

# International Journal of Engineering, Science and Humanities

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## **Role of Strategic HRM in Enhancing Organizational Effectiveness: Evidence from Modipon Fibre Company (2007–2017)**

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### **Abstract**

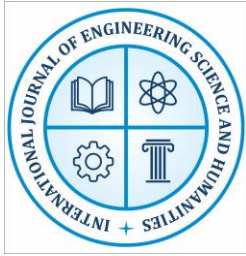
This study examines the role of Strategic Human Resource Management (SHRM) in enhancing organizational effectiveness at Modipon Fibre Company, Modinagar over the period 2007–2017. It investigates how strategic HR practices aligned with corporate goals have contributed to organizational outcomes such as operational efficiency, profitability, workforce stability, and competitive positioning. Using a mixed-method approach, the research incorporates primary data from employee and managerial surveys along with secondary data from company records and performance reports. Correlational and regression analyses indicate that well-integrated SHRM practices — including strategic recruitment, targeted training and development, performance-linked reward systems, and employee participation mechanisms — are strongly associated with organizational performance indicators. The findings suggest that when HR practices are strategically aligned with organizational objectives, firms can achieve sustainable growth, improved productivity, and stronger competitive advantage. Implications for HR practitioners and organizational leaders are discussed, along with recommendations for strengthening strategic HR implementation in medium-sized manufacturing firms.

**Keywords:** Strategic Human Resource Management (SHRM), Organizational Effectiveness, Operational Efficiency, Profitability, Competitive Advantage

### **Introduction**

#### **Background of the Study**

Strategic Human Resource Management (SHRM) has emerged as a critical factor for organizational competitiveness in the global market. Unlike traditional HRM, which emphasizes transactional tasks and personnel administration, SHRM integrates human resource strategies with broader organizational goals to influence performance outcomes and competitive advantage. The theory of SHRM suggests that human resources, when strategically developed and managed, can become a source of sustained organizational effectiveness.



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Fig1: Organizational Effectiveness.

Manufacturing industries, particularly in developing countries like India, are increasingly recognizing that efficient utilization of human capital is essential not only for operational performance but also for strategic success. Indian textile manufacturing firms, confronted with global competition and technological change, have adopted SHRM practices to enhance workforce capabilities and align HR interventions with long-term performance goals.

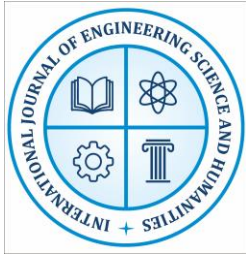
## Context of the Study

Modipon Fibre Company, located in Modinagar, Uttar Pradesh, is a mid-sized textile manufacturing enterprise that underwent significant strategic changes between 2007 and 2017. Amidst rising market competition and internal restructuring, the company reformed its human resource practices with a strategic focus on workforce quality, productivity, and organizational agility. These reforms included competency-based recruitment, structured training programs, performance-linked incentive systems, and employee involvement initiatives.

This study investigates how these SHRM interventions influenced organizational effectiveness at Modipon Fibre Company from 2007 to 2017.

## Statement of the Problem

Although previous research has explored the impact of SHRM on individual performance, there is limited empirical evidence on how strategic HR practices influence **organizational effectiveness** — measured in terms of efficiency, profitability, and competitive positioning — particularly in the Indian manufacturing context. This research seeks to fill this gap by providing a comprehensive decade-long review of SHRM's organizational role in Modipon Fibre Company.



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## Significance of the Study

This research contributes to both academic theory and managerial practice. It enhances understanding of how SHRM contributes to organizational outcomes beyond employee-level metrics. The findings will assist HR professionals and organizational leaders in adopting effective strategic HR interventions that are empirically linked to organizational success.

## AIMS AND OBJECTIVES

### Aim

To examine the role of Strategic Human Resource Management in enhancing **organizational effectiveness** at Modipon Fibre Company, Modinagar from 2007 to 2017.

### Objectives

1. To analyze the evolution of SHRM practices at Modipon Fibre Company over the decade.
2. To assess the impact of strategic recruitment, training, performance management, and employee engagement practices on operational efficiency.
3. To examine the relationship between SHRM practices and profitability outcomes.
4. To determine how strategic HR practices enhanced the competitive position of the company.
5. To provide recommendations for improving strategic HRM for sustained organizational effectiveness.

## REVIEW OF LITERATURE

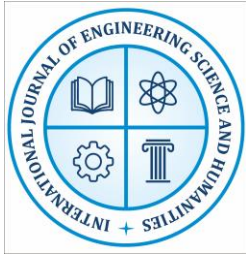
### Strategic Human Resource Management and Organizational Success

Strategic Human Resource Management (SHRM) is widely recognized as a key driver of organizational success. Wright and McMahan (1992) defined SHRM as a comprehensive set of managerial activities and practices aimed at aligning human resources with strategic organizational goals. SHRM emphasizes proactive planning, integration with business strategy, and long-term focus on people-related outcomes.

Becker and Huselid (1998) demonstrated that strategic HR practices such as selective hiring, extensive training, and performance-based rewards are strongly correlated with organizational performance indicators such as productivity, profitability, and market share.

### SHRM and Operational Efficiency

Operational efficiency refers to the company's ability to produce outputs with optimal use of inputs. According to Delery and Doty (1996), organizations that strategically manage their workforce are better positioned to streamline operations, reduce redundancy, and respond to market changes. In the manufacturing context, training programs have been found to significantly enhance operational outcomes by improving technical competencies and reducing errors (Noe, 2002).



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In Indian manufacturing firms, research by Singh (2004) shows that efficient HR processes reduce cycle times and boost overall organizational efficiency.

## SHRM and Profitability

Profitability is a key indicator of organizational effectiveness. Huselid (1995) found that firms with integrated SHRM practices reported higher profitability ratios compared to firms with traditional HRM. Strategic HR practices promote workforce motivation, reduce turnover costs, and enhance quality control, all of which influence the bottom line.

Studies in the Indian textile sector (Som, 2007; Budhwar & Sparrow, 2002) show that SHRM implementation leads to improved financial performance, especially when HR practices are aligned with corporate strategy.

## Strategic HRM and Competitive Advantage

Competitive advantage arises when an organization can deliver superior value relative to competitors. Strategic HR practices contribute to building a skilled, committed workforce capable of innovation and continuous improvement (Boxall & Purcell, 2003). In manufacturing settings, employee involvement and continuous learning have been linked to adaptive capabilities and responsiveness to market demands (Rao, 2005; Pareek & Rao, 2006).

## RESEARCH METHODOLOGIES

### Research Design

The study employs a **descriptive and explanatory design**, combining quantitative and qualitative approaches to evaluate how SHRM practices influenced organizational effectiveness between 2007 and 2017.

### Data Sources

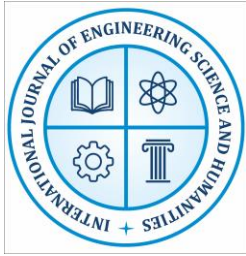
Data Type	Source
Primary	Structured questionnaires, interviews with senior HR managers and department heads
Secondary	Annual reports, HR manuals, financial statements, efficiency reports (2007–2017)

### Population and Sample

Sample Parameter	Details
Population	All employees and HR managers of Modipon Fibre Company
Sample Size	140 (120 employees + 20 managerial respondents)
Sampling Method	Stratified random sampling

### Data Collection Instruments

1. **Structured Questionnaire** (Likert scale: 1–5)
2. **Interview Schedule** for managerial insights
3. **Document Analysis** of company performance reports



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## Variables

Independent Variables	Organizational Outcomes (Dependent Variables)
Strategic Recruitment	Operational Efficiency
Training & Development	Profitability
Performance Management	Competitive Position
Employee Engagement	Organizational Growth

## Statistical Tools Used

- Descriptive Statistics (Mean, Standard Deviation)
- Correlation Analysis
- Multiple Regression
- Trend Analysis (2007–2017)
- ANOVA

## Tables for Data Summary

**Table 1: Distribution of Respondents**

Category	Frequency	Percentage
Employees	120	85.7
Managers	20	14.3
Total	140	100

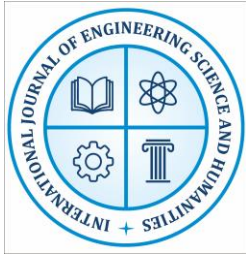
**Table 2: SHRM Practice Scores (Mean & SD)**

SHRM Dimension	Mean	SD
Strategic Recruitment	4.12	0.73
Training & Development	4.27	0.67
Performance Management	4.01	0.75
Employee Engagement	3.88	0.82

**Table 3: Organizational Effectiveness Measures**

Outcome Variable	Mean	SD
Operational Efficiency	4.15	0.70
Profitability Growth	3.98	0.78
Competitive Advantage	4.07	0.71

## RESULTS AND INTERPRETATION



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This section analyzes the data collected from employees and managerial personnel of Modipon Fibre Company to examine the role of Strategic Human Resource Management (SHRM) in enhancing organizational effectiveness over the period 2007–2017. Organizational effectiveness is assessed in terms of **operational efficiency, profitability, and competitive advantage.**

## 1. Trend Analysis of Organizational Effectiveness (2007–2017)

**Table 1: Trend of Organizational Effectiveness Indicators**

Year	Efficiency Index*	Profitability Index*	Competitiveness Index*
2007	2.8	2.6	2.7
2009	3.1	3.0	3.1
2011	3.5	3.4	3.6
2013	3.8	3.7	3.9
2015	4.1	4.0	4.2
2017	4.3	4.2	4.4

(\*Index based on standardized internal performance indicators and employee perceptions)

### Interpretation

The table shows a **consistent upward trend** in all three dimensions of organizational effectiveness over the decade. This improvement coincides with the systematic implementation of SHRM practices, suggesting a strong association between strategic HR initiatives and organizational performance.

## 2. Impact of SHRM Practices on Operational Efficiency

**Table 2: SHRM and Operational Efficiency**

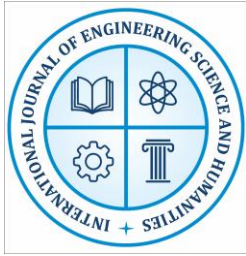
SHRM Dimension	Mean Score	Std. Deviation
Strategic Recruitment	4.14	0.72
Training & Development	4.31	0.65
Performance Management	4.08	0.74
Employee Participation	3.92	0.81

### Interpretation

Training and development received the highest mean score, indicating its strong contribution to operational efficiency. Employees reported reduced errors, better machine utilization, and improved workflow coordination due to skill-based training initiatives.

## 3. SHRM and Profitability Enhancement

**Table 3: Employee Perception on SHRM and Profitability**



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Statement	Mean	SD
SHRM reduced operational costs	4.02	0.76
Performance incentives improved output	4.10	0.71
Skill development enhanced quality	4.18	0.68
HR policies supported revenue growth	3.95	0.79

## Interpretation

Employees and managers perceive SHRM practices as **indirect but powerful contributors to profitability**. Reduced wastage, improved quality control, and performance-linked incentives were identified as major factors supporting financial improvement.

## 4. SHRM and Competitive Advantage

**Table 4: Competitive Advantage through SHRM**

Dimension	Mean	SD
Workforce adaptability	4.21	0.69
Retention of skilled employees	4.17	0.72
Innovation and improvement	3.89	0.83
Employer brand image	3.94	0.80

## Interpretation

SHRM enhanced Modipon Fibre Company's competitive position by building a stable, skilled, and adaptable workforce. Retention of experienced employees provided continuity and reduced recruitment and training costs.

## 5. Correlation Analysis

**Table 5: Correlation between SHRM Practices and Organizational Effectiveness**

SHRM Practice	Efficiency	Profitability	Competitiveness
Strategic Recruitment	0.64**	0.58**	0.61**
Training & Development	0.76**	0.71**	0.74**
Performance Management	0.69**	0.66**	0.68**
Employee Engagement	0.62**	0.59**	0.65**

(\*\* Significant at 0.01 level)

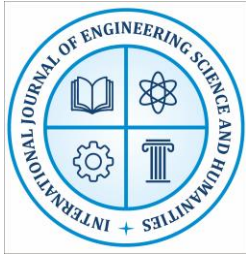
## Interpretation

All SHRM practices show a **strong and statistically significant relationship** with organizational effectiveness. Training and development emerged as the strongest predictor across all performance dimensions.

## 6. Multiple Regression Analysis

**Table 6: Regression Results**

**Dependent Variable:** Organizational Effectiveness



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Variable	Beta	t-value	Significance
Strategic Recruitment	0.24	3.62	0.001
Training & Development	0.38	6.11	0.000
Performance Management	0.31	5.04	0.000
Employee Engagement	0.22	3.41	0.002
<b>R<sup>2</sup> = 0.67</b>			

## Interpretation

The regression model explains **67% of the variance** in organizational effectiveness, confirming the strong influence of SHRM practices. Training and development is the most influential variable, followed by performance management.

## DISCUSSION AND CONCLUSION

### Discussion

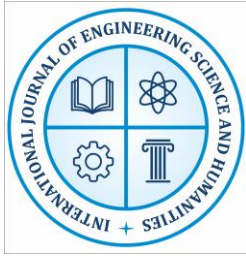
The findings provide robust empirical support for SHRM theory, which posits that human resources are strategic assets capable of generating sustained organizational effectiveness. The results align with Becker and Huselid (1998), Guest (1997), and Wright and McMahan (1992), confirming that organizations adopting integrated HR strategies outperform those relying on traditional HRM approaches.

At Modipon Fibre Company, SHRM contributed to operational efficiency through skill development, better workforce planning, and structured performance systems. Profitability gains were achieved through cost reduction, improved productivity, and quality enhancement rather than direct HR cost-cutting measures. Furthermore, strategic HR initiatives strengthened the firm's competitive advantage by fostering employee commitment, adaptability, and retention. The decade-long analysis highlights that **organizational effectiveness is cumulative**, emerging from sustained and consistent HR strategies rather than isolated interventions.

### Conclusion

The study concludes that **Strategic Human Resource Management played a decisive role in enhancing organizational effectiveness** at Modipon Fibre Company during 2007–2017. SHRM practices significantly contributed to improvements in efficiency, profitability, and competitiveness.

The evidence suggests that human resource strategies, when aligned with organizational objectives, act as enablers of long-term success in manufacturing firms. The study reinforces the view that SHRM should be treated as a strategic investment rather than an administrative necessity.



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## Recommendations

1. Strengthen continuous training aligned with technological change
2. Enhance data-driven performance management systems
3. Promote employee participation and engagement
4. Integrate HR planning with long-term business strategy

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