

**THE IMPACT OF STRATEGIC HUMAN RESOURCE MANAGEMENT
ON THE ORGANISATIONAL PERFORMANCE OF NAMIBIAN FOOD
PROCESSORS**

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ABSTRACT

The purpose of this study was to determine the impact of Strategic Human Resource Management (SHRM) on the organisational performance of Namibian food processors. Although literature posits that there is a positive relationship between the greater adoption of SHRM practices and organizational performance, there is no evidence to suggest that Namibian food adopt these practices. It is however reported that the Namibian manufacturing industry, particularly the fish and food processing sector lack the human capital necessary to increase organisational performance. It is important to establish whether or not Namibian food processors employ a strategic approach to employee selection (innovative recruitment), employee training and compensation which inherently ensures a better fit between the person's abilities and the organization's requirements, leading to improved firm performance. This study therefore sought to determine the extent to which Namibian processors practice strategic human resource management; how these Strategic Human Resource Management practices affect human resource management outcomes and organisational performance and to identify the constraints, to the implementation of strategic human resource management practices, experienced by Namibian food processors. This study used a qualitative research design using the case study method. Data was collected through interviews. A directed approach to content analysis was used to analyse the data.

This study found that human resource executives are generally involved in strategy development and implementation. The highest proportion of line managers trained to execute HR duties were those of the meat plant. The meat processing plant employs selective and specific processes and methods in an effort to ensure person-to-job fit. Employees at all

generally participate in decision making while the only employees that have clear career paths are those of the meat and beverage processing plants. The compensation system of the meat processing plant is aligned to its competitive strategy based on differentiation. This study found that human resource practices influence the competencies, motivation, commitment and job satisfaction of employees and therefore their employee ability to perform. A lack of commitment by management is primarily responsible for impeding the implementation of SHRM practices.

The study concluded that SHRM is partially implemented at Namibian food processing plants and that the unavailability of performance data makes it impossible to illustrate the impact of strategic human resource management on organisational performance. This study recommends that human resource professionals in Namibia start advocating the benefits of implementing strategic human resource management practices in organisations.

Table of Contents

ABSTRACT.....	i
LIST OF TABLES.....	vi
LIST OF ABBREVIATIONS.....	vi
ACKNOWLEDGEMENT.....	
DEDICATION.....	i
APPROVAL.....	ii
CHAPTER 1: INTRODUCTION.....	1
1.1 Orientation of the study.....	1
1.2 Statement of the problem.....	4
1.3 Research Questions.....	4
1.4 Objectives of the study.....	5
1.5 Significance of the study.....	5
1.6 Limitation(s) of the study.....	6
1.7 Outline of the Thesis.....	7
CHAPTER 2: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Strategy.....	13
2.3 Strategic Management.....	14
2.4 Strategic Human Resources Management.....	18
2.4.1 The concept of Strategic Human Resources Management.....	18
2.4.2 Strategic Human Resource Management Practices.....	20
2.4.3 Perspectives on SHRM and organisational performance.....	30
2.5 Organisational performance.....	33
2.6 SHRM and organisational performance.....	35
2.6.1 Operational Model.....	35
2.6.2 SHRM and organisational performance.....	36
2.7 Factors that impede SHRM implementation.....	37
2.7.1 External factors.....	37
2.7.2 Internal factors.....	39
2.8 Chapter Summary.....	43
CHAPTER 3: METHODOLOGY.....	44
3.1 Introduction.....	44
3.2 Research Methodology.....	44
3.3 Research Design.....	44

3.4 Research Population.....	45
3.5 Sample size	47
3.6 Sampling procedure	48
3.7 Pilot Study.....	49
3.8 Data Collection Procedure	49
3.9 Data Analysis	51
3.10 Reliability and Validity	52
CHAPTER 4: RESULTS	53
4.1 Introduction.....	53
4.2 Research Questions	53
4.3 Research Objectives.....	54
4.4 Results.....	54
4.4.1 Response Rate.....	54
4.4.2 The extent of SHRM implementation	55
4.4.3 SHRM and HRM outcomes	60
4.4.4 Remuneration.....	60
4.4.5 SHRM and Organisational Performance.....	61
4.4.6 Constraints to SHRM implementation	61
5.1 Introduction.....	63
5.2 Extent of SHRM implementation	63
5.2.1 SHRM integration or involvement.....	63
5.2.5 Employee participation	66
5.3 SHRM and organisational performance.....	68
5.4 Constraints to organisational performance.....	68
5. 4 Conclusion	69
CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS	70
6.1 Introduction.....	70
6.3 Conclusions.....	71
6.4 Recommendations.....	71
6.5 Directions for Future Research	72
7. REFERENCES	73

LIST OF FIGURES

Figure 1 Whittington's 1993 generic perspective on strategy	16
Figure 2: The operational HRM performance linkage model.....	36

LIST OF TABLES

Table 3.1. Food processing plants registered with the Namibian Manufacturers Association	46
Table 4.1 HR duties performed by line managers	56
Table 4.2 Constraints to SHRM implementation.....	62

LIST OF ABBREVIATIONS

HR	Human Resource
HRM	Human Resource Management
SHRM	Strategic Human Resource Management

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DEDICATION

I dedicate this work to my late mother, Gertrud Shaningua, who taught me the value of perseverance.

APPROVAL

I, the undersigned certify that I have read and recommended to the University of Namibia; a research project entitled: “The Impact of Strategic Human Resource Management on the organisational performance of Namibian Food Processors” in accordance with the requirements of the Master of Business Administration.

Dr. Mpho Gilika (University of Botswana)

SUPERVISOR

DECLARATION

I, Bianca Claasen, declare that this thesis is my original piece of work and to my knowledge has not been submitted for a similar degree at any other university.

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CHAPTER 1: INTRODUCTION

1.1 Orientation of the study

Namibia's manufacturing industry contributed approximately 8.3 percent of the country's Gross Domestic Product (GDP) in 2015 (Namibia Statistics Agency, 2016). This industry comprises of the following subsectors; fish and food processing, textile, woods, paper, chemicals, basic metals, machinery and equipment. Manufacturing activities are however primarily concentrated in the fish and food processing sub sector which accounts for 70 percent of total manufacturing output (Malumo, 2012). The fish and food processing sector is reported to lack the human resources with the required knowledge and skills that can help organisations achieve higher organisational performance (Malumo, 2012). Literature posits that a fit between an organisation's goals and mission and a person's knowledge, skills and abilities lead to improved organisational performance (Sani, 2012). It may be argued that food processing companies in Namibia do not acquire, develop and retain employees who can deliver superior performance and who 'fit' the strategic requirements of the organisation. Moreover, Namibian food processors probably do not implement appropriate human resources policies and practices that enhance employee knowledge, skills, abilities, motivation and commitment that may ultimately lead to increased organisational performance.

It suffices to say that HR departments must focus on a new set of priorities if it has to contribute to the attainment of organisational objectives. These new priorities should be more business and strategic oriented and less oriented towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include among other things, quality improvement practices, employee empowerment and incentive compensation (Chang &

Huang, 2005). It is also concerned with designing and implementing a set of internally consistent policies and practices that ensure that the human capital of an organisation contributes to the attainment of its business objectives (Armstrong & Taylor, 2014). The approach to the management of human resources, which specifically focuses on integrating an organisation's human capital to business strategy in an effort to enhance organisational performance, is termed strategic human resource management (SHRM). SHRM may be defined as the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals (Wright & McMahan, 1999). It focuses on several issues including (i) the fit between human resource management practices and organisational strategic goals (ii) the integration of human resource management in the organisational strategic management (iii) the involvement of human resource function in senior management teams (iv) the devolvement of human resource practices to line managers and taking of strategic approach to employee selection, compensation, performance appraisal and the value that is added to the organizational performance by HRM (Oladipo & Abdulkadir, 2011). SHRM was designed to diagnose firm strategic needs and planned talent development which is required to achieve organisational goals (Huselid, Jackson, & Schuler, 1997).

Studies in the Indian context have found that the alignment of HR practices with business strategy and the extent of integration of human resource (HR) practices are related to organisational performance (Singh, 2003). According to Som (2008), a strategic approach to employee selection (innovative recruitment) ensures a better fit between a person's abilities and the organisation's requirements, leading to improved performance of the firm. Scientific evidence also suggests that investments in training employees in problem-solving, teamwork and interpersonal relations result in beneficial firm level outcomes (Barak, Maymon, & Harel, 1999). Moreover, investments in employee training and incentive-based compensation also

results in beneficial firm performance (Milkovich & Boudreau, 1998). According to Boudreau (1998), a well-planned career development system along with internal advancement opportunities based on merit, leads to high motivation among employees and has a positive impact on firm performance. Singh (2003) gives two reasons why SHRM may have an impact on the firm performance. Firstly, companies engaged in SHRM practices are likely to have a reduction in employee absenteeism and turnover rates. Secondly, firms engaged in SHRM practices lay greater emphasis on the development of their employees into a competent workforce. This is likely to produce a competitive advantage that is more valuable, and difficult to imitate (Barney & Wright, 1998). Armstrong and Baron (2007) believe that SHRM affects firm performance through employee performance and note that employees and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the organisation they work for, make a major contribution to organisational success and constitute a major source of competitive advantage.

At present, the performance of the Namibian food processing subsector is inhibited by a lack of human capital with the right skills (or small skilled labour force) (Malumo, 2012). As a consequence, Namibia relies heavily on the importation of South African food products. It suffices to state that the food processing subsector, thus needs strategic stimulation for it to grow and contribute to overall manufacturing growth. Strategic stimulation may be realized through the adoption of strategic human resource management (SHRM) practices. The adoption of SHRM policies and practices will inevitably elicit the behaviour necessary for high productivity which will translate in improved organisational performance (Chang & Huang, 2005) and hence growth of the food and fish processing sector.

1.2 Statement of the problem

Strategic human resource management (SHRM) practices are believed to play a significant role in improving the performance of any organisation (Caliskan, 2010; Cheddie, 2001). The Namibian manufacturing industry, particularly the fish and food processing sector is however reported to lack the human capital necessary to increase organisational performance and advance Namibia's industrial development efforts. Consequently, the growth of this sector declined by 0.6 percent in 2005 and 10.3 percent in the first quarter of 2014 (Namibia Statistics Agency, 2015). The decline in growth of this sector contributes to Namibia's dependency on South African food products. By implementing SHRM policies and practices, organisations will inevitably elicit the behaviour necessary for high productivity which will translate in improved organisational performance (Chang & Huang, 2005). This is because SHRM practices have a strategic approach to employee selection (innovative recruitment), employee training and compensation which inherently ensures a better fit between the person's abilities and the organization's requirements, leading to improved firm performance (Som, 2008). This study therefore seeks to determine the impact of SHRM on the organisational performance of Namibian food processors.

1.3 Research Questions

In an effort to establish the impact of SHRM on the organisational performance of Namibian food processors, this research seeks to find answers to the following questions;

- To what extent do Namibian Food Processors practice SHRM?
- Do SHRM practices affect organisational performance within and between industries?

- What constraints to organisational performance do Namibian food processors experience?

1.4 Objectives of the study

The objectives of this research were:

- To determine the extent to which food processing companies practice SHRM
- To determine how SHRM practices affect organisational performance
- To identify the constraints, to organisational performance, experienced by Namibian food processors.

1.5 Significance of the study

SHRM practices are acknowledged to play a central role in increasing human resource contribution, and hence enhancing organisational performance. According to literature, there is a positive relationship between the greater adoption of SHRM practices and organizational performance (Caliskan, 2010; Singh, 2004). This study seeks to determine the impact of SHRM on the organizational performance of Namibian food processors. The outcome of the study will therefore provide information on the extent to which SHRM is practiced at Namibian food processing plants. Also, the relationship between SHRM and organisational performance will be established. Consequently, Namibian food processors will be able to use information from this study to evaluate the need to either develop or refine SHRM practices and implement them in an effort to increase organisational performance. This in turn, will enhance the growth of the manufacturing sector. In addition, the government of Namibia could use the results of this study to develop clear policies aimed at addressing industry specific human resource needs.

1.6 Limitation(s) of the study

This research faced a number of limitations. The intention of the study was to answer the research questions by focusing on the fish and food processing sub-sector. Four food processing industries (under the fish and food processing sub-sector) sectors namely, the meat industry, the beverage industry, the grain processing industry and the fish industry were targeted. The intention was to include two processing plants in each industry in this study. Eight respondents were going to be interviewed per plant. This would have translated into sixteen respondents per food processing sector. This number would have been sufficient to represent a food sub-sector. It would thus have been possible to determine the impact of Strategic Human Resource Management between industries.

Unfortunately, the majority of food processing companies were not willing to participate in this research. This led to a reduction in the sample size which posed inherent drawbacks. Firstly, a reduction in the number of respondents made it impossible for the researcher to study between industry analyses. Also, the number of respondents per food sub-sector was too small to represent a specific food subsector. Less than 10 respondents participated per food subsector. These limitations prompted the researcher to convert this research into case studies involving four food processing plants. The focus of the research consequently shifted to “The impact of Strategic Human Resource Management on the organisational performance of Namibian food processors: A Case of four food processing plants. According to Gay et al. (2009), qualitative studies can be carried out with a single participant. In this study, 3 respondents were interviewed at each food processing plant. The research questions and objectives of the intended quantitative study were adopted as outlined in the next section

Research questions

- To what extent do Namibian Food Processors practice SHRM?
- do SHRM practices influence HRM outcomes?
- How do SHRM practices affect organisational performance?
- What constraints to SHRM implementation, do Namibian food processors experience?

Objectives

- To determine the extent to which food processing companies practice SHRM
- To determine how SHRM practices influence HRM outcomes
- To determine how SHRM practices affect organisational performance
- To identify the constraints, to SHRM implementation, experienced by Namibian food processors.

The research design was subsequently adapted from a quantitative to a qualitative analysis. The qualitative content analysis approach was thus adopted for this research. Chapter 3 (the research methodology) was revised based on aforementioned changes. The initial research methodology is included in the appendix.

1.7 Outline of the Thesis

Chapter 1: Introduction

This chapter focuses on the discussion of the background of the study, the problem statement, the research question and objectives and the significance of the study. The chapter provides an overview of the general background of the study to the reader.

Chapter 2: Literature Review

This chapter deals with a review of the literature. It provides a comprehensive account of the conceptual and theoretical knowledge of strategic human resource management. A chapter summary concludes this chapter.

Chapter 3: Methodology

This chapter presents the methodology adopted for this study and includes the research approach, the research design, sampling, data collection, data analysis and ethical considerations. The validity and reliability of the research instruments is also discussed in this chapter. Finally, a chapter summary concludes this chapter.

Chapter 4: Results

Empirical results of the study are presented in this chapter.

Chapter 5: Discussion

This chapter discusses the results of study.

Chapter 6: Conclusion and Recommendations

This chapter revisits the background to the study, the problem statement and the objectives of the study. It highlights the major findings and presents conclusions drawn from the findings and provides recommendations for action and future.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The primary aim of any business/firm/organization is to make a profit whilst maximising wealth for its shareholders. Profit making is dependent on effective operational performance, which is a function of human resources, processes and technology (Caliskan, 2010). Technology and business processes have become less powerful as sources of competitive advantage because they can easily be imitated by competing organisations. Human resources on the other hand, represents an asset that can provide a source of competitive advantage because it is difficult to be duplicated by competitors and hard to substitute even within the same organisation (Caliskan, 2010). Human resource departments are thus tasked with the responsibility of ensuring that organisations obtain and retain skilled, committed and well - motivated human resources that can contribute to organisational performance (Caliskan, 2010). Moreover, HR departments are tasked with employing the necessary steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of current and potential employees through the provision of learning and continuous development opportunities

Over the last few years, considerable research efforts focused on the SHRM- performance relationship, highlighting the fact that SHRM practices are acknowledged to play a central role in increasing human resource contribution to organisational performance. In fact, literature reports a positive relationship between the greater adoption of SHRM practices and organizational performance (Caliskan, 2010; Singh, 2004; David et al. 2002; Huselid, 1995). SHRM policies and practices relating to a strategic approach to recruitment and selection, training and development and compensation, performance appraisal, career planning,

employee participation and employment security are acknowledged to lead to organisational performance, through specific HRM outcomes. Katou (2008) reports that employee selection, training and performance appraisal influence employee skills and therefore employee ability to perform. Katou and Budhwar (2007) found that compensation, promotion and incentives influence employee motivation, commitment and satisfaction and therefore employee motivation to perform while employee participation in decision making influences employee retention and therefore the opportunity to perform. Despite research efforts on the impact of on organisational performance (Becker and Gerhart, 1996; Wright et al. 2003), there is an ongoing debate as to whether organizations actually practice SHRM. Evidence from the advanced economies has affirmatively answered a great deal of these questions. Businesses in America are known to employ SHRM more frequently and passionately than Japanese or Taiwanese businesses (Huang, 1995). Although, a small body of knowledge also exists alluding to SHRM practices in African countries, its performance-oriented outcomes are yet to be properly and widely documented.

The Namibian manufacturing industry, particularly the fish and food processing sector is reported to lack the human resources with the required knowledge, skills and abilities that can help organisations achieve higher organisational performance. It is not certain whether this lack of human resources may be attributed to a general skills shortage food processing or to the adoption of inadequate HR policies and practices by Namibian fish and food processors. HR policies and practices are acknowledged to play a central role in improving organisational performance. Currently, there is no scientific evidence that suggest that Namibian fish and food processors integrate their HRM strategies with corporate strategies, that is, their HR practices, policies and programmes are aligned to corporate and business strategies and plans. Moreover, there is no scientific evidence that their HR strategies (plans and programmes) are aimed at

addressing and solving fundamental strategic issues related to the management of human resources in an organisation (Schuler, 1992), ultimately translating to higher organisational performance. More specifically, it is unclear whether or not the fish and food processing industry has the necessary policies in place that attract, develop and retain employees who can deliver superior performance and who 'fit' the strategic requirements of the organization (Sani, 2012).

The present study is therefore an attempt to fill this gap using the Namibian food processing sector as an example. Namibian manufacturing activities are primarily concentrated in the fish and food processing sub sector which accounts for 70 percent of total manufacturing output. In 2000, the fish and food processing industries accounted for 25 percent and 50 percent of manufacturing output respectively (Malumo, 2012). The manufacturing industry (including the fish and food processing sector) is expected to achieve an annual growth rate of at least 8 percent to ensure that Namibia becomes fully industrialized by 2030. The sector however registered a 0.6 percent growth decline in 2005 which was directly attributed to a decline in fish processing, a significant part of the manufacturing sector. In 2014, the sector experienced another growth decline of 10.3 percent during the first quarter (Namibia Statistics Agency, 2015). Since a decline in manufacturing performance is generally attributed to a low productivity of labour, amongst other factors, it is important to ascertain why the issue of low productivity exists. In particular, it is important to ascertain the extent to which the fish and food processing sector implement SHRM practices since these practices are reported to lead to improved or superior organisational performance.

2.2 Strategy

The word strategy can be traced to its military origins, to the Greek word ‘strategos’, which refers to a general. In the military, a general organises, leads and directs his forces (Bracker, 1980; Legge, 1995; Lundy & Cowling, 1996). In business, strategy signifies how an organisation’s executive management team leads an organisation in a particular direction in order to achieve the organisation’s mission, vision, goals and objectives.

Chandler (1990) defines strategy as the determination of an organisation’s long-term goals and objectives, the adoption of courses of action and the allocation of resources necessary for achieving these goals (Chandler, 1990). Porter (1996) on the other hand, defines strategy as a deliberate set of activities that are undertaken to deliver a unit of mixed value. As for Mintzberg (2007), strategy is a pattern of a stream of decisions taken to achieve the objectives of an organisation. The above definitions incorporate crucial elements that are part of strategy at all levels of an organisation. A strategy helps an organisation to understand its immediate environment and what it needs to succeed. It addresses an organisation’s weakness and identifies any faults within its organisation through actions, the formulation of policies and the establishment of a good focus for performance and productivity. Understanding the main goals of an organisation helps employees work productively to ensure success.

There are three levels of strategy; corporate-level strategy, business level strategy and functional strategy. According to Bratton (2007), corporate level strategy describes the organisation’s overall direction in terms of its philosophy towards growth and the management of its various units. It, among other things, includes geographical scope, diversity of products and services, acquisitions of new business and how resources are allocated among the various

units of an organisation Business level strategy on the other hand deals with decisions and actions pertaining to each business unit of an organisation (Bratton 2007). The purpose of a business level strategy is to ensure that business units become more competitive in the market place. Although the business level strategy is guided by the upstream level strategy, the management of a business unit must craft a strategy that is appropriate for its operating situation. Functional level strategy is concerned with operational aspects of each business unit such as manufacturing, marketing, human resources and finance. In order to achieve success, an entity needs to integrate strategies at all levels (Bratton, 2007), as part of strategic management.

2.3 Strategic Management

Strategic management may be defined as the decisions and actions that executives of an organisation take to achieve desired organisational objectives (Wheelen & Hunger 2007). It involves an assessment of the present and future environments (internal business and external environment), the formulation of objectives, the implementation of specific initiatives and controlling decisions that are focused on achieving objectives in the present and future environments (Thompson & Strickland 2007).

According to Mello (2006), a formal strategic management process consists of a sequence of steps, which are;

- Establishing an organisation's mission statement and key objectives
- Analysing the external environment (to identify possible opportunities and threats)

- Conducting an internal organisational analysis (to examine the strengths, weaknesses, competencies and capabilities)
- Setting specific goals
- Examining possible strategic choices to achieve organisational objectives and goals
- Implementation of chosen choices
- Regular evaluation of all the above.

The first five steps form part of strategic planning and the last two steps deal with the implementation of an ideal strategic management process.

It is worth noting that in real life however, for a variety of reasons and pressures such as scarcity of time, resources, or too much information, executive management teams do not necessarily follow this formal, rational approach when formulating their organisational strategies. Managers, based on their experiences and limited resources available to them, may adopt an ‘informal approach to formulate their strategies (Mintzberg, 1978). Mintzberg (1987) argues that a formal approach to strategy making results in deliberation on the part of decision-makers, which results in thinking before action. An informal approach on the other hand, allows strategy to emerge in response to an evolving situation.

Whittington (1993) presents four generic approaches to strategy formation’ (see Figure 1). The top left-hand quadrant, termed the classical approach, represents a mix of maximum profit-maximisation and a formal planned and deliberate approach to strategy formation. The evolutionary approach in the top right-hand quadrant is that of profit-maximisation and an emergent kind of strategy formation. The systemic approach is an emergent approach to

strategy formation and has pluralistic types of outcome while the processual approach follows a deliberate process and has pluralistic outcomes.

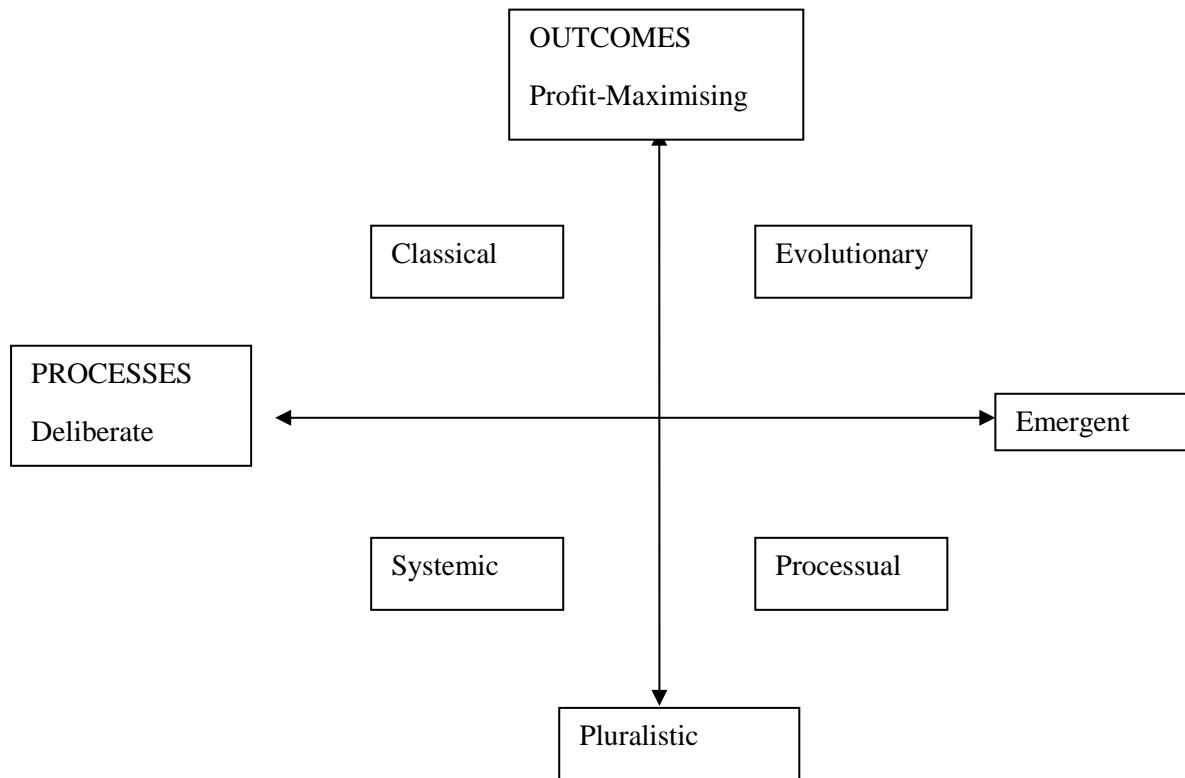


Figure 1 Whittington’s 1993 generic perspective on strategy

Organisations that adopt a classical approach follow a clear, rational, planned and deliberate process of strategy formation and aim for maximisation of profits. This approach is most likely to be successful when the organisation’s objectives and goals are clear, the external environment is relatively stable, the information about both the external and internal environment is reliable and the decision-makers are able to analyse it thoroughly and make highly calculated decisions in order to adopt the best possible choice. Strategy is typically formulated by executive management and implementation is carried out by line managers of

different departments/units. This setup shows the difference between ‘first-order’ strategy or decisions and ‘second-order’ strategy or decisions, where the ‘first-order’ strategy represents the strategy formation by the executive management team and “second-order” strategy is implemented by lower-level managers (Miller, 1993; Purcell 1989; Legge, 1995). This classical approach also represents the classic top-down approach of Chandler (1962) where organisational structure follows strategy.

The evolutionary approach denotes a situation where, owing to a number of reasons such as a dynamic business environment, it may not be possible to adopt a rational, planned and deliberate process, although profit-maximisation is still the focus. These environments are usually very competitive. In such competitive and uncertain conditions where managers do not feel they are in command, only the best can survive. The key to success thus largely lies with a good fit between organisational strategy and business environment (Lundy & Cowling, 1996).

A unique feature of the processual approach is that although the organisation embraces a profit-maximisation model, managers are generally not clear what the ‘optimum’ level of output is or should be. There is generally a high degree of confusion and complexity both within organisations and in the markets and as such the strategy emerges in small steps (incrementally) and often at irregular intervals from a practical process of learning, negotiating and compromising instead of clear series of steps. This is generally attributed to the inability of the executive management comprehend huge banks of information, a variety of simultaneously occurring factors and a lack of desire to optimise and rationalise decisions. The outcome may

therefore only be acceptable to the 'dominant coalitions' within the organisation, which is the reality of strategy-making (Legge, 1995).

The systemic approach takes into consideration the significance of larger social systems that may be characterised by factors such as national culture, national business systems, and demographic composition of a given society and the dominant institutions of the society within which a firm is operating. The strategy formation would thus be strongly influenced by these factors. Strategists when faced by these pressures, intentionally deviate from rational planning and profit-maximisation. It is worth suggesting that organisations adopt a mixture of possible combinations along the two dimensions of processes and profit- maximisation.

2.4 Strategic Human Resources Management

2.4.1 The concept of Strategic Human Resources Management

Even though several scholars have paid increasing attention to the strategic human resource management (SHRM or strategic HRM) discourse, there is still no agreement on the precise meaning of the term (Bratton, 2002). Wei (2006) defines strategic HRM as "a pattern of planned human resource deployments and activities intended to enable an organization to achieve its overall goals". Truss and Gratton (1994) define it as the linkage of HR functions with strategic goals and organizational objectives to improve business performance. According to Chang and Huang (2005), strategic HRM is concerned with designing and implementing a set of internally consistent policies and practices to ensure that a firm's human capital contributes to achievement of business/organisational objectives. Implicit in these definitions

is that the ultimate goal of strategic HRM is to contribute to the achievement of organization's goals.

Organisational goals are strategic objectives that an organisation's management establishes so as to outline expected outcomes and define performance standards. A human resource strategy developed in response/support of organisational goals requires defining the work performance goals needed to support the organisation's overall business strategy, the human resource implications of these goals, diagnosing the organisations internal and external environment to pin point human resource strengths and weaknesses relative to these goals and designing a mix of human resource policies that exploits strengths and downplays or corrects weaknesses. SHRM practices are aimed at shaping a work force focused on strategic performance goals and capable of achieving them. Thus, SHRM is about linking people with the organisation. It is about the integration of Human Resource (HR) Human Resource Management (HRM) strategies with corporate strategies. HR strategies are plans and programmes aimed at addressing and solving fundamental strategic issues related to the management of human resources in an organisation (Schuler, 1992). Strategic HRM is thus concerned with aligning an organisation's HR practices, policies and programmes with corporate and business strategies and plans. Moreover, strategic HRM links corporate strategy and HRM, and emphasises the integration of HR with the business and its environment.

According to Holbeche (1999), the integration between HRM and business strategy contributes to the effective management of human resources and an improvement in organisational performance. Integration is defined as 'the degree to which HRM issues are considered as part of the formulation of the business strategy'. Integration also helps organisations to achieve

competitive advantage by creating unique HRM systems that cannot be imitated by others (Barney, 1991; Huselid et al., 1997). For this integration between HRM and business strategy to be realised, HR departments should be forward thinking. Holbeche (1999) notes that the HR-related future-orientation approach of organisations forces HR to regularly conduct analysis regarding the kind of HR competencies needed in the future, and accordingly activate core HR functions to meet such needs. HR should also be an integral part of the executive team who is tasked with strategy development and implementation (Stroh & Caligiuri, 1998).

2.4.2 Strategic Human Resource Management Practices

According to Oladipo and Abdulkadir (2011), SHRM focuses on several issues including; the fit between human resources management practices and organizational strategic goals, the integration of human resource management in the organizational strategic management, the involvement of the human resources function in senior management teams, the devolvement of human resource practices to line managers and taking a strategic approach to employee selection, compensation and performance appraisal.

2.4.2.1 The integration or fit between human resources management practices and organisational goals

A fundamental feature of SHRM is the importance given to the *integration* of HRM into business and corporate strategy, that is, the degree to which HRM issues are considered as part of the formulation of the business strategy. According Budhwar and Sparrow (1997), Truss et al. (1997), Budhwar (2000a) and Budhwar (2000b), a number of benefits may be accrued when

integrating HRM into corporate strategy. These include: providing a broader range of solutions for solving complex organisational problems; assuring the successful implementation of corporate strategy; contributing a vital ingredient in achieving and maintaining effective organisational performance; ensuring that all human, technical and financial resources are given equal and due consideration in setting goals and assessing implementation capabilities; limiting the subordination and neglect of HR issues to strategic considerations; providing long-term focus to HRM and helping a firm to achieve competitive advantage.

Greer (1995) identified four possible types of linkages between business strategy and the HRM function/department of an organisation; administrative linkage, one-way linkage, two-way linkage and integrative linkage. Administrative linkage refers to a situation where there is no HR department and another figurehead such as the Finance or Accounts executive looks after the HR function of the organisation. The HR department is lowered to a paper-processing role. In this case, there is no real linkage between business strategy and HRM with HRM only coming into play during the implementation stage. This is referred to as a one-way linkage. The two-way linkage denotes a mutual situation here HRM is involved in both the corporate strategy formulation and implementation stages. The integrative linkage is where HRM has equal involvement with other organisational functional areas for business development.

Purcell (1989) presents a two-level integration of HRM into the business strategy – ‘upstream or first-order decisions’ and ‘downstream or second-order decisions’. Upstream decisions, address issues at the organisational mission level and vision statement. These emphasise where the business is headed, actions are needed to guide a future course, and broad HR-oriented issues that will have an impact in the long term. Downstream decisions deal with scenario

planning at both strategic and divisional levels. Downstream decisions are related to HR policies linked to each core HR function (such as recruitment, selection, development, communication).

Nankervis et al. (2005) identified three types of linkages between HR and organisational strategies namely accommodative, interactive and fully integrated. The accommodative linkage type refers to HR strategies simply following organisational strategies and accommodating the staffing needs of already chosen business strategies. Thus, HRM follows the organisation's business strategy. The interactive type linkage contributes to, and reacts to, overall strategies. For this linkage type, HRM is an active contributor to strategy development and execution. As for the fully integrated type, the HR specialist is intimately involved in the overall strategic process in both formal and informal interactions. According to Nankervis et al. (2005), this is a real reflection of strategic human resource management in practice. The degree of involvement will extend to HRM being fully represented at the senior management group level and HR personnel actively participating in strategic decisions and it might even involve an HRM appointment to the Board of Directors.

Buyens and De Vos (1999) argue that in order for HR to be a strategic partner, HR managers should be involved in strategic decision making alongside other senior managers. This provides a greater opportunity to align HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategy. This involvement would include the membership of HR managers in the most senior management teams in the organization. This would provide an opportunity for HRM to represent its concerns and influence business strategy from the outset of decision making. In this role, HR managers need to have knowledge of core markets, competitors, costs, profit indicators and stakeholders to be considered equal business partners (Chaddie, 2001). The involvement of senior HR manager in a firm's senior

management team provides an important channel for interactive information flow and communication. To achieve strategic integration and alignment of HRM with business strategies, a documented HRM strategy would also be useful (Budhwar, 2000; Teo, 2002) as it can make more concrete the role and authority of HR managers in corporate decision making and increase capacity to cope with externalities such as a tight labour market (Cunningham and Deborah, 1995). A documented HRM strategy helps the organization to develop an HRM vision and objectives and to monitor performance.

2.4.2.2 Delegation (devolvement) of human resources management practices to line managers

Devolvement is defined as ‘the degree to which HRM practices are executed by line managers (Brewster & Larsen, (1992)’. According to Purcell and Kinnie (2007), the management of human resources is traditionally held synonymous with the HR department. Scholars of the HR devolution literature claim a long-standing responsibility of line managers for people management issues. Mintzberg (1971) argues that line managers should recruit and select their staff, motivate their staff subordinates and develop the environment in which they work. Cooper and Zhu (2007) maintain that since line managers occupy a central position in realising core business objectives, they may have a more direct impact on their subordinates’ motivation, commitment and discretionary behaviour compared to the HR department. Cunningham and Hyman (1999), Hall and Torrington (1998) and Reilly et al. (2007) agree that line managers play a critical role in implementing HR practices. In support of this notion, Harney and Jordan (2008), indicate that line managers, through the implementation of HRM practices, are critical for improving employee job satisfaction and commitment. Line managers are also critical in establishing successful relationships in the organisation. For the benefit of devolvement to be realized, line managers need to possess appropriate skills to execute HR practices competently

and effectively (Hall & Torrington, 1998). Senior HR managers thus need to be strategic partners with line managers, providing training, resources, incentives and a communication channel to ensure these HR practices are carried out in accordance with HRM policy (Teo, 2002).

Researchers (Budhwar and Sparrow 1997; 2002; Hope-Hailey et al., 1997; Truss et al., 1997; Sisson and Storey, 2000) have highlighted the benefits of devolvement of HRM to line managers. These include: highlighting certain issues that are too complex for top management to comprehend alone; developing more motivated employees and more effective control; local managers responding more quickly to local problems and conditions; resolving most routine problems at the 'grassroots level'; affording more time for personnel specialists to perform strategic functions; helping to systematically prescribe and monitor the styles of line managers; improving organisational effectiveness; preparing future managers by allowing them to practise decision-making skills; and assisting in reducing costs by redirecting traditionally central bureaucratic personnel functions.

Purcell (2003), Purcell and Hutchinson (2007) and Purcell and Kinnie (2007) note that the role of line managers consists of a management and a leadership component. The management context refers to the deployment of specific and formal HR practices such recruitment and selection, performance appraisals and training activities by line managers. Leadership relates to the continuous display of a comprehensive set of leadership behaviours (such as providing support to subordinates, consulting subordinates about important decisions and recognizing worthy contributions) aimed at giving direction and structure to the working lives of employees as well as influencing employee attitudes and behaviour. Wright and Nishii (2006) note that

since both components influence employees' perceptions of how they are managed, it will inevitably impact employee attitudes and behaviour (These components are also needed to obtain an effective HRM implementation by line managers in the organisation (Purcell & Kinnie, 2007; Yukl & Lepsinger, 2005).

Despite the highlighted benefits of the delegation of HR practices to the line management, it is still not widely practised in organisations. This may be attributed to line managers having a low educational and technical skill base in HRM that hinder them to carry out HR duties effectively. Moreover, line managers may lack the competence and/or capabilities required to execute HR duties effectively. The HR devolution literature also reports opposing ideas on the role that is left for the HR department. Cunningham and Hyman (1999) and Kanter (2003) argue that the HR department has lost reason for existence by devolving its core tasks to line managers. Kulik and Perry, (2008), Larsen and Brewster (2003), Ulrich (1998) and Whittaker and Marchington (2003) are of the opinion that devolving HR responsibilities to line managers creates new opportunities for the HR department to gain influence in the organization, freeing up valuable time for HR managers to focus on the more strategic HR activities, enabling the HR department to merely advice and train line managers (Gennard and Kelly, 1997; Hall and Torrington, 1998). Francis and Keegan (2006), Harris (2007) and Renwick (2003) argue that HR department still has an important direct role to play towards employees in the HR devolution context, that is, they should guard employee well-being against line management indifference According to Francis and Keegan (2006), the HR department only focusing on (strategic) issues may be considered as only looking after the interests of management as opposed to the interests of the work force. In this case, employees may lose trust and confidence in the HR department as a partner advocating their needs at the highest management level in the organization.

2.4.2.3 Recruitment and Selection

Recruitment and Selection is a major component of an organisation's overall human resources strategy (Hendersen, 2011). It helps in identifying the right candidate with the potential to perform (Terpsra & Rozell, 1993). A mismatch between a person and a job can impede performance levels (Terpsra & Rozell, 1993), whereas a sophisticated selection system can guarantee a better fit between the person's capabilities and an organization's requirements (Som, 2008).

A strategic approach to employee recruitment and selection denotes that an organisation's recruitment and selection system should be tailored to support its business strategy (Milkovich & Newman, 2002). Organisations must therefore determine which competencies best suit their business needs and objectives and recruit and select the best employees in the most efficient and effective manner (Talukder, 2014). HR managers/departments must therefore assess and satisfy an organisation's current and future people needs by obtaining and retaining skilled, committed and well-motivated employees and enhancing and developing the inherent capacity of people, their contributions, potential and employability by providing learning and continuous development opportunities (Caliskan 2000).

2.4.2.4 Training and Development

Training and development is a critical piece of the overall human resource strategy which ensures that employees are equipped with the required knowledge, skills and abilities to achieve organizational goals and create competitive advantage (Peteraf, 1993). Sound training and development plans reportedly increase productivity and quality of work, reduce staff

turnover and absenteeism and improve motivation among the employees. Training and development should therefore be part of a company-wide strategy and be linked to business goals and organisational performance.

There are three known approaches to training and development; reactionary, proactive and active learning. Reactionary learning is the traditional approach to learning and is driven by the planned delivery of technical skills. With proactive learning all learning activities are aligned with to corporate business strategy, and it is centred on developing competencies. The active learning approach is denoted by trainees playing a leading role in learning by exploring issues and situational problems under the guidance of their facilitator. It is imperative for the prerogative of organisations to ensure that their employees continue to learn, so they can keep up with increased job demands and so the company can gain or maintain competitive advantage.

2.4.2.4 Performance Appraisal

Organisations can monitor the development of desired employee attitudes and behaviours through the use of the appraisal mechanisms. Appraisal-based information is also used for changing the selection and training practices to select and develop employees with the desired behaviours and attitudes. However, the effectiveness of skilled employees will be limited unless they are motivated to perform their jobs.

2.4.2.5 Career planning

Well-planned career development systems along with internal advancement opportunities based on merit, are reported to result in high motivation among employees, which has a subsequent impact on firm performance (Milkovich & Boudreau, 1998). Well-functioning career planning systems are further reported to encourage employees to take on more responsibility for their own development, including the development of skills viewed as critical in an organisation.

2.4.2.6 Employee participation

Locke and Schweiger (1979) define employee participation as a process in which influence is shared among individuals who are otherwise hierarchically unequal. Wagner (1994) refers to this as participatory management and states that it balances the involvement of managers and their subordinates in information processing, decision making and problem solving endeavours. Likert (1961) notes that participation in decision-making can fulfil employees' self-actualization needs and, consequently increase employees' motivation and job performance. Earlier studies have shown that employee participation is positively related to employee satisfaction, and productivity (Wagner 1994; and Verma 1995) as well as organisational performance (Pfeiffer 1994). High performing, effective organisations have a culture that encourages employee involvement.

Hellriegel et al. (1998) points out that satisfied employees are more willing to get involved in decision-making, goal setting or problem solving activities, which subsequently result in higher

employee performance Moreover, satisfied employees tend to be more productive, creative, committed to their employers.

2.4.2.7 Remuneration/ Compensation

Compensation is a human resource management function that deals with different types of rewards that individuals receive in exchange for performing organisational tasks. The American Compensation Association defines compensation as “the cash and non-cash remuneration provided by an employer for services rendered” (ACA, 1005). Adeniji and Osibanjo (2012) note that compensation may be described as direct and indirect compensation received by employees in an organization aimed at achieving employee satisfaction and retention as well as improve performance. According to Osibanjo et al. (2014), direct compensation includes wages, salaries, bonuses or commission based on performances, overtime work or holiday premium, while indirect compensation includes medical benefits, housing allowance, meal allowance, utility allowances, incentive bonus, shift allowances, hospitalization expenses, out of station allowance, vehicle loan benefits, annual leave allowances and car basic allowances. Compensation also includes incentives (awards) given to employees for accomplishing pre-determined goals that are directly related to performance. Incentives are used to motivate employees towards a greater performance and it rewards the differences in performances. Compensation packages may thus entail basic features such as salaries, bonuses, incentives, allowances, promotion and recognition which tend to satisfy employees (Werner, 2011; Martineau et al., 20016) and have a significant impact on employees’ performance (Yamoah, 2011).

A strategic perspective on compensation management means that an organisation's compensation system should be tailored to support its business strategy (Milkovich & Newman, 2002). This rests on the premise that the alignment between an organisation's business strategy and its compensation system, leads to better organisational firm performance (Gebhart, 2000). Similarly, Gomez-Mejia and Balkin, (1992) and Montemayor (1996) report that a certain combination of a firm's business strategy and pay system leads to better organization performance. There is much prescriptive information concerning which business strategy fits better with which compensation system. According to Pitts (1976), diversified firms are more likely to link employee pay with business unit performance, whereas less diversified firms are more likely to link employee pay with corporate performance. Milkovich and Newman (2002) argue that an increasing variable pay portion is more appropriate compensation strategy for firms that pursue a competitive advantage through cost efficiency because the pay scheme helps the firms control their labour costs.

2.4.3 Perspectives on SHRM and organisational performance

2.4.3.1 Universalistic Perspective

The universalistic perspective, also referred to as the best practice model, is based on the assumption that there are sets of best HRM practices, and that adopting these practices lead to superior organisational performance (Luthans & Summer, 2005). Scholars have assigned different terms such as high performance work practices (Guthrie et al., 2009) high involvement work practices (Guthrie, 2001) and high commitment practices (Wood & Mendez, 1998) have to these best HR practices. The universalistic perspective is built on the premise that the adoption of the ideal group of best practices will generate superior performance

regardless of the circumstances and the industry. This perspective emphasises that an internal fit between the HR practices will result in better organisational performance. The 'best practices' approach denotes that organisations should invest heavily in its human resources because they are valued assets and the main source of competitive advantage (Youndt *et al.*, 1996; and Pfeffer, 1998).

Although a lot of attention has been paid to this approach by academics and scholars alike, a number of disadvantages are associated with both the methodological and theoretical approaches. As far as measurement and methodological issues are concerned, researchers do not agree how an HR system should be determined as an integrated and synergetic HR system that leads to improved business performance (Delery, 1998). It is worth pointing out that only successful and high-performing organisations probably consider themselves as taking the 'best practices' approach owing to their excellent results. Another disadvantage is related to the choice of measures of performance, which are commonly narrowly focused on financial criteria. Only a few studies take the broader issues of employee satisfaction, commitment and wellbeing consideration. It should be noted that researchers are still confused about a number of issues regarding research methodology, such as data collection methods, data analysis, and the presentation of the results. Moreover, it is often difficult for practitioners and some academics to understand the highly complicated statistical techniques adopted in some studies (Gerhart *et al.*, 2006). Finally, many researchers find it challenging to operationalise some of the variables because as different researchers use different definitions for the various HR practices.

2.4.3.2 Contingency Perspective

The contingency theory differs from the universalistic perspective in that it does not propose any universal or best HR policies and practices. Instead, this perspective explores the close link between business strategy and HRM by assessing the extent to which there is vertical integration between an organization's business strategy and its HRM policies and practices (Mahoney & Decktop, 2006). This theory depends entirely on the organization's context, culture and business strategy (Wright & Snell, 2005) and is based on the assumption that HR strategy would only be more effective when appropriately integrated with a specific organisational and environmental context. The theory lays emphasis on the importance of ensuring that HR strategies are appropriate to the circumstances of the organization, including the culture, operational processes and external environment. In a nutshell, HR strategies have to take the particular needs of both the organization and its people into consideration. Thus, the impact of HR practices on firm performance is conditioned by an organization's strategic posture.

Despite the fact that many researchers adopt the contingency approach, criticism is often levelled against it with scholars arguing that the approach is over simplify organizational reality. Purcell (2001) notes that the contingency theory is limited by the impossibility of modelling all the contingent variables, the difficulty of showing the interconnection between them and the way in which changes in one variable have an impact on others. Boxall and Purcell (2003) further emphasize the complexity of matching HR and business strategy by stating the need to keep up with ongoing environmental change.

2.4.3.3 Configurational Perspective

The configurational perspective or theory is built on the assumption that a firm with bundles of HR practices should have a high level of performance, provided that it also achieves high levels of fit with its competitive strategy (Richard & Thompson, 1999). This theory gives prominence to the importance of bundling SHRM practices and competitive strategy so that they are interconnected and therefore complement and reinforce each other. This idea is centred on the notion that HR practices within bundles are interrelated and internally consistent, and have an impact on performance because of the multiple practices. A key theme of the configurational perspective is that individual practices cannot be implemented effectively in isolation (Storey, 2007) and that combining them into integrated and complementary bundles is crucial. The aim of bundling is to achieve coherence when a set of mutually reinforcing HR practices are developed to contribute to the attainment of an organisation's strategic objectives.

A key feature of the configurational perspective is that it seeks to derive a set of internally consistent HR practices that maximize horizontal integration and then link these to a competitive strategy in order to maximize vertical integration and therefore organisational performance (Wilkinson, 2002). Thus, the configuration approach contributes to the SHRM literature in recognizing the need for organizations to achieve both vertical and horizontal fit through their HR practices, so as to contribute to an organization's competitive advantage and therefore organisational performance.

2.5 Organisational performance

Organisational performance is one of the most extensively used, yet the most loosely defined dependent variable in many organisational studies (Rogers & Wright, 1998). Both financial

and non-financial metrics are used to measure organisational performance. Financial measures include market share, profit, inventory turnover and productivity while non-financial measures include customer satisfaction, absenteeism, employee commitment and executive perceptions, innovation, reliability, data storing capability, workflow improvement and skill development (Hafeez et al., 2006). Two approaches that may be used to measure performance; a subjective self- assessment of both financial and non-financial success factors (Otley, 1999) and an objective assessment based on financial indicators including profitability or revenue growth, which measures a narrower conception of performance (Ittner et al., 2002).

Subjective measures of performance are frequently used in strategic research, and have been found to be a reliable and valid measure. According to Hakimpour et al. (2011), performance measurements in small and medium enterprises (SMEs) are difficult and problematic because respondents are hesitant to respond on indicators such as profitability and return on investment (ROI). Similarly, Tippins and Sohi (2003) found that SMEs are often reluctant to provide their financial data. Simpson et al. (2012) argues that even when appropriate measures have been identified, there is still the difficulty of collecting data in SME's. Love et al. (2002) argues that the self-assessment of performance by respondents is more relevant and accurate. Moreover, perceived or subjective measures are found to be highly correlated to objective measures (Love et al, 2002). Glaister et al. (2008) reports that subjective approach of measuring organisational performance has been widely used in empirical research. Simpson et al. (2012) proposes that researchers testing performance among privately held firms should include performance measures such as market share, sales growth, and profitability

2.6 SHRM and organisational performance

2.6.1 Operational Model

Figure 2 depicts an operational model that links HRM to organisational performance. This model, proposed by Katou (2008), is built on the premise that HRM outcomes mediate the relationship between HRM activities and organisational performance. This proposed model blends insights from the contingency theory, the resourced-based view of the firm and the abilities – motivation and opportunities (AMO) theory into an overall theory of HRM (Boselie et al., 2005).

The model proposes that an organisation's set of HRM policies will be effective if it is consistent with other business strategies (Gomez-Mejia & Balkin, 1992). This implies that the development of HRM policies and practices should follow business strategies are in determining business performance (this is the contingency perspective). Porter's (1985) generic business strategies of cost reduction, innovation and quality enhancement innovation may be used by organisations to gain and retain competitive advantage. According to Schuler and Jackson (1987), a cost business strategy ambiguously influences the relationship between HRM policies and organisational performance, a quality focused business strategy positively influences the relationship between HRM policies and organisational performance, and an innovation business strategy positively influences the relationship between HRM policies and organisational performance

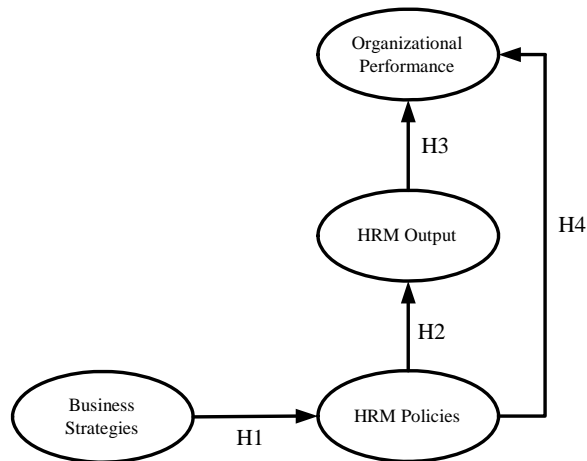


Figure 2: The operational HRM performance linkage model (Adapted from Katou (2008).
Measuring the impact of HRM on organisational performance)

2.6.2 SHRM and organisational performance

It is generally accepted that the effective implementation of human resource practices lead to higher organizational performance. In this regard, Ferris et al. (1990) found that firms that implement HR practices effectively are more engaged in more formalized strategic planning and generally perform better than firms that do not have human resource departments (larger total sales volumes). David, Chin & Victor (2002) also found that there is a positive relationship between effective strategic HRM implementation and organizational financial performance. Tessemer & Soeters (2006) attempted to shed some light on the HRM-performance debate within the context of a developing country. They reported that the successful implementation of HR practices could enhance organizational performance but that the economic and political environment within which HR practices operate are not conducive. According to Som (2008), a strategic approach to employee selection (innovative recruitment)

ensures, a better fit between the persons abilities and the organization's requirements, leading to improved firm performance. Investments in employee training and incentive-based compensation also results in beneficial firm performance (Milcovich & Boudreau, 1998).

2.7 Factors that impede SHRM implementation

The implementation of SHRM practices may be hampered by various internal and external factors. External factors impeding SHRM implementation are those pressures on organisations that cannot be controlled and changed by organisation needs (Kane & Palmer, 1995) whilst internal factors that impede the implementation of SHRM practices are related to events and changes that occur within the organisation.

2.7.1 External factors

2.7.1.1 Economic conditions

One of the biggest external factors that influence SHRM implementation is economic conditions or changes. Recruitment and selection strategies have a direct influence on an organisation's talent pool. The economic conditions of an organisation's current talent pool may affect an organisation's ability to recruit and select potential employees.

2.7.1.2 Technology

Technology is argued to have a great effect on the implementation of HRM practices. This is attributed to the fact that it changes the role of HR because of a high degree of interaction between technology and HR. Tiwari and Saxena (2012) posits that changes in technology pave the way for improved human resource functions such as recruitment and selection, training and development, performance appraisal, job grading and determining wages and salaries. Improved HR functions equate improved employee salaries and wages since a better skill set is hired.

2.7.1.3 Legislation

It is a norm that the HR policies of organisations should be aligned to their countries' legislative framework (Tiwari & Saxena, 2012). Mello (2006) argues that legislation and regulation have positive impacts on every function and activity of an organization provided Human Resources departments stay within the law and work as per workplace compliance. Changes to regulations influence each HR department process including recruitment and selection, training and development, compensation and termination. Mabey and Salaman (1995) found that government policies and legislation are important for any strategic training and development activities in an organisation.

2.7.1.4 Workforce Demographics

Workforce demographics (gender, age, ethnicity, occupation, seniority, salary levels, marital and family status) is one of the most powerful forces affecting work and organisations.

Shenhav & Haberfeld (1992) observed that age distribution, characteristics, values, and expectations of new the workforce are remarkably different than that of the past. Moreover, the number of women in the work force has increased significantly, as have the proportion of different ethnic groups. This changing dynamics in the workforce forces human resources department to consider different ways of hiring, attracting and retaining this new set of candidates. Literature states that knowledge of differences in employee demographics help HR practitioners to e development their HRM policies and practices so as to increase their impact on employees in long run.

2.7.1.5 Competitor's action

Competitor's action is recognised to have an impact on organisations' HR policies and practices. Barney and Wright (1997) note that human resources can be a valuable and, unique source for competitive advantage. Organisations may usually react to their competitor's actions by increasing wages and salaries, extending benefits, or offering better social support programs. Industry or sector characteristics are reported to affect HRM activities in different ways. Firms which offer low wage or salaries generally employ personnel who have lower levels of skills and abilities (Bingöl, 2006)

2.7.2 Internal factors

Internal factors include organisational size, firm age, changes of ownership, changes in the internal management structure, mergers, acquisitions and significant downsizing or hiring trends (Zheng & Morrison, 2009).

2.7.2.1 Organisational Size

Literature suggests that larger organizations adopt more sophisticated and socially responsive HR practices because they are more visible and are under more pressure to gain legitimacy. Moreover, larger firms are also likely to have the resources to employ human resources professionals, who may be more aware of the latest trend in managing human resources. Bawa (2001), argues that because of the costs associated with many aspects of HRM, acceptable economies of scale must be reached before sophisticated HRM systems can be implemented (Bawa, 2001). According to Fields et al. (2000), organisational size is related to the type of HRM strategy implemented. He notes that larger firms have more complete and sophisticated human resource systems, more workers to control, spread the costs over more employees and are more image conscious due to their higher visibility.

On the other hand, small and medium sized enterprises, on the other hand, are generally reported to have centralized organizational and managerial practices. McPherson (2008) suggests that there are large numbers of small firms that do not practice formal HR activities. Golhar and Deshpande (1997) did not find any differences between small and large firms in terms of the HR practices that they adopt. Similarly, Dessler and Turner (1991) found that large and small firms in Canada are equally committed to employee growth career growth and development.

2.7.2.2. Firm Age

Welbourne (1998), in her survey of public listed firms found that firms implementing administrative or traditional HRM tend to be older and unionized. Fields, Chan and Akhtar

(2000) state that older firms are more likely to nurture and retain managers whose organisational knowledge accounts for growth. Verheul (2004) found that firm's age does not influence the orientation of the type of HRM practices implemented in a firm.

Scholars have argued that as firms move through various stages of development, differing problems must be addressed, resulting in the need for different management skills, priorities and structural configurations (Kimberly & Miles, 1980; Kazanjian, 1988; Smith, Mitchell & Summer, 1985). Commitment HR systems may be more important in the early stages of business development and as the business grows, more employees need to be recruited and control or traditional HR systems becomes more important. Since younger firms tend to be in an earlier stage of development than older firms, firm age may be of an influence on the orientation and implementation of commitment HR systems (Verheul, 2004). Organizational life cycle theory assumes that firms go through a sequence of growth and change, with the process driven by organizational learning and increases in size which is related to a firm aging, which also applies to HRM practices. New firms must work with the resources available and to succeed they must be able to react and mobilize whatever resources available depending on the various personal, organizational and environmental conditions (Aldrich & Langton, 1997).

2.7.2.3 Organisational Structure

Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organisation. A firm's strategy and structure are important in determining and implementing HR practices. Hudson et al., (2001) states that there are important structural differences among firms that affect the way in which HR practices are designed and implemented.

2.7.2.4 Business Strategy

Firms use different competitive strategies to gain competitive advantage, these strategies are more productive when they are systematically linked with human resource management practices. According to Katou and Budhwar (2008), organisations record a positive performance when their business strategies and HRM policies are developed simultaneously. Organisations can thus improve their environment by making efficient choices about human resource practices that consistently support their chosen strategy (Schuler, 1992).

2.7.2.5 Organisation Culture

Organisational culture comprises of a combination of core values, beliefs and assumption that are widely shared by members of any organization. Organisational culture communicates what an organisation “believes in” and “stands for” and provides employees with a sense of direction and expected behaviour. This has proven to shape employee’s attitudes about themselves, the organization and their role.

2.7.2.6 Top Management and Line Managers

Scholars acknowledge that top management have an influence on the implementation of HR practices. Ondrack and Nininger (1984) and Kane and Palmer (1995) note that top management should be present when designing and implementing HR policies. According to Okpara and Wynn (2008), the participation of line management in designing and implementing HR activities is the key to organisational success since line managers are responsible for integrating

HR practices in their work, thus creating value. Moreover, line managers play an important role in structuring effective policies since they know the requirements of their teams.

2.7.2.7 Power and Politics

Tsui and Milkovich (1987) found that organizational power and politics as exercised by various constituencies are crucial determinants of HR practices. The influence of power and politics is considered while implementing new policies and procedures in the organisation.

2.8 Chapter Summary

This chapter starts off by highlighting HR's role as it pertains to ensuring an organisational structure fit for a chosen strategy. It illustrates the fact that Namibian food processors lack the human capital necessary to achieve attain organisational success. This is followed by defining the different levels of strategy and discussing SHRM concepts and practices. This chapter is concluded by first describing the perspectives of SHRM oh human resource management and then discussing the factors that impede strategy implementation.

CHAPTER 3: METHODOLOGY

3.1 Introduction

The purpose of this chapter is to illustrate how all of the major parts of this research, including the sample, data collection procedure and data analysis work together to address the research questions in the study.

3.2 Research Methodology

This study adopted a qualitative research methodology which investigated the impact of SHRM on the organisational performance of Namibian food processors. The qualitative method is able to provide deeper insight (Berg, 1998) and fuller contextual information of the phenomenon studied. The case study method was used to collect data. Content analysis was used to analyse the data. A directed approach to content analysis was used to validate or extend, conceptually, the theoretical framework or theory.

3.3 Research Design

A research design is “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings” (Burns and Grove, 2003). Polit et al. (2001) defines it as “the researcher’s overall plan for answering the research question or testing the research hypothesis” and Collis & Hussey (2003) defines it as a science or art of planning procedures for conducting studies so as to get the most valid findings.

This study used a qualitative research design using the case study method. Data was collected through interviews and internal documents and newspaper articles. Open-ended questionnaires and targeted questions were used to collect information. A directed approach to content analysis was used to analyse the data.

3.4 Research Population

A population is the total of all the individuals who have certain similar characteristics and are of interest to a researcher (Akpo, 2006). According to Blanche et al. (2006) a selected population should be one to whom the research question applies. The target population of this study was limited to the thirty one (31) food processing plants registered with the Namibian Manufacturers Association (NMA) (see table 3.1). The NMA classifies the food processing plants under the title Food Products, Beverages and Tobacco.

Table 3.1. Food processing plants registered with the Namibian Manufacturers Association

<p>Meat Industry</p>	<p>Brukkaros Meat Processors</p> <p>Meatco</p> <p>Hartlief Corporation Limited</p> <p>Closwa Biltong</p> <p>Wildco meat processors (Pty) Ltd</p> <p>Windhoek Schlaterei</p>
<p>Fishing Industry</p>	<p>Bidvest Fisheries Holding (Pty) Ltd</p> <p>Seawork Fish Processors</p> <p>Dhunguriva Investment Namibia</p> <p>Diaz Fishing</p> <p>Etosha Fishing Corporation (Pty) Ltd</p> <p>Gendev Fish Processors</p> <p>Hangana Seafood (Pty) Ltd</p> <p>West hook Fish Processors</p>
<p>Dairy Industry</p>	<p>Bergland Dairies</p> <p>Namibia Dairies (Pty) Ltd</p>

Grain Processing industry	Bokomo Namibia (Pty) Ltd Namib Mills (Pty) Ltd
Beverages	Celtu Mineral water Kristall Kellerei cc Namibia Breweries Limited Namibia Quality Beverages Coca Cola Namibia Bottling Company
Fruits and vegetables	Shikunino Trading Enterprises Kalahari Sweet Jam Manufacturing Kavango Jams and Juices

3.5 Sample size

The sample size is generally determined by the population of the research subjects to be studied. Leedy and Ormrod (2010), argue that a population less than 100 should not be sampled, rather, the entire population must be surveyed. According to Gay et al. (2009), qualitative studies can be carried out with a single participant or, when studying multiple contexts, may have as many as 60 or 70 participants.

Four sub-sectors of the fish and food processing sector, namely meat, beverages, fish and grain food processors constituted the sampling frame. Two processing plants were selected from each subsector. Three (3) respondents from each processing plant, comprising one executive (Human Resources Executive) and two managers (production manager and quality assurance manager) were interviewed. Twelve questionnaires were thus sent out.

3.6 Sampling procedure

In this study, the purposive non-probability sampling technique was used to select the sample frame. The primary consideration in purposive sampling is the judgment of the researcher as to who can provide the best information to achieve the objectives of the study.

The researcher identified subjects who were most likely to have the required information and were willing to share it (Horn, 2009; Kumar, 1999). In this case, HR executives, production managers and quality assurance managers were 'hand-picked' for this research on the basis of relevance to the theory/issue being investigated and privileged knowledge or experience about the research topic.

However, although purposive sampling may be very appropriate for certain research problems, it can result in sample bias as the selection of the participants is determined by the researcher. It is therefore impossible to evaluate the extent to which such samples are representations of the relevant population, and it is thus not possible to generalise the results (Welma et al., 2012).

3.7 Pilot Study

To ascertain the efficacy of the research instruments, a pilot study was carried out to identify areas that required revision, correction or refinement. One processing plant was used as a pilot study. Weaknesses in the design were pointed out in terms of clarity of questions, ambiguity and repetitions. Questions were re-phrased, some discarded and some new questions were added to the questionnaire. The pilot study helped the researcher to have greater insight and to establish the reliability and validity of the research instruments (Bell, 1999).

3.8 Data Collection Procedure

Letters describing the purpose of the study and requesting permission for interviews were sent to twelve (12) food processing plants. The letters were addressed to the General Manager of Human Resources at each plant. The letters were either hand delivered or send electronically. This was followed up by a phone call a week later. After several attempts, four (4) food processing plants, one per industry, agreed to participate in the research.

Data was collected from interviews of four (4) General Managers, eight (8) line managers (a production manager and quality assurance manager from each food processing plant) and secondary sources such as internal documents and newspaper articles. According to Boxall and Steeneveldt (1999), the use of respondents other than HR managers help in understanding

the complexity of macro issues such as a company's competitive dynamics and its strategic direction.

Face-to-face interviews were conducted. The interviewees were given a copy of the interview questionnaire (see Appendix) prior to the interviews. This was intended to help them articulate their ideas better and as a result provided more comprehensive answers (Khatri & Budhwar, 2000). Likely bias was checked by asking probing questions. Interviewees were assured that their responses would be kept confidential before the start of each interview session.

Open-ended questions were used, followed by targeted questions, to explore the views of respondents. Interviews were conducted at the meat and fish processing plants and partially at the grain processing plant (the respondents completed their own questionnaires after discussions on each of the questions while the researcher took notes of the discussions). The beverage plant opted to complete their questionnaires in the absence of the researcher. After studying the responses of the beverage plant, the researcher forwarded follow-up questions (electronically) to the respondents to ensure that their responses were comparable to that of the other food processing plants.

This case study adopted the construct used by Oladipo & Abdulkadhir (2011) to determine the extent to which SHRM is practiced at Namibian food processing plants. The construct comprises SHRM practices which constitute; the linkage between the overall strategic aims of a business and the human resource strategy practices and implementation, the delegation of HR

practices to line managers, and the training of line managers in HR practices, a strategic approach relating to recruitment, selection and compensation and training and development, performance appraisal, planning and employee participation. Processing companies were also asked to indicate how each of the HR practices outlined above influence HRM outcomes.

Organizational performance (for the 2011-2015 period) manifesting in financial performance (profits, return on assets, return on investment) and product market performance (sales, market share) was requested from the food processing plants. Self-report performance measures were used.

To determine whether Namibian processing plants face constraints associated with the implementation of SHRM, respondents in each plant were asked to indicate which of the SHRM practices they found difficult to implement and the reasons for the difficulties.

3.9 Data Analysis

The directed approach to content analysis was used to validate or extend the theory of this research. The researcher began with coding immediately, using predetermined codes. The researcher felt confident that initial coding will not have bias towards the identification of relevant text. Coding thus began immediately. The researcher also identified subcategories with subsequent analysis. Newly identified categories either offered a contradictory view of the phenomenon or were further refined, extended, and enriched the theory. The conceptual

development was done continuously in a way that followed a process of concurrent data collection and analysis.

3.10 Reliability and Validity

Two experts were identified and asked to rate the reliability and validity of the questionnaire. The degree of agreement of the two experts determined the reliability of the questionnaire. Welman et al. (2005) stated that if the research finding can be repeated, it is reliable. Maree (2009) described reliability as the extent to which a measuring instrument is repeatable and consistent. The inter-rater reliability was used to rate uniformity of the focus group question guide. Maree (2009) defined content validity as the extent to which the instrument covers the complete content of the particular construct that it is set out to measure. Content validity was used to measure what was to be set out in the questionnaire.

CHAPTER 4: RESULTS

4.1 Introduction

The findings of this research is presented in this chapter. The data were collected and analysed in response to the research objectives outlined in section 4.3 below. Four fundamental goals drove the collection of the data and the subsequent data analysis. These goals were; to determine the extent to which food processing companies practice SHRM, to determine how SHRM practices influence HRM outcomes, to determine how SHRM practices affect organisational performance and to identify the constraints, to SHRM implementation, experienced by Namibian food processors. The objectives were accomplished. The findings presented in this chapter demonstrate the potential for merging theory and practice.

4.2 Research Questions

- To what extent do Namibian Food Processors practice SHRM?
- do SHRM practices influence HRM outcomes?
- How do SHRM practices affect organizational performance?
- What constraints to SHRM implementation, do Namibian food processors experience?

4.3 Research Objectives

The objectives of this study were:

- To determine the extent to which food processing companies practice SHRM
- To determine how SHRM practices influence HRM outcomes
- To determine how SHRM practices affect organisational performance
- To identify the constraints, to SHRM implementation, experienced by Namibian food processors.

4.4 Results

4.4.1 Response Rate

Twenty-four (24) questionnaires were distributed (electronically and hand delivered) to eight food processing plants. Each processing plant received three questionnaires for the general manager of human resources, the production manager and the quality assurance manager respectively. Four out the eight food processing plants confirmed the scheduled interviews and were subsequently interviewed. The questionnaires were administered at the meat and fish processing plants and partially administered at the grain processing plant (the respondents completed their own questionnaires after discussions on each of the questions while the researcher took notes of the discussions). The beverage plant opted to complete their questionnaires in the absence of the researcher. After studying the responses of the beverage plant, the researcher forwarded follow-up questions (electronically) to the respondents to ensure that their responses were comparable to that of the other food processing plants. Twelve

questionnaires were returned, fully filled in. This gives a 50 percent response rate. Mugenda (2003) states that for any meaningful and representative research, a response rate of at least above 10 percent is representative.

4.4.2 The extent of SHRM implementation

The findings of the study are presented below;

4.4.2.1. SHRM Integration or Alignment

The interview data reveal that three human resource executives (general managers) (from the meat, grain and beverage processing plants) are involved in the strategy development and implementation process. These general managers are regarded as strategic partners/members of their executive teams. Their HRM issues are considered as part of the formulation of corporate strategy and their HR goals, strategies and practices are aligned to business strategies. The meat processing plant is the only plant that has a documented strategy. Neither the general manager nor the line managers of the fish processing plant are involved in the strategy development process. Strategy development at the fish processing plant is a Board function.

4.4.2.2. Devolvement (Delegation of HR duties)

Three of the four food processing plants reportedly trained their line managers to execute the following HR duties; select applicants, recruit employees, train employees, execute performance assessments and design job specifications and roles. The grain and beverage processing plants trained less than 20 percent of their line managers to execute HR duties while the meat processing plant trained between 60 and 80 percent of its line managers. Line

managers at the meat processing plant are regarded as an extension of HR whilst the beverage processing plant regards its line managers as assistants of the HR department. Line managers at the fish processing plant do not carry out any HR duties. HR duties are strictly performed by the HR department.

Table 4.1 HR duties performed by line managers

HR duties	Meat	Beverage	Grain	Fish
Line managers are trained to execute HR duties?	▲	▲	▲	●
Line managers design job specifications and job roles	▲	▲	▲	●
Line managers select new applicants	▲	▲	▲	●
Line managers recruit new employees	▲	▲	▲	●
Line managers execute performance assessments	▲	▲	▲	●

▲ = yes

● = no

4.4.2.3 Recruitment and Selection

The interview data reveal that all processing plants identify the needs of their organisations as they relate to current and future needs. The meat, grain and beverage plants have an approved Recruitment and selection policy in place and carry out effective job analyses. The meat

processing plant makes use of selective and specific processes and methods in an effort to ensure job-to-person fit". The meat processing plant employs a sophisticated selection system which guarantees a better job-to-person fit. This Recruitment and selection policy is tailored to support the business strategy. The meat processing plant could determine which competencies best suit their business needs and objectives and recruit and select the best employees in the most efficient and effective manner (Talukder, 2014). HR managers/departments may need to assess and satisfy an organisation's current and future people needs. This plant also adopts benchmarks to make so that their processes are comparable to industry norms and continuously identifies areas for improvement regarding the reliability and validity of the methods they use when recruiting and selecting new employees. The beverage and grain plants make use of a "standard" recruitment and selection process. This process comprises the placement of an advertisement (once a department announces a vacancy), the conduction of an interview and selection of the best candidate. They report that their selection methods cannot be termed scientific, rigorous, reliable or valid. They do not employ selective and specific processors for managerial or strategic positions. The fish processing plant does not have an approved recruitment and selection policy in place. This plant does not carry out effective job analyses and makes use of the standard recruitment and selection process outlined above. All the plants opined that their selection systems are not highly scientific and rigorous. Line managers of the grain and beverage processing plants are not sure whether their organisation identify their own selection methods, follow a highly scientific and rigorous process, their plants' selection methods are reliable and valid or whether the recruitment and selection of employees is informed by scientific data.

4.4.2.4 Training and Development

According to all HR executives, their food processing plants have a Training and Development Policy in place. Line managers of the beverage plant do not know whether or not their organisations have a Training and Development policy in place. Interview data obtained from executives of the meat and beverage processing plants indicate that their employees are exposed to an effective induction programme, that is, they are exposed to their job roles. Also, these two plants conduct a proper training needs analysis to determine training needs of all staff members. Their annual training plans are generally compiled according to all identified and approved training interventions. The HR executive and the line managers of the meat processing share opposing views regarding the training of all employees. The HR executive indicated that training interventions are usually identified and approved for all employees and that annual training plans are generally implemented. Line managers on the other hand report that they do not know whether extensive training programs are organised and implemented for all employees. They also do not know whether or not formal training is provided to promote skills to new hires as well as to promoted or existing employees. They are also not aware whether professional and technical skills of the workforce is enhanced through training.

4.4.2. 5. Employee participation

The interview data reveal that all the employees of the food processing plants considered in this study participate in decision making and are generally encouraged to suggest

improvements in the way jobs are done. Skilled employees are also given decision making authority.

4.4.2.6 Career planning

Results of this study indicate that employees of the meat and beverage processing plants have clear career paths within the company and that employees who desire promotion have more than one potential position they could be promoted to. Employees' career aspirations at these plants are also known by their immediate supervisors. The grain processing plant indicated that they have not implemented this strategy yet. The fish processing plant does not offer career paths to their employees.

4.4. 2.7 Performance Appraisal

The results indicate that the meat, beverage and grain processing plants all have an approved performance management policy in place that guides the performance management process. The line managers of the meat processing plant indicated that neither they nor their subordinates understand performance management and the scoring system. The HR department on the other hand assume that all employees understand performance management. Employees at the beverage and grain processing plants understand performance management and the scoring used. Supervisors and their subordinates, except those at the fish processing plant, agree on their key performance areas and key indicators. Supervisors generally discuss the performance with performance owners. The fish processing plant does not conduct formal performance reviews.

4.4.3 SHRM and HRM outcomes

The interview data reveal that the meat processing plant depends on motivated employees to deliver on its mandate. The HRM policies and practices of the meat processing plant are developed in response to the organisational and people needs. The HR executive indicated that their sophisticated recruitment and selection process assures employees that they are the best person-to-job fit and translates into employees being committed and well-motivated. The Training and Development interventions of the meat processing plant reportedly improve employee motivation while remuneration and promotion strategies have proven to influence employee motivation, commitment, and satisfaction. Employee participation in decision making reportedly improves job satisfaction levels. The beverage and grain processing plants reported that their policies are currently being revised to ensure that the desired HRM outcomes are achieved. Line managers of the beverage processing plant indicated that employees at their plant are generally demotivated and dissatisfied owing to the total remuneration package and general work conditions. The fish processing plant operates without policies and its employees are generally dissatisfied. The major cause cited for dissatisfaction is remuneration.

4.4.4 Remuneration

The interview data of this study revealed that the compensation strategy of the meat processing plant is aligned to its business strategy. Moreover, the compensation strategy has been developed in line with its competitive strategy of differentiation. In addition, remuneration at the meat processing plant is based on recognised market surveys on the Namibian labour market. Remuneration represents the total value of all payments, in money or in kind. The

amount of the remuneration is agreed on in a signed contract of employment. General staff receive basic remuneration, bonuses, medical aid and a pension in line with the salary scale of the applicable job grade, and enjoy a range of other free or subsidised benefits such as meat products at discounted rates and free transport to and from work. The remuneration of employees in managerial positions is based on Total Cost of Employment. The beverage, grain and fish processing plants indicated that their remuneration packages are simply linked to the job grades of employees. All staff at these plants receive basic remuneration, bonuses, medical aid and a pension in line with the salary scale of the applicable job grade. Employees at the beverage plant receive a free case of their choice of beverage at the end of each month.

4.4.5 SHRM and Organisational Performance

All the food processing plants refused to provide information related to the performance of their organisations, citing confidentiality as their main reason. The beverage, grain and fish processing plants were also not willing to share any of their internal documents. All attempts to find any electronic literature sources regarding the organisational performance of these companies proved futile. The meat processing plant shared the results of their staff satisfaction surveys. Staff of the meat processing plant are generally motivated, committed and satisfied with their jobs and work conditions.

4.4.6 Constraints to SHRM implementation

The various factors that hinder SHRM implementation at the four plants of this study (as identified by each plant) are summarised in Table 4.2. The meat processing plant did not list

any constraints while the beverage and fish processing plants listed the most constraints. The beverage processing plant indicated a host of “people” issues as is evident from the table below. Although the fish processing plant does not have a strategy, they have indicated a number of obstacles that hinder them from implementing board programmes. Their constraints to strategy implementation include; a lack of commitment of financial resources, lack of executive support, inefficient/ineffective line managers and organisational culture. The grain processing plant cited management issues as constraints to SHRM implementation. The specific constraints are; lack of executive leadership support, a lack of efficient line managers and a lack of resources commitment by management.

Table 4.2 Constraints to SHRM implementation

Constraints to SHRM implementation	Meat	Beverage	Grain	Fish
Lack of communication in the company		x		
Lack of resource commitment for strategy implementation			x	x
Lack of staff buy-in		x		
Lack of executive leadership support		x	x	x
Inefficient line managers		x	x	x
Organisational culture/Internal politics		x		x
Organisational size				x

CHAPTER 5: DISCUSSION

5.1 Introduction

This chapter focuses on interpreting and describing the significance of the findings presented in Chapter 4 in light of what is known about the research problem being investigated and connects to Chapter 1 by way of the research questions posed as well as the literature review chapter. It explains how the study has moved the researcher's understanding of the research problem forward from the end of Chapter 1.

5.2 Extent of SHRM implementation

5.2.1 SHRM integration or involvement

Results of this study indicate that the HR executives of the meat, grain and beverage processing plants are involved in the strategy development and implementation. An in-depth analysis reveals that the HR executive of the meat processing plant is the only real strategic partner of this executive team. This is because the HR executive of the meat processing plant is intimately involved in the overall strategic process in both formal and informal interactions. According to Nankervis et al. (2005), this is a real reflection of strategic human resource management in practice. The beverage and grain industries simply follow organisational strategies and accommodate the staffing needs of already chosen business strategies. Owing to their response, it may be assumed that the HR executives of the grain and beverage processing plants do not have a thorough understanding of the concept of strategic partnership. Of the three executives,

it is only the executive of the meat processing sector who seems to have a greater opportunity to align HR goals, strategies, and practices with corporate objectives and the implementation of business strategy because of his involvement in the crafting of corporate strategy. Moreover, the HR department of the meat processing plant has a documented HRM strategy, thus achieving strategic integration and alignment with their corporate strategy (Budhwar, 2000; Teo, 2002). The existence of this documented strategy makes HR's role more concrete (Teo, 2002).

5.2.2 Delegation of HR duties

More than 60 percent of the line managers at the meat processing plant were trained to execute HR duties as at December 2015 while the grain and beverage plants trained less than 20 percent of their line managers. This result suggests that the HR department of the meat processing plant recognises the role that line managers play in implementing functional strategies, thereby recognises the role that line managers play in realising core business objectives (Reilly et al., 2007) realising core business objectives and contributing to overall corporate strategy. Moreover, the HR department of the meat processing plant probably considers its line managers as strategic partners and recognises the role that line managers play in establishing successful working relations (Harney & Jordan, 2008). Hall and Torrington's (1998) suggest that HR depart should mainly focus on advising and training their line managers. It may therefore be argued that overall strategy of the meat processing plant is centred on developing its human resources, particularly building employee competencies, including line management capability. This probably gives the HR department more time to focus on strategic issues and embrace the global trend that is now held synonymous with HR departments, which is to bring about business improvement. The HR strategies of the grain and beverage plants possibly do

not centre on building line management capabilities since less than 20 percent of their line managers have been trained to execute HR duties. The inefficiency of line managers of the beverage plant may be one of the reasons why strategy implementation is not successful. It may also be assumed that HR of the beverage and grain plants have less time to focus on more strategic HR issues (Larsen & Brewster, 2003) and may have to split their attention between focusing on strategic issues and carrying out routine activities (Whittaker & Marchington, 2003).

5.2.3 Recruitment and Selection

Results of this study suggest that the recruitment and selection strategy of the meat processing plant is aimed at identifying the right candidate with the potential to perform (Terpsra & Rozell, 1993). Results further suggest that the meat processing plant determines which competencies best suits their business needs and recruit and select the best employees in the most efficient and effective manner (Talukder, 2014). Conversely, the recruitment and selection procedures of the grain, fish and beverage plants probably result in a mismatch between a person and a job (Terpsra & Rozell, 1993).

5.2.4 Training and Development

It may be argued that the employees of the meat and beverage processing plants are clear about their job roles since they are exposed to an effective induction programme. It may also be argued that these employees are provided with the necessary knowledge and skills since a proper training needs analysis is conducted to determine their training needs.

5.2.5 Employee participation

A number of studies have shown that employee participation is positively related to productivity, improved performance and job satisfaction (Verma, 1995). Likert (1961) also notes that participation in decision-making can fulfil employees' "self-actualization needs and, consequently increase employees' motivation and job performance". The results of this study prove that the aforementioned is only true for the meat processing plant where employees are generally motivated. Employees of the other food processing plants are not motivated although they participate in decision making. Furthermore, although earlier studies have shown that employee participation is positively related to employee satisfaction, and productivity (Wagner 1994; Verma 1995) this has not been the case for employees of the beverage and grain processing plants. It may be assumed that because the employees of the meat processing plant are generally satisfied employees, they are more willing to get involved in decision-making, goal setting or problem solving activities, which subsequently result in higher employee performance.

5.2.6 Career planning

Well-planned career development systems along with internal advancement opportunities are known to result in high levels of motivation among employees (Milkovich & Boudreau, 1998) which in turn result in higher organisational performance. This notion holds true for employees of the meat processing plant who are highly motivated to perform. Employees of the beverage

plant experience a lack of motivation although the plant has well-planned career development systems in place.

5.2.7 Remuneration

Results of this study indicate the compensation management system of the meat processing plant has been tailored to support its business strategy (Milkovich & Newman, 2002) owing to the notion that the alignment between an organisation's business strategy and its compensation system, leads to better organisational firm performance (Gebhart, 2000). This result is in agreement with that of Gomez-Mejia and Balkin, (1992) and Montemayor (1996) who report that a certain combination of a firm's business strategy and pay system leads to better organizational performance.

5.2.8 SHRM and HRM outcomes

Results of this study confirm that the HRM policies and practices of the meat processing plant have a direct impact on employee attributes such as skills, attitudes and behaviour, called HRM outcomes, which could subsequently be translated into improved organisational performance (Boxal & Steeneveld, 1999). Results of the meat processing plant confirm the argument put forth by Katou (2008) who notes that employee selection, training and performance appraisal influence employee skills (competence, including cooperation). It may thus be assumed that the employees of the meat processing plant probably have a high probability to perform. In agreement with Katou and Budhwar, (2007), it may be assumed that compensation at the meat

processing plant influences employee “attitudes” (motivation, commitment, satisfaction) and therefore employee motivation to perform while employee participation influences employee “behaviour” (retention) and the opportunity to perform.

5.3 SHRM and organisational performance

None of the food processing plants provided information on their performance. This may be attributed to the fact that these plants are not obliged to report on their organisation’s performance since they are not listed on the Namibian Stock Exchange. It may also be assumed that these plants may not want their competitors to get hold of their company information as their competitors may copy some of their strategies, leading to a reduction of their market share.

5.4 Constraints to organisational performance

The major constraints to SHRM implementation experienced by the food processing plants were; lack of communication in the company, lack of resource commitment for strategy implementation, lack of staff buy-in, lack of executive leadership support, inefficient line managers and organisational culture/Internal politics. It is clear that the fish processing plant does not operate at a strategic level since they do not develop strategies through either a formal or an informal process.

5. 4 Conclusion

The objective of this study was to determine the impact of SHRM on organisational performance. Results indicate that the meat processing plant has adopted SHRM practices to a greater extent than the other food processing plants. This is because the HRM strategies of the food processing plant are both horizontally aligned to each other and vertically integrated with the business strategies. Also, a higher proportion of the line managers are trained compared to the other plants. The meat processing plant employs more stringent recruitment and selection processes and in so doing avoid misalignments relating to person-to job fit. The career planning and employee involvement initiatives only seem to be significant for the meat processing plant where high employees are generally motivated, committed and experience high job satisfaction levels. The total remuneration package of the meat processing plant also translates in high job satisfaction levels. The beverage and grain processing plants are probably at the infant stages of strategy development and implementation whilst the fish processing plant does not operate on a strategic level.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter provides a brief summary of the key findings in relation to the research questions and draws conclusions from the research findings. It also highlights the importance of the research findings for industries and makes recommendations for future research.

6.2 Summary of Results

This study found that human resource executives of the food processing plants are generally involved strategy development and implementation. The meat processing plant trained the highest proportion of line managers to execute HR duties. The recruitment and selection strategy of the meat processing plant is aimed at identifying the right candidate with the potential to perform while the recruitment and selection procedures of the grain, fish and beverage plants possibly result in a mismatch between a person and a job. Employees of the meat, beverage and grain plants are provided with the necessary knowledge and skills to perform their duties. Employees at all the food processing plants participate in decision making and are allowed to suggest improvements in the way work is done. Employees of the meat processing plant are generally motivated, committed and satisfied with their jobs while employees of the other processing plants are generally demotivated. The meat and beverage plants offer career planning opportunities to their employees. The compensation management system of the meat processing plant has been tailored to support its business strategy while the compensation system of the other plants probably follow business strategies. The major

constraints to SHRM implementation experienced by the grain and beverage processing plants are related to management issues. The fish processing plant does not operate at a strategic level.

6.3 Conclusions

Based on the results obtained in this study the following conclusions are made;

- The meat processing plant has embraced strategic human resource management. This plant makes a concerted effort to ensure that its human resources contribute to the organisational objectives.
- The grain and beverage processing plants may have established the frameworks of SHRM but are yet to implement the SHRM practices.
- The board of directors of the fish processing plant pose the greatest stumbling block to the adoption of human resource management practices.
- SHRM management practices probably lead to HRM outcomes that influence organisational performance.
- Food processing plants are not prepared to divulge information pertaining to their financial and non-financial performance.

6.4 Recommendations

It is recommended that Namibian food processors evaluate the need to either develop or refine their SHRM practices and implement them in an effort to ensure that their human resources contribute to the attainment of their organisational objectives. Moreover, food processors

should ensure that their HR practices are congruent with one another and with their business strategies/competitive strategies so as to achieve employee motivation, commitment and job satisfaction that will consequently contribute to positive organisational performance.

6.5 Directions for Future Research

This study recommends that;

- Further research be undertaken to include more food processing plants so as to get representative data per food sub-sector.
- Similar research be conducted in the other manufacturing sectors of Namibia not covered by this research.

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THE IMPACT OF STRATEGIC HUMAN RESOURCE MANAGEMENT ON THE ORGANIZATIONAL PERFORMANCE OF NAMIBIAN FOOD PROCESSORS.

You have been selected as a valued participant for this research which seeks to determine the impact of SHRM on the organizational performance of Namibian food processors. The outcomes of the study will provide information which Namibian food processors could use to evaluate the need to either develop or refine SHRM practices and implement them in an effort to increase organizational performance. This will, in turn, enhance the growth of the manufacturing sector.

The interview guide is completely anonymous and confidentiality is assured. Your organisation's name will not be mentioned in the thesis.

Thank you for your willingness to participate in this research. It is sincerely appreciated.

SECTION I: STRATEGIC HUMAN RESOURCE MANAGEMENT (SHRM)

PRACTICES

1. Could you please describe the strategy development process of your organization?
 - 1.1. How involved is the HR in the formulation and implementation of organisational strategies

- 1.2. Do you have a documented HR strategy? Who develops it?
- 1.3. Do your HR strategies impact organisational performance?
2. Tell me about your organisation's recruitment and selection process
 - 2.1. Is recruitment and selection in your organization guided by a recruitment and selection policy? Does the policy guide the recruitment of all positions?
 - 2.2. What tools do you use during your selection process? Why?
 - 2.3. Do you consider the selection tools used by your organization to be scientific, rigorous, reliable and valid
3. To what extent do line managers in your organization execute HR duties?
 - 3.1. What proportion of line managers have been trained to execute HR duties?
 - 3.2. Does your organisation consider line managers as strategic partners?
4. Would you say your organisation has a strategic approach to Training and Development?
 - 4.1. To what extent are training and development needs identified in your organisation?
 - 4.2. Does your organisation expose new employees to an effective induction programme?
 - 4.3. Does your organisation provide extensive training programs to all employees?
5. To what extent are employees allowed to participate in operation decisions and suggest improvements in the way things are done?
 - 5.1. Does your organisation give decision making authority to skilled employees?
6. Do employees have clear career paths in your organisation?

7. Please describe the performance management process in your organisation.
 - 7.1. Is performance appraisal in your organisation guided by a Performance Management Policy
 - 7.2. Do employees and supervisors in your organization understand Performance Management (PM) and the scoring used?
 - 7.3. Do employees in our organisation understand why they are being performance managed and the benefits of such?
 - 7.4. Do supervisors and their subordinates agree on the key performance areas that will be measured?
 - 7.5. Do superiors in the frequently discuss performance with their subordinates

8. Could you describe the link between your organisation's compensation system and business strategy
 - 8.1. Do you have an up-to-date policy?
 - 8.2. How regularly is your policy updated?
 - 8.3. What does the total compensation/remuneration package include?

SECTION II: HRM OUTCOMES

1. How do the SHRM practices do outlined above influence HRM outcomes?

SECTION III: ORGANIZATIONAL PERFORMANCE

For the following questions, please cross one of the boxes according to the level of achievement of your organization.

Compared to your competitors, indicate your organizations:						
		Very Low	Low	Neutral	High	Very High
	2010	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2011	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2012	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2013	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2014	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
Market share		Very Low	Low	Neutral	High	Very High
	2010	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2011	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2012	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2013	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2014	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
Profit		Very Low	Low	Neutral	High	Very High
	2010	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2011	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2012	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2013	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2014	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)

		Very Low	Low	Neutral	High	Very High
Return on assets	2010	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2011	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2012	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2013	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2014	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
		Very Low	Low	Neutral	High	Very High
Return on investment	2010	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2011	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2012	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2013	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)
	2014	(10-29%)	(30-49%)	(50%)	(60-80%)	(80%-100%)

SECTION IV: CONSTRAINTS TO ORGANIZATIONAL PERFORMANCE

1. What constraints, to the implementation of SHRM practices does your organisation experience?