

The Quality of Linkage of HR Strategy with Business Strategy - A Study in Selected Firms

Lt. Dr Lakshmi.T

M.Com, MBA, M.Phil, PGDMM, LLB, Ph.D

Associate Professor & NCC Officer

Maharani Women's Arts, Commerce and Management College

Bangalore -560 001

E-mail Id: drlakshmit13@gmail.com

Abstract

The present paper focus on the Designing and implementing a set of internally consistent policies and procedures that ensure a firm's human capital contributes to the attainment of business objectives is the process of strategic human resource management. The firms' use of human resource management to gain a competitive advantage implies both internal and external fit, or the alignment of HR strategy with business strategy and all HR functions.

Key Words: Strategic HRM, HR Strategy, HR Function

Introduction

The increased globalization of businesses necessitated the linking of HR policies, programmes, and practices with corporate policies and programs gave rise to the emergence of the discipline strategic human resource management. It is based on the premise that firms can be more effective if their human resources are managed with human resource policies and practices that deliver the right number of people with the appropriate behaviors, the needed competencies and the feasible levels of motivation to the organization.

Today, based on the accumulated evidence, the academics and professionals can claim that systematic co-ordination of human resource policies and practices based upon the needs of the firm can result in such outcomes as improved employee satisfaction, customer satisfaction, profitability, environmental and social impact, strategic partner relationship and organizational survival. These outcomes are achieved by the practice of strategic human resource management on the basis of partnerships.⁶ Making the partnerships of HR and corporate endeavors concrete and real is more challenging and complex because strategic human resource management is practiced in firms operating across several countries of the world. The multinational companies are stretching out all over the world, therefore the practice of formulating and implementing strategy is considerably more complex. Thus, linking of human resource management policies and practices is also challenging and complex.

Of late, human resource professionals are being challenged to learn more about the business, its strategy, its environment, its customers, and its competitors. They are also being challenged to manage the process of change that organizations are going through. Under the circumstances, human resource professionals are demonstrating to others that they can add significant economic value to the organization and that they are producing competitive advantage for the firm. In doing so, they are significantly transforming their human resource departments.

Nature of SHRM

The past decades witnessed an increasing interest of management scholars in strategic human resource management. A number of theoretical and empirical studies emerged in the field of strategic human resource management, and there is a consensus among practitioners and scholars that people are valuable resources for business success, and can be the source of sustainable competitive advantage of the firms. In the following paragraphs, the thesis best captures the nature of strategic human resource management.

Strategic Human Resource Management – Defined

Strategic human resource management is the pattern of planned human resource developments and activities intended to enable an organization to achieve its goals.

- Patrick M. Wright and Gary C. McMahan (1992)

SHRM involves designing and implementing a set of internally consistent policies and practices that ensure a firm's human capital contributes to the achievement of its business objectives.

-Huselid et al. (1997)

Strategic HRM is a collection of tasks and processes shared jointly by line managers and human resources to solve business issues based on people.

-Kaplan, N.J. and Hurd J. (2002)

Scope of SHRM

Strategic human resource management ensures that human resource management is fully integrated with the strategy and the strategic needs of the organization. Human resource policies cohere both policy domain and across different levels of management. Human resource architecture of the firm that is a judicious mix of structure, systems, rewards, processes, people, styles, skills, and shared values results in above average economic performance. HR architecture sub-components reflect the development and management of the firm's human resources. Further, HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

SHRM involves formulation of corporate strategies and ensuring their implementation.

HR executives should compile and guide the discussion on contextual factors. SHRM encompasses an organization's architecture. In other words, it should identify the underlying model of the company's way of doing business. HR functions are having accountability. Therefore, they are subject to organizational audit. SHRM involves horizontal integration that is integration of all HR functions. It also takes care of the strategic aspects of vertical integration that is combining HR activities with corporate objectives. More so, the SHRM certainly revolves around the given international business environmental factors.

Objectives of SHRM

- SHRM measures the contributions of employees and reward accordingly. For this purpose, HR practices must motivate and retain skills needed for business strategy.
- The idea in SHRM is that firm's human resources are of critical importance and that the skill, behavior, and interaction of employees have the potential to provide for both the foundation for formulations and the means for strategy implementation.
- A firm's HRM practices are instrumental in developing the strategic capability of its pool of human resources.

Benefits of SHRM

Organizational Benefits

- SHRM Contributes increased organizational performance.
- It ensures enhanced organizational productivity.
- It provides the undercurrent for the long-run survival of the business.
- SHRM is a challenging and self-fulfilling paradigm of individuals therefore the attrition rate of the organization is usually low.
- SHRM enhances the customer satisfaction and ensures the profitability through satisfying the customers.
- HR department existence in the organization is justified on account of the presence of strategic human resource practice.
- Organizational systems designed to achieve sustainable competitive advantage through people.
- Values people as strategic resources and represent critical investments in a firm's performance.
- Concerned with skills and behaviors that are developed and encouraged for strategic advantage of the firm like building organizational capabilities.
- Unlike capital investments, economic scales, or patents, a properly developed HR system is an invisible resource that creates value and enhances firm's capabilities.

Objective of The Study

- To analyze the quality of linkage of HR strategy with business strategy in select sample firms.

Review of Literature

Jeff Ericksen and Lee dyer (2010) in their article extend strategic human resource management thinking to theory and research on high reliability organizations using a behavioral approach. After considering the viability of reliability as an organizational performance indicator, the authors identify a set of eight reliability variables and suggest that they are especially valuable to reliability-seeking organization that operate under „trying conditions“. The authors conclude that the behavioral approach offers SHRM scholars an opportunity to explain how people contribute to specific organizational goals in specific contexts and, in turn, to identify human resource strategies that extend the general high performance human resource strategy (HPHRS) in new and important ways.

Live Lundy (2009) in the article claim that management of human resources to take on new strategic significance with advent of globalization. The paper focuses on SHRM being viewed as vital phase in the evolution of personnel management, and seeks to integrate the functional practices of human resource management with the strategic processes of the organization. Tentative propositions suggest for the exploration of the data on this sphere. The final discussion throws light on the concept of SHRM gaining ground in the UK. The study concludes that strategic human resource management is a significant frontier which offers great opportunity to advance understanding of the management of human resources.

Patrick M. Wright, Scott A. Snell and Lee Dyer (2005) in their article contend that although strategic human resource management began to emerge as a domain of study around 1980s, many of the field’s major theoretical and empirical studies have occurred during the last decade or so. The work has been generated by communities of scholars operating within specific countries or other regions of the world. A cadre of scholars from across the world recently gathered at Cornell University to share thoughts and perspectives, and came out with specific insights and suggestions for strengthening the domain in the backdrop of globalization.

Martin McCracken and Mary Wallace (2000), review the literature on strategic human resource development (SHRD) and explores the concept specifically in the context of the work of Garavan (1991), which highlighted nine key characteristics of SHRD. It concludes by defining SHRD as the creation of a learning culture, within which a range of training, development and learning strategies both respond to corporate strategy and also help to shape and influence it. It is the reciprocal and mutually

enhancing nature of the relationship between HRD and corporate strategy which lies at the heart of SHRD and at the heart of the development of a learning culture. SHRD forms an integral part of SHRM.

Shaun Tyson (1998) in the edited book has elicited information from renowned academicians and business people to comment on the complex synergy between the rhetoric and the practical application of HRM initiatives. The book adopts a contingency approach and so views strategic HR as a practical activity, and dwells extensively on successful integration of HR initiatives and broader business strategies. The book explores the relationship between the theory and practice of SHRM.

Stock man (1999) in his article portrays one organization that has effectively re-designed its HR function to assume all four strategic HR roles. Mercantile Bank, head quartered in St. Louis, is a multi-bank holding company, 131 billion dollars in assets and more than 10,000 employees. The bank strategically re-designed its HR functions during 1990s, when it went through mergers and acquisitions. Consequently, Mercantile's HR function is able to assume the roles of strategic partners, change agent, administrative expert, and employee champion simultaneously.

Fox A (2003) postulates a strategic partner role of HR in regard to US based Wells Fargo Bank. It has 185 branches, more than 3000 employees and does more than 20 billion dollar business annually. In such a large organization, HR had performed many of its traditional administrative roles. To become more competitive, Wells Fargo saw the need to move to a more strategic approach to human resource management. Line managers needed specific HR solutions to help them to improve their operation to impact the bottom line. The end result was that the re-organization has allowed managers to reach their strategic and business goals by moving HR closer to line managers and creating value added processes.

Dave Ulrich and Dale Lake (2000) in their book emphasized the fact that to create value and deliver results, HR professionals must begin not by focusing on the activities or work of HR but by defining the deliverables of that work. For this, HR professionals must perform four roles. They are strategic partner, administrative expert, employee champion and change agent roles. The authors gave a framework to perform all these four roles. HR professionals must learn to be both strategic and operational, focusing on long term and short term. The authors expounded that the HR manager must consider that three issues: the deliverables that constitute the outcome of the role, the characteristics accompanying the role and the activities the HR professionals must perform to fulfill the role.

Gary Hamel and C K Prahalad (1994) say that to be effective as administrative experts, HR professionals need to undertake activities leading to continual re-

engineering of the work process they administer. In many firms, this re-engineering of HR processes has led to a new HR organizational form called shared services through which HR administrative services are based across company divisions while maintaining service quality for their users.

James Heskett (2006) in his article enumerates the challenges of becoming HR professional in a strategic partner. Becoming a strategic partner requires both fortitude and discipline. Some HR divisions inserted phrases such as *strategic partner* in their mission statements, hoping that the words alone would make it happen. Unfortunately hopes without understanding create more cynicism than change. To become a strategic partner requires overcoming five challenges: those are, avoiding strategic plans on top shelf, creating a balance scorecard, aligning HR plan to Business plan, watching out for quick fixes and creating a capability focus within the firm.

Dave Ulrich (2001) observed that the challenges for HR professionals acting as employee champions are many and complex as work today is more demanding than ever before- employees are continually being asked to do more, often with fewer resources. As firms move away from offering career or even employment security, employees find themselves rethinking their contribution and commitment to the firm. If firms withdraw the old employment contract, which was based on security and promotability, and replace it with faint hopes of trust, employees will return in kind. Their relationship to the firm becomes transactional: they give their time but do not contribute to their fullest efforts.

Daniel Z. Ding and Syeds Akhtar (2001) in their research work on the topic entitled “The Organizational choice of human resource management practice: a study of Chinese enterprises in three cities in the People’s Republic of China (PRC)” examined the effects of an organization’s contextual variables on the choice of human resource management practices to secure, nurture, reward and retain managerial employees. The contextual variables included organizational characteristics (ownership, age and size), on the one hand and its competitive strategies (innovation, quality and cost) and the strategic role of the human resource function, on the other. Using structural equation analysis, they examined both the direct and indirect effects of the contextual variables on HRM practices. The indirect effects were measured through the strategic role of the human resource function. Results indicated that ownership and the strategic role of the human resource function were key variables in explaining an organization’s choice of HRM practices.

Craig Schneier (1995) in his article looks at human resource management (HRM) and in the context of Mexican literature. The paper also examines the Thatcherite approach, with regard to declining international competitiveness, in seeking labour market reforms

to try and re-align competitiveness from Asian economies. The author further contends that labour market flexibility (LMF) and strategic human resource management (SHRM) have strategic roles in off-setting employers' attempts to discard traditional means of collective labour market regulations.

Statement of the problem

The field of strategic human resource management has enjoyed a remarkable ascendancy during the past two decades, as both an academic literature and focus of management practice. Strategic human resource management literature is increasingly concerned with whether human resources can be a source of competitive advantage.

Strategic human resource management is a crucial component of corporate strategy, company strategy, and functional strategy in industrialized nations. All of the major corporate policies are in alignment with the strategic human resource management.

Multinational and international businesses strategically include the SHRM into their business plans. Strategic human resource management is gaining popularity in emerging nations, particularly in our own. Organizations in India are aware of the notion of strategic human resource management, but they haven't fully investigated it. It is slowly becoming apparent in our context. The following research topics provided the justification for the current study's coupling of HR strategy with business strategy.

Research issues

- Is Strategic Human Resource Management a distinct philosophy to meet competitive business environment?
- How employee attitudes and behaviors arising out of SHRM play mediating role between HR practices and employee performance?
- Whether SHRM plays a strategic role in achieving organizational objectives of the sample companies?
- Whether people strategy comprises all objectives and actions for the cost- efficient provision and development of qualified people as required implementing the business strategy?

Hypotheses

H₀: There is no relationship between external environment of SHRM and financial performance

H₁ : There is a relationship between external environment of SHRM and financial performance.

Methodology

The study articulates what has happened and what is happening on the strategic human resource management front in advanced countries and developing countries including India. The time tested SHRM Models and theories developed by renewed global HR

stalwarts such as Randall S. Schuler, McMahan, David Guest, Jeffrey A Mello, Hueslid, Dave Ulrich, McWilliams, Patrick Wright, and so on are the contributors of research variables, which form core of the study

Sampling

i. Sampling Frame

All renowned Fortune-1000 Companies operating in India.

ii. Sampling Method

There are three categories of respondents under the study. They are top and line management authorities, HR professionals, and employees. The sampling method used for selecting top and line management respondents is non-random judgmental sampling, this was because to investigate and analyze the five objectives of the research programme concerning the linkage of HR strategy with business strategy on organizational effectiveness, top management authorities at the helm of affairs must necessarily be consulted. Hence, the study resorted to the non-probability judgmental sampling method.

iii. Sample size

Based on the sampling frame confining to the territory of India in regard to Fortune 1000 companies operating therein, 60 firms under various manufacturing and service industries category have been drawn.

Composition of Sample Size

<i>Sl No</i>	<i>Category of Respondents</i>	<i>Size</i>
11	Top Management and Line Managers (1x60)	60
2	HR Professionals (1x60)	60
3	Employees (60x60)	360
Total		480

Data Collection

ii. Secondary Data

The secondary data on the topic have been collected from globally renowned HRM text

books, empirical research papers, sample firm HR manual, annual reports, internet information, published theses, dissertations , internationally acclaimed HR journals, Magazines, and New bulletins, Newspapers, micro-films on the topic.

ii.Primary Data

For the purpose of primary data collection, the study relied on well-structured questionnaire, schedule, personal interviews, and e-mail survey technique called „kwik-survey”.

Results and Analysis

Strategic Human Resource Management – What it is?	Top and Line Managers (N=60)					Mean Score	Professionals (N=60)					Mean Score	
	SA	A	N	DA	SD		SA	A	N	DA	SD		
SHRM is concerned with the pattern of planned human resource activities intended to enable an organization to achieve its goals	N	25	17	12	06	00	4.02	26	15	11	08	00	2.98
	%	42	28	20	10	00		43	25	18	14	00	
SHRM is the strategic integrations of HR Strategy with Corporate Strategy	N	12	31	08	06	03	3.92	18	22	09	07	04	3.67
	%	20	52	13	10	05		30	37	15	12	06	
SHRM ensures that various aspects of HRM cohere, and provide for line managers to incorporate into their decision making	N	20	18	09	08	05	3.66	21	21	09	05	04	2.83
	%	34	30	15	13	08		35	35	15	80	07	
SHRM is an integration of human resources with the rest of a business and its environment	N	12	37	05	06	00	3.71	12	32	05	06	05	3.72
	%	20	62	08	10	00		20	54	08	10	08	
Traditionally, HR advice was not really	N	24	18	05	06	07		28	19	03	05	05	

part of strategic decision. However, these days, all organizations are stressing on the importance of SHRM	%	40	30	08	10	12	2.10	47	32	05	08	08	2.25
In SHRM, people are regarded as the „strategic resources“ of the organization and the role of HRM in achieving competitive advantages is also recognized	N	28	19	08	05	00	4.16	24	17	09	07	03	3.86
	%	47	32	13	08	00		40	28	15	12	05	

(Source: Primary Data)

(Key: 5 = Strongly Agree; 4 = Agree; 3 = Neither Agree nor Disagree; 2 = Disagree; 1 = strongly disagree)

1. SHRM-the Pattern of Planned HR Activities

Strategic human resource management is not an intermittent process but it concerned with the pattern of well-orchestrated human resource activities intended to enable the organizations to achieve their goals opined by 70 percent and 68 percent of both the categories of respondents respectively. 20 and 18 percent of the respondents remained neutral to the given statement and therefore the mean scores are 3.02 and 2.98 respectively.

The distinct philosophy strategic human resource management is not a solemn activity but a serious activity in that it combats the severe competition prevailing in the environment affecting the business. Hence, SHRM is a pattern of planned HR activities to achieve strategically the intended objectives by multinational corporations operating across the countries, culture, and constraints.

2. SHRM-A Paradigm of Integration of HR strategy and Corporate strategy The integration potentially reaps organizational effectiveness and therefore, the people are strategic as per 72 and 67 percent of sample top, line and HR manager respondent. The range of Mean Scores for the given two statements is 3.67 to 3.92. This indicates the categorical acceptance of the given statements by the enlightened respondents. It can be inferred that the crux of strategic human resource management is linkage of HR practices across the levels, policies, departments and organizational

as a whole. This integration produces competitive edge for the organization through people.

3. SHRM and Competitive Edge

Under SHRM, various HR functions cohere to produce HR outcomes and those outcomes are strategically incorporated into line functions decision making process. This process fortifies the HR department in particular and organization as a whole in general. 64 and 70 percent of both the category of respondent respectively endorsed the given statement under the study. A miniscule percentage of respondents were not affirmed the given statement. In strategic human resource management, HR practices contribute to HR department effectiveness and the latter acts as a means to achieve the organizational effectiveness, therefore, the significance of SHRM in the current competitive context.

4. SHRM- An Integration of Business and its Environment

Strategic human resource management means the linking of HR functions with business strategy to achieve the needed organizational performance says 82 percent of the top and line managers. The same was conceded by 74 percent of HR professionals in the sample companies. In strategic human resource management parlance, the people in the organizations are treated as a strategic resource. The essence of SHRM lies in effective integration of HR practices with business strategy. Not only the alignment happens within an organization but the firm with external environmental factors, as the latter influence the business considerably.

5. Traditional Vs Strategic HRM

Way back in the last century people management was considered as personnel management which treated employees as liabilities and adopted policy of hire and fire. Slowly, the organizations realized the significance of their people and treated them with respect and considered as an important asset to be called as human resource management. American firms went further and treated people as strategic asset to achieve their objectives. Firms stressed the need for HR department inclusion in the board and HR professionals are made as strategic partners. 70 percent and 79 percent of both the categories of respondents acceded with the given fact (see table 4.1).

There is a remarkable and strident movement of people management from PM to HRM to SHRM and therefore, American Society for Personnel Management has been renamed as "Society for Human Resource Management (SHRM)". This speaks of the growth trajectory of people management in multi-national corporations. As far Indian context, strategic human resource management is known but unexplored by our firms.

6. SHRM and Competitive Advantage

Almost four-fifth of the total top and line management respondents and 68 percent of HR professionals respondents under the study have accepted the fact that in their organizations, people are regarded as „strategic resources“. Further, the role of HR department is metamorphosed into a contributor of business strategy. Hence, HR department achieving competitive edge is well recognized. Gone are the days, where the HR department was treated as a cog in the machine and its role was less pronounced. The emergence of HR department as strategic is well accepted by the learning organizations. They understood and acknowledged the fact that human resources are capable of producing competitive advantage for the firms.

INTERNAL ENVIRONMENT OF SHRM

Internal Environment of SHRM

<i>In linking human resource activities with the firm, please indicate how influential you feel each of the following internal environmental factor is?</i>		<i>Top and Line Managers (N=60)</i>					<i>Mean Score</i>	<i>Professionals (N=60)</i>					<i>Mean Score</i>
		<i>MI</i>	<i>I</i>	<i>I</i> <i>ME</i>	<i>I</i> <i>L</i> <i>E</i>	<i>N</i> <i>T</i> <i>I</i>		<i>MI</i>	<i>I</i>	<i>IME</i>	<i>I</i> <i>LE</i>	<i>N</i> <i>T</i> <i>I</i>	
Top Management Values	N	21	17	11	06	05	3.70	16	25	06	08	05	3.86
	%	35	29	18	10	08		27	42	10	13	08	
The Vision and Mission	N	20	18	09	08	05	3.66	20	22	06	07	05	3.75
	%	33	31	15	13	08		33	37	10	12	08	
Strategy of the Firm	N	19	22	10	07	02	3.81	21	21	08	07	03	3.78
	%	32	36	17	12	03		35	35	13	12	05	
Nature of the Business	N	21	25	04	03	07	3.83	20	22	09	04	05	3.80
	%	35	42	07	05	11		33	37	15	07	08	
Products and Services	N	12	31	08	06	03	3.71	21	21	07	06	05	3.78
	%	20	52	13	10	05		35	35	12	10	08	
Customers	N	19	26	08	06	01	3.93	23	20	07	06	04	3.86
	%	32	43	13	10	02		38	33	12	10	07	
Degree of Competition	N	21	25	04	03	07	3.83	23	18	09	05	05	3.81
	%	35	42	07	05	11		38	30	15	08	08	

(Source: Primary Data)

(Key: 5=Most Influential; 4=Influential; 3=Moderately Influential; 2=Influential to a Little Extent; 1=Not at All Influential)

Analysis

The firms under the study are influenced to varying extent by micro environmental factors specific to the concerned firms. The internal environmental factors such as corporate values, vision and mission statements, nature, size, products and services, customers, and degree of Competition influenced the firms ranging from high to not at all. 65 percent to 77 percent of the respondents in both the categories agreed with the fact that the above internal factors influenced the firm’s decision making at various levels and from time to time .

Interpretation

The firm is affected by the internal factors as has been indicated in table to achieve competitive the firms must meticulously take care of these internal environmental factors and deal with them appropriately to stay competitive.

External Environment of SHRM

Comprehension of External Environment by CEO and HR Managers

<i>We in our company believe that the CEO and HR Managers need to comprehend the external environmental factors such as</i>		<i>Line Managers (N=60)</i>					<i>Mean Score</i>	<i>Professionals (N=60)</i>					<i>Mean Score</i>
		<i>T</i>	<i>T</i>	<i>T</i>	<i>T</i>	<i>N</i>		<i>T</i>	<i>T</i>	<i>M</i>	<i>T L</i>	<i>N</i>	
		<i>V</i>	<i>C</i>	<i>M</i>	<i>L</i>	<i>T L</i>		<i>V</i>	<i>C</i>	<i>E</i>	<i>E</i>	<i>T L</i>	
		<i>G</i>	<i>E</i>	<i>E</i>	<i>E</i>			<i>G</i>	<i>E</i>				
Political and Legal Environment	N	30	18	05	04	03	4.13	21	21	07	06	05	3.78
	%	50	30	08	07	05		35	35	12	10	08	
Socio-Cultural Environment	N	20	18	09	08	05	3.67	24	19	07	06	04	3.83
	%	33	30	15	13	08		40	32	12	10	07	
Economic Environment	N	19	22	10	07	02	3.81	21	21	08	06	04	3.81
	%	32	36	17	12	03		35	35	13	10	07	

Technology	N	21	25	04	03	07	3.83	24	18	07	06	05	3.83
Environment	%	35	42	07	05	11		40	30	12	10	08	
Global	N	30	19	07	04	00	4.38	21	21	09	05	04	3.83
Environment	%	50	31	12	07	00		35	35	15	08	07	

(Source: Primary Data)

(Key: 5= to a very great extent; 4= to a considerable extents; 3= to a moderate extent; 2=To a Limited Extent; 1=Not at all)

Analysis

From the table 4.3 above, it is clear that the mean scores on the external environmental factors impact the sample firms on various levels of decision making. The mean scores are the middle path in that it ranges from 3.55 to 4.38 as to top and line managers" responses and it is 3.63 to 4.06 in case of HR professional indicating the fact that the external environmental factors listed in table 4.3 influenced the SHRM function drastically. The CEO and HR managers along with line managers understand the changes that are happening in the external environmental forces and appropriately formulate and implement strategies to meet the necessary changes.

Interpretation

Any firm for that matter in the turbulent business environment scenario needs to comprehend the external environmental factors such as political and legal, socio-cultural, economic, technology, and global changes. These macro-economic variables impinge the existing routine of the business and therefore there is a need for understanding of the external environmental factors by the board of directors and HR professionals.

Hypotheses Testing Results

H₀: There is no relationship between external environment of SHRM and financial performance

The empirical data about external environment of strategic human resource management and financial performance of the sample Fortune companies have been gathered on Likert's five point scale. The external environmental factors influencing the financial performance of the sample companies are political, Legal, technological, economic, socio-cultural, and global environmental factors. The financial performance factors are profitability, productivity, shareholder value creation and economic value added.

The causal relationship has been established between external environmental factors

(5 items) and financial performance factors (4 items). To test the cohesiveness and veracity of the grouping items under independent external environmental factors and the dependent financial performance factors, Cronbach’s alpha test was conducted and the respective values are indicated below in tables 6.1 and 6.2 respectively.

Cronbach’s Alpha Values for External Environment under SHRM as per Top and Line Managers, HR Professionals and Employees

<i>Independent Variable</i>	<i>Respondents</i>	<i>Cronbach’s Alpha Values</i>
External Environment of SHRM (5 items)	Top and Line Managers	0.901
	HR Professionals	0.913
	Employees	0.757

Cronbach’s Alpha Values for Financial Performance under SHRM as per Top and Line Managers, HR professionals and Employees

<i>Dependent Variable</i>	<i>Respondents</i>	<i>Cronbach’s Alpha Values</i>
Financial Performance (4 items)	Top and Line Managers	0.879
	HR Professionals	0.905
	Employees	0.879

(Source: Tables 5.18, 5.38, 5.58))

The cronbach’s alpha value 0.7 and above indicates the high reliability of groupings of factors in both independent variable and dependent variable in hypothesis-1. This is the base data for the testing of causal relationship and hypothesis of external environmental factors influencing financial performance of the sample companies.

The regression coefficients for the said independent variable and dependent variable in the hypothesis are given in table 6.3

Regression Coefficients and R-Square Values as per Top and Line Managers, HR professionals and Employees

<i>Causal Relationship</i>	<i>Respondents</i>	<i>Values</i>	
		<i>Regression Coefficients</i>	<i>R</i>
Between External Environment (IV) and Financial Performance (DV)	Top and Line Managers	0.015	0.724
	HR Professionals	0.033	0.830
	Employees	0.001	0.686

(Source: 5.7, 5.5, 5.25, 5.27, 5.45, 5.47)

At 5% level of significance, the regression coefficients values for the causal relationship between external environment and financial performance indicate high significance and the R-Square values of dependent variable on independent variable for all three categories of respondents show the maximum percentage and therefore, the null hypothesis (H_0) that there is no relationship between external environment and financial performance under the study was rejected. The alternative hypothesis (H_1) that is, there exists a positive and a significant relationship between external environment and financial performance under strategic human resource management of the sample companies was evolved.

Further, to corroborate the alternative hypothesis, Canonical correlation has been computed, the results are shown in the above table.

Canonical Correlation Values as per

Top and Line Managers, HR professionals and Employees

<i>Causal Relationship</i>	<i>Respondents</i>	<i>Canonical Factor Loadings</i>	
		<i>IV</i>	<i>DV</i>
Between External Environment (IV) And Financial Performance (DV)	Top and Line Managers	0.235	0.712
	HR Professionals	0.262	0.863
	Employees	0.631	0.781

(Source: Tables : 5.19, 5.20, 5.39, 5.40, 5.59, 5.60))

Thus, the canonical dependent factor loadings on independent canonical factor loadings show the high degree of relationship between external environmental factors influence on the financial performance of the sample companies. It can be inferred that SHRM to a great extent is influenced by contextual and contingent factors, the fortune 1000 companies are operating in different countries of the world and therefore, they are influenced by country-specific political-legal, technological, economic, socio-cultural, and global factors. The value creation through integration of external environment with financial performance produces productivity, profitability and economic value addition for the firms.

Findings

- As in any other scenario, the internal environmental factors are very much influencing phenomenon affecting the business considerably. When such being the case, factors affecting linkage of HR strategy with business strategy is no exception. In one way or

other the internal environmental factors knowingly or unknowingly impact the business firms. Therefore, it is suggested for SHR Managers to keep vigil on the ever changing internal environmental factors that could be change in the customer taste and preferences, knowledge management and internal R & D.

- Any firm for that matter in the turbulent business environment scenario needs to comprehend the external environmental factors such as political and legal, socio-cultural, economic, technology, and global changes. These macro- economic variables impinge the existing routine of the business and therefore there is a need for understanding of the external environmental factors by the board of directors and HR professionals.

Suggestions

The research program has been an inquisitive affair to gain the research knowledge on the topic. The immutable and unstinted effort and the much labor gone into the study yielded positive and promising revelations in strategic human resource management in Fortune 1000 companies. The rules of the game are much ordeal for MNCs leadership strategy and are akin to any research program. The researcher most humbly offers constructive suggestions to the stake holders of the topic, if they could be kindly considered and implemented that will go a long way in the growth and the development of firms-global, national, and local, so also the Government organizations of our country. The dynamic suggestions are enumerated as below

Direction for the Future Research

- Dynamics of SHRM in Higher Education-A Case Study in Karnataka
- SHRM practices in Indian Based Companies - An Analytical Study
- SHRM practices in Private sectors and Public Sectors – A Comparative Study
- SHRM Practices in Service Industries –An Analytical Study

Conclusion

Strategic human resource management is a distinct philosophy and a new field in management. It is concerned with linking HR strategy with business strategy for achieving organizational objectives under competitive environment. The linkage produces competitive advantage by reducing the labour cost and achieving HR efficiency on the one hand and linking employee competencies and behavior to produce HR capabilities. Organizational capabilities are boosted up through HR capabilities by harnessing HR functions and managing human behavior at work. 30 years ago the concept strategic human resource management emerged from United States of America and thereafter the field of SHRM enjoyed a remarkable ascendancy during the past two decades. It has grown as academic literature and that of management practice.

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