

## Strategic Human Resources Management Policies and Their Impact on It Industry Performance

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### Abstract

One significant source of competitive advantage in a market that is changing quickly is human capital. Systems for human resources can help maintain a competitive edge by enabling the development of firm-specific competencies. Resource management is concerned with establishing a connection between the business's overarching strategic objectives and the human resource plan and execution. The majority of the published study reports positive statistical connections between the increased use of HR procedures and business output. The direct relationship between HR and The ability to perform organizationally will allow HR managers to create initiatives that will result in improved operational outcomes in order to improved performance inside the organization. The conclusion is that there is a considerable correlation between an organization's success and its human resource management practices, as demonstrated by specific instances from academic research on the impact of these practices on organizational performance.

**Keywords:** Human Resources Management, IT Industry Performance, Human Capital

### Introduction

The economic landscape is shifting quickly, driven by factors including globalization, shifting investor and customer demands, and fiercer competition in the product market. In order to thrive in this competitive landscape, companies must consistently enhance their operational efficiency through cost reduction, product and process innovation, and improvements in quality, productivity, and time to market. Human resources, or the people who comprise an organization, are regarded as one of the most crucial resources for modern businesses.

Due to the decline in strength of many other factors of competitive success, people and the way they are handled are becoming increasingly crucial. It is crucial to acknowledge that the foundation for competitive advantage has shifted in order to create a new frame of reference for thinking about strategy and HRM-related concerns. While traditional drivers of success like economies of scale, protected markets, and advances in product and process technology can still give an organization a competitive advantage, an organization's human resources are more important to its long-term viability. Michael Porter developed the idea of competitive advantage. Porter claims that a company gains a competitive advantage when it adds value for its clients. Porter stressed the significance of focus and differentiation, which is defined as providing a good or service "that is perceived industry-wise as being unique" and targeting a certain product market or buyer group "more effectively or efficiently than competitors who compete more broadly." He subsequently created his renowned framework, which consists of three general techniques that businesses can employ to obtain a competitive edge: focus, differentiation, and cost leadership. Porter's widely acknowledged theory contends that environmental factors, or industry, have an impact on a company's performance.

### Review of Literature

**Cania, L. (2014).** Investigate on "The impact of strategic human resource management on organizational performance" Organizational performance is crucial in a competitive global marketplace, with indicators measuring it through human resources. Effective management of human resources is essential for maintaining competitiveness. This study aims to

explore the impact of strategic human resource management on organizational performance, focusing on the importance of skills, behaviors, and attitudes in achieving desired performance.

**Szierbowski-Seibel, K. (2018).** Examined on “Strategic human resource management and its impact on performance—do Chinese organizations adopt appropriate HRM policies”. This paper examines studies from the USA, Europe, and China to understand the adoption of the US human resource management model by European and Chinese organizations. It concludes that certain HR procedures positively impact organizational performance. The study finds that Chinese organizations are now imitating US and European HRM configurations, with robust empirical evidence that HR functions directly add value and improve performance. The study also predicts that subsidiaries of Western multinational organizations accelerate the development of Chinese HR functions.

**Altarawneh, I. I. (2016).** investigates on Strategic human resources management and its impact on performance: the case from Saudi Arabia. This study investigates the adoption of Strategic Human Resources Management (SHRM) in Abha city Saudi Arabian banking organizations. It examines the relationship between HRM and organizational performance and the main challenges faced by these banks. The results show that banks adopt SHRM, have long-term HR plans, and HR managers participate in top management meetings. Challenges include limited budgets and lack of coordination between executive and HR managers. However, SHRM positively impacts organizational performance, increasing profits, sales ratios, job satisfaction, and employee loyalty.

### The Methodology

The purpose of this research is to determine how strategic human resource management affects organizational performance. There are two main research sources that this study draws from. The collection and examination of numerous articles in this topic served as the methodology for this investigation. The secondary source refers to numerous publications that have been written regarding empirical research, different scholarly discussions, and analyses the varied conclusions. These works have appeared in a number of books, conferences, and journals. Questionnaires are used to collect data for the primary source. The city of Durres is the main subject of the investigation. In terms of its significance to the Albanian economy, this city ranks second in Albania. The general manager and occasionally the human resource managers filled out these surveys.

### Findings and Results of Hypotheses Testing

**Table 1**  
**Strategic Human Resources Management Policies**

	Variable	M	SD	1	2	3	4	5	6	7
1.	Data management and critical analysis	.39	.67	(.73)						
2.	Inventory management tools and human resource management	.96	1.23	.36**	—					
3.	Cost-reduction and efficiency	.14	.46	.45**	.12	(.54)				
4.	Customer service and human resource management	.29	.41	.15	.30**	.26**	—			
5.	Career development and human capital management	.14	.86	-.09	-.08	-.12	.24*	—		
6.	Automation of HR processes	.07	.12	.18	.02	.22*	.40**	.54**	—	
7.	Availability of HR tools	.22	.19	.05	.04	.09	.36**	.13	.57**	—

Our findings about the prevalence of SHRM practices in the Indian IT sector are consistent with those of Huselid (1995), who discovered that just 41% of companies whose annual reports were subjected to content analysis included any mention of SHRM practices. Of the organizations in the Indian IT sector, 48% had implemented at least one of the three SHRM practices. In particular, 40 percent of the organizations highlighted employee growth, 42 percent said performance management, and 12 percent noted HR metrics the three SHRM practices.

**Table 2**  
**Impact on IT Industry Performance**

Variable	Frequency	Percentage
Data management and critical analysis	23	%79.3
Inventory management tools and human resource management	0.0	%0.0
Cost-reduction and efficiency	6	%20.7
Customer service and human resource management	8	%27.6
Career development and human capital management	4	%13.8
Automation of HR processes	17	%58.6
Availability of HR tools	3	%10.3
Advanced candidate search	3	%10.3
A new way to brand a company	10	%34.5
Analytics grants access to more data	5	%17.2
Total	100	%100.0

Participants were asked also two important questions regarding to the position of HR within the organization structure and the name of the unit that is concerned with people. The results as it shown in Table (2) show that 69% of the participants said that they have special departments for HR in their organizations and 86.2% said that the unit which is responsible for hr in their banks called HRM not personnel affairs

### Finding

The degree to which the targeted banks use the SHRM approach to manage their HR is measured by the outcomes of HRM policies and roles. The findings demonstrate that HR managers at the targeted banks participate in the development of the bank's strategic strategy and have long-term plans in addition to stated policies and plans. Additionally, there is coherence between HR strategies and bank subsidiary management plans. These findings demonstrate the strategic focus on HR within banks and, more importantly, the genuine acceptance of SHRM. It illustrates how crucial HR is to the process of creating the banks' strategic strategies. The findings also demonstrate that primary testing, awards, pay, and training were the primary HRM activities and practices in the targeted banks. These tasks are crucial to the operation of the company. For instance, training enables new hires to be qualified for tasks and responsibilities and raises the performance levels of present staff members. The primary exams aid in determining whether new hires are suitable for the type of work being done within the company. Along with the significance of compensation in the event of wrongful termination or work-related injuries, incentives play a critical role in improving the motivation of employees.

### Conclusion

The study reveals that targeted banks are adopting a Strategic Human Resource Management (SHRM) approach to manage their HR activities, including training, pre-testing, and reward and compensation. However, challenges include lack of executive cooperation and insufficient budget. SHRM positively impacts bank performance, increasing customer satisfaction, profitability, productivity, sales, job satisfaction, and worker loyalty. The study provides guidelines for enhancing HRM success and identifying factors that may hinder its effectiveness. It is the first empirical study conducted in Abha city, contributing to the understanding of HRM and SHRM in Saudi Arabia and filling gaps in literature. The study on HRM in the banking sector in Abha city has limitations as it only focuses on HRM and its impact on organizational performance. Future research should explore HRM practices and challenges in other sectors, relationships between HRM and employee satisfaction, and factors affecting HRM performance. Empirical studies are needed to understand the processes by which HR practices affect organizational performance.

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