1.0 HUMAN RESOURCE PRACTICES

Researchers worldwide have come to the conclusion that good HR practices and policies can go a long way in influencing business growth and development. People are the most important and valuable resource that an organization has, in the form of its employees. Human Resource (HR) is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness in a systematic and planned way. HR is concerned with the development of human resources and optimum utilization of existing human capabilities-, technological, entrepreneurial and creation of new ones in an organization. Good HR practices and policies go a long way in influencing business growth and development. People are the most important and valuable resource that an organization has, in the form of its employees. To obtain efficient talent in organization and to reduce absenteeism various techniques are adopted

- **Talent Management** - how the organization intends to ‘win the war for talent’.
- **Continuous Improvement** – providing for focused and continuous incremental innovation sustained over a period of time.
- **Knowledge Management** – creating, acquiring, capturing, sharing and using knowledge to enhance learning and performance.
- **Resourcing** – attracting and retaining high quality people.
- **Learning and developing** – providing an environment in which employees are encouraged to learn and develop.
- **Reward** – defining what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders.
- **Employee Relations** – defining the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their trade unions.

### 1.1 EVOLUTION OF HR PRACTICES:

Even though ‘Human Resources is a relatively modern management term coined in the 1960s, the importance of Human Resource can be traced back to Vedic ages! Yes, in The Bhagavad-Gita, Lord Krishna not only makes Arjun spiritually enlightened, but also teaches him the art of self management, anger management, stress management, conflict management, transformational leadership, motivation, goal setting and many other aspects which are now essential parts of any HR. In fact, many B-Schools today consider The Bhagavad
Gita a guide to developmental strategies that are so essential in modern management.

However, unlike the western approach to HR, which entirely focuses on external world of matter and energy, The Bhagavad Gita explore. In the fast growing world there are 6 big players offering services with stratagem and always looking for faster growth through employees’ performance by all the means. Through this research study we explored contribution of Human Resource practices including selection, training, career planning, compensation, performance appraisal, job definition and employee participation on perceived employee. Michael Armstrong, in A Handbook of HUMAN RESOURCE Practice, Describes HUMAN RESOURCE as “the strategic and coherent Approach to the management of an organization’s most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business.” With the growing importance of human capital as a success factor for today’s organizations, the role of HR has become more critical for corporate India as it offers a way to vault into the global league.

A number of researchers have established the relationship between HR practices and employee performance but they mainly discuss developed countries. Little evidence is available about relationship between HR practices and employee performance from developing countries like India. This study examines the relationship between three HR practices i.e. compensation, promotion and performance evaluation and perceived employee performance
among university teachers. The results of the study indicate a positive relationship between compensation and, promotion practices and employee perceived performance while performance evaluations practices are not significantly correlated with perceived employee performance. India universities need to revise compensation practices and define clear career paths to enhance the performance of teachers. Human resources are the source of achieving competitive advantage because of its capability to convert the other resources (money, machine, methods and material) in to output (product/service). The competitor can imitate other resources like technology and capital but the human resource are unique. According to Khatri (1999), people are one of the most important factors providing flexibility and adaptability to organizations. Rundle (1997) argues that one needs to bear in mind that people (managers), not the firm, are the adaptive mechanism in determining how the firm will respond to the competitive environment.

Several scholars have noted that managing people is more difficult than managing technology or capital (Barney, 1991; Lado and Wilson, 1994). However those firms that have learnt how to manage their human resources well would have an edge over others for a long time to come because acquiring and deploying human resources effectively is cumbersome and takes much longer (Wright et al., 1994). The effective management of human resources requires sound Human Resource systems. Storey (1995) defines HR as a distinctive approach to employment management which seeks to obtain competitive advantage.
Human Resource is the most important asset for any organization and it is the source of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology or capital and for its effective management, organization requires effective HR system. HR system should be backed up by sound HR practices. HR practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals. This paper has been designed to review the existing literature available on HR Practices. The purpose of this paper is to develop an understanding of HR Practices and to examine the unique HR practices implemented by different companies.

After reviewing the existing literature on HR practices, there searchers have found that HR practices get affected by external and internal factors and directly or indirectly affect other variables such as employee’s attitude, employee employer relations, financial performance, employee productivity etc. and ultimately contribute to overall corporate performance. On the basis of the literature reviewed, a normative framework has been Research. According to Khatri (1999), people are one of the most important factors providing flexibility and adaptability to organizations. Rundle (1997) argues that one needs to bear in mind that people (managers), not the firm, are the adaptive mechanism in determining how the firm will respond to the competitive environment. Several scholars have noted that managing people is more difficult than managing technology or capital (Barney, 1991;, Lado and Wilson, 1994). However those
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2012

Human Resource Practices: A Comprehensive Review through the
deployment of a highly committed and skilled work force, using an array of
techniques.

HR can help firms improve organizational behavior in such areas as staff
commitment, competency and flexibility, which in turn leads to improved staff
performance (Koch and McGrath, 1996). In order to develop a sound HR system,
the organization should have effective Human Resource Management
practices. HR practices refer to organizational activities directed at managing the
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MacMillan, 1984; Wright & Snell, 1991). HR practices may differ from one
organization to another and from one country to another.
followed by the detailed discussion of the factors affecting HR practices and various models of HR practices. The relationship between HR practices and other important organizational variables is then presented including the HR best practices of Indian companies. The researchers have also developed a conceptual framework on the basis of review of the present studies and implications have been suggested for HR departments. At the end of the paper a synthesis of the review of literature has been given.

**TYPES OF HR PRACTICES**

Many researches on HR practices have been conducted from time to time and researchers have identified different practices by different names. As quoted in (Kok Jan deet al., 2003), researchers variously refer to certain sets of HR practices influenced by the HR profession as “best practice,” Research INDIAN BUSINESS REVIEW JANUARY 2012 Human Resource Practices: A Comprehensive Review or “high-performance” (Huselid, 1995), “formal” (Aldrich and Langton, 1997; de Kok and Uhlaner, 2001; Heneman and Berkley, 1999), “sophisticated” (Golhar and Deshpande, 1997; Hornsby and Kuratko, 1990; Goss et al., 1994; Wagner, 1998) or as “professional” (Gnan and Songini, 2003; Matlay, 1999). Pfeffer (1994; 1998), argued the most appropriate term is “Best HR Practices” . But according to Chandler and McEvoy (2000) , one of the lingering questions in HR research is whether or not there is a single set of policies or practices that represents a ‘universally superior approach’ to managing people .
Theories on best practices or high commitment theories suggest that universally, certain HR practices, either separately or in combination are associated with improved organizational performance. Researchers have also found that those well-paid, well motivated workers, working in an atmosphere of mutuality and trust, generate higher productivity gains and lower unit costs (Boxall, 1996; Lowe and Oliver, 1991; Pfeffer, 1994). Several attempts have been made from time to time by different researchers to identify the type of HR practices in different sectors. Initially Pfeffer (1994) identified 16 practices which denote best practice. This was later refined to the following

**Seven practices:**

1. Employment Security
2. Selective Hiring
3. Self-managed Teams/team working
4. High compensation contingent on organizational performance
5. Extensive Training
6. Reduction in status difference
7. Sharing information

### 1.2 HR PRACTICES IN INDIA

As it stands today the Indian organization could not have hoped for more. Viewed from the global perspective, in addition to being strategically positioned
on the corporate world map as a low-cost, highly skilled destination, the Indian corporate is emerging as a base for committed and intelligent and a very knowledgeable workforce. This has been achieved by the help of a strong foundation provided by the Indian education system at the primary, secondary and the technical as well as professional level. It is undisputed that the Indian Institute of Technology, the National Institute of Technology and the famed India Institute of Management are among the world-class institutions to talk about. Quality education and research are encouraged on these campuses and across the country, which mould and contribute to the practices in Indian organizations.

The HR practices in Indian organizations are by no doubt unique. The cultural impact on the hiring practices, compensation standards, benefits and statutory governance performance linked rewards and payouts and the general day to day management practices though in-step with international HR practices. The diversity that is seen in the Indian society w.r.t. diverse religions and states are reflected in the ability of the Indian and the Indian corporate to tolerate diversity of thinking and working together without inhibitions. Work culture-wise, the hard work, long working hours, perseverance and the need to earn money impact the HR policies. Availability of a educated mass of different caliber of knowledge and skill allows the country to undertake different nature of work beginning with lower skilled activities such as BPO’s (Business Process Outsourcing) and moving up the value curve to farmore advanced activities as KPO’s (Knowledge Process Outsourcing).
Compensation costs as still a competitive advantage for India making it a preferred business location the world over. Since launching HR movement in 1994 in the civil service, the Civil Service Bureau has sponsored and individual departments have introduced various HR initiatives. In taking HR forward, we need a strategic and integrated approach in managing people effectively for performance. A number of researchers have reported that HR practices are positively linked. HR began to play a significant role with the early enactment of these employment-related laws:

- The Workers’ Compensation Act of 1923 ensured that employers compensate employees for work-related injuries.
- The Trade Union Act of 1926 gave formal recognition to trade unions.
- The Industrial Disputes Act of 1947 led to the increased role of industrial relations (employees were distinguished by the work they did such as permanent, temporary, trainee etc.)
- The Factories Act of 1948 regulated the work environment in factories to ensure the safety of employees. The Employees Provident Funds and Miscellaneous Provisions Act of 1952 required employers to provide contributions for retirement. with organizational and employee performance (e.g. Guest, 2002; Harley, 2002;) Gould-Williams, 2003; Park et al., 2003; Wright et al., 2003; Tessema and Soeters, 2006). The focus and thrust of
these studies have been towards developed countries. Little research has been done to test the HR-performance link in developing countries like India. Aycan et al. (2000) termed India as ‘under-researched’ country in the Field of HR practices. The present study is an attempt to test the relationship between HR practices and employee performance in a developing country i.e. India among university teachers. India is one of the countries where literacy rate is very low.

- Apart from other factors teacher performance can be considered a major reason for low literary rate. So far none of the Indian universities is ranked among top universities the growth and development of university teachers with various initiatives. In this situation it is important to find out the determinants which can enhance the of the world. Government of India is also emphasizing teachers’ performance in Indian universities. The objective of this research is to facilitate the decision makers in universities across India to follow the HR practices which can improve the performance of University teachers The present study could be helpful to human resource managers of public and private sector

- universities in India for formulation and development of HR practices that will ensure high level of teachers’ performance resulting in increased achievement and learning among students.
In taking a strategic and integrated approach, HR is linked to the department's strategic direction in a systematic way. Such an approach is often reflected in the following practices -

i. clarifying a department's strategic direction by way of articulating its Vision, Mission and Values statement.

ii. establishing the strategic linkage and integrating HR programmes through a HR Plan; and projecting its short to long term human resource needs through a Manpower Plan.

iii. At the same time, all managers must adopt a more open, flexible and caring style in managing their staff. Such an approach is reflected in a number of ways.

Following diagram shows how best HR Practices influences organizational performances.

- Indian Culture and HR Practices

- Scholars have found a strong connection between cultural dimensions and HR practices.
• High power-distance cultures create:

• Hierarchical organizational structures.

• Loyal and committed subordinate workers.

• Autocratic relationships between managers and subordinates.

• What kind of HR practices would low power-distance cultures adopt?

• What staffing practices would high power-distance cultures encourage?

1.3 HR PRACTICES IN EDUCATION

As far as, Researcher concerns after the privatization, they where no HR practices among private colleges in India. In fact lecturers are working more than ten hours even than they are drawing less salary than minimum salary earned by a labour. Labour costs of the teachers are suck by an self supporting colleges owners. They do not have right method for recruitment, training, compensation and other benefits. hence teachers are lost their interest it means the quality of the education are drastically. Teachers are services minded even than they need some amount for their survival. Our country is expecting one more Adam smith, bill gates, for build up our economy thats all in the hands of the education institution. if teachers are poorly paid and the work without satisfaction our dream will not become true.
Organizational practices and employee perceptions have the potential to impact on customer satisfaction. The value of linkage research is in its ability to recognise the organisational practices that are the most important drivers of customer satisfaction in a specific organisation (Pugh, Dietz, Wiley & Brooks 2002). HR practices, which play a central role in the exchange relationships between the organisation's management and its employees, are connected to every stage of the employment circle, and through these engagements employees obtain valuable information about the organisation and the way it is managed. These activities show employees, in practice, what is valued in general, and how the organisation views them in particular. When employees deal with customers they bring to the interaction their perceptions of HR practices (Ulrich, Halbroock, Meder, Stuchlick & Thorpe , James Francis Known as "Jim." 1888-1953. HR practices are an important part of the social exchange that characterises employment relations, and in which the components of trust come into play by employees as facilitating their work through decentralization.

"Human resource practices are defined as the sum of activities employed by an organization to attract develop and retain people with appropriate efficiency and what role does HR department play in your organization and what most important skill that HR clarifying a department's strategic direction by way of articulating its Vision, Mission and Values statement;"

- establishing the strategic linkage and integrating HR programmes through a HR Plan; and
• Projecting its short to long term human resource needs through a Manpower Plan.
• At the same time, all managers must adopt a more open, flexible and caring style in managing their staff. Such an approach is reflected in a number of ways. The three most common practices are -
• managing people effectively for performance through an open Performance Management System (PMS) that will call for individual objectives tied to departmental objectives, regular coaching, and developing staff on the job;
• enhancing staff's competencies to perform better through effectively training people to achieve departmental objectives and results; and
• delivering quality service through training and engaging staff in developing a service culture in addition to business process re-engineering and work streamlining. Through experience in and analysis of various HR initiatives, we have identified as given in the following section a list of HR Good Practice Indicators which departments may use as reference when they embark on HR initiatives and when they seek to evaluate their own HR many applications for managerial purposes. The organizational human performance can be evaluated with the help of such an analysis.
It also helps in guiding the management to frame policies for Human Resource. The present performance result will act as input for future planning and the present planning will have its impact on future result. The same relationship is also applicable to the areas of managerial applications in relation to the human resource planning and control. Investment in human resource

- Articulation of Vision, Mission and Values.
- Performance Management.
- Training and Development.

Service Quality Enhancement. The conducted exploratory factor analysis by principal component analysis with equimax rotation revealed a six factor structure of human capital focusing HR practices, and is shown in Table 2. Employees are perceived their human capital creation through six patterns or factors of HR practices, which accounted for about 50 per cent of variation on the HR practices, and that are:

**Reward**:

The items, team-based reward, competency-based reward, risk-taking is rewarded, employee award, and top management appreciation are clustered to form this factor, which explains over 26 per cent of variance on the mentioned HR practices. It is common across manufacturing companies on allocating
reward based on employees’ initiatives or risk-taking, and high performers would often receive some kind of recognition or appreciation from the management. The clustered five similar variables purposefully concentrate on rewarding employees, and so this cluster should be described as reward strategy.

**Career-oriented training:**

The variables, sponsoring employees to attend conferences, providing appropriate training, time spent for training by firm, and number of career-oriented workshops attended by employees are grouped together under this factor that account for over 5 per cent of variance on the mentioned HR practices. In general, providing training to employees would more likely to advance their career. In this direction, firms develop strategies in align with training and employees’ career, and such career-oriented training pertains to human capital creation.

**Performance appraisal:**

The variables, opportunity for overcoming weakness, high frequency of appraisal, beneficial performance discussions with superiors, the kind of performance measurement system, and relevant aspects included in the appraisal are clustered into this pattern, which accounts for over 5 per cent of variation on the mentioned HR practices. This is a kind of performance appraisal focused for developmental purposes mainly facilitating performance-oriented
discussions between managers and employees, and as a result, the desired skills for achieving organizational goals are consolidated.

**Recruitment:**

The variables, creating new position for talents, organization attractiveness, significant investment on recruitment process, and right candidates’ selection are clustered into this factor, which explain over 4 percent of variance on the HR practices. For contributing to competitive advantage, well established human capital framework is needed for recruitment. So, recruitment strategy concentrates on identifying high performers in and out of the organization.

**Career management:**

The variables, holding on to the talents, career exploration by employees, job rotation developmental behavior at a certain extent, and therefore, focus on career management is unavoidable for creating human capital.

**Performance-oriented training:**

The variables, time taken to recruit and select a talent, sufficient in-house training facilities, willingness to participate in training program, acquiring knowledge and qualification from educational institutes, and number of sources providing feedback to an employee are clustered together to form this final pattern, which explained about 4 per cent of total variation. In line with Schultz
(1960), when employees’ performance significantly not explaining the productivity, organizations will involve in providing training to improve their performance. Such performance-oriented training is necessary to enhance employee human capital.

For accepting a factor extracted from exploratory factor analysis, Hair, Anderson, Tatham and Black (2003) recommend that a factor must have an Eigen value of at least one and internal consistency coefficient of reliability or Cranach alpha of minimum 0.60. According to them, the above explained factors or patterns’ psychometric properties are acceptable.

Staffing Practices Resumes are closely examined to identify successful work experiences, career stability and, most importantly, continuous academic achievements such as enrollment in relevant graduate classes, certification, etc. Such academic achievements are considered by the employer as a barometer of the potential learning capability of the applicant. The emphasis on learning and education can be linked to the cultural dimension of future orientation.

Employee referrals and succession planning are predominant in the Indian work environment, especially for middle and upper-level jobs. Employers from collectivist cultures like India hire and promote employees whom they know. These staffing practices promote loyalty and retention.

Employment testing is also common for entry-level positions. Potential employers subject applicants to rigorous math, analytical and communications tests to identify high-potential learners. It is believed that having such cognitive information about the applicant increases the reliability of the hiring process.
Such extensive testing is associated with the cultural dimension of uncertainty avoidance. In India, the sheer magnitude and size of online recruiting is staggering by Western standards. On average, large Indian companies recruit about 10,000 entry-level positions annually; screening resumes for authenticity and relevance is a staffing nightmare. Indian job advertisements often specify educational qualifications and age requirements for potential jobs. Indian companies use branding in their recruitment process. The status-minded Indian employees like to work for employers that have a name and are well-recognized in employment and social circles. Therefore, newspaper advertisements frequently provide detailed company information. Subsequently, the employee is considered the “brand” and a walking advertisement for the company.

Personal questions are often asked during the hiring process. Questions about marital status, caste and family background will be asked during the interview or on a bio-data form. Employers frequently discriminate on the basis of caste, which is easily recognizable by the first and last names. Verification of recent educational certifications, degrees and certificates is asked from applicants during the interview process. Married female applicants are frequently asked during the interview if they are planning to start a family.

**Training Practices**

Tarique and Calligiri (1995) propose that the following steps should be taken to design a training programme for expatriates:

1. Identify the type of global assignment, eg technical, functional, tactical, developmental or strategic/executive.
2. Conduct a cross-cultural training needs analysis covering organizational analysis and requirements, assignment analysis of key tasks and individual analysis of skills.

3. Establish training goals and measures – cognitive (eg understanding the role of cultural values and norms) and affective (modifying perception about culture and increasing confidence in dealing with individual behaviors to form adaptive behaviors such as interpersonal skills).

4. Develop the programme – the content should cover both general and specific cultural orientation; a variety of methods should be used.

5. Evaluate training given Indian organizations spend quite a bit of money on training because it is considered an extension of academic learning, which is very valued in India. It also relates to the cultural dimension of future orientation, which makes employees seek any form of learning to have constant marketable skills.

Among Indians, training creates loyalty to the company. For entry-level employees, there is often a large disconnect as to what they are taught in graduate school and what they have to do when they enter the workplace. Therefore elaborate entry-level training focuses on soft skills such as effective communications, team dynamics and also relevant product-based and technical knowledge.
Training programs in India are more extensive and longer in duration. Entry-level employees are in training for between three and 12 months, depending on the size of the company. The average annual corporate training hours can range anywhere between 60 and 120 hours. The best company in providing training is Infosys, with an annual training budget of about $145 million. Entry-level Infosys employees spend about four weeks on initial training. Organizations often pair with both well-known local and international universities to provide continuing education for their employees.

To learn more about training in India, instructors may want to review the following articles: Training 2008: World View, Focus on India Top 5 IT firms spend $438 million on training

The collectivist culture of India makes performance management quite challenging. Superiors and subordinates develop close relationships, making a formal appraisal process difficult. Supervisors frequently inflate the work performance of subordinates because personal friendships between supervisors and subordinates blur objective evaluations. The Indian work culture also emphasizes organizational loyalty over performance and efficiency. Further, promotions are usually based on seniority, making organizational tenure an important performance criteria.

Organizations usually have annual performance reviews with the supervisor providing comments on employees performance. However, leading Indian companies are adopting a very progressive approach to performance
management by adopting a 360-degree approach or management by objectives (MBO).

Instructors: Please read “Performance appraisal takes center stage” for more information about the Indian performance management system.

**Compensation and Benefits**:

Executives receive special benefits to reflect status such as:

- Club memberships.
- Overseas training.
- Company housing.
- Company cars.
- Provided with drivers.
- International cars.
- Operational and maintenance costs.
- Phone bill reimbursements.
- Organizations provide business and cell phones.
- In addition to a base salary, compensation includes:
  
  A. House rent allowance (HRA*).
  
  B. Medical allowance.
  
  C. Dearness allowance (DA*).
  
  D. Leave travel allowance (LTA*).
  
  E. ComPuter allowance.
  
  F. Sick leave: 7 days (medical certificate required).
G. Casual leave: 7 days (for personal and family emergencies, requires prior permission of boss). Employees can take maximum 2 days at a time.

H. Annual leave: 3 weeks (after one year of employment).

I. Federal holidays: About 20 days.

- Retirement age:
  A. 55-60 years (private sector).
  B. 60 years (public sector).

- Retirement Benefits: Employees receive two lump-sum payments when they retire:
  - Provident Fund (similar to 401(k))
  - Typical contributions: 10-12 percent of base salary (employer and employee).
  - Payable on retirement, voluntary separation, death.
  - Gratuity
  - Only employer contributes (15 days salary per year of service).
  - Tax-exempt for employees.
  - Payable on retirement, voluntary separation, death.
  - Organizations are seen as an extension of the family.
  - Provide both short-term and long-term personal loans.
  - Personal loans for housing, car, home maintenance and family emergencies.
  - Loan amounts vary by position and level in organization.
1.4 Factors Affecting HR Practices

HR practices differ from one country to another and the factors which affect the HR practices include external and internal factors. As quoted by Ozutku and Ozturkler (2009), external and internal factors affecting HR practices differs significantly across countries. Some of the major potential influences are as follows:

External Factors

Kane and Palmer (1995) opine that external factors affecting HR practices are those pressures on firms that cannot be controlled and changed in a favorable way in the short run. These factors include the following:

1. **Economic Changes**: Satow & Wang (1994) found that as a result of development of the global economy, the international dimension of HR practices has become more and more significant. The focus of HR practices has shifted from traditional topics.

2. **Technological Changes**: Technology affects HR to a greater extent because of high degree of interaction between technology and HR. Technology changes the way we work, the roles we undertake and the interactions through which work gets done (DeFillippi, 2002). Verkinderen and Altman (2002) argued that technology facilitates the growth of a multinational enterprise but generates simultaneous problem of “unpluggedness” among a geographically dispersed workforce. Garavan et al. (2008) suggested that technology lies at the heart of manufacturing
industry. It provides a series of business advantages. Technological developments alter the context of HR practices and the way they are implemented. National Culture: Chandrakumara and Sparrow (2004) found that culture has crucial importance in organizations preferences in developing appropriate structure and methods for HR practices affectivity. Industry/Sector Characteristics: Organizations can be classified into manufacturing and service organizations for the purpose of analyzing the HR practices. The idea behind this classification is the fact that different production processes necessitates different HR practices.

3. **Legislations Regulations**: Legislations and regulations are frequently cited as having a direct impact on HR practices (Kane and Palmer, 1995). Every country has developed a set of regulations for the management of human resources, so, the HR practices have to be designed or modified according to these regulations. Actions of Competitors: There are many ways in which companies can gain a competitive edge or a lasting and sustained advantage over their competitors, among them being the development of comprehensive human resource practices (Jackson et al., 1989; Kane and Palmer 1995; Poole and Jenkins, 1996; Narsimha, 2000). Action of Unions: Kochan et al. (1984) opine that the presence or absence of unions in organizations is a salient variable known to be associated with some HR.

4. **Globalization**: As a result of globalization, the whole world has become a single market, the companies have crossed the boundaries of their country of origin and opened their operations in other countries. This has created a
challenge for the organization in terms of management of human resources, some companies have tried to transfer the HR practices from one country to another but it has been found that some practices can be transferred across nations almost without any change but some must be modified to become workable in another setting and some are more deeply culture-specific and may not always be transferable. The findings of the study conducted by Tayeb(1998)support the argument that multinational companies’ HR practices are more prone to local cultural influences than are their overall policies and strategies. Moreover, some of the practices which the company had imported from abroad had to be modified to make them workable, given its local cultural and non-cultural contexts.

Internal Factors

The Internal environment of organizations strongly affect their HR practices. According to (Milkovich and Boudreau,1991) researchers have compiled a lengthy list of organizational characteristics related to HR practices.

**INTERNAL FACTOR**

**Organizations’ Size:**

According to (McPherson,2008) evidence suggests that there is a large number of small firms that do not institute formal HR practices in large organizations, for each functional level there may a need for a different HR department(Jackson et al.,1989; Kaynak et al., 1998).

**Organisational Structure:** A firm’s strategy and structure are important in determining HR practices flexibility and
integration. There are important structural differences among firms that affect the way in which HR practices are designed and implemented (Garwin, 1986; Tomer, 1995; Hudson et al., 2001).

**Business Strategy:**

To gain competitive advantage, firms use different competitive strategies. These strategies are more productive when they are systematically linked with Human Resource practices. Companies can improve their environment by making efficient choices about human resource practices that consistently support their chosen strategy.