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### Strategic Human Resources Management and firm performance ادارة الموارد البشرية الاستراتيجية وأداء الشركة

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#### Abstract

**Abstract:**

The article evaluates the role of Strategic human resource management and firm performance in improving the service of public companies; to assesses the rationale for using interventions that focus on HRM strategy and organization performance. and the aim of this study is to determine the relationship between human resources and corporate performance ; As the backbone of the success and development of institutions, and the real wealth to ensure continuity and achieve the goals of the company.

We have dealt with the framework of the emergence of strategic human resources management, The purpose is to develop a model to show the relationship between them, through competitive strategies that modify the relationship between Strategic Human Resources Management and improve the performance of public institutions.

#### ملخص

يقيم المقال دور إدارة الموارد البشرية الاستراتيجية وأداء الشركة في تحسين خدمة المؤسسات العمومية ، والمهدف من هذه الدراسة هو تحديد العلاقة بين الموارد البشرية وأداء الشركات ، باعتبارها العمود الفقري لنجاح وتطور المؤسسات، والثروة الحقيقية لضمان الاستمرارية وتحقيق اهداف المؤسسة. فقد تناولنا ، إطار نشأة إدارة الموارد البشرية الإستراتيجية، والمؤسسة العمومية، والغرض هو تطوير نموذج لإظهار العلاقة بينهما، من خلال الاستراتيجيات التنافسية التي تعمل على تعديل العلاقة بين إدارة الموارد البشرية الإستراتيجية وتحسين أداء المؤسسات العمومية.

#### الكلمات المفتاحية:

إدارة الموارد البشرية  
إستراتيجية إدارة الموارد البشرية  
أداء الشركة  
أداء المؤسسات العمومية

## 1. Introduction

In recent years, many organizations and researchers investigate the value of Human resource functions such as selection, development and retention of employees.

Researchers in this field have depended on resource based view to explain the effects of strategic Human resource management practices on firm performance. With the development of strategic orientation in Human resource departments, firms have understood that their human capital can provide sustainable competitive advantage. 1

With the emergence of strategic management in firms, many functions and departments of organizations have tried to match their strategies, practices and processes with the business strategy.

Human resource management is one of them and strategic Human resource management emerged when firms tried to link their Human resource strategies and practices with business strategy. 2

Many researches have been conducted to show the effect of strategic HRM practices on firm performance. In previous researches ; it has been showed that effective use of HR practices improve firm performance by increasing productivity of employees, decreasing turnover rates and increasing sales and profits of the company. 3

In a rapid competitive business environment, the procedures of outlining the role, function and process of Human Resource Management within a dynamic and uncertain environment are ongoing for many decades. In the early 1980s numerous books and articles were published by American Business Schools professors to support the widely recognition of Human resource management concept, and the environmental volatility in today's contemporary business that specifically identify conflict and heterogeneity. 4

Due to its diverse origins and many influences, Human resource management covers essential aspects of central concern in organisations such as individual, practice, educational theory, social and organisational psychology, sociology, industrial relations, and organisational theory. 5

Based on that, the following question arises : how strategic human resources management influence on firm performance?

To answer this problem, the following questions are included:

What is human resources , SHRM, and firm performance ?

What are the Relationship between Strategic Human Resource Management and Firm Performance?

- To answer this questions and analyze its dimensions, we will present in this article the role of strategic Human resource management and firm performance , and The importance of SHRM in improving the service of public companies.

in particular, it focuses on examining the significance of human resources. Its then presents and unpacks well-established definitions of human resources and its literature. therefore, we highlighted strategic Human resource management, and its functions and firm performance, and its influence between their to achieve the service of public companies.

## 2. First Title : The human resources management

### 2.1 First subtitle: Literature Review

In recent years, many organizations and researchers investigate the value of HR functions such as selection, development and retention of employees. Researchers in this field have depended on resource based view to explain

the effects of strategic HRM practices on firm performance.

With the development of strategic orientation in HR departments, firms have understood that their human capital can provide sustainable competitive advantage 6 .

The Human Resources concept has undergone significant changes in how it is viewed as a capability in modern industry. The study of HR is fraught with disagreement regarding its origin as well as laden with discourse on the implications for contemporary management.

Drucker created the term “human resources” in his seminal work *The Practice of Management* and focused on its use as a function in managing operations, managing managers, and directing people in their work. For the majority of the 20th century, HR was principally a functional area within the organization, performing the necessary tasks to manage the human capital in order to maintain staffing levels and ensure the continuous operations of the firm. In the traditional, authority- and productivity- driven organizations of the recent past, this HR role served the somewhat singular purpose of sustaining the workforce in order to meet production goals of the firm.

As organizations have evolved from less production-driven to more employee-centric, the role of HR in modern organizations has shifted in terms of its utility and influence to the firm overall.

As such, the purpose of HR has subsequently changed from the predominately functional role of human capital management to the more strategic role of developing and maintaining a dynamic, knowledgeable, and progressive career-oriented staff. This latter role can be operationalized, for the purposes of this discussion, as Human Resource Development .

Nadler defined Human resource development as “a series of organized activities conducted within a specified time and designated to produce behavioral change” 7 , and Desimone, Werner, and Harris reflect the contemporary

application of Human resource development as “a set of systemic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands” 8.

No longer singularly concerned with production output as the chief operating metric, contemporary businesses have learned that the growth and development of the people which comprise their workforces is integral to success. Beginning with work reform and regulation starting in the 1970s, HR has become responsible for more important aspects of the growth of the organization, such as manager development and assistance with strategic planning 9.

This is further evidenced in the evolution of HR management from a predecessor term, human relations. As stated by Kaufman, “Whereas human relations had led managers to emphasize the improvement of interpersonal relations and social conditions in the plant through techniques such as sensitivity training, human resource management encouraged firms to focus on practices and techniques that promoted employee development, such as job enrichment and pay for knowledge” 10.

This growth from that of managing personnel to managing the development of human capital is the essence of the evolution of Human resource development , as conceptualized by Gilley, Egglund, and Gilley, consists of four major areas: individual development, career development, performance management, and organizational development. Though some of these areas, namely individual development and performance management, have historically been associated with traditional HR processes, the inclusion of career and organizational development, and, most importantly, the integration of all of these areas into one overarching concept, is what makes Human resource development a unique and paradigm-shifting concept.

A further investigation into how Human resource development has evolved, how it affects current issues in industry, and its strategic value to the contemporary organization is indeed warranted and necessary to fully understand the future of Human resource in the modern business environment.

## 2.2 Second subtitle :Evolution of Human resource TO strategic Human resource development

- **Human Resources :**

The evolutionary timeline of the HR profession parallels that of the overall concept of the organization in some interesting and illuminating ways. To be an effective aspect of the firm as the definition of organizational success matured and expanded throughout the 20th century, Human resource was, almost by necessity, forced to evolve from a simple administrative role within the organization into an integral, thought-leading nexus of the company with significant strategic input and value. Therefore, in order to understand how HR has evolved, one must also understand how the concept of the organization has and continues to evolve in the 21st century.

Albeit the terms and modern understandings of HR are relatively recent additions to the literature, the foundations of HR (at least in the U.S.) have four distinct historical eras. Langbert and Friedman (2002) classified these eras as the pre-industrial period (1600-1780), the paternalist period (1780-1920), the bureaucratic period (1920-1970), and the high performance period (1970-present). Each of these time periods reflected management's response to the stakeholder demands of the day. The pre-industrial period was characterized by compulsory labor practices such as slavery, indentured servitude, and apprenticeships as well as the series of state and federal laws that restricted labor mobility. Compliance with

organizational directives was a result of privilege, state enforcement, and physical restraint. The paternalist period stemmed from the industrial revolution and characterized labor as a factor of production.

Modifications to Human resource practices reflected management's desire to increase overall production. In response to the viewpoint that labor was just another factor of production, workers demanded better conditions and more flexibility. This timeframe saw the advent of both employment-atwill and incentive compensation, as well as the abolition of compulsory practices such as indentured servitude and slavery. The bureaucratic period saw marked improvements in management practice that addressed the human side of labor. Scientific management had a dual focus on process improvement and worker wellbeing. During this time, Human Resources Management was referred to as personnel management and administrators of HRM services were called "welfare secretaries" (Ivancevich, 2007). Initiation of the Civil Rights Act

of 1964, OSHA, and FLSA reflected a growing trend in the era that emphasized workplace rights and safety. The field of human resources garnered increased attention by psychologists and academicians. The human relations movement provided the groundwork for workplace motivational theories such as the hierarchy of needs, equity theory, expectancy theory, ERG theory, and two-factor theory. Finally, the high performance period is characterized by a workplace environment where individual and group motivation, empowerment, customer focus, and organizational citizenship are valued. Hayton *et al* (2011) created four subsets of the high performance period by describing the themes in the academic literature. These include practice focused (1961-1971), theory development (1971-1982), strategic Human resource management (1983-1999), and globalization (2000-2010). While discussion of Human resource development

took place in the 1970s, the application of it grew from the strategic HRM efforts of the 1980s and 1990s. During this time, HRD stemmed from training and education practices as well as management's efforts to mobilize workers to the organization's strategy. Scholars began delineating between Human resource management and Human resource development.

While Human resource management was a process of finding and providing employees with the right resources, Human resource development.

had a strategic component that emphasized development of the individual.

**York** suggests that Human resource development.

contributes to "both long-term strategic performance and more immediate performance improvement through ; developing their [employees'] capacity for performance". 11

The construct of Human resource development, as modeled by Mankin and adapted by Werner illustrates Human resource development.

as a mechanism of learning, knowledge creation, change, and continuous development. Human resource development.

permeates the organization to initiate change and growth as a natural overlap of strategy and structure, culture, and HRM functions.

- **Strategic Human Resource Management**

The emergence of strategic Human resource management is a result of organizations' strategic management tendencies. In today's management practices, all business functions try to link their work methods and practices with firm strategy to achieve higher organizational performance. So, as it is stated by Miles and Snow (1984), strategic Human resource management emerges when HR departments try to harmonize their strategies, processes and practices with firm strategies. If you do not observe such a link between Human resource management and firm strategies, it stay as a functional process in the organization.

For companies, strategic human resource management practices can be thought as a tool to achieve competitive advantage. Because strategic human resource management practices are aligned with firm strategy to achieve higher

organizational performance (Wright and McMahan, 1992; Jackson and Schuler, 1995). According to Schuler (1992),

SHRM is related to effective use of human resources of companies to achieve strategic needs of organizations.

According to Wright and McMahan (1992:298), SHRM is "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals." As it is stated by many researchers, strategic Human resource management. vertically tries to link human resource practices and strategies with the

organizations' strategies and strategic management processes. On the other hand, horizontally, it tries to coordinate and harmonize human resource management strategies and practices in itself 12. As a result of this organizations and academicians have begun to think HRM in a broader perspective to realize firm strategies and goals. The strategic thinking affected all Human resource development.

functions which called later such as strategic recruitment and selection, strategic planning, strategic training and development, strategic compensation and reward systems, strategic succession and strategic appraisal. All these HR functions and processes tried to integrate with both horizontally human resources strategies and vertically business strategies and goals. Resource based theory is one of the most referred one in its literature.

According to Barney (1991), a resource can create sustainable competitive advantage only when it is rare, valuable, inimitable and non-substitutable.

According to this view, in order to utilize human capital as a sustained competitive advantage, first of all human resources should add value to the firm. There are a lot of

potential workers with different skills, abilities and capabilities and firms try to attract the most talented ones in order to add value to the company. Second, human resources should be rare to create a sustained competitive advantage. All the recruitment and selection programs of organizations which have strategic Human resource management practices focus on attracting and hiring the most skilled or talented employees.

Third, human resources must be inimitable. Inimitability of human resources is related to people's unique skills, abilities and competencies which are customized for them. And finally, human resources do not have substitutes and

this creates a sustained competitive advantage for firms. Technologies, business processes, production processes, products, services, markets, supply advantages, strategies and many different business related sources can be imitable in a way. But human resources do not have any substitutes and this provides a sustainable competitive advantage for companies<sup>13</sup>.

With the emergence of strategic management in firms, many functions and departments of organizations have tried to match their strategies, practices and processes with the business strategy. HRM is one of them and strategic HRM emerged when firms tried to link their HR strategies and practices with business strategy<sup>14</sup>.

### 3.1 Third subtitle: Various definitions of human resources

➤ **Tripathy (2008)** explained that the organization have the optimum usage of Human resources in the organization. They follow the 3 C concept (i.e) Competencies, commitment and culture. By following these 3 C culture in the work organization give the positive results in the organization. This practice is

considered to be the best result earning which resulted in the increase in the financial growth.

➤ **Kundu. Subhash C., Divya Malhan (2009)** in their article on "Human Resources Management Practices in Insurance Companies: The study was made in Indian and MNC's and explains the benefits of the organization is generated only by Human Resources .However the advantage of giving insurance to the Human Resources is one of the employee benefits issued by the Human Resource Management. The findings of the study says that both domestic and international Insurance companies have to improve more on their HR practices like performance appraisal, HR planning and Recruitment .

**Singh S.K (2008)** in this study he explained that for a good organizational growth employee should maintain their involvement to yield high productivity. Employee's dedication helps him to achieve his target, and increases his quality of work. Organization should also help the employee in training him to develop his interpersonal skills. Both Employer and Employee should equally contribute each for individual's growth. <sup>15</sup>

**Hemant Rao (2007)** in his study he explained the changes in the role Human Resources. There was an extraordinary change in the role of Human resource department. They should work in the organization such that they should treat the employees irrespective to cast, religion, gender etc. The productivity of the company is based on the quality of work done by the employees in the organization.

- **Maitin, T.P. (2003)** In his study he explains the Human Resource Development shows the progress of the organizational growth with different process like recruitment and selection, payroll processing and maintains the rules and regulations of the office. By the way of best approach towards the employees which the in the high productive of the employees. awareness of and compliance with local, state and federal labor laws.16
- **T.V. Rao (1999)** the study in his book explains that the audit conducted describes the methods and ideas which have to be implemented in the Human Resource Audit. His framework helps to estimate the different criteria like core competency, culture and value of the organization. By evaluating the employee's interpersonal skills, they can improve in some of the factors which are they lacking in the system. They also have broadminded people in the top level management which helps the low and middle level employees to know about their concerns. So they each and every employee in the organization helps them to achieve more by increasing the productivity.
- Human resource management as a department in an organisation handles all aspects of employees and has various functions like human resource planning, Conducting Job analysis, recruitment and conducting job interviews, selection of human resources, Orienting , training, compensating, Providing benefits and incentives, appraising, retaining, Career planning, Quality of Work Life, Employee Discipline, black out Sexual Harassments, human resource auditing, maintenance of industrial relationship, looking after welfare of employees and safety issues , communicating with all employees at all levels and maintaining
- Human resource management, , is the department of a business organization that looks after the hiring, management and firing of staff. HRM focuses on the function of people within the business, ensuring best work practices are in place at all times.17
- Human resource management is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them. As a field, it has undergone many changes over the last twenty years, giving it an even more important role in today's organizations. In the past, HRM meant processing payroll, sending birthday gifts to employees, arranging company outings, and making sure forms were filled out correctly—in other words, more of an administrative role rather than a strategic role crucial to the success of the organization.18

#### **4.1 Fourthly subtitle : The functions of human resources management**

Keep in mind that many functions of HRM are also tasks other department managers perform, which is what makes this information important, despite the career path taken. Most experts agree on seven main roles that HRM plays in organizations. These are described in the following sections.

##### **1\_Staffing**

You need people to perform tasks and get work done in the organization. Even with the most sophisticated machines, humans are still needed. Because of this, one of the major tasks in HRM is staffing. Staffing involves the entire hiring process from posting a job to

Name and surname of the first researcher , SEKRI Hiba / Journal of Excellence, Vol ....., N0 ....., (Year .....), pp : ... negotiating a salary package. Within the staffing function, there are four main steps:

1. **Development of a staffing plan.** This plan allows HRM to see how many people they should hire based on revenue expectations.
2. **Development of policies to encourage multiculturalism at work.** Multiculturalism in the workplace is becoming more and more important, as we have many more people from a variety of backgrounds in the workforce.
3. **Recruitment.** This involves finding people to fill the open positions.
4. **Selection.** In this stage, people will be interviewed and selected, and a proper compensation package will be negotiated. This step is followed by training, retention, and motivation.

## 2\_ Development of Workplace Policies

Every organization has policies to ensure fairness and continuity within the organization. One of the jobs of HRM is to develop the verbiage surrounding these policies. In the development of policies, management, and executives are involved in the process. Everything they do needs to involve all other departments in the organization. Some examples of workplace policies might be the following:

- Discipline process policy
- Vacation time policy
- Dress code
- Ethics policy
- Internet usage policy.19

## 3\_Compensation and Benefits Administration

Human resource management professionals need to determine that compensation is fair, meets industry standards, and is high enough to entice people to work for the organization. Compensation includes anything the employee

receives for his or her work. In addition, HRM professionals need to make sure the pay is comparable to what other people performing similar jobs are being paid. This involves setting up pay systems that take into consideration the number of years with the organization, years of experience, education, and similar aspects. Examples of employee compensation include the following:

- Pay
- Health benefits
- 401(k) (retirement plans)
- Stock purchase plans
- Vacation time
- Sick leave
- Bonuses
- Tuition reimbursement.20

## 4\_Retention

Retention involves keeping and motivating employees to stay with the organization. Compensation is a major factor in employee retention, but there are other factors as well. Ninety percent of employees leave a company for the following reasons:

1. Issues around the job they are performing
2. Challenges with their manager
3. Poor fit with organizational culture
4. Poor workplace environment.21

## 5\_Training and Development

Once we have spent the time to hire new employees, we want to make sure they not only are trained to do the job but also continue to grow and develop new skills in their job. This results in higher productivity for the organization. Training is also a key component in employee motivation. Employees who feel they are developing their skills tend to be happier in their jobs, which results in increased employee retention. Examples of training programs might include the following:



- Job skills training, such as how to run a particular computer program
- Training on communication
- Team-building activities
- Policy and legal training, such as sexual harassment training and ethics training.22

## **6\_Dealing with Laws Affecting Employment**

Human resource people must be aware of all the laws that affect the workplace. An HRM professional might work with some of these laws:

- Discrimination laws
- Health-care requirements
- Compensation requirements such as the minimum wage
- Worker safety laws
- Labor laws

The legal environment of Human resource management is always changing, so it must always be aware of changes taking place and then communicate those changes to the entire management organization.

## **7\_Worker Protection**

Safety is a major consideration in all organizations. Oftentimes new laws are created with the goal of setting federal or state standards to ensure worker safety. Unions and union contracts can also impact the requirements for worker safety in a workplace. 23

## **8\_Communication**

Besides these major roles, good communication skills and excellent management skills are key to successful human resource management as well as general management. 24

## **9\_ Awareness of External Factors**

In addition to managing internal factors, the HR manager needs to consider the outside forces at play that may affect the organization. Outside forces, or external factors, are those things the company has no direct control over; however, they may be things that could positively or negatively impact human resources. External factors might include the following:

1. Globalization and offshoring
2. Changes to employment law
3. Health-care costs
4. Employee expectations
5. Diversity of the workforce
6. Changing demographics of the workforce
7. A more highly educated workforce
8. Layoffs and downsizing
9. Technology used, such as HR databases
10. Increased use of social networking to distribute information to employees .

## **3. Second Title: Strategic Human Resource Management and Firm Performance**

One of the main focuses of strategic HRM researches is to investigate the effect of strategic HR practices on firm performance (Boxall & Macky, 2007). But most of the previous researches, except researches in recent years, do not have any mediators to explain the relationship between SHRM and firm performance (Becker & Gerhart, 1996). In this study we will investigate the mediator effect of entrepreneurial orientation on the relationship between SHRM and firm performance.

Literature that examines the association between HRM practices and corporate entrepreneurship is a new but growing field (Hayton, 2005).

According to Balkin and Logan (1988), poorly established compensation and performance appraisal systems can influence entrepreneurial activities in a negative way. Also, in many other researches

Name and surname of the first researcher , SEKRI Hiba / Journal of Excellence, Vol ....., N0 ....., (Year .....), pp : ... (Burgelman, 1983; Schuler, 1986; Brandt, 1986) it is suggested that HRM policies and practices can affect entrepreneurial activities in organizations. In strategic Human resource management, the main objective was to integrate human resources strategies with business strategies. Also, in the previous researches it is proposed that HR functions are affected from business strategies of firms (Schuler, 1989). Therefore if firms select entrepreneurially oriented strategies the role of HR to realize strategic goals becomes very crucial.<sup>25</sup>

### 3.1 First subtitle : Firm Performance

In order to measure firm performance different criteria have been used so far. According to Venkatraman and Ramanujam (1986), firm performance is an indicator of a firm's capacity to achieve its goals and performance includes both financial and non-financial measures. Financial measures include economic factors and non-financial measures include success indicators such as market share, quality, satisfaction and market effectiveness. On the other hand employees' contributions to their jobs are very important for the development and success of the organizations. With the talented and skilled employees firms can gain competitive advantage over their rivals. <sup>26</sup>

#### Firm Performance Domain

An attempt has been made in this study, to develop the model for firm performance, accurately based on the stakeholder theory and carefully select a list of indicators to fully represent the concept of firm performance. This review paper designed the measurement model, to allow comparison across firms, giving scope for testing it with a sample of senior managers and board members of companies and stake holders in India and abroad.

These measures are preferable when the focus is on inter-firm comparison The

assessment of non-financial criteria has also been allowed in the model (Richard et al., 2009). Their use is warranted since they have been proved to be positively associated with objective measures.<sup>27</sup>

### 3. Multidimensional Models for Firm Performance

A comprehensive construct (model), on firms performance, can be unidimensional or multidimensional. Figure-1 displays the list of identified determinants, i.e., possible representations of firm performance. It is to be noted that the identified determinants for firm performance are profitability performance, growth performance, market value performance, customers' satisfaction, employees' satisfaction, environmental performance, environmental audit performance, corporate governance performance and social performance. As pointed out earlier, these determinants were identified, based on the reviews published earlier.

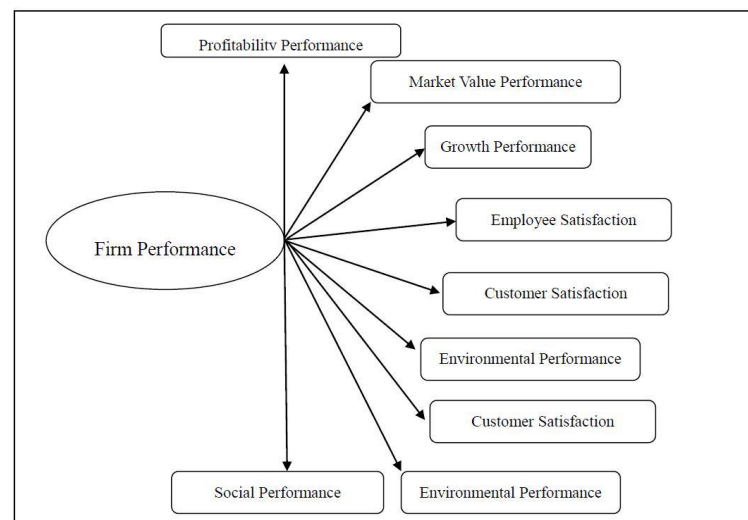


Figure1.List of identified Determinants for Firm Performance <sup>28</sup>

### **3.2 Second subtitle : Relationship between Strategic Human Resource Management and Firm Performance**

According to Armstrong and Baron, people and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a major source of competitive advantage. The practices of strategic Human resource management such as resourcing, training and development, employee relations and reward management are concerned with how people are employed and managed in organizations so as to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce.

**Cole** emphasize that the human resources function brings in the strategic value of people in organization by making contribution to value added and contribution to competitive advantage .

There has been a debate by numerous researchers whether SHRM should always be positively related to firm performance. Universalistic scholars argue that there is a universal set of HRM best practices that can maintain a firm's performance. Contingency scholars hold different points of view and argue that the assumptions underlying the Human resource management strategy-performance link are applicable only under high external fit conditions, termed the 'best fit' school .

Delery and Doty proposed the notion of the configurational perspective which focuses on how unique patterns or configurations of multiple independent variables are related to the dependent variable, by aiming to identify ideal type categories of not only the organizations but also the HR strategy. In

most firms today, it is the employees' skills and commitment that create competitive advantage for an organization. It is, therefore, important that organizations truly leverage on the workforce as a competitive weapon to develop a competitive advantage. Although most of the studies speak of SHRM practices leading to performance, such a one-way line of causation is unsatisfied .

The usual key critique of strategic Human resource management and organizational performance is that sound theoretical development that explains how such human resources practices operate is absent.

In an effort to address such theoretical developments in this area, researchers have proposed further studies to consider intermediate linkages between strategic Human resource management and organizational performance .

Accordingly, a better understanding of the role of strategic Human resource management in creating and sustaining organizational performance and competitive advantage should be achieved through further theoretical development and empirical evidence. Most studies examining the relationship between strategic Human resource management practices and organization's performance have been conducted mostly in developed countries like United States and United Kingdom and that only a few researchers have measured the mediators and addressed their importance. 29

Added to Schuler, Jackson, & Tarique, asserted that strategic Human resource management is an active function that copes with environmental changes. It directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly and encourages the involvement of line managers. argue that SHRM influences Firm performance because

it generates structural cohesion, an employee generated synergy that propels a company forward, enabling the organization to respond to its environment while still moving forward.30

➤ **Third title : The mechanisms of SHRM and Institutional performance**

The purpose of this study is to develop a model to show the theoretical relationship between SHRM and performance of public organization . As argued in the earlier discussions, strategic Human resource management is the independent variable that influences firm performance which is the dependent variable in this study. Based on the reviewed literature, it is postulated that competitive strategies moderates the relationship between strategic Human resource management and firm performance of institution, hence it is the moderating variable that has a strong contingent effect on the independent-dependent variable relationship.

It created an overview of the concept of strategy and the different approaches to it in each of the management Strategy and human resource management have created a number of useful ideas that will help with: Modeling the relationship between strategy, human resource management and performance.

➤ **Strategic Human Resource Management**

Werbel and DeMarie said that, Human resource management practices create procedures that constitute the building of employees' knowledge and skills throughout the organization to promote valued and unique organizational competencies which support competitive advantage. strategic Human resource management is a new paradigm in managing HR

in the modern organization which is hinged on the understanding that the most critical resource that any organization must provide itself of is Human resource, since it is the Human resource that is responsible for coordinating the other factors of production to spur corporate performance. Strategic Human resource management aims to achieve strategic fit. It produces human resource strategies that are integrated vertically with the business strategy and are ideally an integral part of that strategy. Vertical integration is necessary to provide congruence between business and human resource strategy so that the latter supports the accomplishment of the business strategy and helps to define it. strategic Human resource management is also about horizontal integration which aims to ensure that the different elements of the human resource strategy fit together and are mutually supportive. It enables strategic decisions to be made that have a major and long-term impact on the behavior and success of the organization by ensuring that the organization has the skilled, committed and well-motivated employees it needs to achieve competitive advantage. 31

➤ **Competitive strategies**

Competitive advantage model argues that employers have three basic strategic options in order to gain competitive advantages: cost reduction, quality enhancement, innovation. 32

Among the key business issues that may effect on human resources strategies include proposals on increasing CA through innovation leading to product service differentiation, productivity gains, improved quality and cost reduction.33

Business strategies may be influenced by human resource strategies which are concerned with making business strategies work. Wright and Snell suggest that seeking

fit requires knowledge of the Human resource management practices necessary to elicit those skills and behavior, and the ability to quickly implement the desired system of Human resource management practices. The competitive strategies tend to apply Porter's ideas on strategic choice. Porter identified three key basis of competitive advantage: cost leadership, differentiation through quality and service and focus on 'niche' markets.

Schuler and Jackson used this as their model of strategic Human resource management where they defined the appropriate human resource practices and policies to fit the generic strategies of cost reduction, quality enhancement and innovation. They argued that business performance will improve when human resource practices mutually reinforce the organization's choice of competitive strategy.

Thus, in Schuler and Jackson's model, the organization's mission and values are expressed through their desired competitive strategy

➤ **Institutional performance**

quality of public-service provision. The concept focuses on the performance of various types of formal organizations that formulate, implement, or regulate public-sector activities and private provision of goods for the public. Therefore, institutional performance is often referred to as "governmental performance" or "quality of government," and it excludes other types of social institutions, such as family or religion. To perform well, institutions have to be responsive to citizens' demands and expectations and be able to effectively design and implement policies reflecting these demands

and expectations. Therefore, quality of institutional performance is assessed in reference to two broadly defined issues: responsiveness and efficiency.<sup>36</sup>

➤ **The importance of SHRM in improving the service of public companies**

The human resources management contributes to raising the performance of the organization's employees and achieving its goals significantly, through managing strategies, contributing to conflict management, and developing public relations by effectively organizing relations between the management and the organization's employees. It also undertakes the tasks of recruiting good manpower, providing the organization with the best possible cadres to work with, planning and organizing interviews, and enhances the effectiveness and productivity of employees by providing many training and leadership programs, which increases the productivity and profits of the organization.<sup>37</sup>

Human resources management can play an important essential role in maximizing the efficiency and administrative effectiveness of the organization through its ability to raise the efficiency and effectiveness of Human Resource Management. Consequently, the ability to increase the efficiency and effectiveness of Human Resource Management depends on achieving the strategic goals of human resources management, so it requires the need to identify those strategic goals and measure the ability to achieve them.

To begin with, the strategic goals of Human Resources Management emanate

Name and surname of the first researcher , SEKRI Hiba / Journal of Excellence, Vol ....., N0 ....., (Year .....), pp : ... from the strategic goals of the organization (as one of the elements of the strategic plan of the organization). The most important of these goals are as follows :

- \* Maximizing the productivity of the human element through the development and development of human capital.
- \* Contribute to the achievement of organizational stability (organizational prevention).
- \* Contribute to the development and development of organizational learning.
- \* Contribute to the change and building of organizational culture.

#### 4. Conclusion

Human resource is the very important and the backbone of every organization and it is also the main resource of the organization. So organizations invest huge amount on the human resource capital because the performance of human resource will ultimately increase the performance of the organization. Firm Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization .

we explain ; that firm performance is the keyelement to achieve the goals of the organization so to performance increase the effectiveness and efficiency of the organization which is helpful for the achievement of the strategic human resources management goals . and its importance in improving the service of public companies.

#### Recommendations and suggestions

Strengthening an objective system for evaluating the performance process in public institutions.

Choose human resources (frames, managers) with experience and competence, especially a

leadership personality that enables him to improve performance in his organization. Carry out the process of permanent training and training of employees in order to increase capabilities and acquire new skills. Spread organizational awareness to managers. Transparency and professional conscience are essential in the development and improvement of the performance of public institutions. The use of modern technology and the digitization of the public sector, and this is what many public sectors seek to digitize their sectors and enhance institutional performance.

#### Conflict of Interest

I declare that i have not any conflict of interest

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