CHAPTER - II

REVIEW OF LITERATURE

2.1. STRATEGIC HUMAN RESOURCE MANAGEMENT AND HUMAN RESOURCE STRATEGY

Our understanding of HR strategy has changed considerably since strategy first became the subject of great attention. We have moved from viewing strategy as a physical document to seeing it as an incremental process, affected by political influences and generating learning. Tyson's (1995) definition of human resource strategy is a useful starting point, although somewhat limited in the intentions of the corporation both explicit and covert, toward the management of its employees, expressed through philosophies, policies and practices (Tyson 1995). This definition is helpful because research on human resource strategy in the early 1980s tended to focus on seeking an HR strategy document in order to determine whether there was a strategic approach to HR and what that approach was. This was rather like searching for the Holy Grail. Not surprisingly few complete HR strategies were found and HR specialists berated themselves for having failed in this critical area.

Gradually, the thinking changed to encompass a view that HR strategy need not be written on a piece of paper or need not, indeed, be explicit, as the Tyson quotation illustrates. Further developments in thinking began to accept the idea that strategies are neither finished, nor complete, but rather incremental and piecemeal. There is compelling evidence to suggest that strategic HR tends to be issue based rather than the formulation of a complete and integrated strategy (for example, Grundy 1998; Hall and Torrington 1998). Strategic thinking, strategic decision making and a strategic orientation (for example, Hunt and Boxall 1998) were
gradually understood as much more realistic expectations. In parallel with this thinking, there were developments in the general strategy literature which viewed strategy as a process which was not necessarily rational and top down, but a political and evolutionary process (example, Mintzberg 1994). Mintzberg argues that strategy is 'formed' rather than 'formulated' and that any intended strategy is changed by events, opportunities, the actions of employees and so on – so that the realized strategy is different from the initial vision. Strategy, Mintzberg argues, can only be identified in retrospect and, as Boxall and Purcell suggest, is best seen in the ultimate behaviour of the organisation.

Wrapped up in this view is also the idea that strategy is not necessarily determined by top management alone but can be influenced ‘bottom up’, as ideas are tried and tested in one part of the organisation and gradually adopted in a wholesale manner if they are seen to be applicable and successful. This is not to say that producing a strategy is an unhelpful act, and indeed research carried out by Price Waterhouse Coopers indicated that those organisations with a written HR strategy generated 35 per cent greater revenues per employee than those without (Higgin bottom 2002). This leads on to the concept of strategy as learning both in content and in process (example, Senge 1990; Redler et al. 1991), which is supported by the notion of strategy as a process of change (example, Hendry and Pettigrew 1992). Literature draws out the need to sense changes in the environment, develop a resultant strategy and turn this strategy into action. While the HR function has often found itself excluded from the strategy formation process, HR strategy has more often been seen in terms of the implementation of organisational strategies.
However, implementation of HR strategy has been weak, at best. Among the qualities of the most successful organizations is the ability to turn strategy into action quickly (Ulrich 1998), in other words to implement the chosen strategy (Greasing-Pophel 1999), and Guest (1987) maintained that the capability to implement strategic plans is an important feature of successful HRM. However, a lack of attention to the implementation of HR strategy has been identified (Beaumont 1992; Lundy and Cowling 1996; Skinner and Mabey 1997), and the information that does exist suggests that this is a problematic area. Legge (1995) maintained that the evidence of implementation of HR strategies was patchy and sometimes contradictory, and Skinner and Mabey (1997) found that responsibility for implementation was unclear, with only 54 per cent of respondents, in organisations with an HR director, perceiving that the HR function played a major part in implementation. In their research Kane and Palmer (1995) found that the existence of an HR strategy was only a minor influence on the HR policies and procedures that were used. Frameworks such as the HR scorecard (Becker et al. 2001) are aimed, at least in part, at facilitating the management and implementation of HR architecture (‘the sum of the HR function, the broader HR system, and the resulting employee behaviors’).

2.2. Theoretical perspectives of Strategic Human Resource management

Three theoretical approaches to strategic HRM can be identified. The first is founded on the concept that there is ‘one best way’ of managing human resources in order to improve business performance. The second focuses on the need to align employment policies and practice with the requirements of business strategy in order
that the latter will be achieved and the business will be successful. This second approach is based on the assumption that different types of HR strategies will be suitable for different types of business strategies. Thirdly, a more recent approach to strategic HRM is derived from the resource-based view of the firm, and the perceived value of human capital. This view focuses on the quality of the human resources available to the organisation and their ability to learn and adapt more quickly than their competitors. Supporters of this perspective challenge the need to secure a mechanistic fit with business strategy and focus instead on long-term sustainability and survival of the organisation via the pool of human capital.

2.3. Universalist Approach

The perspective of the Universalist approach is derived from the conception of human resource management as 'best practice'. In other words, it is based on the premise that one model of labour management - a high-commitment model - is related to high organisational performance in all contexts, irrespective of the particular competitive strategy of the organisation. An expression of this approach can be seen in Guest's theory of HRM, which is a prescriptive model based on four HR policy goals: strategic integration, commitment, flexibility and quality. These policy goals are related to HRM policies which are expected to produce desirable organisational outcomes. Guest (1989) describes the four policy goals as follows:

➤ Strategic integration - ensuring that HRM is fully integrated into strategic planning, that HRM policies are coherent, that line managers use HRM practices as part of their everyday work.
Commitment - ensuring that employees feel bound to the organisation and are committed to high performance via their behaviour.

Flexibility - ensuring an adaptable organisation structure, and functional flexibility based on multi skilling.

Quality - ensuring a high quality of goods and services through high-quality, flexible employees.

Guest stressed on the creation of the desired organisational outcomes which were high job performance, problem solving, change, innovation and cost effectiveness; and low employee turnover, absence and grievances. Clarity of goals gives certain attractiveness to this model – but this is where the problems also lie. Whipp (1992) questions the extent to which such a shift is possible, and Purcell (1991) sees the goals as unattainable. The goals are also an expression of human resource management, as opposed to personnel management, and as such bring us back to the debate about what human resource management really is and the inherent contradictions in the approach (Legge 1991, 1995). Ogbonna and Whipp (1999) argue that internal consistency within such a model is extremely difficult to achieve because of such contradictions (for example the tension between flexibility and commitment). Because the prescriptive approach brings with it a set of values, it suggests that there is only one best way and this is it. Although Guest (1987) has argued that there is no best practice, he also encourages the use of the above approach as the route to survival of UK businesses. Pfeffer (1994) and Becker and Gerhart (1996) are well-known exponents of this view. While there is some support for this perspective, there remains some debate as to which particular human
resource practices will stimulate high commitment, a high-commitment, and high-performance approach to human resource management strategy.

Falling somewhere between the Universalist approach and the fit approach is the Harvard model of HRM. This model, produced by Beer et al. (1984), is analytical rather than prescriptive. The model, shown in Figure recognizes the different stakeholder interests that impact on employee behaviour and performance, and also gives greater emphasis to factors in the environment that will help to shape human resource strategic choices – identified in the Situational factors box. Poole (1990) also notes that the model has potential for international or other comparative analysis, as it takes into account different sets of philosophies and assumptions which may be operating.

![Diagram of Harvard Model of HRM](image-url)
Although Beer et al.'s model is primarily analytical, there are prescriptive elements leading to some potential confusion. The prescription in Beer et al.'s model is found in the HR outcomes box, where specific outcomes are identified as universally desirable.

2.4. Fit or contingency approach

The fit or contingency approach is based on two critical forms of fit. The first is external fit (sometimes referred to as vertical integration) - that HR strategy fits with the demands of business strategy; the second is internal fit (sometimes referred to as horizontal integration) - that all HR policies and activities fit together so that they make a coherent whole, are mutually reinforcing and are applied consistently. One of the foundations of this approach is found in Fombrun et al. (1984), who proposed a basic framework for strategic human resource management, shown in Figures represents the location of human resource management in relation to organisational strategy, and one should be able to Fit model used shows how activities within human resource management can be unified and designed in order to support the organisation's strategy. The strength of this model is that it provides a simple framework to show how selection, appraisal, development and reward can be mutually geared to produce the required type of employee performance. For example, if an organisation required cooperative team behaviour with mutual sharing of information and support, the broad implications would be:

> Selection: successful experience of teamwork and sociable, cooperative personality; rather than an independent thinker who likes working alone.

> Appraisal: based on contribution to the team, and support of others; rather than individual outstanding performance.

> Reward: based on team performance and contribution; rather than individual performance and individual effort.

There is little doubt that this type of internal fit is valuable. However, questions have been raised over the model's simplistic response to organisation strategy. The question 'what if it is not possible to produce a human resource response that enables the required employee behaviour and performance?' is never addressed. So, for example, the distance between now and future performance requirements, the strengths, weaknesses and potential of the workforce, the motivation of the workforce and employee relations issues are not considered.

This model has been criticised because of its dependence on a rational strategy formulation rather than on an emergent strategy formation approach; and because of the nature of the one-way relationship with organisational strategy. It has also been criticised owing to its unitarist assumptions, as no recognition is made for employee interests and their choice of whether or not to change their behaviour. Taking this model and the notion of fit one step further, human resource strategy has been conceived in terms of generating specific employee behaviours. In the ideal form of this there would be analysis of the types of employee behaviour required to fulfill a predetermined business strategy, and then an identification of human resource policies and practices which would bring about and reinforce this behaviour. A very good example of this is found in Schuler and Jackson (1987).
They used the three generic business strategies defined by Porter (1980) and for each identified employee role behaviour and HRM policies required. Similar analyses can be found for other approaches to business strategy, for example in relation to the Boston matrix (Purcell, 1992) and the developmental stage of the organisation (Kochan and Barocci, 1985). Some human resource strategies describe the behaviour of all employees, but others have concentrated on the behaviour of Chief Executives and senior managers; Miles and Snow (1984), for example, align appropriate managerial characteristics to three generic strategies of prospector, defender and analyser.

The rationale behind this matching process is that if managerial attributes and skills are aligned to the organisational strategy, then a higher level of organisational performance will result. There is little empirical evidence to validate this link, but work by Thomas and Ramaswamy (1996) does provide some support. They used statistical analysis to investigate if there was a match between manager attributes and skills in organisations with either a defender or a prospector strategy in 269 of the Fortune 500 companies in the United States. They found an overall statistical relationship between manager attributes and strategy. Taking the analysis a step further they then compared 30 organisations which were misaligned with 30 which were aligned and found that performance in the aligned companies (whether prospector or defender) was statistically superior. While this work can be criticized, it does provide an indication of further research which can be developed to aid our understanding of the issues.
Sanz-Valle et al. (1999) found some partial support for the Schuler and Jackson model in terms of the link between business strategy and HR practices, but they did not investigate the implications of this link for organisational performance. The types of strategies described above are generic, and there is more concentration in some organisations on tailoring the approach to the particular needs of the specific organisation. Many human resource strategies aim not just to target behaviour, but through behaviour change to effect a movement in the culture of the organisation. The target is, therefore, to change the common view of ‘the way we do things around here’ and to attempt to manipulate the beliefs and values of employees. There is much debate as to whether this is achievable. We have previously recounted some of the concerns expressed about Fombrun et al.’s specific model; however, there is further criticism of the fit or matching perspective as a whole. Grundy (1998) claims that the idea of fit seems naive and simplistic. Ogbonna and Whipp (1999) argue that much literature assumes that fit can be targeted, observed and measured and there is an underlying assumption of stability. Given that most companies may have to change radically in response to the environment, any degree of fit previously achieved will be disturbed.

Thus, they contend that fit is a theoretical ideal which can rarely be achieved in practice. Boxall (1996) criticizes: the typologies of competitive advantage that are used, arguing that there is evidence that high-performing firms are good ‘all rounder’s’; the fact that strategy is a given and no account is made of how it is formed or by whom; the assumption that employees will behave as requested; and the aim for consistency, as it has been shown that firms use different strategies for different sections of their workforce. However, in spite of the criticisms of this
perspective, it is still employed in both the academic and practitioner literature - example, Holbeche’s (1999) book entitled Aligning Human Resources and Business Strategy.

Resource-based approach

The resource-based view of the firm (Barney 1991) has stimulated attempts to create a resource-based model of strategic HRM (Boxall 1996). The resource-based view of the firm is concerned with the relationships between internal resources (of which human resources are one), strategy and firm performance. It focuses on the promotion of sustained competitive advantage through the development of human capital rather than merely aligning human resources to current strategic goals.

Human resources can provide competitive advantage for the business, as long as they are unique and cannot be copied or substituted for by competing organisations. The focus is not just on the behaviour of the human resources (as with the fit approach), but on the skills, knowledge, attitudes and competencies which underpin this, and which have a more sustained impact on long-term survival than current behaviour (although this is still regarded as important). Briggs and Keogh (1999) maintain that business excellence is not just about ‘best practice’ or ‘leapfrogging the competition’, but about the intellectual capital and business intelligence to anticipate the future, today. Barney states that in order for a resource to result in sustained competitive advantage it must meet four criteria, and Wright et al. (1994) demonstrate how human resources meet these. First, the resource must be valuable. Wright and his colleagues argue that this is the case where demand for labour is heterogeneous, and where the supply of labour is also heterogeneous - in
other words where different firms require different competencies from each other and for different roles in the organisation, and where the supply of potential labour comprises individuals with different competencies. On this basis value is created by matching an individual’s competencies with the requirements of the firm and/or the job, as individuals will make a variable contribution, and one cannot be substituted easily for another.

The second criterion, rarity, is related to the first. An assumption is made that the most important competence for employees is cognitive ability due to future needs for adaptability and flexibility. On the basis that cognitive ability is normally distributed in the population, those with high levels of this ability will be rare. The talent pool is not unlimited and many employers are currently experiencing difficulties in finding the talent that they require.

Third, resources need to be inimitable. Wright et al. argue that this quality applies to the human resource as competitors will find it difficult to identify the exact source of competitive advantage from within the firm’s human resource pool. Also competitors will not be able to duplicate exactly the resource in question, as they will be unable to copy the unique historical conditions of the first firm. This history is important as it will affect the behaviour of the human resource pool via the development of unique norms and cultures. Thus even if a competing firm recruited a group of individuals from a competitor they would still not be able to produce the same outcomes in the new firm as the context would be different. Two factors make this unique history difficult to copy. The first is causal ambiguity – in other words it is impossible to separate out the exact causes of performance, as the sum is always more than the parts; and, second, social complexity – that the complex of
relationships and networks developed over time which has an impact on performance is difficult to dissect.

Finally resources need to be non-substitutable. Wright and his co-authors argue that although in the short term it may be possible to substitute human resources with others, for example technological ones, in the long term the human resource is different as it does not become obsolete (like technology) and can be transferred across other products, markets and technologies. Wright et al. noted that attention has often been devoted to leaders and top management in the context of a resource-based approach, and indeed Boxall (1996) contends that this approach provides the theoretical base on which to concentrate in the renewal and development of the critical resource of leaders in the organisation. However, Wright and his co-authors view all human resources in the organization as the pool of capital. This sits well with the view of strategy as evolutionary and strategy being influenced from the bottom up as well as from the top down. Also, it is likely that top managers are more easily identified for their contribution to the organisation and hence are more likely to be mobile, therefore, than other employees who may not be so easily identified. However, different segments of the human resource are viewed differently by organizations in terms of their contribution to competitive advantage, so for some organizations the relevant pool of human capital may not be the total pool of employees. Whereas fit models focus on the means of competitive advantage (HR practices) the resource-based view focuses on the source (the human capital). Wright et al. argue that while the practices are important they are not the source of competitive advantage as they can be replicated elsewhere, and they will produce
different results in different places because of the differential human capital in different places.

Figure A model of human resources & source of sustained competitive advantage

The relationship between human capital, human resource practices and competitive advantage is shown in Figure. Boxall (1996) argued that this theoretical perspective provides a conceptual base for asserting that human resources are a source of competitive advantage, and as such valued as generating strategic capability. Thus there is a case for viewing HR strategy as something more than a reactive matching process. Indeed Wright et al. argue that it provides the case for HR to be involved in the formulation of strategy rather than just its implementation. They suggested that it provides grounding for asserting that not every strategy is universally implementable, and that alternatives may have to be sought or the human capital pool developed further, via human resource practices, where this is possible. The importance of this perspective is underlined by the current emphasis on a firm’s intangible assets. Numerous studies have shown that a firm’s market value (the sum
of the value of the shares) is not fully explained by its current financial results (see, for example, Ulrich and Smallwood 2002) or its tangible assets and the focus has moved to a firm’s intangible assets such as intellectual capital and customer relationships - all of which are derived from human capital (see, for example, Schmidt and Lines 2002). This emphasis has resulted in a great deal of attention being paid to the evaluation of human capital through measuring, reporting and managing it. Human capital can be reported both internally and externally (as in the annual financial report, or similar), and Angela Baron from the CIPD has been reported as commenting that ‘investors are demanding information on human capital’ (Roberts 2002).

But human capital is loaned: ‘human capital is not owned by the organization, but secured through the employment relationship’ (Scarborough 2003a, p. 2) and because this is so, the strategy for the management of people is also critical. The government’s White Paper, Modernizing Company Law, suggests that the largest 1,000 companies should publish an annual operating review. Experts believe this will need to include a review about the ways that employees are managed (People Management 2002). In addition, the Accounting Standards Board recommends that people management measures should be included in annual reports (Brown 2002). The perceived importance of people as an intangible asset is demonstrated in the action of Barclays Group who on their Investor’s Day was keen to demonstrate not only their financial results but people strategies and improvements in staff satisfaction which they believe have contributed to the results (Arkin and Allen, 2002). The Barclays approach is covered in more detail in a case study on the website www.booksites.net/torrington. This approach has great
advantages from an HR point of view. People in the organisation become the focus, their contribution is monitored and made more explicit, the way people are managed can be seen to add value and money spent on people can be seen as an investment rather than a cost. Some firms are using the balanced scorecard to demonstrate the contribution that human capital makes to firm performance, such as Norwich Union, and Scarborough (2003b) argues that this builds a bridge between the role of the HR function and the strategy of the firm. However, there are in-built barriers in the language of the resource-based view. One is the reference to people as ‘human capital’ which some consider being unnecessarily instrumental. Another is the focus on ‘firms’ and ‘competitive advantage’ which makes it harder to see the relevance of this perspective for organisations in the public sector. There is also the issue of what is being measured and who decides this. The risk is that too much time is spent measuring and that not everything that is measured is of critical value to the organisation. So far, such measures appear very varied, although different firms will, of course, need to measure different things. Measures often appear to be taken without a coherent framework, as appears to be the case in the results documented by Scarborough and Elias (2002) for their 10 case study organisations. The balanced scorecard and the HR scorecard, however, appear to be a useful mechanism in this respect.
2.5. Reviews from various researchers relating to HRM

1A.R. Negandhi and Barnard Estafen's (1965) studied of 36 companies in
5 major towns in India, shows that the majority of the Indian organizations, training
and development have remained neglected and have turned into secondary functions.
Some organizations strongly hold the traditional view that managers are born and
not made. These organizations just do not believe in training. In fact, some follow-
up studies have also shown that management attitudes hardly change as a result of
training. Even cognitive or intellectual learning does not seem to take place.

2Anandram (1987) found that HRD has not yet taken root in Pune
industries. He also found that HRD is practiced more in public sector than in private
sector industries. Anandram's study of Pune based industries indicated that
training policy and training policy and training facilities do not exists in most of the
organizations. Even large organizations were found to pay lip sympathy to training.

3J. Van Ham, Philips, J. Paauwe, R. Williams (1987) said much publicity
has recently been given to the attempts of a number of organisations to improve the
flexibility of their human resources. By this is normally meant keeping their labour

1Negandhi and Barnard Estafen's (1965). Trends of the human resources management model in
Brazilian companies: a forecast according to opinion leaders from the area, International Journal of

xvii\textsuperscript{th} national conventions of Istd, Bombay, Jan 1987.

costs closely related to their level of business activity. We are particularly concerned in this article with the problems of those enterprises for which the latter is often unpredictable. There are two major ways in which such organisations attempt to link their human resource costs to their business operations either some variety of payment by results or profit sharing system and/or changing the numbers and contractual relationships of those employed. It is generally accepted that flexible pay systems cannot be totally flexible, but require some core proportion of earnings to be stable over time. The necessity for stability arises because of the difficulty for the organisation of managing a totally flexible system and because of the individual's need, in his/her own life, for some element of income predictability and security.

4Jenny Quillien and Jim Olila (1992) said today, global competition and rapid market developments preoccupy top management. They have less time for internal issues. If not checked, this preoccupation with the external world will leave top management in the same position as the military commander who may have a brilliant battle plan but does not know or understand the nature of his own troops. To be successful, top management requires in-depth and quality knowledge of the company's people and the corporate culture which binds them together. Typically, top management does not get quality information. They work on unchecked hunches and shallow, filtered information. By retooling the frequently underutilized human resource manager with the analytical skills for cultural analysis, general

management can be strengthened with skilled and knowledgeable co-pilots and internal change agents.

5Ian Clark (1993) explored the burgeoning literature on HRM with the aim of assessing its distinctiveness in terms of the arguments expounded by Guest in 1989 in his article “Personnel Management and HRM: Can You Tell the Difference?” Summarizes Guest’s article, drawing out his three main approaches; reviews each of the three themes in terms of later contributions to the subject; evaluates the distinctiveness of HRM in relation to the three approaches laid down by Guest; and, finally, raises some issues of discussion and conclusion on the distinctiveness of HRM, its efficiency claims and its effects on the practice of personnel management.

6Sisson K (1993) discussed the evidence found by the 1990 Workplace Industrial Relations Survey for the general implementation of HRM ideas and practices; focuses on three elements of HRM - the emphasis on individual rather than collective negotiations and agreements; the attention paid to participation and involvement; and the general approach of management - and finds that, while these practices are indeed becoming more widespread, surprisingly perhaps they are more common in workplaces which are unionized than in those non-unionized.

---

Wright, McMahan, and McWilliams, (1994) distinguished between an organization’s human resources (the skilled and experienced employee’s) and human resources systems. They argued that an organization’s human resources have a greater potential to generate value on a sustainable basis. But to create value, the human resources must exhibit high levels of skill and the willingness, motivation, and commitment to exhibit productive behaviour that are generated by the human resource practices. Thus, HRM practices elicit some behavioural outcomes in addition to the improvement of skills and abilities of employees.

Bob Kane, Ian Palmer (1995) discussed strategic human resource management (HRM), which emphasized the importance of HRM policies and practices being integrated by a longer-range HRM strategy, which in turn is an integrated part of an overall organizational strategy. The author proposes an alternative, more overtly political, employment relations model with HRM policies and practices as negotiated outcomes which attempt to resolve the often conflicting expectations of a number of interested parties. He presents a study in which only one-third of a sample of Australian HR managers reported that an HRM strategy had a great or moderately great impact on HRM within their organization, and there was no evidence that the impact of an HRM strategy resulted in reduction of the direct impact of other factors. More important factors included legislation / regulation,


industry characteristics, organizational strategy and objectives, top management priorities, organizational size and structure, and the impact of technological change. In addition, these factors impacted differentially on HRM practices and policies in areas such as recruitment, training, pay/benefits and industrial relations. The author suggested these results support the appropriateness of a broader employment relations view of the field.

9John Storey (1995) reported on findings from two extensive pieces of fieldwork conducted over two different time periods (1987-89 and 1992-94), which show considerable experimentation with many elements of the HRM model. The author in his research discussed the factors inhibiting a fuller embrace of HRM.

10James Arrowsmith, Ann E. McGoldrick (1996) reported that the continued need to meet increasingly competitive conditions in service industries has encouraged the development of a more strategic human resource approach in pursuance of the maintenance of quality, service and flexibility goals. The researcher presented an in-depth case study in the retail sector, specifically examined the company's approach to the recruitment and retention of older employees. The authors developed the models to demonstrate the linkages between service with the social characteristics of this group of workers and consequent employment implications. Finds that, while senior management perspectives were positive, some degree of ambivalence was expressed in respect of line management views, and


while older workers were perceived to be suitable for many types of work, preferred workforce profiles still tended towards traditional core labour sources. Noted that employment characteristics of a softer “qualitative” nature, such as service, motivation and job satisfaction, were seen as assets, and disadvantages relating to more “quantitative” criteria, such as trainability, job flexibility and new technology, were evident but less clearly expressed and might be qualified by appropriate management techniques and discovers that older employees placed high value on service provision, in comparison to younger employees who were generally more dissatisfied with their jobs and were oriented more towards financial considerations. Utilizes an interview programme and surveys with both line managers and employees to assess the issues involved and to draw out the managerial implications for retail and service.

\[\text{Paul R. Sparrow, Pawan S. Budhwar (1996)}\] had developed from the second author's ongoing Ph.D. research, which focused on the managerial thinking (personnel specialists) about strategic management of human resources from a cross-cultural viewpoint between India and Britain. The Indian Personnel Specialists are under a severe pressure to bring about large scale structural changes in their organizations to cope with the challenges thrown by the recent liberalized economic policies. The role of Human Resource (HR) function has become more important than ever in such conditions. An attempt is, therefore, made to analyse the HR function in India in the changing economic environment. The influence of a number

of national and contingent variables on the HR function is therefore studied to place it against the worldwide patterns of Human Resource Management (HRM) practices.

12 Edward George Fisher and Vitor Marciano (1997) in a study on, “Managing human resource shortages in a unionized setting: Best practices in air traffic control” Human resource shortages required effective human resource management (HRM). Findings from research about ongoing labor shortages in air traffic control (ATC) are used to build a preliminary theory of appropriate HRM responses. Our international sample of major ATC agencies generally developed a set of best HRM practices to attract, motivate, and retain human assets. Key factors included (1) cultural and institutional norms, (2) technological change, (3) union responses, and (4) organizational form and structure (e.g., civil service versus commercial firms). While ATC’s rare human aptitudes, lengthy training to develop firm-specific human capital and lifelong employment may limit the preliminary theory’s general applicability, crucial lessons emerge about human resource planning.

13 Luthans F, Hodge, R M and Luthans B C (1997) Pointed out evidences which suggested that innovative human resource management (HRM), and not downsizing, is the key to sustaining competitive advantage; distinguished


between leading edge HRM innovators and others, noting that the former suffer fewer morale problems and that they downsize in order to improve productivity, not to cut costs. The author thinks that it is HRM practices and investment which are making the US economy so strong, and considers HRM as a core competence; discusses skills-building and 'new' pay systems (gainsharing, team compensation and at-risk pay). The authors suggested the use of 360-degree feedback and behavioural management as methods of sustaining HRM competence, and provided guidelines for building HRM core competence.

Pfeffer (1998) suggested many HRM practices that have the potential sustain organizational performance. These practices included emphasis on employee selection based on fit with the organization's culture, emphasis on behaviour, attitude, and necessary technical skills required by the job, compensation contingent on performance, and employee empowerment to foster team work, among others. The author has proposed seven HRM practices that are expected to enhance the organizational performance. That the practices are: 1) Employment security, 2) Selective hiring of new personnel, 3) Self-managed teams and devolution of decision-making as the basic main beliefs of organizational design, 4) Comparatively high compensation contingent on organizational performance, 5) Extensive training, 6) Reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels; and 7) Extensive sharing of financial and performance information throughout the organization.

Bob Kane, John Crawford, David Grant (1999) in this study developed scales to measure the extent to which organisations exhibited “soft” or “hard” approaches to HRM, and the extent to which potential barriers to the effective operation of HRM were present. The sample comprised 549 employees, managers and HRM staff across a wide range of types of organisations in Australia, New Zealand, the USA, the UK and Canada. While the results supported the contention that HRM effectiveness can be achieved via both “soft” and “hard” approaches, several barriers to HRM were identified and there was little evidence that organisations generally operated HRM policies and practices that were seen as effective. Although very few differences between countries were found, the authors suggested the barriers identified and related ineffectiveness of HRM may be all the more detrimental to the competitiveness of Australian and New Zealand organisations in light of the recent economic downturn in the Asia-Pacific region.

Brian D’Netto and Amrik S. Sohal (1999) pronounced that workforce diversity has become an important issue in Australia. This study examined the extent to which human resource management practices were being used by organisations in Australia to manage workforce diversity. The study also assessed the perceived challenges and benefits of diversity in the workforce. The findings of this study indicated that overall, management of workforce diversity is only “mediocre”. In particular, inadequate diversity management practices were found in the areas of

---

recruitment and selection and training and development. As migrant employees do not create any problems and are very compliant, the challenges that workforce diversity presents does not receive adequate attention by organisations in Australia. However, these organisations seek several benefits from their multicultural workforce. The implications of these findings are discussed.

Naresh Khatri, (1999) has recommended ways to face the onslaught of hypercompetition; organizations need to be responsive and flexible. The human factor, if managed effectively, is perhaps the most important in imparting organizational flexibility. Managing the human factor as a competitive tool falls in the domain of strategic human resource management. In this study he discussed the state of HRM in Singapore. The author identified five important issues in strategic HRM field which if fully understood, would help scholars and practitioners develop better theoretical frameworks. Specifically, it is proposed that the link between HR and strategy depends on the type of strategy pursued by the organization; organizational culture influences the status of HR and its integration with the rest of the organization; the competencies of HR managers affect the status of HR and its link with organizational strategy; HR strategy or lack of it affects the HR function's vertical and horizontal fits; these factors all influence the outsourcing of HR activities.

Philip Worsfold (1999) in his thesis has studied the nature of HRM and the extent to which it is adopted by industry is reviewed. HRM in the hotel and catering industry is compared with other sectors of industry, including small to medium size organizations. The literature concerning HRM and performance is briefly reviewed and its relevance to service industries and the hotel industry is addressed. Service quality is identified as a performance indicator. Determinants of service quality are considered in relation to HRM. The need for additional research is identified.

Seyed-Mahmoud Aghazadeh, (1999) investigated three aspects of human resource management facing future challenges, personnel, technology and globalization. Suggested that the human resource professionals in a successful business must be able to attract and retain individuals who have the ability to manage a globally responsive business. Covers the use of technology for competitive advantage; advocates global strategies in operations management and empowerment of the individual.


20 SubbaRao et al (1999) in a study on Human Resource Management practices in small and medium size industrial units in Eritrea has found that the practices are traditional. Almost all the respondents felt that the employee-employer relations are highly cordial and innovative. The organizations did not design the jobs systematically but they had good outcome of systematic job design based on the option of job enrichment. The practices of human resource development like performance appraisal, skill acquisition and training mostly based on the judgment and on-the-job respectively. The union’s strength is very low.

21 Hsu Y-R, Leat M (2000) reported the results of a survey of human resource (HR) managers in manufacturing companies in Taiwan which examined whether - in line with the Human Resource Management (HRM) literature - responsibility for HRM activities in these Taiwanese firms is devolved to line managers, whether HR managers seek strategic integration and whether company size and ownership impact recruitment and selection processes and methods. Finds that, overall, HR managers believed that HR policy and organizational strategy should be fully integrated, that some HRM decisions were shared between line management and HR professionals and that line management appeared to have greater responsibility for workforce expansion/reduction, recruitment and selection and training and development. Observes, further, that the survey results provide


support for the argument that recruitment practices are culturally sensitive across national boundaries (since recruitment methods differed according to ownership). Proposes a framework for examining HRM in Taiwanese organizations and sets out how it differs from other models such as the Harvard model (Beer et al., 1984), Guest's model (1989a) and Storey's model (1992).

22 **Panda N.M. (2000)** in a study on Human Resource management in hotel industry in Nagaland has studied the size and structure of human resource and the practice of recruitment and the maintenance of the resources and has found that majority of the workers were paid monthly wage with some benefits like free meals, accommodation, medical expenditure, dress and in some cases Sunday allowance in addition to the salary package. Low satisfaction was found among the workers at floor level but it varies to enterprises.

23 **Stephen Gibb (2001)** in his research explored a range of arguments about trends in human resource management (HRM) provides contrasting evidence in evaluating the state of HRM. Methods using either fit with "best practice" or fit with contingencies as ways of evaluating the state of HRM have been foremost. Investigating the employees "point of view" has been proposed as an alternative in some recent studies. The research reported here is based on this alternative method.


It describes employees' views of HRM in their organizations based on a survey of 2,632 employees in 73 companies. The findings are that employees reported areas of strength in HRM that included training and development, rewards, and levels of personal motivation. Employees also rate the performance of HR staff highly across a range of services. Noticeable areas of weakness in HRM, in employees' estimations, exist in the management of staffing levels, aspects of recruitment and retention, communication, and with levels of morale in the organization as a whole. These findings justified a mixed but overall positive picture of the state of HRM. The problems of analyzing employee views of HRM in this type of study, to address arguments with evidence, are considered in conclusion.

24HRD Mechanism in Europe at the crossroads—Barry Nyhan (2002), this paper examined the concept and practice of HRD of HRD Mechanism from a European perspective. It located HRD, which is seen to refer specially to learning, training and development activities in companies, within the context of underlying ‘people-management’ theories (HRM) or what can be termed ‘industrial or working-life cultures’. This paper contrasts two theories of HRD derived from two different ways of conceiving HRM. The first of these, which is seen to have much in common with classical European industrial and working life values, is the ‘humanistic-development’ tradition. The competing model, which it is argued is growing in prominence in Europe, is characterized by an ‘instrumental-utilitarian’ way of looking at human resources. The paper concluded that at the present time HRD

policy makers in Europe are caught up in a debate about these two approaches. In fact, Europe can be seen to be at the crossroads searching for a signpost leading to human resources management and development policies that promote lifelong learning for everybody at work with the view to building a strong and sustainable economy.

Literature review on HRD Mechanism in Europe, Japan and USA; case studies of 28 large organizations in 7 European countries. The commonalities in outlook on HRD Mechanism in Europe, Japan and USA are more significant than the differences. This result may caused by the concentration in the study on large organizations, which share the context of the global economy. The inclusion of SMEs might have led to different results since these operate in varying regional and local economies.

\textsuperscript{25}Claire Teo and Lea Waters (2002) the Role of Human Resource Practices in Reducing Occupational Stress and Strain in the current study examined the occupational stress-strain relationship among a sample of 109 white-collar employees in Singapore. Participants completed a survey that assessed the presence of 8 human resource practices (job training, communication, job redesign, promotional opportunities, employee involvement, family-friendly policies, pay systems, and individual-focused stress interventions [SMIs]), 2 major stressors (role overload and responsibility), 2 types of strain (vocational and interpersonal), and organizational commitment. Results indicated that human resource (HR) practices

did not reduce the sources of stress (role overload and responsibility) within the workplace. However, there was a direct negative relationship between HR practices and interpersonal strain. In particular, family-friendly practices, job training, and SMIs reduced interpersonal strain. An examination of vocational strain showed that it was negatively associated with SMIs and job training. In addition, organizational commitment mediated the relationship between HR practices and vocational strain. It was concluded that HR practices may be effective as part of a symptom-directed approach to stress intervention and that further replication of these results in both Asian and Western samples is required.

Reza Kouhy and Rishma Vedd (2000) in a study on the “Performance measurement in strategic human resource management” Pressures such as increasing competition, technological developments and rapidly changing environments have forced organisations a) to be innovative and cost effective, b) to improve quality and productivity, and c) to be flexible and to search for strategies that will give a sustainable competitive advantage. By utilizing more effectively their human resources, organisations can enhance their competitiveness. Armstrong [1] suggested that in order to improve the performance, Human Resource Management (HRM) must be able to understand the language of Management Accounting (MA). MA is partly about providing information in the context of the Strategic Management process. This empirical study examined the current role of MA in relation to the entire Strategic Human Resource Management (SHRM) process using data from a

1998 survey of Finance Directors and Human Resource Directors in the UK's top companies with 1000 plus employees. The results revealed that management accountants do play a role in providing information for decision-making, setting targets, and performance measurement in the SHRM process. The views on the MA role in the future are that it should be as a more collaborative and partnership relationship with human resource managers.

27**Hamlin (2002)** European organizations tend to integrate their development practices; corporate strategy, organizational development, HRM and HRD. Their HRD strategies are more integrated in business than in Japanese and US organization.

28**Julia M. Christensen Hughes (2002)** in his paper presented a framework for understanding HRM: traditional HRM; integrative HRM; strategic HRM; and universal HRM. The author suggested that empirical support for universal HRM is growing and better described with a case study of one hospitality organization's "universal" approach to human resource management - Intrawest in British Columbia, Canada. "Best practices" included establishing a service-oriented culture, building a strong capital base, motivating employees, and providing employees with the opportunity to contribute. However, issues related to the level of employee commitment and organizational life cycle is raised. The paper argued that future

---


research should focus on the applicability of universal HRM for the hospitality industry as well as processes and measures for helping managers.

29Mitchell Langbert (2002) said that Human resource management’s challenge is to improve the balance among three competing quality targets: equity, flexibility, and alignment. Management of these targets has improved through four historical periods: the pre-industrial, paternalist, bureaucratic, and high performance. There always have been trade-offs among the three quality targets, but the balance among them has improved through history.

30Norihiko Takeuchi, et. al., (2003) expressed the Strategic HRM Configuration for Competitive Advantage: Evidence from Japanese Firms in China and Taiwan made a study to identified the pattern of HRM practices that would lead to an improvement in business performance in Chinese and Taiwanese-based Japanese affiliates in the light of a configurationally perspective, following the current debate in the field of strategic human resource management (SHRM). In particular, a set of working hypotheses regarding the structural relationship among HRM practices for producing enhanced business results was drawn from the organizational learning theoretical framework that emphasized a linkage between the process of learning and firm performance. Our conceptual model and specific


hypotheses were examined using a sample of 286 Japanese affiliates operating in Mainland China and Taiwan. The results provided basic support for the configurationally hypotheses in predicting the financial aspect of an affiliate's performance. It is argued that the findings of the study have several important implications for the untested relationships between high commitment work practices (HCWPs) and high performance work systems (HPWSs) from a Japanese management perspective.

Seyed-Mahmoud Aghazadeh, (2003) said that Human resource management must change as the business environment in which it operates changes. The author outlined the key challenges facing human resources managers as they move from simply handling personnel issues to making a strategic contribution to the future directions and development of an organization and demonstrates that human resources managers can contribute both to performance enhancement and cost reduction thus contributing directly to the productivity of the organization.

Bowen, D. E. and Ostroff, C. (2004) discussed on how human resource management (HRM) practices affect the firm performance. Develops a framework showing how HRM practices, as a system, can motivate employees to adopt desirable attitudes and behaviours and lead to desired firm outcomes such as


productivity, financial performance and competitive advantage. Distinguishes content and process as interrelated features of an HRM system. Discusses climate as a mediator of the HRM firm performance relationship, introducing the concept of situational strength and explaining how an organizational climate can act as a strong situation. Examined the features of an HRM system, explaining its strength in terms of its effectiveness in conveying the types of information needed to create a strong situation. The author reviewed HRM characteristics that can foster distinctiveness, consistency and consensus and Reflects on the consequences of the strength of the HRM system, argued that it leads to the emergence of collective perceptions (organizational climate) from individual perceptions (psychological climates).

33Camelo, et. al., (2004) examined the relationship between the various process of HRM, individually are the strategy of the company among 130 industries force that three distinct models of HRM but with behaviours of independent of the strategies are followed by the companies.

34Shay S. Tzafrir, The late Gedaliahu H. Harel, Yehuda Baruch, Shimon L. Dolan (2004) examined the consequences of emerging human resource management (HRM) practices for employees' trust in their managers from a combination of the theory of exchange and a resource base perspective. Using a


national sample of 230 respondents, the research reported here portrays the paths which link the consequences of emerging HRM practices to employees' trust in their managers. In this framework, HRM consequences represent a proxy in which managers' actions, behaviours, and procedures affect employees' trust in their managers. The results indicated a significant and positive influence of empowerment, organisational communication and procedural justice as determinants of employees' trust in their managers. Using structural equation analysis, findings also indicated that procedural justice mediates the impact of employee development on their trust in their managers. Implications for strategic HR policies in organisations and suggestions for future research are discussed.

35 Aradhana Khandekar and Anuradha Sharma (2005) analyzed the role of organizational learning and strategic human resource management (HRM) in sustainable competitive advantage. To carry out the study, the survey method was been used. The empirical research was done on a random sample of 300 line or human resource (HR) managers from nine Indian and foreign global organizations, chosen purposefully from New Delhi (the national capital region of India). Percentages, means, cross tabulation, Pearson's correlation, one-way analysis of variance, inter-item analysis and Cronbach alpha were used for data analysis using SPSS package 10. The study revealed that there is a positive relationship between organizational learning, strategic HRM and sustainable competitive advantage. Research limitations and implications show that large samples from different Indian

companies, especially middle and small-scale industries, and longitudinal studies with qualitative and quantitative research design can strengthen the current study. The study recommended that work based learning strategies and HR interventions involving people can help in developing strategic capabilities for sustainable competitive advantage. No empirical work has been carried out to study organizational learning, strategic HRM and sustainable competitive advantage in an Indian context. The present study was thus undertaken to study their relationship for sustainable competitive advantage. The study is going to be of immense importance not only for the management field, but also for the corporate world to know what is happening in India in the HRM and organizational learning field and to chalk out their strategic policies and HRM with this perspective.

36 Benoit Mahy, Robert Plasman and Francois Rycx, (2005) aimed to stimulate discussion on the “Econometrics of labour demand”. They focused on aspects of HRM, including incentive pay schemes, job satisfaction, promotion and social concerns.

37 Elizabeth F. Cabreral and Jose M. Carretero, (2005) "Human Resource Management in Spain: Are Cultural Barriers Preventing the Adoption of Global Practices?" in this paper addresses the extent to which culture is affecting the


adoption of global human resource management (HRM) practices by Spanish organizations. One of our main objectives was to offer a thorough review of the recent empirical evidence regarding HRM practices in Spanish organizations. Another goal was to discuss these findings in light of the Spanish culture in order to identify possible cultural barriers to the adoption of global HRM practices. Our results suggested that Spanish organizations are slowly adopting global practices; however, many traditional practices remain. We suggested that the cultural variables of low future orientation, high power distance, and low institutional collectivism may exert continuing pressures that will hinder the adoption of certain global HRM practices.

Fiona Edgar and Alan Geare, (2005) said that statistically significant results were obtained between HRM practice and employee attitudes, but only when employee reports of the strength of HRM practice were used to measure HRM Research limitations/implications. The study emphasized that care must be taken in HRM research to use suitable data sources, with employees being a valuable, but under-used, source.

Victor Oltra, (2005) in his study within the search of the key factors that explained the knowledge management (KM) effectiveness aims to advance a simultaneously conceptual and practical framework that links human resource


management (HRM) and KM. A literature based preliminary framework assumed that a number of critical KM characteristics and KM related human resource (HR) practices impact on KM effectiveness. Qualitative methods are used for data collection and analysis. Three knowledge-intensive Spanish business units of multinational companies are the target case-study settings. Results suggested that systematic patterns were found regarding the impact of critical KM characteristics and KM related HR practices on KM effectiveness. An induced framework, encompassing a number of specific variables and propositions, is developed. Research limitations and implications show that lack of a longitudinal study demands caution in the results interpretation. Also, similar studies in cultural contexts other than Spain could produce differing results. Moreover, further qualitative methods would be helpful for explanatory framework refinement, whereas quantitative surveys would test propositions, thus assessing the statistical generalisability of the results. Practical implications show that KM enhancing recommendations for practitioners are discussed. Special emphasis is placed on the great complexity that social and cultural issues pose on KM, and on senior managers' key actions aimed at involving the HR function more in KM strategy development. The study tackles KM related social and cultural issues through a broad but practical HRM perspective. It helps to advance a better understanding of the causes of KM success or failure, useful both to academics seeking theory building and to practitioners interested in insightful advice.
Zhongming Wang (2005) said that personnel strategy could play a crucial role in enhancing the effects of human resources management (HRM) and entrepreneurship by supporting the main dimensions of HRM. The system strategy was used to facilitate technology innovation through knowledge management while the organizational strategy was adopted to create positive organizational culture and high performance systems.

Luc Sel, et. al., (2006) in a study on the “Examination of the Impact of HRM Intensity on the Productivity and Financial Performance of Small Businesses,” attempted to explore empirically the link between HRM and firm performances are numerous. Yet, research on this link remains restricted to large companies. Little is known about the extent to which the existing results extend to small businesses. The purpose of the present study is to develop and test a conceptual framework linking HRM to financial performance that fits small businesses. The central question is whether the development of an intensive HRM is profitable for smaller organizations. For the development and optimization of the conceptual framework, we rely on human capital theory and bankruptcy prediction models. Using structural equation modeling, we study the mediating effect of voluntary turnover and productivity on the relationship between HRM intensity and one year lagged.


financial performance. The results indicated both productivity and profitability enhancing effects as well as a cost increasing impact of HRM intensity.

42Michael J. Morley, Patrick Gunnigle, Michelle O'Sullivan, David G. Collings (2006) in their study introduced a special issue, which brings together five papers exploring the changing anatomy of HRM at organisational level. The authors briefly contextualized the theme and introduce the five selected empirical papers. The findings in this paper vary according to the core theme of each of the five contributions. The first paper highlighted whether the mix of distributed HR activities between the HR department and internal/external agents may be understood to be less a product of contextual influences and more a matter of corporate choice. The second paper established that role dissonance is a very real issue for middle managers with HR responsibilities. The third paper exposed the complexities and challenges involved in changing existing HRM procedures and practices in a post-merger scenario. The fourth paper provided an understanding of the management of human resource supply chains and outlines five, empirically derived, generic models of HR outsourcing. The final paper found that human resource IT diffusion and take-up is primarily fuelled by interpersonal communication and network interactions among potential adopters. Originality/value combined, the papers offer insights on the changing anatomy of the HRM function against the backdrop of a dynamic contemporary organisational landscape and showcase cross-national research on the theme.

Pawan S. Budhwar, (2006) in a study on “The dynamics of HRM systems in Indian BPO firms” highlighted the context within which business process outsourcing (BPO) has rapidly grown in India and the critical need to investigate the dynamics of human resource management (HRM) practices and systems in this sector. Using a mixed method approach involving both in depth interviews and self-completing questionnaires, we analyzed the nature of HRM systems in BPO organizations operating in India. The analysis is based on a sample of 51 BPO companies, a majority of which are located near the capital of New Delhi. The results are focused on the nature and structure of work and organization of Indian BPOs, as well as the strategic role played by HRM in such organizations. Furthermore, the findings highlighted the way specific HRM practices such as recruitment, performance appraisal, training and development, and compensations are implemented. Our study suggested the existence of formal, structured, and rationalized HRM systems in Indian BPOs. A number of insights related to HRM policies and practices are shared by the HR managers interviewed shedding more light on the inner workings of the Indian BPO companies and their challenges. The analysis provided original and useful information to both academics and practitioners and opens avenues for future research on the nature of HRM systems and practices in the Indian BPO industry.

"Managing human resources towards achieving organisational learning" has found that the role of human resource management in learning organisations has been discussed by a number of researchers. However, there is a lack of empirical studies that explored the relationship between human resource practices and organisational learning. This paper aimed to address this shortcoming. More specifically, the purpose of this paper is to analyze the relation between four HR practices (hiring, training, compensation and decision-making) and organisational learning. The hypotheses proposed are tested on a sample of 195 Spanish companies using the structural equation modeling technique. The results supported the view that selective hiring, strategic training, contingent rewards and employee participation in the decision-making positively influence organisational learning.

David Urbano and Desislava Yordanova (2007) in their study on "Determinants of the adoption of HRM practices in tourism SMEs in Spain:" an exploratory study, explored the relationship between the adoption of HRM practices in Small and Medium-sized Enterprises (SMEs) and the characteristics of the firm and the person responsible for HRM. We proposed a conceptual model based on the resource based view, which is tested with quantitative data from 164 tourism's SMEs in Catalonia (Spain). As predicted, the adoption of HRM practices is

---


positively associated with the presence of an HRM department. Also, SMEs in which the person responsible for HRM has previous experience in similar positions are greater adopters of HRM practices. Finally, SMEs which cooperated with other organizations are more likely to implement HRM practices.

Mohinder Chand and Anastasia A. Katou (2007) in his study has dealt with two-fold purposes: to investigate whether some specific characteristics of hotels affect organisational performance in the hotel industry in India; and to investigate whether some HRM systems affect organisational performance in the hotel industry in India. For his study had taken of a total of 439 hotels, ranging from three-star to five-star deluxe, responded to a self-administered questionnaire that measured 27 HRM practices, five organisational performance variables, and ten demographic variables. Factor analysis was performed to identify HRM systems, one-way ANOVA was employed to test the association of the demographic variables with organisational performance, and correlation analysis was used to test the relation between HRM systems and organisational performance. The results indicated that hotel performance is positively associated with hotel category and type of hotel (chain or individual). Furthermore, hotel performance is positively related to the HRM systems of recruitment and selection, manpower planning, job design, training and development, quality circle, and pay systems. Research limitations and implications suggested that Single respondent bias may have occurred because a single respondent from each organisation provided information.

on HRM practices and perceived measures of organizational performance. The sample was drawn from the population of best performing hotels in India, so is not representative of the hotel industry in India. Practical implications, if hotels are to achieve higher performance levels, they should preferably belong to a chain and increase their category, and management should focus on “best” HRM practices indicated in the study. The study makes a modest attempt to add information to the very little empirical knowledge available referring to the link between HRM and performance in the hotel industry.

47Shanshi Liu, et. al., (2007) in search of the best human resource practices in chain stores made on the human resources (HR) practices from 83 chain stores in China. It differentiated managerial staff and operating employees according to different types of HR configurations. It also identified high and low adoption based on bundling of HR practices using cluster analysis. The impact of HR practices alignment on enhancing firm performance was evaluated using high adoption cluster. The findings advanced our knowledge in the High Performance Work Systems literature and offered important insights for executives in formulating effective HR management strategies.

47Shanshi Liu, Gang Chao and chow Irene Hau-siu, (2007). In search of the best human resource practices in chain Stores in China, Frontiers of Business Research in china, Volume 1, Number 1/ February.
Karin Sanders, Luc Dorenbosch and Renee de Reuver (2008) analyzed whether individual perceptions of an HRM system - distinctiveness, consistency and consensus – and shared perceptions of HRM (climate strength) are positively related to affective commitment in the organization. They examined if climate strength has a mediating effect in the relationship between the individual perceptions of an HRM system and affective commitment. The study was conducted with data from 671 employees, 67 line-managers and 32 HR-managers within four hospitals was used. Results of two-level analyses (department, employee) showed that the perception of distinctiveness, consistency and climate strength, as expected are positively related to affective commitment. Instead of a mediating effect of climate strength a moderator effect was found: the relationship between consistency and affective commitment is stronger when climate strength is high. Research limitations and implications show that the researchers offered some recommendations to focus on the process of HRM (in terms of distinctiveness, consistency and consensus), and on the importance of shared perceptions within a department. The study also showed the impact of aspects of the process of HRM on the individual level, and shared perceptions of high commitment HRM on the department level on affective commitment of employees.

Nicole Renee Baptiste, (2008) showed that, though essential, the achievement of business-oriented performance outcomes has obscured the importance of employee wellbeing at work, which is a neglected area of inquiry within the field of human resource management. Instead the emphasis typically placed on the business case for HRM suggested a one-sided focus on organisational outcomes at the expense of employees. With this in mind, this paper seeks to examine the effects of HRM practices on employee wellbeing and performance. Data were collected from a public sector (local government) organisation to identify the link between HRM practices, employee wellbeing at work, and performance. A preliminary staff survey of employees provides a brief overview of the link between HRM practices, employee wellbeing at work and performance. Findings show that HRM practices adopted have a significant impact on employee wellbeing at work and tend to be more positive than negative. Overall a consistent result in the study was that management relationship behaviour in the form of support and development of trust, promoted employee wellbeing at work amongst workers. In general, the findings proved helpful to human resource practitioners', management, policy makers and business practice. Moreover, the promotion of wellbeing at work is not likely to be a result of the HRM practices but can be linked to line management leadership and relationships. Practical implications show that the importance of management relationships, support and employees' trust was found to predict wellbeing at work. The decision by management to embrace the business case for employee wellbeing at work is likely to complement more conventional methods of

improving employee attitudes and productivity, which in turn can enhance organisational effectiveness and decision making.

50 Osman, I. Ho, T. C. F. and Galang, M. C., (2011) found that HR practices contributes to the enhanced firm’s performance. Further, they found that the effectiveness of implementing HR practices in a firm does indeed have a major impact towards a firm’s performance. The result indicated that HR practices like training, employee participation in decision-making was found significantly related with the firm’s performance. The findings also show that HR practices have an impact of nearly 50 percent on firm performance.