Enhancing Organisational Performance Through Strategic Human Resource Management Practices

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ABSTRACT

In this article, the authors examine how, when and to what extent Strategic Human Resource Practices affect performance at the employee level. As performance is a multi-faceted and complicated concept, its linked with SHRM practices provide insight to what could be termed as high performance work practices. The study is carried on the organizations in & around the Lucknow district. It is a micro-level study, whose findings can be applied to numerous organizations in various diversified sectors.

INTRODUCTION

The field of human resource (HR) has been rapidly developing in order to assist companies adapt to a quickly changing environment and competitive labour market. A new perspective in this field has started to dominate- Strategic Human Resource Management (SHRM), seeing human resources as ‘a business partner’. It is a logical offshoot of organizational development. The main objective of SHRM is to rescue HRM from its mundane existence in routine recruitment process & training programs that constitute the low end of value chain.

The sustainable competitive advantage of any company can be maintained under the condition that the organisation’s design, culture & people are aligned with its strategy & values (Jamieson, 2000). SHRM views people as its greatest asset & the source of ongoing competitive advantage (Collander, 2003)

The impact of SHRM policies & practices on firm’s performance is an important topic in the field of HRM, industrial relations & industrial and organizational psychology (Boudreau, 1991, Jones & Wright, 1992, Kleimer, 1990)

Adjustments made in the related research are that a firm’ current & potential human resource are important considerations in the development & execution of its strategic business plan. This concept, concludes that human resource practices can help create a source of sustained competitive advantage, especially when aligned a firm’s competitive strategy (Begin, 1991, Butler et al, 1991, Cappelli & Singh, 1992, Jackson & Schuler, 1995, Porter, 1985, Schuler,1992, Wright & Mc Mahan,1992)

In both, theoretical literature and emerging conventional wisdom among human resource professionals there is a growing consensus that organizational human resource policies can, if properly configured, provide a direct and economically significant contribution to firm performance.

Unfortunately, very little empirical evidence supports such a belief. What empirical work does exist has largely focused on individual human resource management practice to the exclusion of overall human resource management systems.

The objective is to identify if there is a linkage between the focused Strategic HR practices and
dependent variables turnover and corporate financial performance.

This study will depart from the previous HR literature in three ways: First, the level of analysis will be used to estimate the firm-level impact of HRM practices in the system, and the perspective will be strategic rather than functional.

Secondly, the analytical focus is comprehensive. The dependent variable includes both intermediate employment outcomes and firm-level measures of financial performance, and thirdly the results will be based on a sample of firm’s drawn from a wide range of industries.

**REVIEW OF LITERATURE**

Human resource management policies & practices and its impact on organizational performance has been widely analyzed and discussed. There is a great variety of views on how to define and measure SHRM; hence the literature lacks one universal model of best Strategic Human Resource practices and their measures.

In the website [www.humanlinks.com/manres/articles/shrm.htm](http://www.humanlinks.com/manres/articles/shrm.htm), which is devoted to the subject of Strategic Human Resource Management, a definition of SHRM is given. To quote: “Strategic Human Resource Management has been defined as, ‘the linking of human resource with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation and flexibility’”. This definition has a proactive function, indicating that HR actually creates company strategy.

**Limitations of the Prior Empirical Work:**

Prior empirical work has consistently found that the use of effective HR practices enhances firm performance. Specifically, extensive recruitment, selection & training procedures, formal information sharing, attitude assessment, job design, grievance procedures & labour- management participation programs & performance appraisal, promotion & incentive compensation systems that recognize & reward employee merit have all been widely linked with valued firm-level outcomes. These policies and procedures have been labeled High Performance Work Practice by US Department of Labour, 1993

The identification of best SHRM practices has been changing. According to C Truss, “early writings tended to focus on a limited range of generic human activities (such as selection, training & development, appraisal & reward) merely noting that these should be linked to the overall strategic objectives of the organization (termed as “vertical integration”) rather than seeking to specify what could constitute “best practice in each area”.

However, in the 1990’s the universalistic perspective analyzing best practices approach in SHRM became popular (Delery & Doty). Still, each expert was identifying different best practices in their research. For instances, Pfeffer argues that there are 16 policies & practices that “emerge from extensive reading of both popular & academic research and talking to numerous people in firms in a variety of industries.

Delery & Doty identify seven main SHRM practices: internal career opportunities, formal training systems, result-oriented appraisals, employment security, voice mechanism, job description & profit sharing. Whereas Arthur concentrates on ten best practices. The variety of best practices indicates a lack of one universalistic model. Thus, it is up to the researcher what SHR practices are taken for analysis.

“The early literature on SHRM tended to position the fact that introducing SHRM within an organization would lead to improvements in organizational effectiveness” : Truss

A number of research for instances, Huselid, Jackson, Schuler, Wright et al & Delery & Doty consider financial indicators to be the most appropriate measure of organizational performance.

Other researcher recognize different indicators of organizational efficiency such as operational performance (employee productivity, machine efficiency & customer alignment (Youndt et al) or employee turnover & productivity (Arthur, Huselid). Again a board range of organizational performance measures allows researchers to select the indicators according to their preferences.

It was believed that motivating employees to work better and giving them the opportunity to improve the skills necessary to perform their duties subsequently generated higher revenues. Simultaneously, the clients were served better and the turnover of employees was
The existence of the linkage between SHR practices and company performance has been empirically proved by many researchers. Delaney and Huselid find a positive relationship between training and staffing selectivity and perceptual firm performance measures. Delery and Doty discover that employment security, profit sharing, and results-oriented appraisal have impacts on financial measures, return on assets and return on equity. Huselid, Jackson and Schuler once more prove the relationship by obtaining positive correlation between SHRM effectiveness and productivity, cash flow, and market value.

However quite often researchers cannot identify any linkage between certain SHR practices and organizational performance. Delaney and Huselid do not find a statistically significant relationship between incentive compensation, grievance procedure, decentralized decision making, internal labour market, vertical hierarchy and perceptual firm’s performance (1996). In addition, Delery and Doty identify no linkage between internal career opportunities, job description, training and voice mechanism and return on assets and equity.

The number of diverse relationships between SHR practices and organizational performance indicates the existences of a broad variety of possible approaches for the detection of the linkage.

Three theoretical frameworks for SHRM can be identified: universalistic, contingency and configurational (Delery and Doty). The universalistic states that specific SHR practices are “consistently” correlated with organisation’s performance. As a result some of the SHR practices are considered to be superior over the other ones, therefore it is encouraged to adapt these practices in all organizations.

The contingency theory indicates that “in order to be effective, an organisation’s HR policies must be consistent with other aspects of the organization”. In the contingency perspective the SHR best practices for one company may be worst for the another, depending on the strategy and environment of the organization.

The configurational framework is the “holistic approach’ which emphasis the importance of HR practices to be compatible vertically and horizontally (Noel, Oesch and Pearson). This approach indicates that there are “synergistic effects between HR practices and strategy that are crucial for enhanced performance” (“Strategic HRM”).

The universalistic framework has been selected by me as a base perspective due to the fact that this theory is considered to be the starting one when testing the relationship between SHR architecture and performance.

**MODEL**

**Independent Variables**

- Motivating the Employees
- Result oriented appraisal
- Career Management System
- Organizational culture
- Awards and Rewards

**Dependent Variable**

Organizational Performance

**OBJECTIVES OF THE STUDY:-**

With technology being imitated or copied easily “people” are the only sustainable competitive advantage for the dynamic environment

- The primary objective of the study to identify if there is a linkage between focused Strategic HR practices and organizational performance.
- To identify “High Performing Work Practices” which states that specific SHR practices are “consistently” correlated with organizational performance
- The findings of the study can be applied and used by practicing managers

**STUDY VARIABLES & HYPOTHESIS:-**

**Independent variables:**

- On the basis of importance & relevance of the study five SHR practices are taken. The study looked at the following key parameters that contribute significantly to organizational performance:
  - Motivational approaches
  - Result-oriented appraisal
• Career management system
• Organizational culture
• Awards & Rewards

**Dependent variables**

As for the measure of dependent variable-organizational performance as perceived by the employees, was selected.

The above consideration lead to the following hypothesis to be introduced and tested.

**Hypothesis**: SHR practices will increase organizational performance.

**RESEARCH METHODOLOGY**:-

A descriptive research was conducted by the researchers to analyze the impact of SHR practices on organisational performance. This study is based on sample of 500 employees mainly HR and HRD managers working in the leading organizations in and around the state capital of Lucknow. The data was collected through stratified random sampling method. Both primary and secondary data was used. The primary data was collected through the feedback of respondent through interview schedule. The secondary data was collected through published and unpublished sources which includes-internet, magazines, journals, research publications, company’s websites and so on. The data was collected and interview schedule was filled through structured interview. The interview contained standard questions to the interviewee for getting information from them. Apart from interview schedule, 500 questionnaires were distributed, of which 426 usable questionnaire were returned, leading to a response rate of 85 percent.

**Type of Research Design**:-

All the data is divided into two categories of variables: 5 independent variables which includes the following items: motivating the employees with five items, result-oriented appraisal with four items, career management system with four items, organizational culture with five items, rewards & awards with four items and dependent variable employee perception of the organizational performance with three items.

Respondent were asked to indicate the degree to which they agreed or disagreed with the items related to above HR issues. All the items were measured on five-

**Table 1. Descriptive statistics**

<table>
<thead>
<tr>
<th>Variables</th>
<th>High value means</th>
<th>Mean</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivating the employees (5 items)</td>
<td>Strongly agree that effective motivation of the employees exist</td>
<td>2.7</td>
<td>1.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Result-oriented appraisal (4 items)</td>
<td>Strongly agree that effective result-oriented appraisal of the employees exist</td>
<td>2.4</td>
<td>1.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Career management system (4 items)</td>
<td>Strongly agree that effective career management system exist</td>
<td>2.6</td>
<td>1.5</td>
<td>4.7</td>
</tr>
<tr>
<td>Organizational culture (5 items)</td>
<td>Strongly agree that effective organizational culture of the employees exist</td>
<td>2.9</td>
<td>1.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Awards &amp; rewards (4 items)</td>
<td>Strongly agree that effective awards &amp; rewards system of the employees exist</td>
<td>2.1</td>
<td>1.0</td>
<td>4.5</td>
</tr>
</tbody>
</table>

**Table 2. Correlations matrix**

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Motivating the employees</td>
<td>.59</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Result-oriented appraisal</td>
<td></td>
<td>.55</td>
<td>.42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Career Management System</td>
<td></td>
<td></td>
<td>.31</td>
<td>.48</td>
<td>.37</td>
</tr>
<tr>
<td>4</td>
<td>Organizational culture</td>
<td></td>
<td></td>
<td></td>
<td>.35</td>
<td>.65</td>
</tr>
<tr>
<td>5</td>
<td>Awards &amp; rewards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.57</td>
</tr>
<tr>
<td>6</td>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
point scale ranging from 1, “strongly disagree” to 5 “strongly agree”. See Table 1

Coverage of the study:

Our study was also influenced by a very provocative statement of Peter Drucker: The productivity of the knowledge worker is likely to become the centre of the management of people, just as the work on the productivity of the manual worker became the centre of managing people a hundred years ago, that is since Frederick W Taylor.

Let us present the findings of the study:

As Table 1, discloses, the majority of the variables were rated fairly low (mean values ranging between 2.1 and 2.9 on a five-point scale) which in turn signals the magnitude of the problems associated with HR practices.

Table 2 represents correlations between the variables included in the analysis.

As predicted, with the exception of organizational culture, the other four HR practices are significantly positively correlated with organizational performance. The analysis of the above table shows high correlation between performance and career management system. The employees view training programs as the most important for their career development, followed by formalized career plan initiated by the company. We also see high correlation between awards and reward and performance (.66). This states that money is still a great motivating factor for the employees followed by performance based promotions. Since the survey was carried out on HR and HRD managers, they ranked performance linked incentives fairly low as their performance is not linked with incentives. There exist no correlation between organization culture and performance, leading to the conclusion that in the organization culture of innovation and change was not readily accepted by the employees. If we analysis the correlation between HR practices, it shows that career management system and awards and rewards are highly correlated with one another, meaning thereby, if both of them exists in the organization the performance can increased manifold. These two HR practices can also be termed as high performing work practices in an organization. Overall, the pattern of results reported in Table 2 is consistent with our study’s underlying hypothesis that HR practices are positively correlated with organizational performance (see also, Becker & Huselid, 1995)

Table 3. Results of regression analysis on performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivating the employees</td>
<td>.29</td>
</tr>
<tr>
<td>Result-oriented appraisal</td>
<td>.06</td>
</tr>
<tr>
<td>Career Management System</td>
<td>.52</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>-.15</td>
</tr>
<tr>
<td>Awards &amp; rewards</td>
<td>.63</td>
</tr>
</tbody>
</table>

One of the goals of the study was to test to what extent five HR practices explain the performance outcome. So performed a regression analysis. Table 3, demonstrates that four out of the five HR practices identified in this study show a statistically significant positive impact in explaining the change in organizational performance.

This may suggest that the more the HR practices are in place, the more the HR and HRD managers are competent, satisfied with the existing HR practices, have sufficiently role clarity in their job and have no intention to leave the organization. As it is evident from the table the two HR practices which are most affecting the performance are career management system and awards and rewards whereas performance is not affected by organizational culture. The reason for higher contribution by awards and rewards is that there exist proper implementation of the awards in the organization. Result-oriented appraisal contribute less to the performance due to the fact that appraisal system lack of communication in common understanding of organizational goal between the employee and management. It is also evident that organizational commitment and loyalty is lacking in the employees. These findings are in line with the predicted relationships and thus support our model.

Measurement of items to identify High Performing Work Practices

Respondents were asked to indicate the degree to which they agree or disagree with the following items
related to different HRM issues. This was done in order to find out the High Performing Work Practices. The respondent gave more than one chose in options. Following their reply, the percentage of the employee agreeing to the option was calculated, which is tabulated as below:-

Table 4.1. Motivating the employees:

<table>
<thead>
<tr>
<th>Options</th>
<th>Percentage of the employee agreeing to the option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Enrichment &amp; Job Enlargement</td>
<td>85</td>
</tr>
<tr>
<td>Empowerment</td>
<td>75</td>
</tr>
<tr>
<td>Growth-directed training programs</td>
<td>55</td>
</tr>
<tr>
<td>Job-security</td>
<td>40</td>
</tr>
<tr>
<td>Self-motivation workshops</td>
<td>10</td>
</tr>
</tbody>
</table>

The above table reveals, quite rightly, significant link between motivational factors and organizational performance. There is a very high positive link of job enrichment & job enlargement on organizational performance. Job enrichment either horizontal or vertical is a great motivating factor and hence improves performance. Empowerment of employees increases initiation and creativity among the workers. Studies have also shown non-monetary incentives are better motivator than monetary incentives for middle and top management. On the other hand, there exists low link between job security, self-motivation workshop and organizational performance.

Table 4.2. Result-oriented appraisal

<table>
<thead>
<tr>
<th>Options</th>
<th>Percentage of the employee agreeing to the option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common understanding of org’s goal</td>
<td>90</td>
</tr>
<tr>
<td>Shared expectations</td>
<td>80</td>
</tr>
<tr>
<td>Employees skills &amp; abilities</td>
<td>70</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>50</td>
</tr>
</tbody>
</table>

The above table shows, significant link between the understanding of organization goal and organizational performance. There is a high positive link between shared expectations on organizational performance. The employee we surveyed, the majority were aware of the business strategy and how it linked to their performance, had clearly defined work goals, and understood the basis upon which their job performance was appraised. On the other hand, there exists moderate link between organizational commitment and organizational performance. The reason for lack of organization commitment and loyalty are the frequent job-hopping and attitude of searching greener pastures.

Table 4.3. Career Management System

<table>
<thead>
<tr>
<th>Options</th>
<th>Percentage of the employee agreeing to the option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training programs to meet identified needs</td>
<td>80</td>
</tr>
<tr>
<td>Formalized career plan</td>
<td>50</td>
</tr>
<tr>
<td>Career counseling &amp; training</td>
<td>25</td>
</tr>
<tr>
<td>Stress management workshops</td>
<td>5</td>
</tr>
</tbody>
</table>

The above table shows, significant link between the training programs and organizational performance. In most of the companies, training that focused on short-term business needs was seen as a key aspect of their ability to create the flexible and multi-skilled workforce crucial to delivering both short and longer-term business performance. There is a moderate link between formalized career plan on organizational performance. On the other hand, there exists very low link between stress management and organizational performance. The employees are aware of the stress in performing the job, but the management of stress is not given due importance by the employee. What ever efforts are taken by the organization to manage stress are not seriously followed by the employees.

Table 4.4. Organizational culture

<table>
<thead>
<tr>
<th>Options</th>
<th>Percentage of the employee agreeing to the option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team orientation</td>
<td>90</td>
</tr>
<tr>
<td>Culture of innovation</td>
<td>70</td>
</tr>
<tr>
<td>Ensuring employee satisfaction</td>
<td>55</td>
</tr>
<tr>
<td>Culture of customer service</td>
<td>25</td>
</tr>
<tr>
<td>Welcoming &amp; accepting change</td>
<td>15</td>
</tr>
</tbody>
</table>
The above table shows, strong link between team orientation and organizational performance. Teams outperform individuals, especially when performance requires multiple skills, judgment and experience. Teamwork improves problem-solving processes and promotes creativity and originality. There is a moderate positive link between culture of innovation and organizational performance. On the other hand, there exists very low relationship between welcoming & accepting change and organizational performance. Employee are still resistant to change. The normal psychology of the employee is to have a consistent work environment.

Table 4.5. Awards & Rewards

<table>
<thead>
<tr>
<th>Options</th>
<th>Percentage of the employee agreeing to the option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned awards &amp; rewards</td>
<td>85</td>
</tr>
<tr>
<td>Performance based promotions</td>
<td>75</td>
</tr>
<tr>
<td>Performance linked incentives</td>
<td>45</td>
</tr>
<tr>
<td>Non-monetary rewards</td>
<td>25</td>
</tr>
</tbody>
</table>

The above table shows, strong link between the planned awards and organizational performance. Planned awards are clearly made aware to the employees, thus initiating hard work in order to achieve those awards. There is a moderate positive link between performance linked incentives and organizational performance. Organizations are on the constant move to link awards with performance and the results have been significant. On the other hand, there exists very low relationship between non-monetary rewards and organizational performance.

The above table shows that the employee perception of his performance within the organization is comparatively higher when compared with other individuals in other organization. This comparison shows that the implementation of HR practices within the organization yield better results. However when organizations were compared, the general perception was that other organizations were better. This further concludes that much has to be done for successful implementations of the HR practices.

A closer look at the above tables reveal the following:-

**SHR sub-practices that foster organizational performance are:**

**Job Enrichment & Job Enlargement:**

The study focussed on the affect of job enrichment & Job enlargement. It showed that almost 85% of the employees find enrichment & job enlargement as a motivating factor contributing towards organizations performance. This may be one of the most challenging areas of human resource specialists, since there are many factors to be taken into account when designing a job.

**Common understanding of organisational goals:**

All these companies had experienced restructuring, and many had delayered with a resultant emphasis being placed on managerial and employee responsibility. In these companies, this devolution had been accompanied by real efforts to create strong linkage among the objectives of individuals, business goals and outputs. Processes for setting annual objectives and agreeing targets were a feature of all the companies in the sample. Strong strategic linkage and had developed an objective setting process that links individual objectives to annual business goals in a clear and articulated manner. In most companies, joint objective setting was the foundation of a performance management framework that ensured objectives were flexed to meet the changing needs of the business strategy. The processes were well documented, systematically rolled-out, supported by trained managers, and the quality was reviewed. As a consequence, of the employee we surveyed, the vast majority were aware of the business strategy and how it linked to their performance, had clearly defined work
goals, and understood the basis upon which their job performance was appraised. A crucial element of the embedding of the process in that in both companies the objective-setting process had been in place for over a decade and as a consequence had become part of the way in which individuals saw the company doing business. It was part of the fabric of the culture and an important management discipline.

Training programs to meet identified needs

Training is an essential component of high-performance work systems because these systems rely on the frontline employee skill and initiative to identify and resolve problem, to initiate changes in work methods and to take responsibility for quality. This requires a motivated work force that has the knowledge and capability to perform the core tasks. For all the companies, training that focused on short-term business needs was seen as a key aspect of their ability to create the flexible and multi-skilled workforce crucial to delivering both short and longer-term business performance. For a number, a key lever was the ability to maximize the performance of knowledge workers and thus begin to build a learning organization.

For Glaxo, Hewlett Packard and Citibank, on-line and off-line training was seen by employees as making a significant contribution to organization performance, and the survey showed that the majority believed they had the skills needed to deliver against the performance objectives with which they had agreed. Many also felt that the organization encouraged the development of new skills. Interestingly, although these three companies had made significant investments in off-line training (with over 50% of those employees surveyed reporting more than five days of training per year), their employees believed that being faced with challenging jobs had played the most significant role in developing their work performance.

The study also indicated that workers in manufacturing plants receive less training than their counterparts in service sector. Knowledge and intellectual capital are becoming increasingly competitive global markets. Indian firms are no exception. A rough guide is that for every Rs 10 of expenditure invested in new or updated technology, Rs 1 should be spent on training & development. A closer look, shows two important factors for the poor workforce development:

(a) Profounding downsizing and restructuring, which have destroyed the old career paths.
(b) Changes in the technology, require a whole set of new skills.

Together these factors have created a real sense of instability for many employees and a lack of understanding of future options for employers. The new structure required an emphasis on ad-hoc teams, project teams, and task forces as predominant structures. This change has destroyed the old career paths. Under these circumstances, it is not surprising that only 25 % of the total employees surveyed felt satisfied with their career management.

Hence few suggestive measures for training and development would include:-

- Presences of clearly written and operational training policy.
- Presences of continuous training needs assessment
- Presences of written & operational trainee-selection procedure
- Presences of linkages of training to other HR programmes
- Presences of monitoring and evaluation of training programmes

Team Orientation

Ettington (1997) stresses the need for effective group process training. Teams outperform individuals, especially when performance requires multiple skills, judgment and experience. Team-work improves problem-solving processes and promotes creativity and originality. The experience of working and solving problems together as a team is becoming more important than direct functional experience with the problem content (Cianni & Wnuck, 1997). In an attempt to improve the learning environment and absorption of difficult science topics in high school, a major experiment was conducted in an Israeli vocational school. The traditional classroom was transformed into teams of students working in “actual” industrial projects. It was found that the consultants were able to achieve significantly better results in the learning process as well
as better interpersonal relations among the students and staff (Barak, Maymon & Harel, 1999) as a result.

**Planned Awards & Rewards**

Money is none of the most powerful motivators available to organizations. Attempts to strengthen the ties between pay and performance are on the rise. From 1988 to 1995, the number of U.S. companies offering pay for performance jumped from 47% to 77% (Gomez-Mejia, Balkin & Cardy, 1998). Strengthening the ties between pay and employee performance provides an excellent opportunity to align employee efforts and organizational goals. A variety of studies report that pay for performance plans are related to subsequent financial success of the firms studied (Ettington, 1997). Milkovich and Boudreau (1998) report that in one large study a 10% increase in a bonus was associated with a 1.5% increase in return on assets in the subsequent year. In order for pay for performance plans to succeed, they must be integrated with the overall HRM system and be consistent with the company’s strategic approach to managing human resources.

The above five SHRM sub-practices contribute to the high organizational performance but they cannot be termed as BEST PERFORMANCES WORK PRACTICES

**Discussions :**

**What is “best practice” in HR?**

There is no single best practice to which all organization should aspire. Rather, the study shows that each firm has a distinctive HR system that represent a core competencies required for the survival and sustainability for that particular organization.

“best practice” in HR are subjective and transitory. What is best for one company may not be best for another. What are best last month may not be best for today. The concept of “best” is highly subjective and non specific. “best practice” is not a set of discrete actions rather a cohesive and holistic approach to organizational management and practicing managers.

**Implications for mangers:**

Until recently, the employment policies implemented in Asian countries throughout the 1990’s were mainly focused on fulfilling the economic objective of the firm, rather than developing organization “fit” for individuals. Employees since the era of liberalization have been struggling hard to cope up with the technological changes. There is evidence that employees seem dissatisfied with the management’s performance which seems to be directed more at improving “bottom line” performance and satisfying the shareholder’s desire for improvement of profits. (Salmon, 1996). This is supported by recent findings that current developments in the labour market indicates “economic values are more important the social values”

**New role for HR professional:**

It is becoming increasingly important for HR specialists to demonstrate that they contribute to organizational performance as HR specialist focus more closely on integrating HR and corporate strategy.

Various findings of the study can be applied in other organization not taken in the study. The key role of HR professionals in implementation of SHRM practices should incorporate the following:

- Providing advice to executive management to adopt a long-term strategic approach to HRM that is more conducive to the development of employment relationships based on mutuality of organizational and individual goals and expectations.
- Monitoring how well employees are coping with employment changes where many employees don not feel that they are effectively making the transitions when organizational changes and flexible work practices are introduced.
- Putting in place reward system that take into account not only individual effort and performance, but also team effort, contribution to the long-term building of the organization and the development of the individual for future work assignments, either within the organization or elsewhere.

**Significance of the Study:**

In summary, our results, have several significance. First, they point to strong and significant relationship between awards and rewards and organizational performance. Second, identification of High Performance Work Practices. Third, in order to achieve improved
organizational performance, the above HRM activities should be implemented in an atmosphere of employee participation. HRM practices “must fit and support each other”. Organizations simultaneously use many HRM practices that may enhance “operational effectiveness”, but in order to achieve “strategic positioning” as Michael Porter (1996) suggested, they have to combine HRM practices in a way that produces a synergistic effect. Fourth, it is a micro-level study to analyse the impact of SHR practices on organizational performance carried at the organizations in and around Lucknow district. It is expected that the findings can be generalized at macro-level in different organizations of different industrial sectors. Lastly, to provide a comprehensive discussion on managerial implication of the findings that will be of value to researchers and HR practitioners and managers. This study joins a growing body of research that attempts to open black box by explaining how, when and to what extent HR practices affect performance at employee level. It is believed that this study contributes to research on the HRM and performance relationship in general and that of developing country in particular. Hence, our study has important implications for the theoretical and practical debate in the area of HRM-performance relationship.

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