

# Strategic Human Resource Management and Organizational Performance: An Investigation of Profit-Oriented Companies in Zambia

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## ABSTRACT

Human resources play a vital role in achieving organisational performance. A study on 169 profit-making organisations in Zambia examined the impact of different Strategic Human Resource Management (SHRM) components on performance. A quantitative approach was used, and the questionnaire was divided into three parts. The first part collected demographic data, the second part collected information about SHRM components such as Incentives and Rewards, Formal Training System, Recruitment and Selection, Formal Performance Appraisal, Career Development, Internal Career Opportunities, and Organization Development, and the last part collected information about organisational performance. A stratified random sample of 169 organisations' managers was studied. According to the results, managers highly recommended Incentives, Rewards, recruitment, and Selection to achieve excellence. Formal Performance Appraisal received moderate evaluation, while Career Development received the least. The study concluded that SHRM components affect organisational performance regarding revenue growth rate, return on equity, return on assets, and profitability ( $p < 0.01$ ). The study recommended aligning the SHRM strategy with other activities to improve performance, focusing on recruitment. Integrating HR practices with overall strategies can bring numerous benefits to organisations. By aligning these two critical components, companies can ensure that their human resources are being utilised effectively and efficiently. This can lead to improved productivity, increased employee engagement, and greater success. Therefore, it is important for organisations to carefully consider the advantages of integrating HR practices with their overall strategies and operations.

**Keywords:** Strategic Human Resource Management, Integration, Performance.

## INTRODUCTION

Human Resource Management (HRM) is based on the principle that an organisation's workforce is its most valuable asset, and it significantly impacts its performance. To ensure that HRM contributes to the organisation's performance, it is essential to effectively design and implement a suitable set of human resource policies and procedures (Phiri and Phiri, 2022; Armstrong, 2008). HRM practices are essential for achieving organisational goals, according to Lawler and Mohrman (2003). These practices involve managing employees from recruitment to separation and include strategic HR management, knowledge and talent management, organisation development, recruitment, performance management, learning and development, reward systems, and employee relations. Effective human capital management within an organisation requires the implementation of each of these practices. Therefore, organisations must integrate HRM practices into their strategy to succeed. Armstrong's (2016) work highlights the critical role of specific HR practices in driving organisational success. He defines strategic human resource management (SHRM) as an approach involving strategies, policies, and practices to manage human resources efficiently and achieve organisational objectives. Despite ongoing debate about its precise definition, SHRM has

undoubtedly sparked renewed interest in the theoretical and practical aspects of Human Resource Management (HRM) functions. By adopting SHRM, organisations can optimise their HRM functions and gain a competitive edge in the market.

Strategic Human Resource Management (SHRM) is a widely recognised theoretical concept that emphasises the significance of an organisation's workforce and HRM system as a source of sustainable competitive advantage (Kaufman, 2007). The SHRM approach is based on the premise that an organisation's human resources are a valuable asset that can be leveraged to achieve strategic objectives. By aligning HRM practices with the organisation's strategic goals, SHRM can help organisations enhance their performance, increase their competitiveness, and achieve long-term success. The SHRM framework emphasises the importance of developing a comprehensive HRM strategy aligned with the organisation's overall strategy and considering the unique characteristics of its workforce and the external environment in which it operates. Overall, SHRM is a powerful tool that can help organisations achieve their strategic objectives by leveraging their human resources strategically and effectively. O'riordan (2017) suggests that Strategic Human Resource Management (SHRM) acts as a bridge between HRM and strategic management, highlighting the crucial role of human resource policies and practices in an organisation's future growth and success in achieving its objectives. Therefore, SHRM is critical to a firm's strategic planning and execution. By aligning HR policies and practices with the organisation's strategic goals, SHRM can help firms gain a competitive advantage in the market. Research indicates that companies implementing SHRM practices tend to outperform their peers regarding financial performance and employee satisfaction (Boxall and Purcell, 2016). The importance of SHRM for organisations cannot be overstated. If an organisation prioritises its human resources and adopts SHRM practices, it is more likely to achieve its strategic goals and maintain a sustainable competitive advantage. In today's business world, having a skilled and competent workforce is an absolute necessity to gain a competitive edge. SHRM strongly advocates recruiting, supporting, and training highly skilled employees to achieve this objective. The significance of SHRM is paramount as it provides a strategic framework for HRM, enabling organisations to align their human resource practices with their overall business strategy. With SHRM's guidance, organisations can leverage their workforce to the fullest, thus boosting their competitive position in the marketplace.

## REVIEW OF THE LITERATURE

Strategic Human Resource Management (SHRM) practices need to be standardised. To overcome this issue, scholars have proposed a mediating model incorporating two essential SHRM practice systems: resourcing, development, and rewards. The former system is responsible for attracting and developing human resources, while the latter aims to retain and motivate them. Anitha and Begum (2016) and Katou and Budhwar (2007) have suggested adopting this model to standardise SHRM practices. The proposed model ensures that organisations can successfully attract, develop, retain, and motivate human resources. Incorporating this model in SHRM practices can enhance organisational performance by aligning human resource management strategies with the overall organisational goals. Therefore, it is essential to adopt the mediating model to ensure that SHRM practices can contribute to organisational success. This study focuses on how SHRM practices impact organisational performance through motivation, as Gerhart (2005) suggested. Research has shown that motivation, which is the translation of effort and strength of behaviour, leads to better performance. However, it is important to consider individual and situational attributes to understand the impact of motivation on performance fully.

### Strategic HRM Practices

#### Integration of HRM with Corporate Strategies

The integration of Human Resource Management (HRM) entails active participation of HRM in formulating

and implementing organisational strategies and aligning HRM with the strategic requirements of an organisation (Schuler and Jackson, 2003). According to Stroble, Kurtessis, Cohen, and Alexander (2015), human resource managers must actively engage in strategic decision-making alongside other senior managers to effectively function as strategic partners. To achieve this, HR managers should deeply understand their organisation's mission, vision, and goals and be aware of the external factors that may impact its success. Furthermore, HR managers should collaborate with other senior managers to develop and implement strategic plans that align with the organisation's overall goals. By doing so, HR managers can effectively contribute to the organisation's success and position themselves as key strategic partners within the organisation's leadership team. This enables HR managers to align HR's goals, strategies, philosophies, and practices with corporate objectives and effectively contribute to implementing business strategy. To ensure HRM's concerns are represented, and business strategy is influenced from the outset of decision-making, it is essential to involve HR managers in the organisation's most senior management teams. This can be achieved by including HR managers in the most senior management teams of the organisation. If the senior HR manager and the CEO can establish a relationship, the chances of integration and value creation may increase further. To be considered equal business partners, HR managers in this role must possess knowledge of core markets, competitors, costs, profit indicators, and stakeholders (Dabic *et al.*, 2014). The involvement of a senior HR manager in a firm's senior management team is crucial as it provides an essential channel for interactive information flow and communication. To align HRM with business strategies, it is recommended to have a documented HRM strategy (Budhwar, 2000; Oladipo and Abdulkadir, 2010a). This strategy can clarify the role and authority of HR managers in corporate decision-making and help the organisation cope with external factors such as a tight labour market (Miranda and Fernando, 2020). A documented HRM strategy helps the organisation develop an HRM vision and objectives and monitor performance. Previous research suggests that the full impact of HR practices on organisational performance is achieved when HR practices are strategically consistent and congruent with each other (Garengo and Sardi, 2020).

### **Delegation of HR Practices to Line Managers**

Budhwar and Khatri (2001) suggested that routine HR practices should be delegated to line managers to involve HR managers more actively in the strategic decision-making process. This would be effective as line managers have regular contact with employees. However, line managers must be equipped with the necessary skills to proficiently execute HR practices that meet the benchmarked standard recommended by HR managers (Ahmad, Kausar, and Azhar, 2015). This would require senior HR managers to act as strategic partners with line managers, providing them with the necessary training, resources, incentives, and communication channels to ensure that HR practices are implemented in accordance with HRM policies (Rodwell and Teo, 2002).

### **Recruitment and Selection System**

An organisation's success depends on its ability to select the best candidate for a job. This is why a well-designed and dependable selection process is crucial. Such a process creates a sense of exclusivity, sets high expectations for performance, and sends a clear message about the importance of people to the organisation (Rees and Rumbles, 2010). Performance is positively impacted when the person and the job match. A sophisticated selection system can better align the candidate's abilities and the organisation's requirements, leading to better overall performance (CIPD, 2017). Therefore, executing a well-thought-out selection process is essential to ensure the organisation's success.

### **Training and Development System**

Organisations can significantly improve the quality of their workforce by providing comprehensive training and development programs. Research has demonstrated that investing in employee training, particularly in

problem-solving, teamwork, and interpersonal relationships, can lead to a range of positive outcomes for the organisation (Davis *et al.*, 2022; Oladipo and Abdulkadir, 2010b). By enhancing the skills and abilities of their employees, organisations can improve their overall performance and competitiveness. Training programs can help employees acquire new knowledge and skills, which can be applied to their work and contribute to the organisation's success. Moreover, training can help employees feel more engaged and motivated, increasing job satisfaction and retention. Therefore, organisations must invest in their employees' development and provide them with the necessary resources and support to succeed. By doing so, organisations can create a continuous learning and improvement culture, leading to long-term success and growth (Umu and Udik, 2019; Halle *et al.*, 2021; Srimannarayana, 2019).

### **Performance Appraisal System**

According to Curzi *et al.* (2019), organisations can effectively monitor the development of desired employee attitudes and behaviours through appraisal mechanisms. The information gathered through these mechanisms can enhance the selection and training practices, enabling the organisation to identify and develop employees with the desired attitudes and behaviours. It is worth noting, however, that the abilities of skilled employees will be limited unless they are motivated to perform their jobs. Hence, employee motivation is of paramount importance to ensure optimal job performance and organisational success.

### **Incentives and Rewards**

Businesses can exert a significant influence on employee motivation through a variety of methods. One of the most effective is performance-based compensation, which rewards employees for meeting specific objectives and targets. Extensive research has demonstrated the substantial impact of incentive-based compensation on overall firm performance (Oladipo and Abdulkadir, 2010). The empirical evidence overwhelmingly supports the efficacy of incentive-based compensation in motivating employees to achieve company objectives. This compensation method has been shown to improve firm performance significantly, and its implementation can help businesses achieve their goals by incentivising employees to work towards specific targets.

### **Career Development System**

Implementing an effective career planning system is an invaluable tool that allows employees to take ownership of their professional development and acquire the skills necessary to facilitate an organisation's success. The research conducted by Hedge and Rineer (2017) leaves no room for doubt that a well-structured career development program, complemented by internal advancement opportunities based on merit, significantly impacts employee motivation and overall organisational performance. Hedge and Rineer suggest that by integrating a career development program, organisations can create an exceptionally motivated workforce well-equipped to tackle challenges and drive success. This program empowers employees to take charge of their professional growth, acquire new skills, and advance their careers within the organisation. By providing employees with the necessary tools and resources, organisations can foster an environment of growth and development that encourages employee morale, creating a sense of purpose and accomplishment (Greenhaus and Kossek, 2014).

### **Employee Performance Appraisal**

Human Resource Management (HRM) asserts that employees are an organisation's most valuable asset. Therefore, it is imperative to facilitate and enhance employee influence and participation to ensure successful HR practices. Studies have consistently shown that performance appraisal positively impacts employee performance, satisfaction, and productivity (Hamidi, 2023). Organisations can benefit from improved employee performance by prioritising employee appraisal, leading to greater productivity and

increased profitability. It is clear that effective performance appraisal is a crucial component of any organisation's HRM strategy, and organisations need to invest in the development of a robust performance appraisal system.

## STUDIES ON STRATEGIC HRM

Singh's (2021) groundbreaking study revealed how companies can achieve better financial performance and enhance employee productivity through Strategic Human Resources Management. The study investigated the relationship between Strategic Human Resources Management and Company Performance and identified the mediating role of entrepreneurial orientation. To gather data, a comprehensive questionnaire was administered to companies in various industries in Istanbul. The data was then analysed using SPSS and AMOS. The results demonstrated that entrepreneurial orientation is critical in mediating the link between strategic human resources management and a company's financial and employee performance. Therefore, companies prioritising entrepreneurial orientation and strategic human resources management practices can expect to achieve better financial performance and enhance employee productivity. This study provides compelling evidence for companies to adopt these practices to stay ahead of the competition and achieve long-term success.

Yozgat *et al.* (2015) conducted a research study titled "The Impact of Strategic Human Resources Management on Organizational Innovation and Knowledge Management Capacity." The regression analysis results indicated that certain strategic human resource activities could predict companies' organisational innovation and knowledge management capacity. Specifically, the study highlighted the importance of service compensation, training systems, and performance evaluation as predictors of dependent variables. These findings have important implications for companies seeking to improve their organisational performance and gain a competitive advantage in the marketplace. By prioritising these strategic human resource activities, companies can enhance their ability to innovate and manage knowledge more effectively (Bailey *et al.*, 2018).

Research conducted by Davodinia (2016) compared the service or product performance received by customers with their ideal product or service. The study found that the success of post-sales innovation in an organisation depends on how the service performance compares to the customers' expectations. However, the satisfaction of comparing the received service or product performance with their ideal one does not affect it.

Similarly, Taleghani *et al.* (2017) conducted a research study to analyse the impact of strategic Human Resource Management tools on enhancing organisational performance at Tehran University. The study population was Tehran University staff, and 384 people were selected as samples using Cochran's formula. The result of the hypothesis analysis showed that strategic HR management tools have a positive and significant effect on the organisational performance of Tehran University.

Dariyani (2016) conducted a research study entitled "Identifying the Success Factors of Strategic Human Resource Management in Small Businesses." The research aimed to identify the factors contributing to the success of strategic HRM management in small and medium-sized agricultural enterprises in Zanjan province, Iran. The study employed appropriate proportional sampling methods to select 196 managers and 208 small and medium business owners as participants to achieve this objective. The results of the study, obtained through exploratory factor analysis and confirmatory factor analysis, revealed that the success factors of strategic HRM management in small and medium businesses could be categorised into five factors: support infrastructure, management, information technology, motivation, and education.

These findings hold significant implications for the effective management of small and medium-sized agricultural enterprises in Zanjan province, Iran, and can guide business owners and managers in enhancing

their strategic HRM management practices.

Razam and Setareh (2016) researched human resource management, focusing on how innovation can be fostered through knowledge management capacities. The study's findings reviewed that while previous research has indicated a correlation between human resource management capabilities and organisational innovation through knowledge management capacities, the direct impact of human resource management capabilities on innovation is not significant.

These results have important implications for organisations that foster innovation in their workplaces. While knowledge management capacities are undoubtedly crucial for innovation, human resource management capabilities should be viewed as something other than a panacea. Instead, organisations should develop a comprehensive approach to innovation considering the interplay between various factors, including knowledge and human resource management capabilities.

In conclusion, Fahim and Setareh's research highlights the need for organisations to adopt a multifaceted approach to innovation that recognises the importance of knowledge management capacities and the role of human resource management capabilities in driving innovation.

## HYPOTHESIS

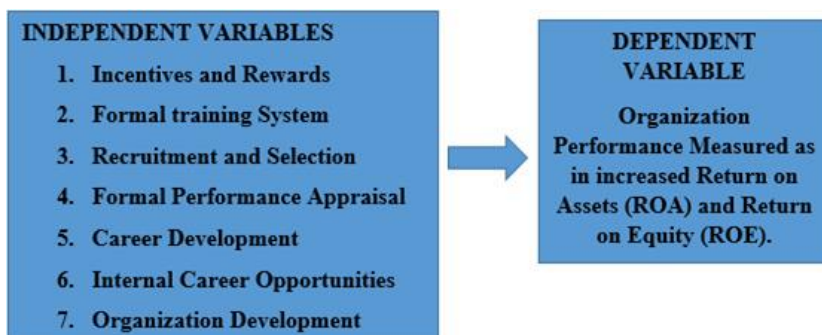
**H01:** There is no significant effect of incentives and rewards on achieving organisational performance.

**H02:** There is no significant effect of formal performance appraisal on achieving organisational performance.

**H03:** There is no significant effect of career development on achieving organisational performance.

**H04:** There is no significant effect of recruitment and selection on organisational performance.

**Figure 1:** Research Model



**Source:** Developed by the author, 2023

## METHODS

### Data Collection

This study focused on profit-oriented companies in Zambia that have implemented Strategic Human Resource Management practices within the last seven years. 169 companies were selected through stratified random sampling based on specific selection criteria. The human resources department heads of these selected companies, representing diverse disciplines, were surveyed using questionnaires to gather data. The

firm was taken as the unit of analysis, and a multi-rater (multi-respondent) approach was applied in the study. The data collection process followed rigorous standards of methodology and statistical analysis. Oladipo and Abdulkadir (2010c) and Gerhart *et al.* (2000) carried out research that revealed that measurement error can affect Strategic Human Resource Management (SHRM) measures when based on single-respondent surveys. To minimise this error, four questionnaires are sent to each company, addressed to the head of the Human Resources Department, who must be one of the three respondents. The four respondents for each company include the head of the HR Department, the Head of the Department, the Senior Manager, and the General Manager or above. As the firm is the unit of analysis, the scores for each variable are combined and averaged over the four respondents for each company. In cases where the expected number of respondents is less than three, the average scores of the actual respondents are used for each variable.

## Definition and Measurement of Variables

### Dependent variables

Several variables can determine an organisation's performance. These include sales or revenue growth rate, profitability, and increased Return on Assets (ROA) and Return on Equity (ROE). These variables are closely related to some of the hypothesised precursors of performance, such as HRM practices. The HRM practices have been studied by Bae *et al.* (2003), Katou and Budhwar (2007b), and Oladipo and Abdulkadir (2010d).

The respondents anonymously rate these indicators on a 5-point Likert scale, with 1 meaning that they strongly disagree and 5 meaning that they strongly agree. Each rating is given based on the perceived performance of the best-performing organisation (s) in the industry to which the firm belongs. The respondents are asked the following question: "To what extent do you agree with the statement that SHRM led to improved organisational performance in the last seven years?"

After the ratings are collected, they are aggregated and averaged across the respondents from the organisation. This gives an organisation's score on the index of relative perceived organisation performance.

### Independent variables

This study measures the impact of strategic human resource management (SHRM) practices on firm performance. The independent variables used to measure SHRM practices are Incentives and Rewards, Formal Training System, Recruitment and Selection, Formal Performance Appraisal, Career Development, Internal Career Opportunities, and Organization Development. These variables were derived from a comprehensive literature review on SHRM practices related to firm performance.

The practices are measured using a 5-point scale ranging from 1 (not at all) to 5 (to a great extent). The items are designed to emphasise the involvement of line managers in executing HR practices such as recruiting new employees, selecting applicants, training employees, executing performance assessments, and designing job roles.

An index is constructed by adding the scores of the seven HR practices. Companies that indicate the presence of Incentives and Rewards in one HR practice receive a score of 1. The scores are incremented by 1 for each additional HR practice, including Incentives and Rewards, up to a maximum of 5.

The variable 'Formal Training System' is measured by asking respondents to indicate the percentage of line managers trained in their firm to execute HR practices. The percentage of trained line managers is scored on a scale from 1 to 10, where 1 represents 'less than 10%' and 10 represents 'more than 90%'. For firms that

do not provide any training, the score is zero.

'Recruitment and Selection' is measured through an instrument consisting of five items, each rated on a 5-point scale. Respondents are asked to indicate the importance their organisations attach to using selection tools and tests during recruitment on a scale from 1, 'strongly disagree' to 5, 'strongly agree.' 'Formal Performance Appraisal' is measured through an 8-item scale.

The survey requires respondents to rate the extent to which performance evaluations in their organisation are based on measurable results and the use of performance appraisal data. They will be asked to indicate their level of agreement on a scale of 1-5, with 1 being "strongly disagree" and 5 being "strongly agree". For example, they will be asked to rate how much the performance of employees is measured based on objective, quantifiable results.

The "Incentives and Rewards" system will be measured using a 5-item scale. Respondents will indicate, on a scale of 1-5, the extent to which compensation is linked to the performance and qualifications of employees in their organisations. For instance, they will be asked if their company's salary and other benefits are comparable to what is generally obtainable in the industry.

The "Training and Development" variable will be measured using a 7-item instrument, each rated on a 5-point scale. Respondents will rate, on a scale of 1-5, the extent to which training and development needs are identified and met in their organisations.

The survey includes several questions related to internal career opportunities and career development. The Internal Career Opportunities variable is measured through a 7-item instrument, where respondents rate the clarity and usage of career planning systems in their organisations on a 5-point scale. For instance, one of the questions is, "Does our company provide clear career path information to employees?"

Meanwhile, Career Development is measured through a 3-item scale. Respondents indicate on a scale of 1 (strongly disagree) to 5 (strongly agree) the extent to which their superiors allow them to participate in operations decisions and suggest improvements in how things are done. One of the sample questions asked is, "Are employees in this company provided with the opportunity to suggest improvements in how things are done?"

### **Analytical Procedures**

The data collected underwent three main types of analysis. Firstly, Cronbach's alpha was calculated to determine the reliability and validity of both the research instrument and the data. Secondly, the frequency distribution of responses was evaluated to gain insights into the socio-demographic characteristics of the respondents. Additionally, descriptive statistics were used to determine the extent of strategic HRM practices in the companies under scrutiny. Other analytical procedures included correlation analysis to demonstrate the interrelationships among the identified strategic HRM practices and regression analysis to determine the predictor powers of the variables on organisational performance and for hypothesis testing.

## **RESULTS**

A total of 200 questionnaires were distributed to various companies, of which 169 responses were received, resulting in a response rate of 84.5%. A Cronbach Alpha reliability test was conducted on all measures to alleviate any potential standard method variance issues and ensure the reliability of the results. Table 1 displays the reliability coefficients between 0.796 and 0.826 for an exploratory study, per Nunnally's (1978) acceptable range.



The study utilised eight scales, with an overall Cronbach alpha score of 0.831, indicating reasonably high reliability for the scales and high internal consistency for the measurement items. The questionnaire’s reliability was measured via Cronbach’s alpha, with the lowest score of 0.796 recorded for the Formal Performance Appraisal scale, still within the acceptable range for research. For testing all variables for SHRM components and the Formal Training System, the highest reliability scores of 0.831 and 0.826 were recorded, indicating higher reliability than others.

These findings suggest that the study’s methodology and measures were reliable and valid, thereby increasing confidence in the study’s conclusions.

**Table 1:** Reliability Analysis of Major Variables using Cronbach’s alpha

Reliability Statistics		
Cronbach’s Alpha	Cronbach’s Alpha Based on Standardised Items	N of Items
.831	.832	8

Variable	Value
Organisation Performance	.812
Incentives and Rewards	.817
Formal training System	.826
Recruitment and Selection	.809
Formal Performance Appraisal	.796
Career Development	.809
Internal Career Opportunities	.810
Organization Development	.809

**Table 2.** Demographic Characteristics of the Respondents (N = 169)

Characteristics	Frequency	Percentage
<b>Gender</b>		
Male	94	55.6
Female	75	44.4
<b>Age</b>		
18-29 Years	19	11.2
30-39 Years	63	37.3
40-49 Years	59	34.9
50-59 Years	28	16.6

<b>Education Level</b>		
Certificate/Diploma	13	7.7
Bachelor's Degree	65	38.5
Master's Degree	88	52.1
Doctorate Degree	3	1.8
<b>Work Experience</b>		
1-4 Years	16	9.5
5-14 Years	79	46.7
15-25 Years	55	32.5
More than 25 Years	19	11.2
<b>Job Title</b>		
Head of Department	30	17.8
Assistant Manager	22	13.0
Senior Manager	110	65.1
General Manager and Above	7	4.1
<b>Marital Status</b>		
Single	8	5
Married	142	84
Divorced/Separated	19	11

**Source:** Field Survey, 2023.

Table 2 displays the demographic characteristics of the participants. The data shows that most respondents were male (55.6%), while females constituted 44.4% of the total number of respondents. Additionally, 87% of respondents had higher educational qualifications than a diploma or equivalent. Moreover, almost 70% of them held assistant manager positions or above, indicating that the participants were highly rated employees who should be familiar with their companies' strategic human resource management practices. The study revealed that around 84% of respondents had worked for at least five years, with 84% being married.

Furthermore, 88% of the participants were at least 30 years old. The report presents a positive picture of the participants' educational level, as a significant proportion held at least a first degree. This finding indicates that the respondents were highly educated individuals. Finally, it was revealed that most respondents had worked for at least five years, indicating they had enough experience to understand how crucial strategic

management is in their companies.

**Table 3.** Descriptive Statistics of the Measurement Variables (N = 169)

Measurement Variables	Mean	Standard Deviation
Organisation Performance	4.1953	.62942
Incentives and Rewards	3.6154	.63621
Formal training System	3.6154	.62678
Recruitment and Selection	3.8876	.66755
Formal Performance Appraisal	2.8580	.89506
Career Development	3.2959	.71217
Internal Career Opportunities	2.8817	.85089
Organization Development	4.1953	.79433

**Source:** Author’s Computations using SPSS version 27, 2023.

### Extent of Strategic Human Resource Management Practices

The following presents a revised analysis of the descriptive statistics of the variables, as outlined in Table 3 above. The mean score of the Organization’s Performance is 4.1953 out of a maximum score of 5, indicating a high proportion of contribution attributed to strategic human resource aspects in the organisation’s overall performance. This proportion stands at 62.94%.

The results of the five HR practices indicate that Incentives and Rewards achieved a mean score of 3.6154 (63.62%) out of a possible maximum score of 5. However, the Formal Training System reveals a significant gap in the level of training given to non-personnel officers. Only 62.67% of line managers underwent training to execute HR practices.

The Recruitment and Selection system, on the other hand, recorded a mean score of 3.8876 (66.75%) out of a possible maximum score of 5. This indicates that while the system is not perfect, it is in a relatively good state compared to the other HR practices outlined in the analysis.

The survey results show that employee participation in formal performance appraisal programs is moderate, with a mean score of 2.8580 (89.50%) out of a possible maximum score of 5. Additionally, the mean score of the Career Development system is 3.2959 (71.22%) out of a possible top score of 5. These results suggest that the current personnel appraisal system effectively allows companies to monitor employee attitudes and behaviours through the appraisal mechanism. The perceived Internal Career Opportunities in Zambian companies are impressive, with a mean score of 2.8817 (85.09%) out of a possible maximum score of 5. Lastly, the mean score of Organization Development was found to be 4.1953 (79.42%).

**Table 4.** Correlation Matrix of the Measurement Variables

	1	2	3	4	5	6	7	8
1. Organisation Performance	1	.501**	.282**	.520**	.409**	.309**	.288**	.434**
2. Incentives and Rewards		1	.313**	.500**	.290**	.279**	.289**	.365**
3. Formal Training System			1	.351**	.337**	.270**	.271**	.299**
4. Recruitment and Selection				1	.471**	.408**	.280**	.308**
5. Formal Performance Appraisal					1	.627**	.556**	.392**

6. Career Development					1	<b>.422**</b>	<b>.370**</b>
7. Internal Career Opportunities						1	<b>.560**</b>
8. Organisation Development							1

**Source:** Author’s Computations using SPSS version, 2023.

**Note:** Bold correlations are significant at either 0.05 or 0.01 level of significance (two-tailed). Source:

### Relationship between Strategic HRM Practices and Organizational Performance

The results in Table 4 indicate a strong positive relationship between Incentives and Rewards and organisational performance, with a correlation coefficient (r) of 0.501. The Formal Training System has a significant positive relationship with organisational performance, with a correlation coefficient (r) of 0.282.

Recruitment and Selection and Formal Performance Appraisal System are also positively correlated with organisational performance, with correlation coefficients (r) of 0.409 and 0.309, respectively. Furthermore, the Career Development System and Internal Career Opportunities have a significant positive relationship with organisational performance, with correlation coefficients (r) of 0.288 and 0.434, respectively.

Organisational development was also positively correlated with organisational performance, with a correlation coefficient (r) of 0.434. All of the above correlations are significant at the 0.05 significance level.

**Table 5:** Regression Results on Perceived Organisational Performance

Independent Variables	Standardised Coefficients	t-values	p-values
(Constant)			
Incentives and Rewards	.258	3.550**	.001
Formal training System	.006	.093	.926
Recruitment and Selection	.268	3.466**	.001
Formal Performance Appraisal	.184	2.073**	.040
Career Development	-.046	-.576	.565
Internal Career Opportunities	-.086	-1.050	.295
Organization Development	.248	3.239**	.001
R	0.644		
R <sup>2</sup>	0.415		
Adjusted R <sup>2</sup>	0.389		
F-statistic	16.296**		
N	169		

**Source:** Author’s Computations using SPSS version, 2023.

**Dependent variable** = Organisational Performance. \*\*Significant at 0.05 level of significance.

### Effect of Strategic HRM Practices on Organizational Performance

The following analysis provides insights into the relationship between organisational performance and strategic human resource management (HRM) practices. Table 5 reveals a strong positive correlation between the two variables, as indicated by a multiple correlation coefficient of 0.644. The adjusted R<sup>2</sup> of 0.415 suggests that 41.5% of the variance in organisational performance can be accounted for by the

strategic HRM practices implemented in this study.

Results show that several strategic HRM practices positively impact organisational performance, including Incentives and Rewards, Recruitment and Selection, Formal Performance Appraisal, and Organization Development. Coefficients of 0.258, 0.268, 0.184, and 0.248, respectively, further support this claim. However, Career Development and Internal Career Opportunities were found to have a negative effect on organisational performance, with coefficients of -0.046 and -0.086, respectively.

The F-statistics indicate that the model is useful at a 5 percent level of significance to determine if any significant relationship exists between strategic HRM practices and organisational performance. These findings provide valuable insights into the relationship between strategic HRM practices and organisational performance and can guide future decision-making processes.

### Hypothesis Testing

**H<sub>0</sub>1:** There is no significant effect of incentives and rewards on achieving organisational performance.

**H<sub>0</sub>2:** There is no significant effect of formal performance appraisal on achieving organizational performance.

**H<sub>0</sub>3:** There is no significant effect of career development on achieving organisational performance.

**H<sub>0</sub>4:** There is no significant effect of recruitment and selection on organisational performance.

The results of the present study demonstrate a significant impact of SHRM (Strategic Human Resource Management) components on organisational performance in the context of Zambia ( $p < 0.01$ ). The most influential factor was found to be recruitment and selection ( $\beta = 0.268$ ), while career development had the most negligible impact ( $\beta = -0.046$ ), and this impact was not statistically significant ( $p > 0.01$ ). Additionally, the effect of incentives and rewards was significant ( $p < 0.01$ ), while the effect of formal performance appraisal was moderate ( $\beta = 0.184$ ) and also significant ( $p < 0.01$ ).

Based on our findings, we confidently reject the hypotheses on incentives and rewards, formal performance appraisal, and recruitment and selection. However, we cannot reject the hypothesis on career development. Therefore, we assert that the SHRM strategies that significantly impact organisational performance in Zambia are incentives and rewards, formal performance appraisal, and recruitment and selection.

To conclude, this study underscores the vital role of SHRM components in enhancing organisational performance and provides valuable insights for organisations in Zambia. The findings of this study can be leveraged to design more effective HR strategies that can contribute to the success of an organisation.

## DISCUSSIONS

The primary objective of this research was to investigate the impact of Strategic Human Resource Management (SHRM) on the performance of profit-making industrial organisations in Zambia. The study results revealed that HRM is closely integrated into the business operations of these organisations. While the empirical evidence regarding Career Development reflects a mixed story, the study found that, on average, the level of Internal Career Opportunities given to line managers to perform HR practices is low (28.8%). This indicates that the transfer of HRM knowledge to line managers is somewhat limited, which can significantly undermine their capacity to perform HR activities effectively.

Moreover, the study presented compelling evidence that all the tested strategic HRM practices, including

incentives and rewards, formal performance appraisal, and recruitment and selection, positively correlate with perceptual measures of organisational performance in Zambia's profit-oriented organisations. The data provides strong support for this model, and the results suggest that these key strategic HR practices are critical to the success of organisational performance in Zambia's profit-oriented organisations. Therefore, companies operating in Zambia and seeking to enhance their profitability must focus on these practices to improve their implementation across the industry.

## CONCLUSION

The study results indicate that profit-oriented companies operating in Zambia moderately practice strategic human resource management (HRM). The study reveals that four of the seven strategic HRM practices tested can reasonably enhance performance, symbolised by the revenue growth rate, return on equity, return on assets, and profitability. Therefore, the study provides evidence of the value added by strategic HRM by integrating HR functions within the organisation's key strategies and operations. However, the study highlights the need to investigate further the reasons for moderate levels of involvement in strategic HRM practices instead of higher levels reported in other studies. Are the issues at hand solely due to new concepts, data specifications, procedures, or interpretation? Or can they be attributed to other factors besides strategic HRM practices? These are questions that can be answered in various settings. However, managers worldwide face similar challenges when dealing with complex problems with limited resources, prioritising tasks, motivating staff, initiating change, and showing measurable results. Strategic HRM, both in concept and practice, entails managers standing on the front lines to tackle these challenges and achieve organisational goals. It is important to remember that people may know about incentives and rewards, formal performance appraisal, recruitment, and selection, but they must practice it. Hence, the missing link is commitment. To ensure employee commitment, a supportive workplace culture is essential for maintaining staff motivation and high performance (Oladipo and Abdulkadir, 2010e). The Strategic HRM practices identified in this study are critical in achieving this goal, and to further enhance their impact, organisations should consider integrating their HR function with their overall strategies and operations.

Organisations prioritising employee commitment must create a conducive workplace environment fostering motivation and high performance. This can be achieved by implementing Strategic HRM practices, which have been proven to enhance employee commitment and job satisfaction. In particular, this study recommends that organisations integrate their HR function with their overall strategies and operations to enhance the impact of these practices further.

In conclusion, organisations must prioritise implementing Strategic HRM practices to achieve employee commitment and create a supportive workplace culture that fosters motivation and high performance. By integrating their HR function with their overall strategies and operations, organisations can maximise the impact of these practices and enhance employee commitment and job satisfaction.

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