	13	0	27		
>20 years	5	2	6	9	4	26		
VIII. Total	10	6	20	32	7	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that Strategic HR results in innovative recruitment practices which ultimately would help increase organisational performance

Table 3 : No of years in existence and level of agreement that Strategic HR results in Implementation of Innovative Performance Appraisal Methods

No. of years in Existence	IX. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	8	7	4	3	0	22	X. 2.52	XI. 0.002**
10-20 years	8	4	7	7	1	27		
>20 years	5	8	5	7	1	26		
XII. Total	21	19	16	17	2	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that Strategic HR results in implementation of innovative performance appraisal methods which could improve organisational productivity at large.

Table 4 : No of years in existence and level of agreement that Strategic HR results in Imparting more effective and need based Training

No. of years in Existence	XIII. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	9	2	3	2	6	22	XIV. 0.095	XV. 0.009**
10-20 years	13	1	3	2	8	27		
>20 years	13	1	4	3	5	26		
XVI. Total	35	4	10	7	19	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that Strategic HR results in imparting more effective and need based training which would increase organisational performance

Table 5 : No of years in existence and level of agreement that implementation of Strategic HR results in higher levels of employee loyalty

No. of years in Existence	XVII. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	9	2	3	2	6	22	XVIII. 0.095	XIX. 0.009**
10-20 years	13	1	3	2	8	27		
>20 years	13	1	4	3	5	26		
XX. Total	35	4	10	7	19	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that implementation of Strategic HR results in higher levels of employee loyalty which would increase organisational performance

Table 6 : No of years in existence and level of agreement that implementation of Strategic HR results higher levels of employee commitment

No. of years in Existence	XXI. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	6	1	3	6	6	22	XXII. 2.11	XXIII. 0.003**

10-20 years	2	2	1	12	10	27		
>20 years	4	0	2	9	11	26		
XXIV. Total	12	3	6	27	27	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that implementation of Strategic HR results in higher levels of employee commitment which in turn positively influences organisational performance

Table 7 : No of years in existence and level of agreement that Strategic HR expects HR Professionals to be proactive and technology oriented

No. of years in Existence	XXV. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	9	2	3	2	6	22	XXVI. 0.095	XXVII. 0.009**
10-20 years	13	1	3	2	8	27		
>20 years	13	1	4	3	5	26		
XXVIII. Total	35	4	10	7	19	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that Strategic HR expects HR professionals to be more proactive and technology oriented in order to have a good understanding of the business of the organisation.

Table 8 : No of years in existence and level of agreement that Strategic HR helps in aligning HR goals with organisational goals

No. of years in Existence	XXIX. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	3	3	6	7	3	22	XXX. 5.30	XXXI. 0.725
10-20 years	0	6	8	10	3	27		
>20 years	3	7	5	8	3	26		
XXXII. Total	6	16	19	25	9	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that Strategic HR helps in aligning HR goals with organisational goals which help the

organisation to reap great benefits.

Table 9 : No of years in existence and level of agreement that implementation of Strategic HR impacts organisational productivity

No. of years in Existence	XXXIII. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
<10 years	6	1	3	6	6	22	XXXIV. 3.11	XXXV. 0.004*
10-20 years	2	2	1	12	10	27		
>20 years	4	0	2	9	11	26		
XXXVI. Total	12	3	6	27	27	75		

As P value is less than 0.01, there exists association between number of years of existence of organization and level of agreement that implementation of Strategic HR results in higher levels of employee commitment which in turn positively influences organisational performance

Table 10 : Size of organisation and level of agreement that Strategic HR Places Emphasis on HR Planning

Size of organisation	XXXVII. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	4	3	5	2	6	20	XXXVIII. 2.83	XXXIX. 0.002**
Medium	2	3	10	5	14	34		
Large	1	6	3	5	6	21		
XL. Total	7	12	18	12	26	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR plays more emphasis on HR Planning which invariably would help increase organizational performance

Table 11 : Size of organisation and level of agreement that Strategic HR results in Innovative Recruitment Practices

Size of	XLI. Level of Agreement	Total	Chi-	P-Value
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	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	2	3	3	9	3	20	XLII. 3.47	XLIII. 0.002**
Medium	7	2	7	17	1	34		
Large	1	1	10	6	3	21		
XLIV. Total	10	6	20	32	7	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR results in innovative recruitment practices which ultimately would help increase organisational performance

Table 12 : Size of organisation and level of agreement that Strategic HR results in Implementation of Innovative Performance Appraisal Methods

Size of organisation	XLV. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	4	7	3	4	2	20	XLVI. 2.27	XLVII. 0.002**
Medium	10	9	11	4	0	34		
Large	7	3	2	9	0	21		
XLVIII. Total	21	19	16	17	2	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR results in implementation of innovative performance appraisal methods which could improve organisational productivity at large.

Table 13 : Size of organisation and level of agreement that Strategic HR results in Imparting more effective and need based Training

Size of organisation	XLIX. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	10	0	3	1	6	20	L. 2.51	LI. 0.007**
Medium	16	3	4	5	6	34		
Large	9	1	3	1	7	21		
LII. Total	35	4	10	7	19	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR results in imparting more effective and need based training which would increase organisational performance

Table 14 : Size of organisation and level of agreement that implementation of Strategic HR results in higher levels of employee loyalty

Size of organisation	LIII. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	9	2	3	2	6	22	LIV. 3.14	LV. 0.002**
Medium	13	1	3	2	8	27		
Large	13	1	4	3	5	26		
LVI. Total	35	4	10	7	19	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR results in imparting more effective and need based training which would increase organisational performance

Table 15 : Size of organisation and level of agreement that implementation of Strategic HR results higher levels of employee commitment

Size of organisation	LVII. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	3	1	2	5	9	20	LVIII. 3.01	LIX. 0.007**
Medium	4	2	3	15	10	34		

Large	5	0	1	7	8	21		
LX. Total	12	3	6	27	27	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that implementation of Strategic HR results in higher levels of employee commitment which in turn positively influences organisational performance

Table 16 : Size of organisation and level of agreement that Strategic HR expects HR Professionals to be proactive and technology oriented

Size of organisation	LXI. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	2	9	0	3	6	20	LXII. 2.22	LXIII. 0.005**
Medium	1	17	0	6	10	34		
Large	4	6	0	4	7	21		
LXIV. Total	7	32	0	13	23	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR expects HR professionals to be more proactive and technology oriented in order to have a good understanding of the business of the organisation.

Table 17 : Size of organisation and level of agreement that Strategic HR helps in aligning HR goals with organisational goals

Size of organisation	LXV. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	1	4	7	4	4	20	LXVI. 2.25	LXVII. 0.006**
Medium	4	7	6	13	4	34		
Large	1	5	6	8	1	21		
LXVIII. Total	6	16	19	25	9	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that Strategic HR helps in aligning HR goals with organisational goals which help the organisation to reap great benefits.

Table 18 : Size of organisation and level of agreement that implementation of Strategic HR impacts organisational productivity

Size of organisation	LXIX. Level of Agreement					Total	Chi-Square Value	P-Value
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree			
Small	4	4	5	4	3	20	LXX. 1.29	LXXI. 0.004**
Medium	5	3	5	13	7	34		
Large	4	3	4	5	5	21		
LXXII. Total	13	10	14	22	15	75		

As P value is less than 0.01, there exists association between size of organisation and level of agreement that implementation of Strategic HR results in higher levels of employee commitment which in turn positively influences organisational performance

FINDINGS AND CONCLUSION

The results of the study have shown interesting findings which prove that both number of years in existence and size of the organization have a role to play with respect to implementation of strategic HR and the impact of strategic HR on organisational performance

To conclude it may be added that implementation of strategic HR would result in the implementation of effective HR strategies which tend to be vertically integrated with the overall organisational strategy and are sue to be such that they are horizontally integrated with each other. They also clearly spell out the intentions and plans related to increasing overall organisational performance.

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