Chapter 2- Research Methodology
## INDEX-CHAPTER 2

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Chapter 2: Research Methodology:

2.1 Introduction:
This chapter explains the research methodology. It provides the sequence of the steps for the research and how it has been undertaken. It covers the definitions of various terms used in this chapter, pre research steps, research design, objectives, hypothesis, sources of data collection and the limitations of the study.

Background:
In the globally integrated, tightly regulated and increasingly competitive capital market, one critical success factor stands out for an organization to sustain the competition above all others: people. The global transformation and the liberalization since 1991 put pressure on Indian industries to leverage on their competitive advantage. Human resource management function itself has changed many faces over the last two decades and has moved from being a mere support function to the strategic role of being the business partner with the organization. Many such developments during the past two decades in the nature of HR function changed its role from being reactive and administrative to being proactive and executive.

The field of strategic human resource management in India was relatively infant when this research was taken up in 2001. The strategic role of HR focuses on aligning HR strategies and practices with business strategy. Over the last one decade the HR functions in Indian organizations have gradually transformed from the traditional HRD functions to Strategic Human resource management functions. The scope of HR has slowly shifted from, “Internal customer perspective” to “internal client perspective”. The new generation employees (Gen X) expects the HR department to deliver the same level of services the way other departments deliver to their client. To cope up with the global changes and competition the business model of the brick and mortar Indian Industries started changing. With this the approach towards the HR department
changed and HR played the role of Strategic business partner in the business. This was when strategic HRM tools like Balanced scorecard, PCMM, competency mapping etc were implemented to keep up with the competition and realign their workforce.

Strategic HRM is the macro-organizational approach to understand the role of human resource management in the organization. It entails the linking of HRM practices with the strategic management process of the organization. It also emphasizes the coordination among the various HRM practices.

Strategic HR refers to an HR organization that has strategic impact. An impact that is:

- Critical to the competitive advantage
- Has long term impact
- Provides a logic for integrating the entire organization
- Comprehensively impacts the entire organization.

Strategic Human resource management being a very broad field, could be studied only through studying the impact of implementing the SHRM tools. Hence the research was undertaken to study the impact of strategic HRM in improving employee performance.

The analysis of the literature and researches worldwide have proved that good HR practices and policies influence business growth and development.

2.2 Important concepts:

1. **Research design**: follows the task of defining the research problem. A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.
2. **Case study method:** The method involves careful and complete observation of the organization selected for case study. It also involves an intensive investigation of the unit under consideration. The object being to locate the factors that account for the behavior patterns which confirms with the hypothesis of this study. Since this method is based on opinion and observation there is really no right or wrong answer in this study.

3. **Qualitative research design:** It is the phenomena relating to or involving quality or kind as it aims to discover the underlying motives of human behavior. Through such research we can analyze the various factors which motivate people to behave in a particular manner or which make people like or dislike a particular thing.

4. **Variable:** A concept which can take on different quantitative values is called a variable.

5. **Change variables:** These are variables responsible for change and are also called independent variable.

6. **Dependent variable:** variables which are the effects of the change variable are called dependent variable.

7. **Hypothesis:** This is usually considered as the principal instrument in research. It is a tentative assumption drawn from knowledge and theory which is used as a guide in investigation of other facts and theories that are unknown. It’s main function is to suggest new experiments and observations. It is a tentative assumption which serves to explain such facts as are already known to exist in a given area of research and to guide the search for new truth. It is a mere assumption that can be proved or disproved. Hypothesis should be clear and precise.
8. **Content analysis**: It refers to analyzing the contents of documentary materials such as books, magazines, newspapers and contents of all other verbal materials which can be either spoken or printed.

9. **Primary data**: Data collected for the first time, and happen to be original in character are known as primary data.

10. **Secondary data**: Data which have been analyzed externally by someone else e.g., published data, survey results, reports etc. are known as secondary data.

### 2.3: Statement of the problem/ research questions:

Considering the fact that the field of SHRM was relatively naive when the research was undertaken the following research questions were evaluated for the research work:

1. What is Strategic HRM? How does the organization implement SHRM processes?
2. What is the impact of implementing Strategic HRM processes on the performance of the employees?
3. How can this impact be measured? What methods can be used?
4. How can SHRM practices add value to business performance?
5. What is the scope of conducting an HRD audit in a manufacturing set up? What is the time frame required?
6. How can organization development interventions be implemented? Do these interventions support the capability development of the organization?

### 2.4 Objectives:

The objective of this research has been defined in the following statements:

1. To study various SHRM processes implemented in DFPCL.
2. To compare the outcome of various SHRM interventions in DFPCL.
3. To study the impact of the implementation of strategic human processes of DFPCL in improving employee performance at DFPCL.
2.5 Pre research steps:
The researcher started the research by studying the theoretical definitions and concepts on HRM and strategic HRM. She studied the concepts and theory of strategic HRM and the various strategic HR practices used in the industry like balanced score card, competency mapping, people capability maturity model (PCMM), economic value added (EVA), HRD audit methodology etc. She attended research methodology workshops to understand the basic concepts and methodology of research.

Since the research involved a thorough understanding of the HR policies and practices of an organization and also scanning and auditing of these policies she started the pre work of looking at the various possibilities for conducting research with public and private sectors, Banking and manufacturing units etc.

During this period Deepak Fertilizers and Petrochemicals was undergoing huge structural changes and the organization was in the process of implementing strategic HRM initiatives. Hence the researcher obtained the permission of the management of DFPCL to conduct the research on the SHRM processes of DFPCL. She also obtained to permission to conduct an end to end HRD audit in the company. Since the HRD Audit tools were designed by Dr. T.V. Rao she also obtained the permission to use the HRD audit tool for the research work. She interacted with the industry experts to understand the meaning of implementing SHRM and evaluate its impact.

2.6 Research design:
This is a descriptive research since it gives the description of the state of affairs as it exists at present. It includes surveys conducted internally by the HR department and external agencies and fact finding enquiries of different kinds. It is Ex post facto research which means the researcher has no control over the variables like the management of the company, financial market in which it operates, motivation level of employees etc. She has reported the observations and analyzed the data based on
what has happened. The research design is Qualitative since the entire gamut of
SHRM has been analyzed using the case study analysis technique.

2.7 Important definitions relating to the research project:
The following important definitions have been given relating to the various concepts
and terminology used in the research:

1. Human Resource Management: HRM has been defined as, “a process by
which the employees of an organization are helped, in a continuous, planned
way, to acquire or sharpen capabilities required to perform various functions
associated with their present or expected future roles; develop their inner
general capabilities as individuals and discover and exploit their own inner
potential for their own and organizational development purposes; develop an
organizational culture in which the supervisor-subordinate relationships,
teamwork and collaboration among sub-units are strong and contribute to the
professional well being, motivation and pride of employees.”[Rao,(1985)]

Hence HRM can be defined as the art; science and practice of managing and
motivating people in an organization to enable it utilize the best potential of
its employees.

2. Strategic Human Resource Management: SHRM is the process of linking the HR
function of an organization with the strategic objective of the organization to
improve performance.

“Strategic HRM is primarily concerned with understanding how the human
resource function attempts to integrate its activities with the strategic
planning process in firms.” -Greer,(1995)

Hence SHRM can be defined as the macro-organizational approach to viewing
the role and function of HRM in the organization. It entails the linking of HRM
practices with the strategic management process of the organization. It also emphasizes the co-ordination among the various HRM practices.

3. **HRD Audit**: HRD audit is a process of examining policies, procedures, documentation, systems and practices with respect to an organization’s HR functions. It starts with an understanding of the future business plans and corporate strategies. HRD audit attempts to list the core competencies and skills for the future and to assess the existing skills and competency gaps in order to achieve the long-term business goals and short-term results.

4. **Balanced score card**: Balanced score card is a tool that translates strategies into measures that can be understood, communicated and acted upon. The scorecard is an effective tool in revealing the drivers of competitive performance because it aligns the organizational goals with the individual goals. It is a system of financial and nonfinancial measure that reflects a balance between leading and lagging indicators of performance.

5. **Lag indicators and lead indicators**: Lag indicators focuses on results, are easy to identify and historic in nature. Lead indicators measures drive or initiatives leading to performance. Lead indicators may be difficult to capture.

6. **Organization Development**: A top management supported, long-range effort to improve an organization’s problem solving and renewal processes, particularly through a more effective and collaborative diagnosis and management of organization culture - with special emphasis on formal work-team, temporary team and inter-group culture with the assistance of a consultant-facilitator and the use of theory and technology of applied behavior science, including action research.

7. **Organization development interventions**: HR bases techniques aimed at changing employee’s attitude, values & behavior.
8. **Organizational capability**: Organizational capability has been defined by Ulrich and Lake (1990) as “A business’s ability to establish internal structures and processes that influence its members to create organization-specific competencies and thus enable the business to adapt to the changing customer and strategic needs.

9. **Core Competence**: “Collective learning in an organization, especially on how to co-ordinate diverse production skills and integrate multiple streams of technologies” - Hamel and Prahalad.

10. **Strategic Employee Behavior**: Refers to all the employee actions, which are productive in implementing the firm’s preferred strategy.

11. **External environment analysis**: examines the firm’s operating environment to identify the strategic opportunities and threats.

12. **Internal environment analysis**: identifies the firm’s strengths and weaknesses, focuses on the quantity and quality of resources available.

13. **Organizational maturity**: The extent to which an organization has explicitly and consistently deployed workforce practices or processes that are documented, managed, measured, controlled, and continually improved. Organizational process maturity may be measured via a process appraisal.

14. **Continuous Capability Improvement**: means to provide a foundation for individuals and workgroups to continuously improve their capability for performing competency-based processes.

15. **Core competences** - these apply to the organization as a whole. They refer to what the organization has to be good at doing if it is to succeed. This could include such factors as customer orientation, producing high-quality goods or
delivering high-quality services, innovation, adding value through the effective use of resources and managing costs.

16. **Role-specific competences**- these are competencies unique to a particular role. They define the special tasks that they have to be able to do; in addition to any generic competences they may share with other people carrying out broadly similar roles.

17. **High performance work system (HPWS):** The HR system is the key of HR’s strategic influence, which is depicted by the model of this system called the High-performance Work System (HPWS). The HPWS index measures the extent to which a firm’s HR system is consistent with the principles of High performance HR strategy.

2.8 **Selection of the organization for the case study:**
The research was initiated in 2001. It involved a thorough understanding of SHRM processes and its impact on the organization. To conduct the study of SHRM practices it was necessary that the organization needed to either have a SHRM process in place or it should have been on the verge of implementing such processes when the research was initiated in 2001. Hence the researcher selected Deepak fertilizers and Petrochemicals Ltd., since the organization was on the verge of implementing various SHRM processes in consultation with Hewitt associates. The research also involved the evaluation of the SHRM processes which scanned a lot of confidential information about the organization, its strategy, structure etc. To complete the research it was critical that the management of the organization was willing to share this data with the researcher. Since the management of DFPCL had agreed to give this permission the sample organization was selected.

The research also provides a comparison between pre implementation stage of SHRM and the employee performance vs. post implementation of SHRM and its impact on employee performance.
2.9 Scope:
For the purpose of this study DFPCL was chosen for case study. Various SHRM practices and processes covering all the full time employees of DFPCL were included in the research project. Blue collared employees were not a part of the survey. The initiatives covered were external surveys conducted by external agencies at DFPCL and the internal survey conducted by HR department of DFPCL during the period of 2001 to 2006.

2.10 Sources of data collection:

The following sources of data collection have been used to collect primary and secondary data:

The Primary data:
Primary data has been collected using the HRD audit questionnaires, HRD instruments, observation method, interviews with the senior management members, content analysis of HR policies and processes at DFPCL, focus group interviews etc.

Secondary data:
The secondary data used in this research contains published data namely annual reports and mailers by management, articles in the newspaper, exit analysis data, customer feedback reports etc. For the purpose of analyzing the improvement in the HR subsystems the survey results data has been analyzed for the survey conducted by external agencies like Eicher consulting firm and Hewitt associates, internal communication survey conducted by the corporate communication team of DFPCL, reports and mailers sent by Hewitt during the strategic intervention, compensation survey benchmarked data, etc.

2.11 Data analysis:
Data analysis was done in the following manner. The data obtained from the internal and external agencies was analyzed namely:
1. The Two surveys conducted by external agencies at DFPCL:
   - Culture survey by Eicher consulting firm-1997
   - Focus group report conducted by Hewitt Associates before the implementation of SHRM processes - 2004.

2. Two surveys conducted by the management and HR team of DFPCL:
   - Post OD interventions feedback conducted after the implementation of SHRM processes - 2005
   - PMS Survey feedback conducted after 1 year of implementing the balanced score card -2006

3. Data collected by the researcher while implementing the HRD audit using the HRD audit tools and the HRD audit instruments, focus group meetings, interviews and observation of HR records.

4. Data collected by analyzing the implementation of the Balanced score card and other SHRM processes at DFPCL.

A comparative analysis of all the survey was presented by the researcher to analyze the relative improvement in each of the HR subsystems at DFPCL like recruitment and selection, compensation, performance management system, induction processes, training and development etc.

2.12 Hypothesis:
The hypothesis of the research on strategic HRM states that:

1. Implementation of strategic HRM processes in Deepak Fertilizers and Petrochemicals has positive impact on the HR processes of this organization.

2. Implementing Strategic HRM processes in DFPCL results in improvement of employee performance.
2.13: The tools used for the research:

Primarily the researcher has used the following tools for the research:

1. The HRD Audit tool: the HRD audit tool and the HRD audit instruments provided by Dr. T.V. Rao have been used to conduct the audit at DFPCL. These instruments have been customized and comprehended to suit the requirements of DFPCL.

2. The Balanced scorecard process of SHRM: The Balanced scorecard framework of SHRM implemented by DFPCL has been analyzed by the researcher to study the impact of SHRM processes.

To further define each of these two tools:

2.13.1: HRD Audit:

The HRD Audit tool has been used by the researcher to examine the policies, procedures of HR processes in DFPCL and study the impact of strategic HR interventions at DFPCL. The researcher also tries to analyze the linkage of SHRM if any to improve employee's performance through this process.

HRD audit is a process of examining policies, procedures, documentation, systems and practices with respect to an organization's HR functions. It starts with an understanding of the future business plans and corporate strategies. HRD audit attempts to list the core competencies and skills for the future and to assess the existing skills and competency gaps in order to achieve the long-term business goals and short-term results. HRD audit is a comprehensive evaluation of the HRD:

- Strategies, systems and practices
- Structures and competencies
- Styles and culture
- Appropriateness of the HRD system to achieve the short and long term business goals of the organization.
Objective of conducting the HRD audit:
Since DFPCL was in the process of implementing strategic HR processes the HRD audit was conducted to benchmark the existing HR processes and suggest improvements thereof and also for promoting professional management.

Methodology of HRD Audit:
While conducting the HRD audit the researcher has examined the following:
- Long term and short term plans and the vision of the organization to assess the competency requirements.
- Broad competency requirements for future business goals.
- Existing HRD strategies, systems and practices and their appropriateness.
- Adequacies and inadequacies of the HRD structure, staff and their competencies, line managers and their attitude, top management and their support.

The HRD audit questionnaire has been administered to the management members and employees of DFPCL. Interview and focus group discussions have been conducted with the HR team of DFPCL to evaluate the competencies of the HR staff. Interviews have been conducted with the top management team of DFPCL to assess their commitment towards achieving the organizational goals and also for implementing the strategic HR processes. The researcher has also analyzed each of the HR subsystems and assessed the improvement in each of the subsystems.

The audit process analyzed the eight primary components of the HR function namely:
1. Roles, head count and HR information system (HRIS)
2. Recruitment
3. Documentation
4. Training, development and career management
5. Compensation and benefits
6. Performance management, measurement and evaluation
7. Termination and transition
8. HR policies and procedures.

These subsystems have been analyzed considering two stages i.e. pre implementation of SHRM and post implementation of SHRM. It has been linked to the implementation of SHRM and its impact on improving employee performance. The maturity scores of the various HR subsystems has been evaluated using the HRD audit method to evaluate the improvement of the various HR subsystems.

**HRD audit questionnaire:**

Table 3 below describes the HRD audit questionnaire. The HRD audit questionnaire with 258 items has the following sections:

The components of the 258 items HRD audit questionnaire is given in table 3 below. A few terms used by Dr. T.V Rao in this questionnaire has been modified to customize the questionnaire to the requirements of DFPCL. Dimensions which are not applicable to DFPCL have been removed from the questionnaire circulated to the employees. For e.g.: Potential appraisal was not applicable to DFPCL context since it was not implemented in the organization. Hence it has been removed from the DFPCL HRD audit questionnaire. Also since the original audit questionnaire had too many dimensions some of the dimensions in the 258 items audit questionnaire have been merged to make the questionnaire more concise.

The HRD audit questionnaire provided by Dr. T.V. Rao has the following 258 items under seven broad sections namely:

A: Career system
B: Work planning
C: Development system
D: Self renewal systems
E: HRD
F: HRD Functions
G: Strengths, weaknesses and suggestions

Table 3: The HRD audit questionnaire: (dimensions)
Each of these sections have further subsections which provide the analysis of that particular section as under:

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Career system</td>
<td></td>
</tr>
<tr>
<td>A1 Manpower planning and recruitment</td>
<td>12</td>
</tr>
<tr>
<td>A2 Potential appraisal and promotions</td>
<td>10</td>
</tr>
<tr>
<td>A3 Career planning and development</td>
<td>7</td>
</tr>
<tr>
<td>B Work planning</td>
<td></td>
</tr>
<tr>
<td>B1 Role analysis</td>
<td>10</td>
</tr>
<tr>
<td>B2 Contextual analysis</td>
<td>10</td>
</tr>
<tr>
<td>B3 Performance appraisal system</td>
<td>18</td>
</tr>
<tr>
<td>C Development system</td>
<td></td>
</tr>
<tr>
<td>C1 Learning systems/ training questionnaire</td>
<td>28</td>
</tr>
<tr>
<td>C2 Performance guidance and development</td>
<td>15</td>
</tr>
<tr>
<td>C3 Other mechanisms</td>
<td>10</td>
</tr>
<tr>
<td>C4 Worker development - this part has not been used since it is out of the scope of research</td>
<td>6</td>
</tr>
<tr>
<td>D Self renewal systems</td>
<td></td>
</tr>
<tr>
<td>D1 Role efficacy</td>
<td>10</td>
</tr>
<tr>
<td>D2 Organizational development</td>
<td>11</td>
</tr>
<tr>
<td>D3 Action oriented research</td>
<td>10</td>
</tr>
<tr>
<td>E HRD</td>
<td></td>
</tr>
</tbody>
</table>
Role of HRD audit in business improvements:
Since the HRD audit was conducted during the implementation of SHRM processes at DFPCL and the recommendations were shared with the management it has contributed to the business improvements.

2.13.2 The Balanced Scorecard
The Balanced scorecard framework of Strategic HRM was developed by Robert Kaplan and David Nortan. It is a technique that translates strategies into measures that can be understood, communicated and acted upon. The scorecard is an effective tool in revealing the drivers of competitive performance because it aligns the organizational goals with the individual goals. It is a system of financial and nonfinancial measures that reflects a balance between leading and lagging indicators of performance. The success of the implementation of the BSC is compared by gauging the scorecard results with the targets that were previously defined. DFPCL used the Balanced scorecard framework to redefine and realign its strategy and frame its strategic management process.
Definition of BSC:
The Balanced Scorecard is a comprehensive framework that translates a company’s vision and strategy into coherent set of performance measures. The Balanced Scorecard can be used as a strategic management system to manage company’s strategy over its long run. It is a tool used for measuring the performance of an organization (Corporate Score Card), of a function (Functional Score Card) and an individual (KRAs / RRs). It is a powerful instrument for Performance Management System.

Objectives of the BSC:
- To communicate strategy throughout the organization.
- To align departmental and personal goals to the strategy.
- To link strategic objectives to long-term targets and annual budgets.
- To identify and align strategic initiatives.
- To perform periodic and systematic strategic reviews
- To obtain feedback to learn about and improve strategy.

What is Balanced Score Card?
Figure 12 below explains what is the balanced scorecard and what are the four perspectives of the balanced scorecard.

Figure 12: What is BSC?
What is a Balanced Scorecard?

The Balanced Scorecard is a way of using financial and non-financial measures to provide a well-rounded perspective on past performances as well as an indication of future performance.

The scorecard: is a comprehensive framework which focuses attention on the complete process by which an organization creates value.

The Four Perspectives of the Balanced Scorecard:

The four perspectives of the scorecard- financial, customer, internal process and learning & growth; permit a balance between:

- Short & long term objectives.
- Outcomes desired & performance drivers of those outcomes.
- Hard measures of the objectives & softer, more subjective measures.

i) Financial Perspective: Financial Perspective summarizes the key financial indicators or the readily measurable economic consequences of the actions already taken. Financial performance measures indicate whether a company's strategy, implementation and execution are contributing to top line and bottom line improvement. These objectives relate to profitability measured by operating income,
ii) **Customer Perspective**: This perspective is used to identify customer and market segments in which the company will compete and measures of company’s performance in these targeted segments. Customer perspective enables an organization to articulate the customer and market based strategy to deliver superior

iii) **Internal Business Process Perspective**: This perspective identifies the critical internal processes the organization must excel to deliver the value proposition to attract and retain customers in targeted market segments. Satisfy shareholder expectations of excellent financial returns. The internal business process measures focus on internal processes (current, new and innovative) processes that will have greatest impact on customer satisfaction and achieve company’s financial objectives. The perspective should incorporate measures for long-wave (futuristic) innovation cycle as well as the short wave (as is) operations cycle.

iv) **Learning & Growth Perspective**: This perspective identifies the infrastructure that the organization must build to create long-term growth and improvement. This area focuses on the key learning and innovation that stakeholders can contribute to the organization for competitive success. Company’s learning and growth would come from three sources: people, systems and organizational procedures. The gaps between current capabilities of people, systems and procedures and what would be required to achieve breakthrough performance is closed by investing in re-skilling employees, enhancing IT and systems and aligning organizational procedures and systems. Objectives articulated in this perspective include generic outcome measures like employee satisfaction, retention, training along with specific drivers of these drivers such as business specific index of particular skills required for new competitive environment.
Figure 13: The linkage between Organization strategy and individual goals:

Balanced Score Card:

Figure 12 above is an illustrative example of the balanced scorecard framework used by organizations. The Balanced Scorecard translates mission and strategy into tangible objectives and measures, organized into four perspectives: financial, customer, internal business process and learning and growth. The above figure gives the linkage between Strategy and individual performance targets. The objectives and measures are derived from a top down process driven by the mission and strategy of the organization. The measures are used to articulate and communicate the strategy of the business and to help align individual, cross-departmental and organizational initiatives into a common goal. The measures represent balance between external measures for shareholders and customers and internal measures of critical business processes, innovation and learning and growth. The measures are balanced between the outcome measures-the results from past efforts-and the measures that drive future performance (performance drivers).
The Balanced Scorecard model is a powerful measurement system that highlights the dual role HR can play as both a prime source of sustainable competitive advantage and a key driver of value creation. The balanced scorecard attempts to quantify the HR deliverables and hence it is possible to measure these deliverables to some extent. However, it is still difficult to directly quantify a few HR functions like development activities and competency development since the benefits of these functions are visible in the long term.

The way the balanced scorecard works:

Financial and non-financial performance measures are derived from a top-down process driven by the mission and strategy of the organization. The measures are used to articulate and communicate the strategy of the business and to help align individual, cross-departmental and organizational initiatives into a common goal. The measures represent a balance between external measures for shareholders and customers and internal measures of critical business processes, innovation and learning and growth. The measures are balanced between the outcome measures—the results from past efforts—and the between objective, quantifiable outcome measures and subjective, somewhat judgmental, performance drivers of the outcome measures. It is used to clarify and translate vision and strategy, communicate and link strategic objectives and measures, plan, target and align strategic initiatives, and enhance strategic feedback and learning curves. Measures of past performance are called lagging indicators and measures based on future performance are called leading indicators. The measures of the scorecard are derived from the vision and strategy of an organization.

The scorecard is an effective tool in revealing the drivers of competitive performance. The steps in using a Balanced Scorecard are:

1. Clarify and gain consensus about strategy.
2. Communicate strategy throughout the organization.
3. Align departmental and personal goals to the strategy.
4. Link strategic objectives to long-term targets and annual budgets.
5. Identify and align strategic initiatives.
6. Perform periodic and systematic strategic reviews
7. Obtain feedback to learn about and improve strategy.

Linking measures to strategy:
The multiple measures on Balanced Scorecard consist of linked series of objectives and measures that are both consistent and mutually reinforcing:

1. Cause and Effect Relationships: The measurement system makes the relationships among objectives and measures in the various perspectives explicit so that they can be managed and validated. The chain of cause and effect relationship links all four perspectives of Balanced Scorecard and make explicit the cause and effect relationships between outcome measures and performance drivers of those outcomes. Every measure selected in Balanced Scorecard should be an element in the chain of cause and effect relationships that communicates the company’s strategy.

2. Balance between outcome measures and Performance drivers: Balanced Scorecard has a mix of outcome measures and performance drivers. Outcome measures, alone, do not communicate how the outcomes are to be achieved and also, do not provide an early indication about the successful implementation of strategy. Performance drivers enable the company to achieve short term operational improvements but cannot determine whether the operational improvements have translated into expanded business with current and new customers leading to enhanced financial performance. Thus Balanced Scorecard has appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company’s strategy. Lag indicators focuses on results, are easy to identify and historic in nature. Lead indicators measures drive or initiatives leading to performance. Lead indicators may be difficult to capture.
Process of Cascade:
The process of cascade refers to the process of aligning organizational goals to individual goals in a series of steps. This is done by translating the goals that are identified at the organizational level into business sectors, units, functional and departmental level scorecards; and onwards in the form of KRAs to individuals who form a part of these units. Cascade of unit / department level goals to individual KRAs ensures alignment and that the individual and group objectives and results contribute directly to achievement of organizational results. Cascading of goals ensures that all efforts within the organization are focused towards a common goal or purpose at the top. The process also ensures that interdependencies - the set of outputs and factors internal to the organization that impact achievement of a KRA by a team or individual- are taken care of in a holistic manner.

2.14 Limitations of the study:
Considering the relative infancy of Strategic Human resource management field in India the following deficiencies/ limitations need to be considered in this study namely:

1. There is no clear agreement regarding the delineation of the field of Strategic Human Resource Management particularly with respect to its definition. The functions of HRM and SHRM are almost similar except for the fact that the impact of SHRM is greater than HRM. This is because SHRM tries to study the impact of HR to the bottom line of the organization. Hence it is difficult to clearly distinguish in general the difference between HRM and SHRM in few common HR processes like recruitment, training and development etc.

2. Until recently there have been very few theoretical models to support the understanding of the role of SHRM in organizations and the determinants of
various HR Practices. To quote McMahan, Virick and Wright (1999), “Given the increasing importance of SHRM in creating firm competitive advantage, much more theoretical development is necessary in the field”. Hence reference to any single theoretical model of SHRM has been a limitation. Many different models have been referred to during the study.

3. Recently organizations have become increasingly captivated with the concept of strategic management due to the global changes in the business models and the way of operations. Researchers in all business related disciplines have attempted to tie the methods and tools of their discipline to strategy and the impact on the firm. However given the seeming lack of integration across the various HR activities, early attempts focused on integrating each functional area to the firm’s strategy have been independent of the other activities in the firm. This resulted in the development of isolated processes like “strategic selection process”, “strategic appraisal”, “strategic development” etc.- Fombrum et al., 1984; Galbraith & Nathanson, 1979). Hence different concepts and definitions of strategic HR processes exists and sometimes may lack alignment if they are not integrated well at the organizational level/macro level.

4. Although the attempts to tie HR processes to strategy have broadened the perspective of HRM by recognizing the need for each individual function to be aligned with organizational goals there is still a relative neglect of the interplay between all the functions- Lengnick-Hall & Lengnick hall, 1988; Wright & Snell 1991.

5. Since the research is based on case study method and the data is gathered from a single organization it is not comparable to any other organization. It is also based on several assumptions which may not be relevant to other organizations. The process of implementing the Balanced score card has been customized to the requirement of DFPCL and cannot be generalized to other
organizations. Concepts like EVA has not been used while implementing BSC at DFPCL.

6. Most of the barriers to a strategic approach to HR are rooted in the culture of an organization and the organization's history, values and management practices which can act as an incentive OR disincentives for any change initiatives. Implementation of SHRM initiatives requires strong commitment and dedication from the management as well as the HR team of that organization.