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Linkage of strategic HRM, cultural and behavioral factors with the performance strategies in small scale industries

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Abstract

This study looks at how strategic human resource management (HRM) affects an organization's performance strategy. A company's mission and objective are strengthened by a strong human resources strategy. The variables affecting an organization's performance strategy are dynamic: Small business managers must constantly analyze internal and external environmental conditions and adapt their HR strategy accordingly in order to maximize recruitment and retention, minimize employee difficulties, and maximize customer satisfaction.

Knowing how strategic HRM, cultural, and behavioral challenges may affect performance strategy is crucial for carrying it out. The main objectives of this study are to examine the state of small firms' strategic human resource management (HRM) organizational cultures and the processes that support them, as well as to contribute to the field's theoretical development. Three categories of small-scale industries were examined in present study: food processing, furniture manufacture, and service providers like beauty salons and roadside mechanics. The use of symbolic interactionism in this study gives academics and research researchers a theoretical viewpoint on a variety of research techniques.

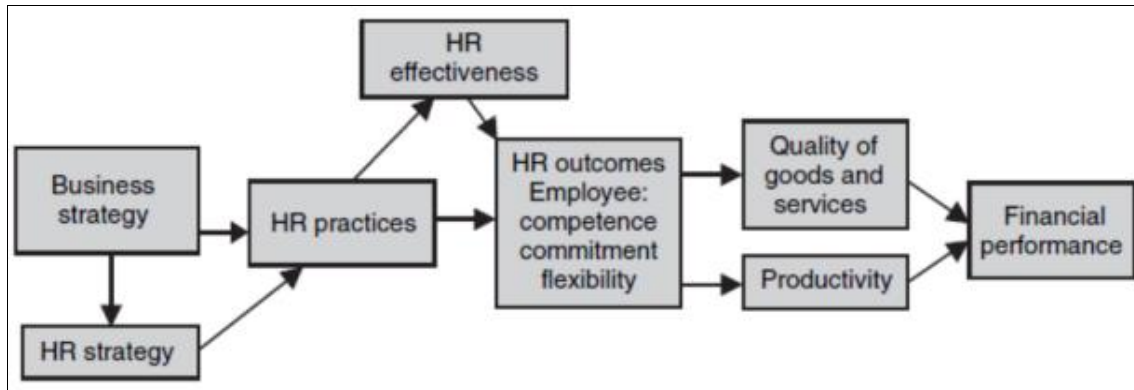
The results shows that the effectiveness of products/services and financial success are impacted by a sound set of strategic HRM practices (training, involvement, results-oriented assessments, and internal career possibilities).

Keywords: HRM practices, cultural and behavioral factors, small scale industries

1. Introduction

The competitiveness and instability of the world are rising faster than ever. All types of industries, including primary industries (extractive, genetic); secondary industries (manufacturing, etc.); and service industries (travel and lodging, nursing homes, banks, etc.), are working tirelessly to gain a competitive edge and train their employees in more cutting-edge methods of operation. Practices in human resource management are assisting them in this. Effective human resource management policies and practices are crucial for fostering productive work habits among employees, as is commonly recognized. Tan and Nasurdin (2010), Damampour and Gopalakrishnan (1998). In order to achieve organizational goals and objectives, human resources must be strategically and scientifically positioned (Wright, P.M. & Mc Mohan, G.C. (1992). The strategic objectives of a corporation benefit from SHRM. It clarifies the expenses related to employing, training, and maintaining staff as well as their respective revenue-generating activities. Some believe that organizations can get the best outcomes if they properly manage both internal and external difficulties by strategically allocating human capital and utilizing HRM methods.

Figure 1 depicts the relationship between organizational performance strategy and strategic HRM. A wide number of activities are covered by HRM. Remuneration systems, such as individual or group incentives or contingent pay, as well as the systems of evaluation, promotion, and career advancement are all examples of incentives. Work organization refers to the division of decision-making authority (autonomy/decentralization) between managers and employees, as well as job design (such as job rotation and flexibility) and teamwork.



Source: Armstrong (2006, p.75)

Fig 1: The relationship between strategic HRM and performance

Globalization and the entry of international corporations have increased the necessity for and significance of studying culture and how it affects performance strategy. Because studying strategic human resource management entails "introducing new products and ideas into multiple markets," a cultural awareness is crucial (Sheth and Sheth 1997). Therefore, in order to create efficient marketing strategies to penetrate international markets, management professionals need to be aware of cross-cultural variances. Despite having a small similarity, no two marketplaces can ever be the same. Therefore, culture may also be a challenge for businesses looking to expand.

Prior to the establishment of the mining, other manufacturing, and service industries, India was mostly an agricultural nation. With the discovery of oil and subsequent foreign direct investment (FDI), mining and petrochemical industries were established, which brought about economic success. In the first quarter of 2017–2018, India's GDP grew at a pace of about 5.7%. Many Indians now have the opportunity to own factories because to this. The desire for more cars in a state like Delhi is increased even more by the growth in auto manufacturing. This is also a result of the National Capital Territory's establishment (NCT). As a result, there is a need for mechanics who can maintain and repair these vehicles. Service technicians who operate as mechanics in roadside garages and workshops.

1.1 Purpose of Inquiry and Inquiry Questions

The goal of this study was to examine and conceptualize the published literature in a systematic manner in order to take into account the following research questions:

1. What groundbreaking research has been done in small-scale industries generally, and in the food-processing, furniture-making, and service sectors in particular?
2. What is known about strategic HRM, the impact of culture, and how behaviour affects small-scale industries' performance strategies?
3. Can further empirical research be built upon the findings of this study? Specifically, what can this topic teach researchers, academics, and business professionals?

2. Literature Review

There is generally a strong and positive correlation between strategic HRM and performance policy and strategy. Black and Lynch (2001) examine Total Quality Management

(TQM), benchmarking, self-managed teams, recruitment tactics, and other elements of "high performance" workplaces. This information came from a cross-sectional study.

The market forces many organizations to set their goals while drafting performance strategies. Among the objectives are cost-cutting, reaching sales targets, boosting client numbers and market share, and enhancing quality and productivity. These objectives will be realized through the thoughtful application of human resource management.

Direct and indirect methods are the two main ways to evaluate the significance of incentive pay. Data on the prevalence of HRM, frequently derived from specialized surveys, is used in direct techniques. Indirect approaches are used to determine how much compensation is performance-based by drawing various conclusions using statistical inference, ideally from matched worker-firm data. We focus mostly on the direct evidence before briefly touching on the indirect evidence.

It becomes more difficult to synthesize the available data when considering less specific types of HRM than compensation, such as self-managed teams, performance feedback, job rotation, regular meetings, and training. Numerous surveys in the cross section with various response rates, sampling bases, and questions make them difficult to compare. Perhaps the most representative example for the US is Black and Lynch (2001, 2004) who helped collected information from a survey backed by the US Department of Labor (used also by Cappelli and Neumark, 2001). In 1996, for example, about 17% of US establishments had self-managed teams, 49% in formal meetings and 25% in job rotation. Lawler *et al.* (2003)'s unsurprisingly, data from larger companies' reveals a higher occurrence of "new" HRM practices. According to their data for 1996, 78% of businesses had self-managed teams, which accounted for at least 20% of the workforce for 32% of all businesses.

2.1 Small Scale Industries

In India, the small industries in the manufacturing sector are defined in terms of investment in plant and machinery. In accordance with the provisions of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the small industries are classified into two sector:

1. Manufacturing Sector.
2. Service Sector.

Table 1: Division of Business units based on Investment

Investments	Manufacturing Sector	Services Sector
Investment in Plant and Machinery Investments in Equipments	More than twenty five lakh rupees but does not exceed five crore rupees	More than ten lakh rupees but does not exceed two crore rupees

Source: Ministry of small enterprises, government of India. New Delhi)

2.2 Strategic HRM Concept

Strategic HRM focuses on initiatives that set one organization apart from its rivals (Purcell, 1999). Hendry and Pettigrew (1986) claim that it possesses the following characteristics.

- The application of planning,
- Organizational policies based on workforce strategies and employment policies,
- HRM philosophies that are culturally compatible, and
- The creation of competitive advantages

Campbell's (1999) theory defines performance is defined as an employee's contribution to the achievement of the company's objectives, which may be scaled or assessed. Venkataramn and Ramanujam (1996) indicate using straightforward outcome-based financial metrics that are thought to indicate the achievement of the firm's economic aims constitutes a performance plan.

Dimensions of Culture: Culture is a collection of values, beliefs, communication styles, and behavioral justifications that serves as a guide for individuals. Nowadays, management and organizational culture are typically linked. (Kotler and Heskett 2002). Organizational culture influences business decisions on a variety of levels. More than ten countries' worth of IBM workers were assembled so that the organization's culture could be examined. (Hofstede's 1980). The 4 dimensions of organizational culture were as follows:

Power distance: It is a word used to characterize the degree to which members of organizations with less authority accept and anticipate that power is distributed unequally.

Individualism Vs Collectivism: This index investigates how integrated into groups people are in a society. Instead of emphasizing "us," they focus on "I."

Uncertainty avoidance: The ambiguity and uncertainty based on tolerance that causes people to accept or avoid an event.

Masculinity Vs Femininity: The definition of masculinity according to this component is "desire in society for achievement, heroism, assertiveness, and material rewards for success.

Performance strategy is a methodical approach to enhancing organizational performance by helping teams and individuals grow (Armstrong, 2006). It is a technique for controlling and enhancing performance to get better results from the company, teams, and individuals.

The Indian furniture industry is regarded as an unorganized one, with handcraft production accounting for around 85% of the country's total furniture production. The GDP is only slightly influenced by the furniture industry, which accounts for a very modest fraction of GDP. India saw a 16 percent yearly growth in furniture demand between 2010 and 2014. The market is shifting more toward organized segments. Customers are increasingly favoring ready-made, branded

furniture, which is a sign of this.

3. Methodology

This research use the symbolic-interactionism theoretical framework to analyses strategic HRM practices and cultural impact characteristics. Because it enables the researcher to understand how strategic HRM and culture are impacting employee behavior, this model is suited for the study. Secondary data was used particularly for this research. Research journals from the past, top publications, periodicals, and articles relating to the topic of choice. In-depth literature review, published material analysis, and a critical assessment of the findings that were highlighted in the many journals, conferences, and books were used to conduct this study. The primary conceptual challenges surrounding strategic HRM and the role of culture in an organization's performance strategy were the focus of this study.

4. Conclusions and Discussions

In a developing country like India, which is slowly but surely moving toward being a developed economy, roadside auto mechanics are a part of the unorganized sector. The occupational health risks associated with this sector are not reported or addressed. Therefore, it is necessary to consider the needs of health and include them in Indian social legislation, such as the Workmen's Compensation Act of 1923 and the Employees' State Insurance Act (ESI Act, 1948). All communities, small and large, urban and rural, have beauty salons, but they have gotten very little attention as a location to examine HRM policies and practices. Young people's desires to work in the furniture industry are low, and the labour currently employed is looking elsewhere for employment with better pay and amenities. Also, this sector doesn't offer competitive wages as compared to other employment options.

A rising economy like India's informal sector, which is steadily growing, includes roadside auto mechanics. The loss of skilled labour to other industries and professions due to improved working circumstances there is one of the main obstacles facing the food processing sector. The modern market's rapid advancements could cause a rapid decline in the availability of labour.

This research has evaluated the research, covered the components of SHRM, and talked about culture. According to the literature, there is some evidence that small-scale firms can achieve better results by strategically utilizing HRM policies and practices. A higher level of productivity was mirrored in employee behavior. In the past 20 years, the performance of 1000 small business units and businesses has been assessed in more than 30 research studies. This study is divided into two parts: the first part is devoted to theoretical considerations, concepts, and practices. The study's second portion, however, is where it focuses on the significant influences that SHRM practices and culture have on employee conduct and productivity.

First, culture has a multi-layered structure, and it may be examined to see how it affects employee behavior. Second,

productivity measures or computes the relationship between inputs and outputs. Resources like human resources physical, mental, and material resources as well as resources like time and technology are examples of inputs. The outcomes are the outputs. The worker is deemed productive if the inputs and outputs are equal. Project completion times are reduced, working hours are reduced, and living and working circumstances are improved for productive staff. Third, just as in large industries, performance strategy is tied to the organization's overarching strategic goals; similarly, in small industries, performance strategy is linked to the crucial business objectives. First, Culture has a multi-layered framework that is. It makes it easier to execute policies, manage the right people at the right time and place, and motivate individuals. In addition, SHRM and Culture have an effect on how people are hired, chosen, and socialized at work.

5. Scope for future research

To fully understand the kinds of Strategic HRM policies and structures that are appropriate for manufacturing and service sector organizations, more research are required. Laws and regulations, politics, unions, labour markets, and industry features are only a few examples of potential concepts. More and more case study inquiries should be made in order to investigate fresher perspectives on the changing management environment. Expanding the process, outputs, and evaluation of the HR systems and sub-systems should be the primary focus of future study.

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