Chapter II
Review of Literature

This chapter deals with the overall review of the literature available on the present topic. Literature is the most important part of any research. In this topic, the review is taken for research articles and books regarding the research topic. This chapter is divided into two parts i.e. Review of Research Articles, Review of Books, thesis and other related published or unpublished literature available on the concerned topic.

Review of Research Articles
The importance of human resources has received much attention in recent years. At a macro level, endogenous growth theories suggest the accumulation of human capital constitutes the main engine of macro-economic growth (Lucas, 1988, 1993; Romer, 1987, 1996; Mankiw et al., 1992). At a micro level, resource-based theory points to the human capital of employees as a major source for sustained competitive advantage for individual firms (Ferligoj et al., 1997; Koch and McGrath, 1996; Wright et al., 1994).

Due to the increasing importance of human capital, which to a large extent is related to developments in information and communication technologies, current western economies are described as knowledge-based economies.

The increased importance of human capital is apparent at both the demand and the supply side of the labour market. However, an adequate supply of and demand for highly qualified labour is in itself not enough
to guarantee economic progress; for each individual firm, supply of and demand for labour and human capital must be matched.

Companies in the knowledge-based economy are challenged to meet their demand for highly trained employees in labour markets characterized by a shortage of qualified labour (Audretsch and Thurik, 2000, 2001). Human resources are becoming more important, and therefore also the management of these resources.

At the same time, the knowledge-based economy is characterized by an increasing share of small and medium-sized enterprises or SMEs (Audretsch and Thurik, 2000; Audretsch et al., 2002). Generally speaking, small firms pay less attention to human resource management or HRM than their larger counterparts do (Barron et al., 1987; Hornsby and Kuratko, 1990). Thus, while on the one hand the rise of the knowledge based economy increases the importance of human resource management, the increase of the SME sector, which employs roughly half of all employees, is associated with a decrease of HRM practices.

Does the combination of these developments pose a threat to the success of knowledge based economies? Our current understanding of HRM practices within SMEs is as yet insufficient to provide an answer to this question. As Heneman et al. (2000) conclude after a literature review of more than 400 articles, the available literature “appears to be rich in prescriptions, limited in sound descriptive surveys, and sparse in analytical research”.

Especially quantitative studies, in which hypotheses on HRM within small firms are specified and tested empirically, are lacking (Heneman
et al., 2000, page 15). The aim of this PhD thesis is to increase our understanding of HRM practices within SMEs. On the one hand, we shall investigate determinants of HRM practices. Small and medium-sized firms differ from each other in their application of HRM practices, and we shall examine how these differences may be explained by various organizational characteristics. This is examined both for HRM practices in general, and for a specific field of HRM practices (precautionary actions to reduce absenteeism). On the other hand, the impact of HRM practices will be considered. Again, both the impact of HRM practices in general and the impact of specific HRM practices (firm-provided training) is examined.

Most studies on HRD within SMEs are based on qualitative studies, as Heneman et al. (2000) have recently documented in a literature review on this topic amongst 28 different publications. 403 articles on HRD were identified, of which 129 specifically addressed human resource topics in SMEs. Only 14 of these apply quantitative methods to analyze the available information. They conclude that “the lack of information about human resources in SMEs is problematic for theory, research and practice” (Heneman et al., 2000, page 11).

The available empirical information on HRD within SMEs suggests that smaller firms make less use of high performance HRD practices than larger organizations do (Barron et al., 1987; Hornsby and Kuratko, 1990). This is in line with the finding that small organizations are in general more likely to operate in an informal and flexible manner than larger firms are. For instance, Koch and McGrath (1996) find that, in general, firm size is positively related with the incidence of HRD planning and formal training, and with the level of overall HRD
sophistication. Westhead and Storey (1997, 1999) find that both managers and employees are less likely to get formal training in a small firm. In a study by Jackson et al. (1989), smaller companies are found to have less formalized performance appraisals, less likelihood of bonuses based on company productivity and less training than do larger companies (with more than 1,000 employees). Aldrich and Langton (1997) find that larger companies have more formalized recruitment practices. Firm size is, however, not the only factor in predicting HRD practices: a large heterogeneity exists in the type and formalization of HRD practices found among smaller firms.

These articles have been published in only three different journals: Journal of Small Business Management (11 articles), Frontiers of Entrepreneurship Theory (2 articles) and Journal of Occupational and Organizational Psychology (1 article). Heneman et al. (2000) mention 17 empirical articles instead of 14, but three articles focus on self-employed people without personnel.

In attempts to explain these HRD patterns, some scholars argue that an informal approach is more suited to the small firm. For instance, Hill and Stewart (1999) suggest that smaller firms should be more flexible and informal to be able to cope with the higher levels of environmental uncertainty. By contrast, others argue that it is lack of foresight and/or resources that leads to less use of formal high performance HRD practices in small businesses. For instance, Hendry et al. (1991) conclude that owners of small companies view any training beyond the level necessary to perform their immediate jobs as a luxury to be provided only when the firm is making large profits. And Golhar and Deshpande (1997) argue that a lack of
understanding of HRD issues by small business owners may be one of the explanations for firm-size differences in HRD practices.

In addition to being characterized as informal, small firms are often held to be less specialized than larger firms (Bacon et al., 1996; Jackson et al., 1989; Wagner, 1997). Employees in smaller firms often have to perform a greater variety of tasks than do employees in larger firms, and specialists are less likely to be found in smaller firms. Heneman and Berkley (1999) confirm this trend within the HRD function. In a random sample of 117 companies with less than 100 employees, they find that only 15 have an HRD department.

In spite of the above-mentioned studies, growing evidence, largely derived from case studies and small pilot studies, suggests that HRD practices can be more sophisticated than expected in the typical small firm (Arthur and Hendry, 1990; Bacon et al., 1996; Curran et al., 1993; Deshpande and Golhar, 1994; Hendry et al., 1991; Hornsby and Kuratko, 1990; Marlow and Patton, 1993). For example, Deshpande and Golhar (1994) find HRD practices within many small manufacturing firms to be as sophisticated as those in larger companies. Similarly, Hornsby and Kuratko (1990) find that while firms of all sizes use primarily informal recruitment and selection techniques (mainly employee referrals and the interview), that even among small firms, HRD practices are often more sophisticated than they had expected. Using a small set of cases, Hill and Stewart (1999) also demonstrate variation in level of sophistication of HRD practices among smaller organizations.
It must be acknowledged that there are controversies of defining the concept of human resource management, especially when compared with previous personnel management and industrial relations which have had great influence in the western management theories. An argument on what is the essence of human resource management theory is still an on-going debate. A review and research agenda put forth by Guest (1997) has endeavored to pull all those arguments together and this paper summarizes his points on the theory of HRM and its link with performance as follows.

1. There are three types of theory about HRM, namely strategic, descriptive and normative. Strategic theories of HRM are primarily concerned with the relationship between a range of possible external contingencies and HRM policy and practice. They hypothesize that those firms that have a fit between business strategy, structure and HRM policy and practice will have superior performance.

Descriptive theories of HRM attempt to capture the broad field and to address some of the interrelationships between HRM policy and practice and key outcomes. The theories emphasize that the essential inputs of a fit of HRM policy and practice such as creating employee influence, enforcing HR flow, setting incentive rewards system and pleasant work systems will lead to four key HR outcomes (i.e. 4C commitment, competence, congruence and cost effectiveness as shown in Beer et al (1984)’s model) that will produce low labour turnover, loyal and faithful team of employees who commit themselves to an organization’s profit, goodwill and effectiveness as well as to improve their individual well-being, ultimately to create social well being to the whole society (Beaumont 1993). Normative theories of HRM are more prescriptive in their
approach. They provide a basis for prescribed best practice or that a set of values that indicates best practice, and hypothesize that an integrated set of HRM practices is applied with a view to achieving the normative goals of high commitment to the organization plus high quality and flexibility, then higher worker performance will result, assuming that higher worker performance would have a positive impact on organizational performance.

2. According to Guest, there is no general theory about performance per se. It is often rather troublesome to link job satisfaction with firm performance. In the sense, a firm with high growth may not necessarily has good HRM outcomes from all staff. Nonetheless, we can still distinguish the content of performance, and try to provide some measures of performance by looking at firm’s output (sales and production), time (including lateness, absence, lost working time, failure to meet deadlines), financial indicators which could include a large array of possibilities (i.e. profit, expansion plan etc.), and lastly staff attitude on work and their professionalism. By these exercises, the performance theory concludes that there may be some linkages within a broad view of performance which could explore causal links between HRM and performance.

In addition to Guest's review on HRM and performance, there is a growing body of literatures that support the correlation between high performance as a result of HRM practice and various measures of firm performance. Poole & Jenkins (1996) examined the development of comprehensive human resource management policies by surveying 909 firms in Britain, and found that HRM is one of the major keys for firms to gain a competitive edge or a lasting and sustained advantage over their competitors in the modern world. Results from Purchell (1995)’s
quantitative analysis on 176 companies show that there is no direct link between human resource management strategy and corporate strategy, it is obvious though that from resource-based approach, unique human resource capabilities - development of a core competence will create competitive advantage for firms, hence could contribute to profits and growth.

Dunphy and Stace (1992) seem to echo Purchell in linking business strategy with human performance and argue that people themselves and their skills are the key to added value, the management of people becomes the critical factor in achieving organizational excellence, hence HRM should be included in setting up firms’ business strategy. Wong et al (1997)’s study looked at management training and development based on intensive survey and interviews on 138 firms during 1990-1991, and displayed the subtle impact of management training and development on the organization and performance of small and medium enterprises. Other studies (Bratto & Gold 1994, Bearwell & Holden 1994 and Storey 1995) demonstrated that a firm’s drive to improve performance and pursue ‘excellence’ leads to the greater emphasis on HRM. These studies have indicated that HRM policies and practices contribute to business success, hence there are interrelationships between HRM and organizational performance.

Nonetheless, some empirical studies dispute the above results. Among them, the most interesting one was the study done by Lee and Chee (1996) who examined 48 South Korean manufacturing firms and concluded that business strategy is certainly associated with company financial performance, but participative HR strategy and its interaction with the business strategy are not related to organizational performance.
It could be because Lee and Chee used the four variables of power, information, reward and knowledge within the participative HR strategy that aren’t fully applicable to the cases of South Korean firms. It could also be possible that HRM is too remote to the firm’s performance to reveal any meaningful direct impact. It may increase employees productivity (per capita value added), but not necessarily the firm’s overall performance.

Hence, to achieve the better organizational performance, it would be necessary to relate the principles of human resource management to business success under different set of competitive strategies.

That leads to our last discussion on the theory of HRM and performance which is the theory of ‘fitness’ or ‘integration’. Essentially they suggest that the various types of HRM fit can be ordered along two dimensions of Internal-External fit and Criterion specific or Criterion free. (figure 1)

Fit as strategic interaction seeks to link HR practices to the external context and reflects the standard strategic approach. A firm makes choice to respond to and interact with the existing environment. HR strategy and practice would be matched to that choice. Firms with appropriate response and the right match will report superior performance mainly measured by specific financial criteria.
Figure No: 2.1
Forms of HRM FIT

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<th>Criterion Specific</th>
<th>Criterion Free</th>
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<td><strong>Internal</strong></td>
<td>Fit to an ideal set of practices</td>
<td>Fit as gestalt</td>
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<td>Fit as bundles</td>
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<td><strong>External</strong></td>
<td>Fit as strategic interaction</td>
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Fit as contingency looks at the external factors such as the nature of market, legislation changes or characteristics of industry etc. and suggests that firms with HR policy and practice responsive to these external factors will obtain superior performance.

Fit to an ideal set of practices believes that there is a set of ‘best HRM practices’, if firms move closer to the ideal type, it will achieve higher performance.

Fit as gestalt or Fit as ‘bundles’ assumes there is a structure or configuration that is so integrated that the sum of ‘bundle’ of practices is better than the partial practice. Fit as gestalt stresses the synergistic combination of all HRM practice, and emphasizes that if only taking one element of HRM i.e. pay or training, it may distort the whole picture. In principle, the approach differs from the ideal type of fit which specifies the dimension of HRM practice, and the ‘bundles’ approach which emphasizes on multiplication rather than additive effect. The gestalt implies that if one key aspect of HRM is missing, the theory may not exist. While in
principle, Fit as ‘bundles’ implies there may be a number of possible combinations of practices which will lead to high performance: for instance, some firm may emphasize job security as importance for the retention of competent staff, while other prefer training and development. This approach allows some substitution as long as a distinctive core of HRM practice within the firm is maintained.

Chinese small and medium enterprises are operating under the transitional economy, and HR functions in most of firms have been directed slowly away from the previous mode of planned organism and transformed toward modes more related to a market-oriented system. While most of western enterprises operate under free market system, they tend to be inward-looking, and start their HRM approach from pursuing internal set of ideal practices to improve internal management and achieve fitness for gaining market advantages. Once that is established, strategic human resource management approaches are sought to respond to increasing changing external environment to gain competitiveness. Chinese enterprise may well be an opposite case.

It started with the government’s open policy which brought in competition. Firms (particularly state owned enterprises) have been challenged first for profitability, then market competitiveness. If the state could exercise intervention to keep profitability and market competitiveness by price control (i.e. distorted price as mostly reflected as monopolized pricing policies), internal management to solve inefficiency problem would be largely ignored. So enterprise performance is largely affected by external factors such as the nature of market, legislation changes and own industry characteristics. Firms tend to set up business strategies to respond to these changes, and HRM
strategy and practice (if necessary) would be set up to match the focused objective of achieving profitability and market advantages. Hence, to examine the relationship of HRM practice and enterprise performance in Chinese enterprises, the concept of “fit as strategic interaction” and “fit as contingency” is more applicable in the sense they emphasize more on external factors as determinants of designing HR policy and practice.

We will need to hypothesize and test whether specific criteria of strategic interaction and contingency approach are applicable in Chinese enterprise performance. To do this, we use 74 SMEs interviewed in China as the sample for examination, and we will need to come back to this point of discussion in the later section of this paper.

What is needed here now is to define HRM (Table 1) which has theoretically been an issue for some time. Why should HRM attract so much attention? How could firms benefit from practicing HRM? What are some elements or ‘bundles’ of best practice of HRM? What is the core of HRM practice?

HRM attracts much attention because it has been portrayed as being a radical, integrated and consistent approach to tie people management to business objective. It goes beyond personnel management which emphasizes on technical skills and day-today function such as recruitment and selection, training, salary administration and employee relations. HRM takes a more proactive view by looking at people in economic terms as assets and liabilities which can be actively managed. Each element of HRM are integrated to fit into a pattern which ultimately meets business needs.
HRM is seen to be holistic, focusing more on conceptual, higher-level concerns such as the structure and culture of the organization and the provision of necessary competencies. HRM consistently uses organization’s reward systems, performance measures, promotion and learning opportunities to maximize the utilization of its human resources. In particular, they focus on the attitudes, beliefs and commitment of employees to achieve behavioral consistency and a culture of commitment that will lead firms to a higher level of productivity, profitability and competitiveness (Price, 1997:12-13).

According to Price (1997), there are a half of dozen of definitions of HRM (see Table 1), but the essence of HRM is as simple as to “get work done” through strategic selection of suitable staff, training and development of competent & skilled workers, provision of incentive reward systems to retain employees and overall flow of management communication, performance appraisal to increase level of transparency and plus harmonious industrial relations to reduce conflicts and achieve cost effectiveness.

In the context of Chinese enterprises, it is assumed that elements or ‘bundles’ of best (or better) practice of HRM would be those practices that concern:

- selection of suitable staff from market, not allocated by the state as the planned system exercised previously;
- provision of incentive reward systems by at least linking performance with payment, and practicing effective welfare scheme that will promote retention of best staff, instead of having standardized rigid wage system and
- ‘cradle to grave’ social welfare system (Goodall and Warner, 1997); training and development of competent and skilled workers on on-going
basis to match job descriptions & requirements rather than zhuang ye bu dui kou - work in the area with no special skills;

- increasing level of transparency by exercising institutionalized performance appraisal to promote staff in stead of promotion of staff based on superiors’ personal opinions toward and relationship with subordinates as well as the length of services in firms, also by overall flow of management communication to encourage staff participation in management instead of having only Party’s authoritarian leadership over enterprise management;

- exercising appropriate labor union’s power to create cohesion and to truly protect staff (workers) interest and clarify labor management relationship.

Reviewing past limited studies on HRM practice in Chinese enterprises, it is found that their main focuses were on Chinese personnel system reforms and the differences between HRM practice in Chinese-owned enterprises and western HRM models within large and medium size enterprises including joint ventures. Such studies include Warner (1997a)’s discussion on labor contract (selection process), payment systems (remuneration), social insurance (retention) systems reforms; Goodall and Warner (1997)’s research on selected case studies in Shanghai and Beijing to see whether HRM practice in Chinese joint ventures have blended with Chinese characteristics of ‘iron rice bowl’ syndromes. Similar exercises were carried out by Ding et al (1997), Lu & Bjorkman (1997) and Tsang (1994), except their variables have been further extended to training and development, influence of trade union (or worker representatives), dismissal, equal employment opportunity and employee participation in management. There is no such study so far as to examine HRM practice in small and medium enterprises - the sector which has contributed significantly to economic growth since the
reform had started 20 years ago. It is therefore significant to evaluate the relationship between HRM practice and SME performance in order to identify some essential factors within HRM framework to assist Chinese SMEs to grow, ultimately they may contribute to sustainable economic development in China.

**Main Findings**
Research on HRD within SMEs is still in an explorative stage. By and large, empirical studies are of a descriptive nature. A sound theoretical underpinning or perspective seems to be lacking, and the empirical part is generally limited to a presentation and discussion of the results of a questionnaire or a number of case studies. The practice of deriving and testing hypotheses has not yet become customary. In fact, Kotey and Meredith (1997) is the only identified example of this practice. Notwithstanding these limitations, some conclusions may be drawn.

**Unique approaches to HRD within SMEs: well documented**
The majority of empirical studies describes HRD practices that are applied by small and medium-sized enterprises. Some studies focus on a specific field of HRD, but most studies include various aspects of HRD. We may conclude from these studies that smaller firms generally have less sophisticated HRD practices, but a substantial amount of unexplained variation still remains across small firms.

The general impression that research on HRD within SMEs is still in an explorative stage does not apply to all fields of HRD practices. Especially research into wage differentials between small and large firms has moved well beyond this stage. On average, smaller firms
pay lower wages to (observably equal) employees than larger firms do (Audretsch et al., 1999; Barron et al., 1987; Oosterbeek and Van Praag, 1995). Using data from the Netherlands, Oosterbeek and Van Praag (1995) find support for a screening view on hiring decisions to explain this finding. Large firms are assumed to have higher monitoring costs (due to the size of their labour force), which increases the benefits of screening for workers with high abilities. They conclude that “large firms are incapable of observing workers’ ability, but by offering a higher rate of return on schooling they succeed in attracting the most able workers” (Oosterbeek and Van Praag, 1995, page 181).

Various studies address the question whether the applied HRD practices are applied with a specific goal in mind and integrated with other (HRD) practices, or whether they are the result of legal obligations and ad hoc decisions. In other words, to which extent does the way in which these firms manage their workforce satisfy normative HRD models. The general notion seems to be that way in which SMEs manage their employees resembles the “bleak house” concept, where employment relations can be “typified by direct management control, poor terms and conditions, high staff turnover and little training” (Bacon et al., 1996, page 82). The finding that smaller firms, in general, pay lower wages and provide less training than larger firms do (Black et al., 1999; Barron et al., 1987; Patton et al., 2000) seems to support this notion. In addition, it is argued that “individual HRD changes in most organizations do not add up to a consistent integrated package deriving from a long-term coherent management strategy” (Duberley and Walley, 1995, page 905).
Nevertheless, various authors claim that this general notion is incorrect, or at least doesn’t apply to a large group of SMEs (Hill and Stewart, 1999; Hornsby and Kuratko, 1990). Small and medium-sized enterprises may even have a behavioural advantage over large firms when it comes to managing employment relationships: “The lack of formal or professional policy towards employee management enables flexibility within the labour process, and an individual approach to the employment relationship. This is further facilitated by the lack of collective employee representation which owners and managers consider unnecessary, because of the quality of the employment relationship which has a classic unitarist framework. Paradoxically, however, the very lack of formal implementation raises a debate as to whether these practices are indeed HRD as they lack strategic foresight.” (Marlow and Patton, 1993, page 63).

Heneman and Berkley (1999) focus on recruitment and selection practices, while Hill and Stewart (1999) and Goss et al. (1994) limit their attention towards training.

It is interesting to note that this stylized fact has been studied within the field of labour economics, but seems to be ignored in the literature on HRD within SMEs.

DETERMINANTS OF HRD PRACTICES: RELEVANCE OF CONTEXTUAL AND STRUCTURAL DIMENSIONS HAS RECEIVED LESS ATTENTION

How may we explain differences in HRD practices that exist between small and medium-sized enterprises? The relevance of contextual and structural dimensions (other than firm size itself) has been examined in a limited number of studies. For example, Duberley and Walley
(1995) discuss the relevance of firm age, presence of an HRD department, business ownership, level of unionization and strategy. Kote and Meredith (1997) include goals and values of the entrepreneur as relevant characteristics. The results of these studies are, however, mixed, amongst others due to limited sample sizes. All in all, the majority of empirical studies on HRD within SMEs doesn’t seem to pay systematic attention to other organizational dimensions besides firm size.

The relationship between HRD and performance is receiving much attention in HRD studies amongst large firms. Amongst small and medium-sized enterprises, this topic is still very much terra incognita. Two studies have been identified that examine the relationship between HRD practices and performance measurements: Heneman and Berkley (1999) examine how HRD practices in the field of recruitment and selection affect outcomes of the recruitment and selection process, while Kotey and Meredith (1997) study relationships between personal values of business owners, business strategy and organizational performance. In both studies, positive relationships are found.

Generalization of results of existing studies on HRD within SMEs is not without difficulties. This is especially due to the differences in the size of the firms that are included in the samples. For example, Hornsby and Kuratko (1990) investigate firms with 1-150 employees. Within that sample, differences between smaller and larger firms are identified. Jackson et al. (1989) and Deshpande and Golhar (1994) define small firms as those with less than 250 employees, and Golhar and Deshpande (1997) use a size class boundary of 500 employees. Lower boundaries on the number of employees also differ between studies, and range from 1 employee (Hornsby and Kuratko, 1990),
through 10 employees (Deshpande and Golhar, 1994) and 15 employees (Bacon et al., 1996) to a minimum of 100 employees (Duberley and Walley, 1995) or even 250 employees (Snell, 1992). Other studies mention firm-size effects, but present no information on the size of organizations within their sample (Barron et al., 1987).

**General Research Agenda**

The main findings presented in the previous section indicate that there is still a lot to learn about human resource management within small and medium-sized enterprises. We are in need of theoretical studies as well as empirical research to test these theories. In this section we propose a research agenda, which should help us to move beyond the current explorative research phase. This research agenda distinguishes three main themes: the approaches to HRD that are found within SMEs, determinants of these HRD practices, and their impact.

**Unique Approaches to HRD Within SMEs**

HRD practices amongst SMEs have been documented and discussed in various publications. In addition, studies that apply normative HRD models have raised the question to which extent the management of employees within SMEs can be characterised as HRD. What seems to be missing, is an understanding of why some enterprises would try to develop a coherent HRD policy, while other enterprises limit their attention for HRD to ad hoc choices for specific practices. We are in need of theories on the relationships between various organizational dimensions and the degree of integration of the HRD practices. The most relevant dimensions seem to be organizational goals and strategy and organizational culture (i.e. the personal characteristics of the
business owner).

**Determinants of HRD practices**

Firm size is often used as a contingency or control variable in studies on HRD. However, the number of employees in itself does not explain much. It is often used as an indicator for various other unobserved variables. Furthermore, we have only just begun to examine the differences in HRD practices between small and medium-sized enterprises. How can we explain these differences? Are they determined by the same, often unobserved, variables that can explain the general difference between SMEs and large organizations? Future research should try to develop a theory on which organizational dimensions may be considered as predictors of HRD practices for small, medium-sized and/or large enterprises.

**Impact of HRD practices**

Within mainstream HRD (that is, HRD within large organizations), the impact of HRD practices on various performance measures is currently one of the main areas of research. Do the results of such studies also apply to SMEs? Advocates of a best-practice approach may believe this to be the case. After all, “best practices” are practices that all firms should try to put into practice, irrespective of size or other organizational characteristics. It is, however, possible that “best practices” are contingent on certain characteristics that most large firms have in common, but that differ between small and large firms. Examples of such characteristics may be the level of formalization within the organization, available financial resources and the availability of a certain minimum body of knowledge about HRD. According to a behavioural perspective on HRD, it is even more plausible to assume that the impact of certain (combinations of) HRD
practices may differ between small and large firms, and also within
the group of small firms. These differences may be explained by
differences in various contextual and structural dimensions.

Theories on the impact of HRD practices can be either general
(regarding the overall effect of various HRD practices on
performance measures) or specific (examining the conditions under
which specific HRD practices are most likely to be successful), and
can study the effect on either HRD outcomes (such as inflow and
outflow rates, absence rates and job satisfaction) or organizational
outcomes (for example, production and value added).

**A theoretical framework**

Various theoretical perspectives should be combined to tackle this
research agenda. Limiting research to a single theoretical perspective
beforehand would neglect the complexity of the research agenda,
which includes aspects from such diverse research themes as HRD,
SMEs, transaction costs and entrepreneurship.

Paauwe (1998) has proposed a general framework on human resource
management. This framework combines elements from the resource-
based, the behavioural and the institutional perspective, but lacks
proper attention for firm size. Therefore, we have combined his
framework with Daft’s (1998) distinction between various
organizational and structural dimensions. Here, firm size is recognised
as a specific contextual dimension, which is related with other
contextual dimensions (such as goals and strategy, and culture) and
structural dimensions (such as formalisation and specialisation). The
resulting framework is presented in Figure 2.1. Starting (at the top)
with determinants of HRD practices, this framework continues with the resulting unique approaches to HRD, and ends with the impact of those approaches on HRD outcomes and organizational performance.

Nooteboom (1993) suggests that there may be strategies to lower transaction costs for Small & Medium Enterprises, either through their own initiatives, such as collective cooperation among a group of Small & Medium Enterprises (e.g. for technology development or a buying group) or with outside help. For instance, technology transfer programs sponsored by the government or other institutions may provide a way to lower the “thresholds in transaction costs” so that adoption can take place (Nooteboom, 1993: page 294). Research by Goss et al. (1994) provides a good practical demonstration of this point. They examine a group of companies wishing to receive the national designation of Investor in People from the British government. Goss et al. (1994) provide case support for the ability of small companies to learn to copy HRD practices. In particular, they report that participating companies are often successful at adopting more sophisticated practices after being given the proper structure or blueprint for more formal HRD systems. Using Nooteboom’s logic, one could argue that by absorbing the search and development costs for HRD, this program reduces the transaction costs for those companies adapting these techniques. Another demonstration is provided by Zacharakis (1997), who uses TCE to explain entrepreneurial entry into foreign markets. Although not related to HRD practices per se, the study demonstrates that utilizing a partner with some knowledge of the target market can help leverage the entrepreneur’s resources (with an export agent, licensing, joint ventures, etc.), thus lowering their transaction costs.
Review of Books

Mr. Kesho Prasad, highlighted in his article Getting the Right People that the changing concepts and the explorations in the field of HRM, resorting to multitudinal HRD interventions for ensuring that people develop a mindset of a very high order for any organizational transformation to meet the challenges of the day.


According to R S Dwivedi, (Human Relations and Organizational Behavior) he presents by his book, book offers an understanding of the global perspective on human behavior at work by comparative analysis of prevailing situations in Asia, Europe and in the US

Organisational Structures and Job Design, Foundation of Key Organisation Concepts, Organisational Change and Development, Innovative Approaches to Designing and Managing Organisations – I: Quality of Work Life (QWL) and Empowerment, and Innovative Approaches to Designing and Managing Organisations – II: Other Approaches

K Prasad, tried to highlight on (Strategic Human Resources Management: Text and Cases) This book of Human Resource Management focuses on the evolving and modern concepts of HRM and personnel function. It links Human Resource Management with business strategy. It is written in a lucid way and is made comprehensive with the inclusion of learning objectives, case studies, and diagrammatic analysis of the concepts.


According to Raymond A. Noe, John R. Hollenbeck, (Human Resource Management: Gaining A Competitive Advantage)

Four challenges companies face are the global challenge, the challenge of meeting stakeholder needs, the high performance work practices challenge, and the challenge of competing in the new economy. The authors bring these challenges to life by highlighting real-world examples pertaining to these 4 issues and relating it to the concepts within the chapter. This best-selling McGraw-Hill Human Resource Management title provides students with the technical
background needed to be a knowledgeable consumer of human resource (HR) products and services, to manage HR effectively, or to be a successful HR professional. While clearly strategic in nature, the text also emphasizes how managers can more effectively acquire, develop, compensate, and manage the internal and external environment that relates to the management of human resources. **Gary Dessler** deals in his book about the *Human Resource Management* book provides a comprehensive review of personnel management concepts and practices. It focuses on the high-performance organization, building better, faster, more competitive organizations through HR; while continuing to offer practical applications that help all managers' deal with their personnel-related responsibilities. A six-part presentation covers the strategic role of human resources, recruitment and placement, training and development, compensation, labor relations and employee security, and international HRM. For human resource personnel, especially managers.

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According to R S Dwivedi, *(Human Relations and Organizational Behavior)* he presents by his book, book offers an understanding of the global perspective on human behavior at work by comparative analysis of prevailing situations in Asia, Europe and in the US.


K Prasad, tried to highlight on *(Strategic Human Resources Management: Text and Cases)* This book of Human Resource Management focuses on the evolving and modern concepts of HRM and personnel function. It links Human Resource Management with business strategy. It is written in a lucid way and is made comprehensive with the
inclusion of learning objectives, case studies, and diagrammatic analysis of the concepts.


According to Raymond A. Noe, John R. Hollenbeck, (Human Resource Management: Gaining A Competitive Advantage)

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**Peter Zorkoczy**, opined in his book entitled *Information Technology: An Introduction* "The use of information technology (IT) has revolutionized the structure of management and the nature of competition in a variety of industries. IT is especially important in the service sector, which now accounts for about 74 percent of the value added in the U.S. gross domestic product (GDP) and about 76 percent of national employment (Table S.I) and enjoys a healthy $52 billion trade surplus.

According to **National Research Council (U.S.). Information Technology in the Service Society: A Twenty-first Century Lever**

"If the automobile and airplane business had developed like the computer business, a Rolls Royce would cost $2.75 and would run for 3 million miles on one gallon of gas. And a Boeing 767 would cost just $500 and would circle the globe in 20 minutes on five gallons of gas." Tom Forester's comparison points up the dramatic reduction in the cost of computing and this collection of essays he has assembled unfolds the equally dramatic changes that the revolution in electronics, computing, and telecommunications has brought about in the way we live and work—and maybe even think. "The Information Technology Revolution "emphasizes actual case studies and much of the material has been written by computer engineers in the front line of technological change. Extensive chapters deal with the revolution in telecommunications, artificial intelligence and the "fifth generation" of supercomputers, the rise of the personal computer and the use of information technology in schools, factories, offices, banks, shops, and hospitals. Among the social issues discussed are computer crime, privacy, the impact of new technology on women, the Third World, 'smart' weapons, and the future of work itself. A final section of the book assesses the extent to which this revolution is transforming Western society. "The Information Technology Revolution is a sequel to Forester's edited collection "The Microelectronics Revolution (MIT Press paperback, 1980). It contains entirely new material published.

**Tom Forester,** *(High-tech Society: The Story of the Information Technology Revolution)* highlighted in his book that, High Tech Society
is the most definitive account available of the technology revolution that is transforming society and dramatically changing the way we live and work and maybe even think.

According to Anand and Shapiro, *The Economics of Information Technology: An Introduction*

The work covers Competition and market power, Technology and market structure, market structure, Intellectual property, switching costs, intellectual property, Information technology, The Internet boom, Moore's law, open source, combinatorial innovation,

Differentiation of products and prices, price discrimination, consumer surplus, marginal cost Switching costs and switching costs, price discriminate, inkjet Bottom of Form Concise and accessible review of some of the important economic factors affecting information technology industries.

Patrick H Bowman, tried to put his opinion in the book entitled "*IT Made E-Z: A Guide to the Information Technology Industry*"

This book provides a brief overview of the Information Technology world. It is meant to be an aid for business professionals in the technical field such as hiring managers, human resources, technical sales, recruiting and students as well as novices in the technology field looking to obtain an understanding of the overall structure and components that make up the IT world. IT Made E-Z is a collection of information and technology terms that provides an overview of several key technology areas and describes the functions of various personnel associated with its operation. If you are seeking an understanding of what Information Technology is and what components, mechanics and personnel it entails, this is the book for you. IT Made E-Z will help you gain an understanding of key IT industry terms and operations and how they all fit together in the real world.
In overall all the research scholar’s, academicians, computer field workers and all eminent presents tried to highlight on the use of computer and I.T. in the field of Industries. Overall some researchers suggested how to avoid I.T. crimes with the help of cyber Law’s. overall computer in the field of I.T. sector and overall industrial units is playing pivotal role.

**Concluding Remark:-**

There is no dearth on the study on HRM around the globe but very few study has been done on HRM polices in india. No attempt has so far been made for the study of Evaluation of strategies regarding selection retention and Re-Training of human resource in engineering and technology industrial units for Marathwada region in particular. Hence, the present study is a sincere effort to fill up this gap.

**References:-**


Publishers.


