Research Paper

GYAN MANAGEMENT

AN INTERNATIONAL BI-ANNUAL REFEREED JOURNAL OF MANAGEMENT & TECHNOLOGY

Year 2023, Volume-17, Issue-1 (January - June)

ISSN 0974-7621 (Print)

Strengthening the HR Capabilities – A Pathway to Strategic Success at SMEs of Punjab

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ARTICLE INFO

Key Words: Human Resources, Strategy Implementation, Business Environment, Internal Environment, Competitive Advantage, SMEs

ABSTRACT

The Indian business sector is hyper-competitive and subject to the complexities of its environment. Operating in a highly digitalized and globalized world is not easy. However, by trying to strengthen its capabilities, a firm can face the challenges of a borderless world and other external pressures. Of all the internal factors, human resource (HR) is supreme. It is a firm's most valuable asset and a major source for gaining competitive edge. Therefore, understanding its role in a firm's strategic success in imperative. The present study attempted to determine the impact of HR practices on effective strategy implementation of small and medium enterprises (SMEs) of Punjab. Data was collected from 157 units through a self-administered questionnaire. It was analyzed through mean scores, frequencies and multiple regression analysis. Results revealed that six of eight select HR practices had a statistically significant, strong and positive impact on strategy implementation. HR remuneration and rewards had the highest impact. The study concluded that adoption of positive HR practices like attractive remuneration packages, better training programmes, employee involvement and empowerment, etc. enhanced effectiveness of strategic actions. The findings are to benefit several parties and add Indian SME sector evidence to the domain.

Received 15.01.2023; Accepted 17.01.2023
DOI: 10.48165/gmj.2022.17.1.5
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Introduction

"A company is only as good as the people it keeps."

Mary Kay Ash

A business firm does not operate in isolation. It rather functions in a condition typified as intricate and multi-faceted (Hans, 2018). This is the 'business environment' that a firm is in continuous interaction with (Worthington & Britton, 2015), making it sensitive towards the environmental complexities. Any change in the economic policy, competitor's move, key parties' terms and conditions, or demand patterns of society; a political surge or natural occurrence; has a blistering impact on a firm, its ways of working and achieving the desired objectives (Chattopadhayay, 2015). Presently, what concerns a firm is operating in a highly digitalized and globalized world. The era of information technology, internet and e-commerce is one of the changes in firm's macro environment. Be it telecommunication or hospitality, healthcare or education, every sector is shaped by the modern-day technological advancements. While this has several opportunities for a firm like – extended reach, process improvements and managerial developments while learning from the developed counterparts, etc.; the challenges attached are manifold and severe like – competition hike in an already hyper-competitive market, increasing customer expectations, managing cross-border differences, takeover of small firms by giant houses, and even a complete wipe-out caused by failure to survive under such an intense situation.

The Indian business sector is no different! With globalization being a fact (Ohmae, 2005) and presence of a war-like situation wherein it is not possible to sustain an edge over competitors for a long duration (D'Aveni, 1995), ensuring a safe place for self is not easy. What helps a firm is this case is its internal environment – the resources and capabilities. A firm's capability is a major source of its competitive advantage (Grant, 1991). Therefore, by trying to strengthen its capabilities, a firm can face the challenges of a borderless world and other external pressures and do wonders for itself. Here, the role of human resource comes into picture.

HR is the most valuable asset, the prime factor that provides flexibility and adaptability to a firm (Khatri, 1999). According to Chattopadhayay (2015), "it is the personnel capability – the skills, quantity and quality, motivation of HR – that determines the success or failure of any organization". A competitor may imitate everything but not the HR skills. This, along with HR's ability to convert non-human resources into desired outputs (Punia & Sharma, 2015), makes it a major source for gaining a competitive edge. The factor's supremacy and value attached to it makes it imperative to understand its role in a firm's strategic success. In this line, the present study attempted to determine the impact of HR practices on effective strategy implementation, an indicator of firm performance, of SMEs of Punjab.

Review Of Literature

The review has been organized under sub-heads of various HR aspects and their link with strategy implementation.

HR Adequacy & Strategy Implementation

Kolil (2019), through his study in the public secondary schools in Nandi Central, Kenya, proved that lack of enough teachers i.e., 'inadequate employee base', led to poor strategy implementation, measured in terms of students' grades and strikes, organization's infrastructure, and employee morale. Tele & Gachunga's (2019) evidence Kenya's energy sector established 'resource adequacy' i.e., adequacy of HR, funds and inventory, and budget deficit, as the most important internal factor affecting strategy implementation i.e., organization's performance, objectives achievement, operational efficiency, and top talent retention. A similar work by Muturi & Kariuki (2018) in Kenya's energy sector pointed at 'resources' – their cost, availability, adequacy, creativity and innovation, being the most significant determinant of strategy implementation i.e., target-setting and financial returns. Momanyi et al.'s (2018) evidence from devolved government units in Nairobi County, Kenya found sampled units to be experiencing an 'adequate employee base', and the overall result of HR on implementation being significant.

HR Knowledge, Skills, Expertise & Strategy Implementation

Koskey & Rotich (2019) found 'top management experience' i.e., knowledge and skills, industry experience, and length of service, to be imposing a significant positive impact on strategy implementation i.e., strategy articulation, communication, and engagement of firms in Kenya's pension industry. Momanyi et al. (2018) found the sampled units to be enjoying the services of a 'skilled' workforce that was 'well-equipped' to face technological pressures, with overall impact of HR being significant. Muthiora & Moronge (2018), through their study in Kenyan state corporations, found 'HR – the leadership and communication abilities, and technical expertise', to be significantly and positively influencing strategy implementation, measured in terms of the service delivery aspect. Quality HR provided quality and timely services, and better citizen feedback. Authors concluded that a proper and superior recruitment and staffing process was a key to ensuring that the workforce being enrolled was well-equipped with skill sets and experienced. Nguyen & Nguyen (2017) found the top management to be 'well-qualified and efficient' at the Vietnam garment companies, this significantly and positively affecting the achievement of planned objectives and appropriation of strategy implementation process therein. Alamsjah (2011), through his study in the Indonesian business sector, confirmed 'people competencies' as a key success factor (KSF) of strategy implementation. Achanga et al.'s (2006) qualitative study also reported 'skills and expertise' as one of the four KSFs of lean manufacturing implementation at SMEs of East UK.

Employee Involvement & Strategy Implementation

Mutuku & Misango (2020) reported 'employee involvement' to be imposing a significant, strong and positive impact on implementation of strategies in the Machakos County Government, Kenya. Other studies will similar results include – Kolil (2019) who found that 'non-participation of staff' in the strategy implementation process led to poor performance and results in the same at the sampled public secondary schools; Shilingi's (2019)and the study used stratified random sampling to obtain a sample size of 188 respondents which was 30% of the target populations (632 respondents work in Tanzania's executive agencies where 'top management support' was found to be significantly and positively influencing the strategic plans execution by involving employees in the very process; Bahadori et al.'s (2018) study at one teaching hospital in Iran that revealed 'manager's awareness and participation in strategic planning' had the highest impact, closely followed by 'team participation', on strategic plan implementation in terms of work simplification, better communication, improvement in employees' motivation and commitment level; Mohamed & Olweny (2018) who established 'involvement of skilled and non-skilled employees' as a prime force enhancing employees' attraction, motivation and commitment level towards their organization, and thereby overall performance in Kenya's petroleum sector; Al-kandi et al. (2013) who put forth 'involvement' as a major personnel factor that had the highest influence on strategic decisions implementation at select Saudi Arabian banks; Zeps & Ribickis (2015) who recognized the influence of 'employee involvement in strategy formulation process' on the implementation phase of Latvian organizations; Shah (1996) who identified 'top management commitment' i.e., their involvement in the strategic actions, as a KSF of strategy implementation success at Indian public and private sector undertakings.

Employee Training & Strategy Implementation

Mutuku & Misango (2020) evidenced the existence of a significant, strong and positive relationship between 'employee training' and strategy implementation in the Machakos County Government. Training gradually improved employees' ability to do work and take risks, their performance, orientation towards organization's goals, and ultimately the organization's performance. Wanjiku et al. (2018) produced similar results from the healthcare sector of Kenya. Human resource management (HRM) was measured through various constructs, one of them being 'employee training

and development'. Nguyen & Nguyen (2017) found Vietnam garment companies to be providing 'effective training to its workforce', this having significant positive impact on implementation. Mwando & Muturi (2016) found that the 'employee training practices – mentorship, delegation, evaluation' were not effective at the Kenyan government ministries. Employees were not given requisite trainings and skills, and resources to help manage the change process. Also, they were not open to adapting changes. This practice did not play a significant role in effective change implementation.

Employee Remuneration & Strategy Implementation

Shilingi's (2019)and the study used stratified random sampling to obtain a sample size of 188 respondents which was 30% of the target populations (632 respondents work in the Tanzania's executive agencies found top management support to be significantly, strongly and positively influencing the strategic plans execution through employee empowering and 'effective rewards management'. Nguyen & Nguyen (2017) found employees' satisfaction with the 'incentive policy' to be significantly and positively affecting the strategy implementation at Vietnam garment companies. Shah (1996) reported that presence of 'effective incentives and rewards' significantly affected the success of strategy implementation at the Indian organizations. Cash rewards were the most important, followed by promotions and increments. A reward-performance link and employees understanding the same was deemed essential. Ngigi & Namusonge (2019), however, found 'culture of reward and recognition' i.e., bonuses, allowances, appreciation, to be having a non-significant positive impact on implementation – its success, timely completion, and organization's achievements – at the Kenya Civil Aviation Authority. The study by Messah & Mucai (2011) in the technical tertiary institutes in Meru Central District, Kenya, also established a non-significant and weak relationship between 'reward management' and strategy implementation. Employees valued intrinsic motivation over extrinsic i.e., tangible rewards, and therefore, this result.

Employee Commitment & Strategy Implementation

Shopati et al. (2018)testing, and meritoriously use execution strategies that work in healthcare setting. The aim of the research is to explore and confirm the active factors of failure for the strategic plan execution in state healthcare in Namibia. Methods: The research utilized quantitative approach, a survey design and questionnaire was employed to collect data. The study used Gaskin's CFA/SEM procedure and applies the SPSS 23 AMOS plugins, Pattern Matrix Model Builder" (PMMB worked on identification of factors causing failure of strategy implementation in state hospitals in Namibia. 'Lack of commitment on part of decision-makers' was found to be a major operational issue in the same. In Wanjiku et al.'s (2018) study of Kenya's healthcare sector, 'staff commitment' was also one of HRM constructs. Gachua & Orwa (2015) established 'top management's commitment' towards carrying out their strategic roles as an important factor of effective strategy implementation at the Kenyan public universities. Achanga et al. (2006) concluded 'leadership and management commitment' being a KSF in lean manufacturing implementation at SMEs of East UK, the cornerstone of success. Shah (1996) explained how senior managers perceived the employees at their organization as highly sincere and dedicated towards their work, risk-takers and adaptable, open to constructive feedback and improvement. This reflected 'employee commitment', a KSF of strategy implementation at the sampled organizations. Contrarily, Obeidat et al.'s (2017) study at Jordon pharmaceutical companies found that 'people', as one of the operational process factors, did not show any effect on strategy implementation. Authors found it essential to motivate employees at all levels and involve them in the implementation process from the very beginning, so as to empower them and ensure their commitment towards the organization.

Research Gap

Literature has no dearth of evidences on the relationship under consideration. Recently, the topic has gained much attention from scholars and academicians. There are proofs from across the sectors, be it manufactur-

ing or services. However, the SME sector is relatively less explored. Next, HR, as an internal business factor, has been studied by employing three or four constructs at the most. Also, the topic suffers from concentration of evidences from the Western world, with majority of the studies belonging to Kenya. The present study attempted to fill these gaps by presenting a comprehensive piece of work covering for all the major HR aspects, and exploring its impact on the strategy implementation process of Indian SMEs.

Research Objectives

1. To understand the nature of human resource practices at SMEs of Punjab.
2. To understand the nature of strategy implementation at SMEs of Punjab.
3. To determine the impact of human resource practices on effective strategy implementation of SMEs of Punjab.

Figure 1 depicts the conceptual model. A total of eight HR practices were studied namely; HR hiring, adequacy, knowledge and skills, competency, training, participation, remuneration, commitment. Strategy implementation was measured through two major constructs – its general nature and BSC perspectives.

Research Methodology

Sampling Design

The study's target population comprised of the SMEs located in Punjab and indulged in the manufacturing business. According to the Ministry of MSME, there were a total of 78,912 UAM-registered manufacturing MSMEs in Punjab up till 2019 (Srivastava, 2019). Of these, 14,534 were SMEs. Table 1 details this out. This being the latest standardized data, served as the sampling frame from which a sample of 200 SMEs was drawn through multi-stage sampling. Figure 2 exhibits the sampling procedure.

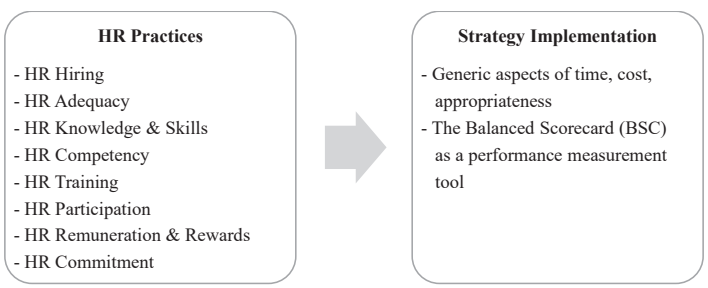

Fig. 1: Conceptual Model
Source: *Authors*

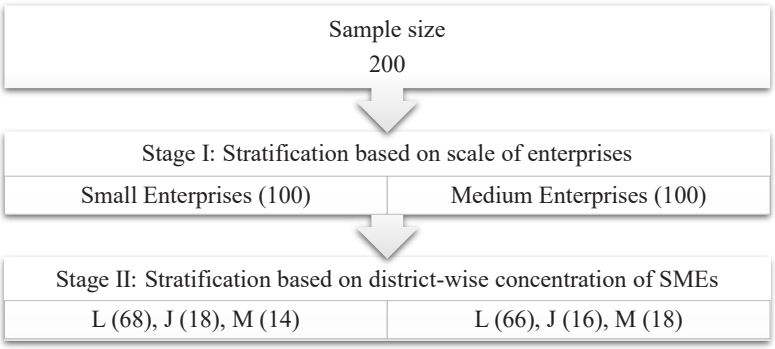

Fig. 2: Sampling Procedure
Source: *Authors*

- *Stage I: Stratified Random Sampling*
  Two stratas 'small' and 'medium' based on scale of enterprises were formed and equal sample of 100 units was drawn from them. As per the official definition, a small-scale manufacturing enterprise has an investment in plant and machinery ranging 1-10 crore and annual turnover ranging 5-50 crore; and a medium-scale manufacturing enterprise has an investment ranging 10-50 crore and annual turnover ranging 50-250 crore rupees (Ministry of MSME, 2021, p. 2).
- *Stage II: Proportionate Stratified Random Sampling*
  Three stratas for top three districts as home to SMEs in Punjab were formed. A proportionate sample was drawn.

Table 1: District-wise UAM-Registered Manufacturing SMEs in Punjab (up to June, 2019)

Districts	Small Enterprises	Medium Enterprises	Total
Ludhiana	6004	229	6233
Jalandhar	1531	56	1587
Mohali	1259	64	1323
Sub-Total	**8794**	**349**	**9143**
Other districts	5198	193	5391
Total	**13992**	**542**	**14534**

Source: Ministry of MSME (Srivastava, 2019)

Table 1 exhibits the break-up of SMEs in Punjab, and data for the top three districts. As of 2019, there were 6,233 SMEs in Ludhiana (L), 1,587 in Jalandhar (J), and 1,323 in Mohali (M). Together, these three districts accounted for 63% of the total SMEs of Punjab, making them a true representative of the study's target population. Figure 2 shows that collection of data proposed from these three districts included 68, 18, 14 small-scale units and 66, 16, 18 medium-scale units respectively. This was in proportion of the total units in a district to cumulative total in the three of them.

- *Post sample-size finalization*
  A list of units in the sampling frame was retrieved from the government's official data portal. It was refined to match the study's requirements. Sample units were randomly selected.

Data Collection

The study employed 'questionnaire' as the research instrument. It consisted of 20 descriptive statements, to understand the current position of HR practices (ten) and of strategy implementation (ten) at the select SMEs, designed on a five-point Likert Scale from 'Strongly Disagree' (1) to 'Strongly Agree' (5); and five close-ended questions pertaining to respondent's information. Data was collected using this from person-in-charge of strategy implementation i.e., owners or managers, in physical format.

Data Analysis

Data was analyzed using both descriptive statistics (mean scores and frequencies for the 20 statements to fulfil objective 1 and 2) and inferential statistics (multiple regression analysis to fulfil objective 3).

Findings

Of the 200 questionnaires distributed, 157 qualified for further analysis i.e., 78.5% response rate. The final analysis comprised of data from 89 small and 68 medium enterprises.

Descriptive Analysis

Table 2 shows results for descriptive statements relating to HR practices. Statement No. 8 has the highest mean score of 4.36. Of 157, a total of 147 respondents (sum of rating 4 and 5 frequency columns; 93.6%) agreed to their organization rewarding its employees on accomplishment of goals and tasks. Along with this, No. 9 has a mean score of 3.87, lowest of all but still towards the higher side. 125 respondents (79.6%) agreed to their organization acknowledging its workforce for their long association and services. These relate to "HR remuneration and rewards". Results reveal the presence of a reward culture at the sampled organizations, and a satisfactory position of this aspect therein.

No. 5 received the second highest mean score of 4.31, and No. 6 received a mean score of 3.98. A total of

Table 2: Descriptive Statistics for HR Practices

No.	Statements	Frequencies Likert Scale					Mean	SD
		1	2	3	4	5		
	Overall						4.15	.59
1	Hiring best quality HR that keeps organization competitive	00	02	11	107	37	4.14	.58
2	Presence of an adequate HR base	01	08	08	89	51	4.15	.79
3	Presence of well-qualified and skilled personnel	00	02	08	89	58	4.29	.62
4	HR competency at handling adverse situations	01	04	07	82	63	4.29	.73
5	Making generous investment in employee training activities	00	05	07	79	66	4.31	.71
6	Employee training through organized workshops and seminars	02	12	18	81	44	3.98	.91
7	HR's participation in strategic planning process	01	14	22	85	35	3.89	.88
8	Rewarding employees on goal accomplishment	00	02	08	79	68	4.36	.64
9	Rewarding employees for job longevity	01	13	18	98	27	3.87	.81
10	Presence of highly committed and loyal workforce	01	08	10	76	62	4.21	.82

Source: *Authors*

145 respondents (92.3%) perceived their organization to be making generous investment towards employee training activities. 125 respondents (79.6%) also recognized their organization's efforts in organizing workshops and seminars to achieve the same. These relate to "HR training" which appears to be a serious concern and given relative importance at the sampled organizations.

No. 3 and 4 received the third highest mean score of 4.29. A total of 147 respondents (93.6%) perceived the workforce at their organization to be "highly qualified and skilled" at handling the strategic tasks, and 145 (92.3%) perceived the workforce to be highly "competent" at handling pressures of the operating environment and other adverse situations.

For other constructs – No. 10 has a mean score of 4.21, with 138 respondents (87.9%) agreeing to their organization having a "loyal and committed workforce". No. 2 of "HR adequacy" has a mean score of 4.15, with 140 respondents (89.2%) in agreement. No. 1 of "HR hiring" has a mean score of 4.14, with 144 respondents (91.7%) in agreement. No. 7 of "HR participation" has a mean score of 3.89, with 120 respondents (76.4%) perceiving it to be true for their organization. Mean scores for the ten items range from 3.87 to 4.36. The scale's mean score is 4.15. It indicates the adequate and satisfactory position of HR practices at SMEs of Punjab.

Table 3 shows results for descriptive statements relating to strategy implementation. Statement No8 has the highest mean score of 4.34. A total of 146 respondents (93.0%) perceived their organization as able to recognize and meet the changing needs of its workforce, provide adequate training and rewards, and contribute to their overall development. No. 9 has the second highest mean score of 4.26, with 139 respondents (88.6%) believing that their organization has survived to retain its top employees over the years. These relate to the "learning and growth perspective of BSC". Results indicate towards the growing importance of HR development and majority of the sampled SMEs performing well in this domain.

Regarding the other domains – No. 10 has a mean score of 4.15, with 138 respondents (88.6%) perceiving proper utilization of resources at their organization, and indicating satisfactory performance in the "internal business process perspective". No. 6 and 7 have a mean score of 4.09 and 4.14 respectively. A total of 142 respondents (90.4%) believed their organization was able to meeting the changing needs of its customers, and 141 (89.8%) believed their organization had a loyal and satisfied customer base. These

Table 3: Descriptive Statistics for Strategy Implementation

No.	Statements	Frequencies Likert Scale					Mean	SD
		1	2	3	4	5		
	Overall						4.16	.57
1	Appropriateness of the process	00	06	08	85	58	4.24	.72
2	Completion within time	00	08	13	72	64	4.22	.81
3	Completion within budget	00	09	08	77	63	4.24	.79
4	Achieving good financial returns	00	05	14	103	35	4.07	.66
5	Holding a large market share	01	12	20	95	29	3.89	.82
6	Meeting the changing customer needs	00	01	14	112	30	4.09	.55
7	Achieving a loyal customer base	00	02	14	101	40	4.14	.62
8	Meeting the changing employee needs	00	02	09	80	66	4.34	.65
9	Achieving employee retention	00	06	12	74	65	4.26	.76
10	Achieving efficiency in resource utilization	01	08	09	87	52	4.15	.79

Source: *Authors*

relate to the "customer perspective", the performance in which appears to be satisfactory. No. 4 and 5 have a mean score of 4.07 and 3.89 respectively. A total of 138 respondents (87.9%) believed their organization to be getting good financial returns, and 124 respondents (79.0%) believed their organization had also captured and enjoyed a large market share. These relate to the "financial perspective". The performance of majority sampled organizations appears to be satisfactory but is the lowest in comparison to other domains.

No. 1 and 3 have the third highest mean score of 4.24. A total of 143 respondents (91.1%) perceived the strategy implementation process to be "appropriate" and clear at their organization. 140 respondents (89.2%) agreed to process completion within the allocated budget. Additionally, No. 2 received a mean score of 4.22, with 136 respondents (86.6%) agreeing to completion within the allocated time. These relate to the generic nature of the process, which appears to be satisfactory. Mean scores for the ten items range from 3.89 to 4.34. The scale's mean score is 4.16. This indicates the overall satisfactory performance and achieving effectiveness in the strategy implementation process at SMEs of Punjab.

Multiple Regression Analysis

Table 4 presents results of multiple regression analysis. Model summary shows that R^2 for the regression model is 0.902 i.e., the independent variable explains 90.2% variation in the dependent variable. ANOVA table depicts that F-ratio for the model is significant, F (8, 148) = 171.200, $p = 0.000$. As such, there exists a significant relationship between HR practices and strategy implementation. Coefficients table shows that six of the eight HR practices are significant predictors of strategy implementation (sig value < 0.05). As depicted by the standardized beta coefficients, individually, the direction of impact is positive. HR remuneration and rewards has the highest impact (β = 0.258), followed by HR commitment (β = 0.248), HR adequacy (β = 0.196), HR participation (β = 0.171), HR training (β = 0.133), and HR competency (β = 0.091). Impact of two HR practices – HR hiring, HR knowledge and skills – is insignificant.

Table 4: Results of Multiple Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950[a]	.902	.897	.18336

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.047	8	5.756	171.200	.000[b]
	Residual	4.976	148	.034		
	Total	51.023	156			

a. Dependent Variable: Strategy Implementation

b. Predictors: (Constant), HR Hiring, HR Adequacy, HR Knowledge & Skills, HR Competency, HR Training, HR Participation, HR Remuneration & Rewards, HR Commitment

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
B		Std. Error	Beta			
1	(Constant)	.563	.132		4.254	.000
	HR Hiring	-.006	.036	-.006	-.166	.868
	HR Adequacy	.142	.032	.196	4.399	**.000**
	HR Knowledge & Skills	.053	.037	.057	1.417	.159
	HR Competency	.072	.036	.091	2.007	**.047**
	HR Training	.100	.039	.133	2.582	**.011**
	HR Participation	.112	.026	.171	4.251	**.000**
	HR Remuneration & Rewards	.225	.040	.258	5.628	**.000**
	HR Commitment	.172	.029	.248	5.839	**.000**

Source: *Authors*

Conclusions

The term 'human resources' comprises of an organization's total manpower, its knowledge, skills and abilities; experience; training; work culture; and similar aspects (Meesala, 2015). Its importance to a firm, its operations and activities is well-recognized. 'Staff' – type and competencies – is a major element of the strategy execution process (Higgins, 2005). In lines with this, the present study attempted to determine the impact of eight select HR practices on effective strategy implementation of SMEs of Punjab. Through a survey of 157 units, a significant relationship was found between HR practices and strategy implementation (R^2 = 0.902, and F (8, 148) = 171.200, $p = 0.000$). Six practices came out to be statistically significant and positive predictors, them being – HR adequacy, HR competency, HR training, HR participation, HR remuneration, and HR commitment. Of them, HR remuneration and rewards had the highest impact (β = 0.258, $p = 0.000$) and HR competency had the lowest impact (β = 0.091, $p = 0.047$). Two practices namely; HR knowledge and skills and HR hiring showed an insignificant impact – a contradiction to literature. Descriptive analysis revealed the presence of a reward culture at the SMEs. All the HR practices were in a suitable position. Due to this, the implementation results were also adequate.

Results explain the importance of effective HR practices. Employees need to be acknowledged for their services to the organization. Rewarding them

in an adequate manner not only increases their commitment towards the organization's goals, but also enhances their motivation level, makes them feel empowered, and creates a sense of accomplishment within them. Providing adequate training to the employees also helps in this regard. It increases their efficiency level and ensures their overall development. Therefore, the study concludes that by designing attractive remuneration packages and better training programmes for employees, improving their core competencies, ensuring their active participation in strategic management process at all levels, valuing their ideas and opinions, empowering and delighting them; a firm can create a strong base of loyal and committed workforce, and enhance effectiveness of strategic actions i.e., improvement of results achievement.

With the Indian business environment being highly complex and turbulent, and the SME sector being continuously shaped by the changing environmental dimensions; adoption of positive HR practices will help to strengthen the HR base. By creating a competent and efficient workforce, it will become easier for the SMEs to compete, survive, create and sustain a competitive advantage for themselves. The study recommends recognizing the employees' needs and catering to them by designing an appropriate reward system i.e., using a combination of monetary and non-monetary incentives and a set standard for compensation, employing different training methods as per the nature of job, and empowering them. Firms should also ensure that they have an adequate base of qualified and skilled people.

Limitations

First, the study considered only HR capability while there are several ways through which a firm can sustain competitive advantage in a borderless world or otherwise. Second, even for HR, the impact of only eight select practices was studied. This inclusion was based on literature review, it further being subject to online availability of research papers. Third, findings suffer from responses' subjectivity.

Future Areas of Research

First, a comparison of HR practices at the 'small' and 'medium' enterprises can be made. Second, results reveal that about 10% of the variation in strategy implementation is caused either by other HR practices or non-human factors. In this line, a study determining the impact of both human and non-human resources, like finance, technology, other tangibles and intangibles, on strategy implementation is suggested.

Implications of the Study

The study findings are to benefit several parties like research scholars, academicians, industry experts by providing a clear understanding of HR-strategy relationship. It shall help entrepreneurs operating in Indian business environment to design positive HR practices for better results achievement at their premises. Employees shall figure their role in strategic management and work on bringing efficiency in their tasks and firm's operations. The study also adds Indian SME evidence to the domain.

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