ABSTRACT

Previous research suggests that firms can gain sustainable competitive advantage through strategically managing their human resources. Strategic human resource management (HRM) is a strategic approach to manage human resources of an organisation. Compared with technical HRM, strategic HRM is considered a relatively new concept, despite its continuous development over the past two and a half decades. The traditional HRM function covers a wide range of practices, including recruitment and selection, performance management, training and development and rewards and compensation and employee relations. By combining the HRM function with business strategy, strategic HRM reflects a more flexible arrangement and utilisation of human resources to achieve the organisational goals, and accordingly helps organisations gain a competitive advantage.

The congruence between HR practice and business strategy has been emphasised in studies related to strategic HRM, which primarily emphasizes on alignment of HR strategy with the business strategy of a firm. There are several empirical studies on the relationship between strategic HRM and organisational performance. However, most of this research pertains to the Western economies. There are few studies available in this area in Indian context. It remains unclear about how the performance of firms in India would be impacted by strategic HRM practices.

This study is an attempt to investigate the impact on operational efficiency of small IT firms of the strategic HRM practices. Strategic HRM underpins the interactive role of HRM practices and their relationship with the organisational strategy. In this study, HRM practices impacting organisational performance in financial and non-financial domains have been studied and relative influence of the different practices has been analysed.