

To Study the Impact of Strategic Human Resource Management on firm Performance in Emerging Market

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ABSTRACT

The goal of this article is to review the SHRM studies in order to define the traits, identify the contributing components, and apply the concept and methodology from the literature to the author's empirical research. The materials employed in this study a few papers on strategic human resource management. This paper concentrates on a systematic assessment of the literature on SHRM theories in an effort to continue the review on SHRM and provide some clarification on the field of SHRM studies. identifying distinctive qualities, examining the causes and effects of the idea, explains establishing a link between the variables and establishing the empirical references for the concept. the future, focusing in particular on the variables used in HR outcomes, HRM systems, and company strategy are all covered in the SHRM research and organizational effectiveness. Quantitative and qualitative approaches are both used can be used to carry out research and analysis.

Keywords: Strategic Human Resource Management, Firm Performance, Emerging Market

INTRODUCTION

Human resource profession is rapidly changing and expanding. Human resources is a function which is driven by business. As the world of work evolves new areas of expertise are required to drive business results within an organization. There is an oversupply of labor and under supply of right talent in the global market. Because social, technical, economic, and demographic dynamics will continue to change. Employers need a workforce that is adaptable and nimble. Effectiveness depends on having a thorough awareness of the company's strategic direction and having the power to change it and in order to succeed, you must recognize problems with human resource management and resolve them (Arthur, 1992) To be successful, organizations must closely align their HR Strategies and programs with environmental opportunities, business strategies and the organization's unique characteristics. Organizations with poorly defined strategies or a business strategy that is not explicitly in corporate human resources is likely to lose ground to its competitors. Similarly, an organization may have a well articulated HR Strategy yet fail if it's HR practice, policies do not help to implement HR strategy effectively. From this specific strategy for each functional area that is marketing, finance, production, operations and human resources need to be drawn in alignment with strategic business plans carry out the organizational plan.

The formulation of organizational strategy is integrated with the formulation of functional strategies. Over the years, the size of the HR department is increasing significantly, this increase may reflect the growth and complexity of Government Regulations as well as a greater awareness that HR issues are important to achieving business goals and objectives. With increase in global competition and companies moving beyond geographic boundaries the inclusion of global employees has led to business competition shifts from efficiency

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to innovation and from enlargement of scale to creation of value. In light of global competition, It is important to integrate the use of personalized practices into the strategic planning process. This will help organizations better achieve their goals and objectives. Companies must use the SHRM method to develop business leaders and innovators in order to manage future operations efficiently. It is critical to determine the effects SHRM has on corporate performance. To put it another way, HRM is concerned with how the company's policies on people may affect the organization's future and its ability to carry out its goal (Barney, 1991). There are numerous changes taking place quickly that have an impact on HR in a wide variety of challenges due to the fluctuating economy as well as local and worldwide improvements.

LITERATURE REVIEW

(Snell, 1997) They had the goal to present the literature review of SHRM research by delineating definitions, locating variables, and establishing their connections to SHRM. The review's conclusion demonstrates that the company strategy, human resource management system, and financial factors employed in diverse research are the conceptualization and definition of SHRM qualities, as well as the antecedents, outcomes, linkages, and empirical references are among the findings of the concept analysis organizational performance and the results of human resources. (Snook, 1989) Carried out Practices in human resource management (HRM) have been related to business value, survivability, financial returns, and turnover. This article serves two purposes. The fit of HRM practices into a cohesive system is the primary emphasis of his initial survey of the significant theoretical and empirical work done to date in SHRM. He then presents a number of problems that are crucial to empirical SHRM research and on which scholars need to pay more attention. There is mounting evidence that performance and productivity depend on effective management of human resources. However, the rising interest in using human resources as a strategic lever that may significantly affect a company's bottom line economically seeks to shift the emphasis more toward value creation. This new viewpoint, which is covered through special issues and forums in this journal and others, contends that HR (both the function and the system) directly aids in the accomplishment of the company's operational and strategic goals. Since there is limited agreement on how to realise this potential, current research reveals that HR systems have significant economic potential.

(Becker, 1996) This article provides a comprehensive overview of the field of strategic human resource management (SHRM) by telling its history, describing its present state, and speculating on its potential future developments. We discuss some of the earlier stages in the evolution of the field, including the eras of conceptual models, empirical studies, and empirical criticisms. Next, the discussion moves to the current state of theory, the relationship between the HR system and performance, multilevel analyses, fit and flexibility, and international HR research. Finally, we recommend that future research be more thorough, multilevel, global, human capital-focused, integrated with strategy, and integrated with practice. We expect and hope that these tendencies will continue over the next 40 years. The management of people as both strategic resources and human beings deserving of respect and dignity becomes increasingly crucial as people's contributions to organizational success grow more and more vital. (Sparrow, 2013) This literature review, the initial product of the study, charts the development of the idea, its significance, and its practical implementation over that span of time using academic and "grey" research and sources. A significant amount of research has been done to show that effective SHRM may be connected to improved organizational performance. From the beginning, there has been a strong focus in the literature on organization performance and the links between HR strategy and performance outcomes. The most significant finding from this assessment of the John Storey, Patrick M. Wright, and Dave Ulrich (2019) In most cases, an HR strategy needs to demonstrate how it advances the larger organisational objective. This does not necessarily mean blindly following the lead of other directors in operations and marketing; it is possible that a resource-based approach necessitates a unique HR strategy. Both

an emergent and a planned approach can be used. In either case, it can be reviewed and evaluated in terms of its effectiveness and suitability for the circumstances of the labour and product markets. (Phanwattana, 2017) This essay seeks to assess the extent to which strategic thinking is used in Jordan's banking industry. Additionally, the extent of strategic HRM application in the Jordanian banking industry will be determined. Additionally, the effects of strategic thinking will be investigated in relation to growth and training, remuneration, and performance evaluation. Additionally, this study will look into how demographic factors affect strategic HRM and thinking. (Wright, 2012)

The goals of this study are to examine the influence of human capital as a moderator and the effects of strategic thinking and human capital on strategic HRM. literature may be the requirement for a more action- and evidence-focused, multi-stakeholder perspective on Strategic HRM. The evidence does not support the claim that the strategic HRM concept is a "unattainable ideal" that is irrelevant and hard to apply effectively in modern settings, which is another key finding.

OBJECTIVES

- To demonstrate the logical and strategic approaches that have applied for the firm's management,
- To Study about the issues and challenges of SHRM which affects the firm's performance.
- To determine the solutions to overcome the issues and challenges for the firm's growth.

Strategic Human Resource Management

The term Human Resource Management (HRM) is now frequently used to refer to the theories and procedures pertaining to how individuals are handled at work. According to this strategy, the foundation of SHRM is essentially the idea that an organization's human resource management (HRM) practices must advance corporate objectives. the factors that influence decisions regarding human resource practices, the make-up of the human capital resource pool (skills and abilities), the definition of necessary human resource behaviours, and the success of these decisions in light of various business strategies and/or competitive situations. Although some observers would argue that HRM itself is inherently strategic in nature, the term "Strategic Human Resource Management" (SHRM) is used to emphasise the strategic character of a particular approach to talent and organization management. As a result, the phrases HRM and SHRM are frequently used synonymously. An approach that scans and considers pertinent information about the environment and about changes within it; the development of policies that seek to align HR practises to the needs of the business, often expressed as mission, vision, strategy, or goals; and the development of HR policies that concern big issues that go beyond operational detail are typical components of a strategic approach to human resources. As a result, judgments on the top priorities for goal-setting, performance management, reward, training and development, promotion, and exit should be consistent with the top priorities for these areas as well.

Firm's Performance

The effectiveness of a firm is measured at several levels of hierarchy and can be evaluated for an individual, a group, or the entire firm. When compared to the expected outputs, a firm's actual output or results are considered to be performing well (or goals and objectives). The accomplishment of a firm's goals at the conclusion of a programme or project is also considered a firm's performance. The effectiveness of an organised collection of people working toward a specific goal is known as a firm's performance.

- **Financial results**

Measuring a company's activities and policies in terms of money is known as financial performance. To put it another way, in terms of the money's value in dollars, pounds, euros, etc. By examining the return on assets and return on investment of a company, we may determine how well it is performing financially. By calculating value added, we may also evaluate its financial performance.

- **Market activity**

Market performance gauges a company's or a product's success in the market. To put it another way, whether a product's market share has increased, whether product improvements have increased sales, etc. When discussing a specific product rather than the entire corporation, we use the phrase "product market performance."

- **Value to shareholders**

The performance of a company's shareholder value is measured by how much its shareholders are rewarded. In fact, many claim that it is the best way to gauge organizational success. The terms shareholder value and shareholder value maximization are synonymous. The market capitalization of a business may also be referred to as shareholder value.

Impact of Strategic Human Resource Management on Firm Performance

It is evident that the majority of research in the field of human resource management has concentrated on the relationship between HRM practices (also known as high-performance work systems, high-commitment work systems, performance oriented work systems, etc.) and organisational performance. Although the nature of the beneficial association appears to be generally uncontroversial, some questions have not yet been resolved by current research.

First, as was already mentioned, a lot of discussion has centred on figuring out the mediating mechanisms by which HRM practices affect company performance. Since these methods have an effect on employees, it stands to reason that they must alter those people in some way that will ultimately lead to improved business performance. First, the procedures may have an effect on workers' knowledge, abilities, and skills (also referred to as human capital).

The specific mediating mechanisms that exist between HRM practices and business performance have undoubtedly been the subject of a great deal of recent research. Second, despite the fact that the link between HRM practices and performance is clearly established, there is little to no agreement on the specific HRM practices that should be included in the performance-related HRM practices. There was not a single practice that appeared in all of the research in the papers in their special issue on HR and performance.

Researchers disagree on not only the specific procedures, but also the scale (Likert, %, yes/no, etc.), scope (all employees or a specific group of employees), and source (HR managers, employees, etc.) of these HR practise measures, according to Langevin-Heavey et al. (2013). The problem of conceptualising a high-performance work system broadly is related to the difficulty of finding the agreed-upon set of HRM practises that comprise a "high-performance work system." HR systems were initially conceptualised by Arthur (1994) as either control- or commitment-oriented. Employee skills, organisational structures, and employee motivation were two aspects that were empirically demonstrated in Huselid's initial 1995 study. However, as time went on, more scholars started to view HRM practices systems as being made up of three subsystems, with practices concentrating on opportunity, skill, and motivation enhancement (Appelbaum et al. 2001).

Recent study, however, has gone back to the roots of SHRM research and looks at HRM practices in terms of commitment and control.

Instead of viewing the HR system as a continuum from control to commitment, this updated conceptualization believes that these two components may exist independently. Su and Wright (2011) included control-oriented factors to their assessment of HRM practices, such as a focus on work norms, sanctions for breaking them, and close supervision. They discovered that, in a Chinese setting, these items provided an explanation for the performance variance that went beyond conventional "commitment" type behaviours.

In addition to certain methodological criticisms of research on the relationship between HR practices and performance, some conceptual criticisms have surfaced in recent years.

Additionally, as was already said, several scholars have argued that organisations would gain more from implementing more HRM practices rather than less on the basis of that consistent conclusion.

Finally, several scholars have claimed that as a result of this, corporations are forced to compete by improving the management of their staff through efficient HRM techniques. For instance, if HRM practices have such a significant impact on performance, why aren't they utilised to their fullest potential by all businesses? Furthermore, wouldn't the benefits of using them be lost if all businesses utilize them to their full potential?

He then demonstrates, using a marginalist economic perspective, how organisations probably face an ideal level of HRM practices that optimises the benefit from putting them into place.

In conclusion, even if the link between HRM practices and performance is undeniable, there is still disagreement on the definition of HRM practices and how to conceptualise them.

logical and strategic approaches in firm's management

In order to implement and change strategies, David Brodvin and L.J. Bourgeois has identified five different fundamental strategies:

The commander approach: The strategic leader put all of his effort into developing the plan while using exact logic and analysis. The CEO either created the strategy themselves or oversaw a group of planners who were tasked with selecting the best course of action for the company. The disadvantage of this strategy was that it would lower employee motivation if the leader instilled the notion that only top-down strategies were legitimate

The organizational change approach: "I have a strategy; how do I get my organisation to implement it?" was the question that the organisational change approach sought to answer.

If the strategy was to be implemented successfully, the strategic leader again decided on substantial adjustments and took into account the appropriate in structure, personnel, information, and reward system.

The fundamental methods for bringing about change in an organisation include: Communicating the desired new behaviours through demonstrations rather than words; concentrating early efforts on the needs that are already viewed as significant by the majority of the organisation; and having solutions presented by individuals with a high level of credibility within the organisation.

This method's disadvantage was that it wasn't appropriate for quick adjustments.

The collaborative approach : This strategy answered the question, "How can I get my top management team to help, develop, and commit to excellent set of goals and strategies?" by extending strategic decision-making to the team at the top of the firm.

In this strategy, the leader uses "brainstorming" approaches and group dynamics to engage managers with divergent viewpoints in the process of strategic planning.

The main criticism of the collaborative approach is that, from an organizational perspective, it doesn't genuinely involve collective decision-making because upper level managers frequently maintain centralized authority. This strategy fails to utilise the whole human potential across the entire firm and effectively maintains the fictitious division between intellectuals and doers.

The cultural approach: As a response to the strategic management challenge, "How can I get my entire organisation committed to our goals and strategies?" this strategy extended the collaborative approach to lower levels in the organisation.

The organisational objective and purpose were clearly defined and communicated, and employees were given freedom to create their own work activities in line with this goal by the strategic leader.

This technique entailed using the idea of "third-order control" to implement a plan. Steer supervision is first-order control; second-order control entails employing organisational structure, rules, and procedures to direct behaviour. Third-order control is more advantageous and might be more potent. It involved changing behaviour by reshaping the standards, ideals, symbols, and beliefs that managers and staff employed in their day-to-day operations.

The creative approach: The topic "How can I encourage my managers to design, champion, and implement excellent strategies?" was addressed by this approach. The strategic leader has no interest in doing long-term planning processes by themselves or even with others. He urged subordinates to come up with, support, and carry out sound plans on their own.

Issues and challenges of SHRM which affects the firm's performance

Management of human resources is essential to a company's long-term success. While this has always been the case, the relative importance of HR has further increased in the fast-changing, highly complicated, and uncertain corporate environment of today. Currently, firms are facing the various issues and challenges which are affecting the firm's performance ,are following:

- a. Leadership development
- b. Recruitment, retention and motivation
- c. Management culture
- d. Workforce diversity and demographic changes
- e. Globalization and it's implications
- f. Technology
- g. Changing skill requirements
- h. Technical talent
- i. HR effectiveness measurement
- j. Relationship with employees
- k. Continuous improvement programs

- l. Re-engineering work processes for improved productivity
- m. Employee involvement
- n. Data driven HR practises
- o. Contract employee
- p. Mass customization
- q. Decentralized work sites
- r. Health
- s. Family work life balance
- t. Budgeting
- u. Corporate downsizing
- v. Compliance with laws
- w. Accessibility

It can be challenging to fully integrate business and HR initiatives. That is partially due to the fact that the company's HR manager was not previously regarded as a member of the general management team. Additionally, the personnel guidance did not fall under strategic planning. However, HR is essential in today's modern business.

Solutions To Overcome the Issues And Challenges For The Firm's Growth

The way we conduct business is changing as well because the globe is undergoing considerable change on a daily basis. For a business to succeed over the long term, it is essential to be able to adapt to those changes, no matter how unsettling or challenging they may be. Above all, identifying and comprehending the business landscape of the future is the primary problem HR practitioners confront. Human Resources will strengthen an organization's most important asset: its people, as industries and technologies advance, new generations enter the workforce, competition intensifies due to globalization, and the nature of work changes in response to environmental factors.

Flexible working: According to one of the Sykee studies, "82 percent of employees today prefer to work from home." Therefore, the challenge for HR is actually that flexible working comes along with the duty to make an inclusive and engaging workspace for the staff, which necessitates ongoing efforts. As such, as HR, we must ensure that we make ongoing efforts to find new and different ways to engage our staff so that they do not feel alienated from the rest of the company. We can try of these ways to engage our staff:

Increase employee recognition so they feel appreciated and remain with the company.

Encourage our managers to have even more personal conversations with their team members; it shouldn't be the situation that they are only talking about work with them and have no other personal connections.

Our employees should be given opportunities for skill development and progress so they may see their futures with the company and remain involved with it.

Talent attraction and retention : 88 percent of companies declared their plan to hire new talent in the current quarter of January to March 2022, according to an Employment output report and teamly services.

One of the difficulties that many companies have is keeping their workers loyal to the company, so as HR professionals, it is our responsibility to develop innovative retention techniques. We can try a few of these strategies to draw talent to our business:

Increase the size of our talent pool by using all available hiring channels, such as campus hiring, employee referrals, job portals, consultants, and employee referrals. This will increase the likelihood that talented individuals will choose to work for our company.

Active hiring requires constant outreach to prospects, which takes a lot of time. However, if we work to position our company as an Employer of Choice, candidates will come to us on their own.

Employees wellbeing: The office environment was now more welcoming and stress-relieving; those coffee shop and water cooler talks were undoubtedly a way to let stress out that is not possible when working from home. Therefore, working alone is causing mental stress in the employees, which is affecting their daily performance. As human resources professionals, we must ensure that we bring this issue to the management's attention and ask for funding to work toward a solution. We can find these ways to improve employee well-being in our organisation:

Every employee wants their companies to provide health insurance so they may feel secure, and if at all possible, firms should cover the family members of employees as well.

One of the effects of working from home is mental stress, therefore as human resources professionals, we must assist our employees in minimizing that stress by planning motivating speeches and mental wellness sessions that will strengthen their commitment to the company.

Upskilling : The Learning and Development Function course should be combined with the Business Course, thus we should undertake a Training Need Identification Process to identify the employees who require various types of training. Additionally, we must design clear, shrewd, and simple training and learning programmes for our staff. One of the main objectives of HR is to basically discover new ways to upskill and upsell our people so that they can match the requirements of business.

New employees onboarding: It is the HR department's duty to ensure that new hires adjust to the workplace quickly and effectively so that they can start contributing to the business as soon as possible. However, given the work-from-home culture and the dispersed locations of the team members, it can be challenging to convey a sense of warmth and welcome to each new hire. As a result, we must make sure that our virtual onboarding process is set up so that every new hire experiences this warm welcome.

The pre-boarding procedure
Welcome new employees!
Role-specific instruction
Assist new hires in adjusting to their new roles

CONCLUSION AND DISCUSSION:

The field's theoretical and empirical development has increased the level of academic rigour and the calibre of findings that can be made but a lot is still uncertain. This evaluation is intended to aid researchers to comprehend the fundamental conceptual underpinnings, empirical findings, methodological issues, and contemporary developments in strategic HRM analysis. We also anticipate that this essay will be enlightening recommendations for next strategic HRM research. In the twenty-first century, strategic management of human capital is expected to be a distinguishing characteristic of success, necessitating a greater emphasis on the ideologies, regulations, and procedures used to maximise HRs. Given that the field continues to pose and

address research problems of value and strategic significance, strategic HRM is in a good position to contribute to this dialogue. SHRM is a theoretical and aspirational mindset that only materialises into actions and reactions that can be characterised as strategic, such as broad or focused HR strategies or strategic behaviour on the part of HR professionals collaborating with line managers. The modern justification for SHRM is that it serves as the foundation for creating and implementing people management strategies that allow the organisation to satisfy the needs of all of its stakeholders and take into account the evolving environment in which the business operates; and as a result, HR practises drive strategy, which in turn promotes workplace performance

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