

Full Length Research

# Measuring the linkage of SHRM Practices with Service Behavior in Small & Medium Enterprises of Pakistan

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<b>Purpose</b>	This empirical paper aims to ascertain the impact & relationship of SHRM practices with service behavior among employees of SME's in Pakistan.
<b>Methodology</b>	Data was collected from 32 small & medium enterprises including Manufacturing, Consultants, Automotive, Fashion, Handicrafts, Surgical, Sports Goods & Customer Service sectors of 8 major cities of Pakistan by using stratified random sampling technique. 180 questionnaires were distributed among front line employees, middle managers & executive managers. 138 questionnaires were returned back with 76% response rate. 118 questionnaires were found useable. Pearson's r correlation & linear Regressions analysis techniques were used to analyze the data on SPSS PSAW version 22.
<b>Findings</b>	According to results, the Regression model was weakly parsimonious & accounts for 33.3% of the variance. SHRM practices on the whole had positive moderate significant relationship (.337*) & positive impact ( $\beta=.787$ ) on service behavior. In depth, Training had positive weak significant relationship (.219*) & positive impact ( $\beta=.147$ ), Participation had positive moderate significant relationship (.499**) & positive impact ( $\beta=.432$ ), Job Description had positive moderate significant relationship (.340**) & positive impact ( $\beta=.352$ ), Result-Oriented Appraisal had positive weak significant relationship (.222*) & positive impact ( $\beta=.015$ ), Internal Career Opportunities had positive weak significant relationship (.292**) & positive impact ( $\beta=.295$ ) on service behavior. Employment security (.131) & Profit Security (-.054) had non-significant relationship with service behavior.
<b>Practical Implications</b>	This study facilitates the policy makers to adopt appropriate SHRM practices to foster service behavior among employees.
<b>Limitations</b>	This study was conducted in eight cities of Pakistan by using cross sectional research design. Future research direction is to expand the study by using longitudinal research design.
<b>Key Words</b>	Strategic Human Resource Management, Service Behavior, SME's, Pakistan
<b>Paper Type</b>	Empirical Paper

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## INTRODUCTION

In this 21st century, competition among the organizations is rising. To get competitive advantage over the rival

firms, the organizations are developing best human resource practices as human resource practices are

considered the source of sustained competitive advantage for the organizations (Becker & Gerhart, 1996). Increasing the employee's performance through increased service behavior is a valuable way for the organizations to remain competitive. Services are intangible and non-standardized so the evaluation of the service quality or service quality is subjective and linked directly with the customers (Tsaur & Lin, 2004). Human resource is the unique asset of the organization that competitors cannot copy them. Human resource of the organization is developed through different practices which are called strategic human resource practices. Strategic human resource practices are those practices that are related to the organizational performance theoretically or empirically (Delery & Doty, 1996). Researchers have found the positive linkage of strategic human resource practices with competitive advantage (Collins & Clark, 2003), organizational commitment (Akhtar, Ding, & Ge, 2008) & innovative performance (Çalışkan, 2010) & organizational performance (Çalışkan, 2010). There is a lack of explorations of the impact of strategic human resource practices on service behavior in general & especially in the context of Pakistan. To fill the gap, this study aims to find the impact & nature of relationship between Strategic human resource practices include internal career opportunities, formal training systems, results-oriented appraisals, employment security, participation, job descriptions, and profit sharing (Delery, 1996) & service behavior among Small & medium enterprises of Pakistan.

Within the best strategic human resource practices, first, internal career opportunities refer to organizational internally hiring of the employees (Akhtar et al., 2008; Delery & Doty, 1996). Second, training systems are whether organizations provide extensive training opportunities or select the skilled employees (Delery & Doty, 1996; McDonnell et al., 2008). Third, appraisals are developed through outcome-based performance or subordinate views are taken for the employee ratings (Akhtar et al., 2008; Delery & Doty, 1996). Fourth, employment security refers to the degree employees feel themselves secure about their jobs (Akhtar et al., 2008; Delery & Doty, 1996). Fifth, employee participation to take into part of decision making and also in communication is the strategic human resource practice (Akhtar et al., 2008; Delery & Doty, 1996). Sixth, job description is the clarification of what is expected the employee to perform (Akhtar et al., 2008; Delery & Doty, 1996). Seventh, profit sharing refers the concern for overall organizational performance on regular basis (Akhtar et al., 2008; Delery & Doty, 1996). Product/service behavior refers to what type of service or product is being provided by the organization (Tsaur & Lin, 2004). An organizational human resource practices can develop an environment that develop more customer-oriented behavior through

employees (McDonnell et al., 2008; Tsaur & Lin, 2004). Customers evaluate the service quality of a firm on the basis of employee service behavior that is directly impacted by the firm's HRM practices (Tsaur & Lin, 2004). Employee service behavior has two dimensions extra-role behavior and role-prescribed behavior (Bettencourt & Brown, 1997). Extra-role service behavior is the flexible behavior of contact employees in providing customer services beyond the formal role requirements (Somech & Drach-Zahavy, 2000). Role-prescribed service behavior is the expected employee's behavior that is derived from implicit norms in the organization or from explicit obligations that have been described in the organizational documents i.e. job descriptions (Farrell, Souchon, & Durden, 2001; George & Bettenhausen, 1990). The objective of the strategic human resource management is to improve the organizational performance through focusing on the employee satisfaction and development so that employees provide effective services to the customers. The main objective of this study is to analyze the impact of strategic human resource management practices on the employee service behavior in the small and medium enterprises in Pakistan.

## LITERATURE REVIEW

### The importance of Strategic HRM practices

Strategic human resource management is the process that has different approaches for the development of human resource strategies which are vertically linked with business strategies and horizontally with one another (Çalışkan, 2010). Strategic HRM focuses on the actions that are necessary to differentiate the organization from its competitors (Cania, 2014). Strategic human resource focuses on the development of the human capital to meet the requirements of business competitive strategy so the organization would achieve its goals and mission (Noe, Hollenbeck, Gerhart, & Wright, 2007).

Human resource practices are important in improving the employee service behavior as these practices are the source to motivate and satisfy the employees (Tsaur & Lin, 2004). HRM practices internally develop the employee skills through training and career development (Zhang, Wan, & Jia, 2008). HRM practices play an important role in the delivery of service quality and improving the service behavior (Musbah, Habtoor, & Maram, 2016). Human resource of the organization is developed through different practices which are called strategic human resource practices (Noe et al., 2007). Strategic human resource practices are those practices that are related to the organizational performance theoretically or empirically (Delery & Doty, 1996). Strategic human resource practices are considered

as best practices to increase the employee's performance and organizational performance that ultimately help in achieving the competitive advantage (Cania, 2014; Collins & Clark, 2003). Strategic HRM practices plays an important role in the development of employee skills and abilities and it is critical factor in improving the employee service behavior as well as the organizational performance (Çalışkan, 2010; Tsauro & Lin, 2004). Strategic human resource management is viewed as set of decisions related to allocation, utilization and development of the human resources that impact the organizational performance (Becker & Gerhart, 1996; Cania, 2014). (Barney, 1996) resource-based theory of firm has been used to support the fact that strategic HRM practices create distinctive competencies that create sustained competitive advantage. Human resources that are rare, valuable, difficult to imitate and are supported by the organization leads to sustained competitive advantage (Akhtar et al., 2008). Strategic human resource practices are important in developing the employees whether the employer hired the right people but the employees still needs to be developed to realize their full potential (Ott & van Dijk, 2005; Van Dijk, 2005). In the organization, each employee should meet with development opportunities so they believe in the organizational justice (Tremblay, Cloutier, Simard, Chênevert, & Vandenberghe, 2010).

### **Employee service Behavior**

Employee's behavior is the critical factor on which customer's perception about the service quality of the firm is based. Researchers have focused on the critical role of the customer-contact employees as it is major factor that impacts the employee perception of the organizational service quality (Farrell et al., 2001). Employee service behavior has two dimensions extra-role behavior and role-prescribed behavior (Bettencourt & Brown, 1997). Extra-role service behavior is the flexible behavior of contact employees in providing customer services beyond the formal role requirements (Somech & Drach-Zahavy, 2000). Role-prescribed service behavior is the expected employee's behavior that is derived from implicit norms in the organization or from explicit obligations that have been described in the organizational documents i.e. job descriptions (Akhtar et al., 2008). Employee behavior is a critical factor that makes the customers satisfied and loyal with the company (Meyer & Smith, 2000; Ratna & Singh, 2013). Employees are the service providers that make a connection between customers and establishment and they are important element that make and represent the establishment in the eye of the customers (Paulin, Ferguson, & Payaud, 2000). Customers make interaction with the employees who

respond and treat them as individuals despite the expectations of job or social environment (Ratna & Singh, 2013; Tsauro & Lin, 2004). In large enterprises, behavior-patterns towards the customers are more certain, customer-employee relationship is determined in more bureaucratic style and employees are expected to perform at specific standards so that customers will become satisfied with the services provided by the company (Guerrier & Adib, 2003).

### **Strategic HRM practices and employee service Behavior**

Strategic HRM practices directly affect the employee service behavior as these practices help in satisfying and motivating the employees (Gazzoli, Hancer, & Park, 2010). Behavior patterns are important both virtually and theoretically for all types of the HRM practices i.e. internal career opportunities, formal training systems, results-oriented appraisals, employment security, participation, job descriptions and profit sharing (Akhtar et al., 2008; Becker & Gerhart, 1996). Employee/Employer relation is established through how the firm manages its human resource that in turn impacts the employee behavior (Meyer & Smith, 2000). When employees perceive that their organization facilitates their performance, provides career opportunities and provide positive supervision and many other facilities than employees become more satisfied and focus on providing the good customer services (Akhtar et al., 2008; Cania, 2014; Somech & Drach-Zahavy, 2000).

Employee perception of the effective strategic HRM practices directly impacts the employee service behavior (Zerbe, Dobni, & Harel, 1998). Employee satisfaction is important in delivering effective customer services, when employees are happy and satisfied with their job, their organization and their relation with the employer is satisfactory for them then the employees will preferably provide effective customer services as they will be intrinsic satisfied (Sarwar, Mirza, Ehsan, Khan, & Hanif, 2013; Somech & Drach-Zahavy, 2000). Proper strategic human resource management and employee commitment is critical for delivering effective services (Meyer & Smith, 2000). Employee perception, attitude and behavior cannot ignore in service delivery (Tsauro & Lin, 2004). If the organization is focusing on the strategic human resource practices and providing all the facilities to encourage and motivate the customers as well as to develop the skills and abilities of the customers then the employees will happy and they will provide effective services to the customers in order to meet their goals and objectives as well as to achieve the organizational goals and objectives (Andersen, Cooper, & Zhu, 2007; Ratna & Singh, 2013).

Strategic human resource practices that directly impact

on the service behavior include internal career opportunities, formal training systems, results-oriented appraisals, employment security, participation, job descriptions, and profit sharing. These all sub variables of strategic human resource management in framework have significant impact on the service behavior of the employees.

Based on Figure 1 discussion, hypothesis of this research study had been formulated as;

**Hypothesis 1(H1).** Service behavior is related & dependent upon SHRM Practices in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.1 (H1.1).** Service behavior is related & dependent upon Training in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.2 (H1.2).** Service behavior is related & dependent upon Participation in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.3 (H1.3).** Service behavior is related & dependent upon Employment Security in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.4 (H1.4).** Service behavior is related & dependent upon Job Description in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.5 (H1.5).** Service behavior is related & dependent upon Result-Oriented Appraisal in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.6 (H1.6).** Service behavior is related & dependent upon Internal Career Opportunities in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.7 (H1.7).** Service behavior is related & dependent upon Profit Sharing in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.8 (H1.8).** Extra Role behavior is related &

dependent upon Training in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.9 (H1.9).** Extra Role behavior is related & dependent upon Participation in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.10 (H1.10).** Extra Role behavior is related & dependent upon Employment Security in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.11 (H1.11).** Extra Role behavior is related & dependent upon Job Description in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.12 (H1.12).** Extra Role behavior is related & dependent upon Result-Oriented Appraisal in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.13 (H1.13).** Extra Role behavior is related & dependent upon Internal Career Opportunities in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.14 (H1.14).** Extra Role behavior is related & dependent upon Profit Sharing in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.15 (H1.15).** Subjective Service ability is related & dependent upon Training in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.16 (H1.16).** Subjective Service ability is related & dependent upon Participation in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.17 (H1.17).** Subjective Service ability is related & dependent upon Employment Security in Small and Medium Service Enterprises in Pakistan.

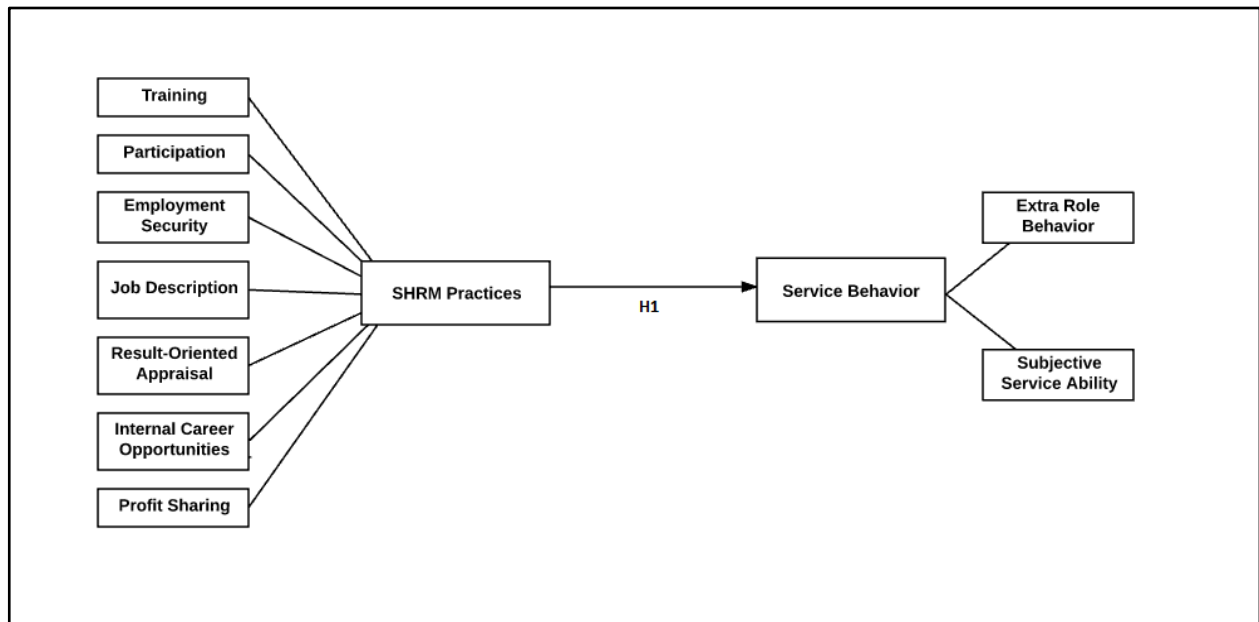


Figure 1: Schematic Diagram of Study

**Hypothesis 1.18 (H1.18).** Subjective Service ability is related & dependent upon Job Description in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.19 (H1.19).** Subjective Service ability is related & dependent upon Result-Oriented Appraisal in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.20 (H1.20).** Subjective Service ability is related & dependent upon Internal Career Opportunities in Small and Medium Service Enterprises in Pakistan.

**Hypothesis 1.21 (H1.21).** Subjective Service ability is related & dependent upon Profit Sharing in Small and Medium Service Enterprises in Pakistan.

## METHODOLOGY

### Participants

A total of 118 employees (92 Males & 25 Females) from 32 small & medium enterprises of 8 cities of Pakistan had participated in this research. Combination of field & online survey was used to collect the data by using stratified

random sampling technique. Table 1 shows the demographic attributes of this study.

### Instruments

Scale used to measure SHRM practices was developed by (Delery & Doty, 1996) with 24 items consist of training (4 items), participation (4 items), employment security (4 items), job description (4 items), result-oriented appraisal (2 items), internal career opportunities (4 items) & profit sharing (2 items). On the other hand, scale used for service behavior was developed by (Bettencourt & Brown, 1997) with 6 items Extra Role Behavior (3 items) & Subjective Service Ability (3 items). A 5 point Likert scale was used to collect the data.

## RESULTS

Data was analyzed by using Simple linear regression technique to test sub hypothesis H1.1-H1.21, Multiple Regression analysis technique is used to test main hypothesis H1 & Pearson's  $r$  Correlations is used for measuring the significance of relationships of main hypothesis (H1) & sub hypothesis (H1.1-H1.21).

Table 2 demonstrates that Regression model fulfilled the linearity assumption ( $R^2 > .02$ ). The Regression model is weakly parsimonious & accounts for 33.3% of the variance.

Table 3 demonstrates the nature of relationship, dependency existence & direction between variables. SHRM practices on the whole have positive moderate

**Table 1: Demographic Attributes**

<b>Age</b>	
	Frequency
Below 25	18
25-30	48
30-35	31
35-40	16
40-45	2
45-50	1
50-55	1
55-60	1
<b>Total</b>	<b>118</b>
<b>Gender</b>	
	Frequency
Male	93
Female	25
<b>Total</b>	<b>118</b>
<b>Organization size</b>	
	Frequency
Employee<100	63
Employee 101-500	16
Employee 501-2000	23
Employee > 2000	16
<b>Total</b>	<b>118</b>
<b>Tenure</b>	
	Frequency
Less than 1 year	37
1-3 years	49
3.1-5 years	7
4	14
5.1-7 years	10
More than 7 years	1
<b>Total</b>	<b>118</b>
<b>Management Level</b>	
	Frequency
Front Line Employees	89
Middle Level Employees	20
Top Level Employees	9
<b>Total</b>	<b>118</b>
<b>City</b>	
	Frequency
Lahore	98
Karachi	1
Gujranwala	3
Faisalabad	1
Mianwali	1
Sialkot	12
Mandi Bahauddin	1
Rawalpindi	1
<b>Total</b>	<b>118</b>

Table 1: Continuation

Sector Wise		
Sectors	Sub Sectors	Frequency
Manufacturing	Electronics Manufacturers	1
	Auto Part Manufacturers	1
	Furniture Manufacturers	3
	Promotional Product Manufacturers	9
	Packaging Product Manufacturers	4
Customer Services	Call Centre	17
	Training	1
Automotive	Automotive Sector	3
Textile	Textile	2
Education	University	12
	College	18
	School	13
Consultants	Real Estate Consultants	1
	Audit Consultants	1
	Engineering Services Consultants	9
Engineering	Engineering Sector	4
Handicrafts, Sports Goods, Fashion	Handicrafts	2
	Sports Goods	1
	Fashion	1
Surgical	Surgical Instruments	1
Others	Printing	10
	Insurance	4
		118

Table 2: Result of the Regressions

Hypothesis				
		R2	Linearity Assumption	Power of Model
SHRM Practices → Service Behavior	H1	.333	Satisfied (R <sup>2</sup> >.02)	Weakly Parsimonious

significant relationship (.337\*) at the 0.05 level of significance & positive impact ( $\beta=.787$ ) on service behavior.H1 is accepted. Training has positive weak significant relationship (.219\*) at the 0.05 level of significance & positive impact ( $\beta=.147$ ) on service behavior.H1.1 is accepted. Participation has positive moderate significant relationship (.499\*\*) at the 0.01 level of significance & positive impact ( $\beta=.432$ ) on service behavior.H1.2 is accepted. Employment security has non-significant relationship (.131) with service behavior.H1.3 is not accepted. Job Description has

positive moderate significant relationship (.340\*\*) at the 0.01 level of significance & positive impact ( $\beta=.352$ ) on service behavior.H1.4 is accepted. Result-Oriented Appraisal has positive weak significant relationship (.222\*) at the 0.05 level of significance & positive impact ( $\beta=.015$ ) on service behavior.H1.5 is accepted. Internal Career Opportunities has positive weak significant relationship (.292\*\*) at the 0.01 level of significance & positive impact ( $\beta=.295$ ) on service behavior.H1.6 is accepted. Profit Security has non-significant relationship (-.054) with service behavior.H1.7 is not accepted.

**Table 3:** Results of Hypothesis

Hypothesis		P-Value	Unstandardized Coefficient Beta ( $\beta$ )	Correlations	Significance of Relationship (P-Value<.05)	Generalizability of Results	Results
SHRM Practices → Service Behavior	<b>H1</b>	.000	.787	.337*	Positive Moderate Significant	Generalizable (P-Value<.05)	Accepted
Training → Service Behavior	<b>H1.1</b>	.017	.147	.219*	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Participation → Service Behavior	<b>H1.2</b>	.000	.432	.499**	Positive Moderate Significant	Generalizable (P-Value<.05)	Accepted
Employment security → Service Behavior	<b>H1.3</b>	.157	.133	.131	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted
Job description → Service Behavior	<b>H1.4</b>	.000	.352	.340**	Positive Moderate Significant	Generalizable (P-Value<.05)	Accepted
Result-Oriented Appraisal → Service Behavior	<b>H1.5</b>	.015	.200	.222*	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Internal Career Opportunities → Service Behavior	<b>H1.6</b>	.001	.295	.292**	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Profit Sharing → Service Behavior	<b>H1.7</b>	.564	-.033	-.054	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted
Training → Extra Role Behavior	<b>H1.8</b>	.366	-.065	.084	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted
Participation → Extra Role Behavior	<b>H1.9</b>	.000	.478	.483**	Positive Moderate Significant	Generalizable (P-Value<.05)	Accepted
Employment security → Extra Role Behavior	<b>H1.10</b>	.488	.075	.064	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted
Job description → Extra Role Behavior	<b>H1.11</b>	.018	.259	.218*	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Result-Oriented Appraisal → Extra Role Behavior	<b>H1.12</b>	.098	.157	.153	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted
Internal Career Opportunities → Extra Role Behavior	<b>H1.13</b>	.009	.279	.241**	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Profit Sharing → Extra Role Behavior	<b>H1.14</b>	.334	-.063	-.090	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted



**Table 3: Continuation**

Training → Subjective Service ability	<b>H1.15</b>	.001	.229	.299**	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Participation → Subjective Service ability	<b>H1.16</b>	.000	.385	.391**	Positive Moderate Significant	Generalizable (P-Value<.05)	Accepted
Employment security → Subjective Service ability	<b>H1.17</b>	.073	.192	.165	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted
Job description → Subjective Service ability	<b>H1.18</b>	.000	.446	.377**	Positive Moderate Significant	Generalizable (P-Value<.05)	Accepted
Result-Oriented Appraisal → Subjective Service ability	<b>H1.19</b>	.010	.243	.237**	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Internal Career Opportunities → Subjective Service ability	<b>H1.20</b>	.003	.311	.270**	Positive Weak Significant	Generalizable (P-Value<.05)	Accepted
Profit Sharing → Subjective Service ability	<b>H1.21</b>	.965	-.003	-.004	Non-Significant (P-Value>.05)	Non-Generalizable (P-Value>.05)	Not Accepted

Correlation is significant at the 0.01 level (2-tailed). \*\*

Correlation is significant at the 0.05 level (2-tailed).\*

Training has non-significant relationship (.084) with Extra Role behavior.H1.8 is not accepted. Participation has positive moderate significant relationship (.483\*\*) at the 0.01 level of significance & positive impact ( $\beta=.478$ ) on Extra Role behavior.H1.9 is accepted. Employment Security has non-significant relationship (.064) with Extra Role behavior.H1.10 is not accepted. Job Description has positive weak significant relationship (.218\*) at the 0.05 level of significance & positive impact ( $\beta=.259$ ) on Extra Role behavior.H1.11 is accepted. Result-Oriented Appraisal has non-significant relationship (.153) with Extra Role behavior.H1.12 is not accepted. Internal Career Opportunities has positive weak significant relationship (.241\*\*) at the 0.01 level of significance & positive impact ( $\beta=.279$ ) on Extra Role behavior.H1.13 is accepted. Profit Sharing has non-significant relationship (-.090) with Extra Role behavior.H1.14 is not accepted. Training has positive weak significant relationship (.299\*\*) at the 0.01 level of significance & positive impact ( $\beta=.229$ ) on Subjective Service ability.H1.15 is accepted. Participation has positive moderate significant relationship (.391\*\*) at the 0.01 level of significance & positive impact ( $\beta=.385$ ) on Subjective Service ability.H1.16 is accepted. Employment Security has non-significant relationship (.165) with Subjective Service ability.H1.17 is accepted. Job Description has positive moderate significant relationship (.377\*\*) at the 0.01 level of significance & positive impact ( $\beta=.446$ ) on Subjective Service ability.H1.18 is accepted. Result-Oriented

Appraisal has positive weak significant relationship (.237\*\*) at the 0.01 level of significance & positive impact ( $\beta=.243$ ) on Subjective Service ability.H1.19 is accepted. Internal Career Opportunities has positive weak significant relationship (.270\*\*) at the 0.01 level of significance & positive impact ( $\beta=.311$ ) on Subjective Service ability.H1.20 is accepted. Profit Sharing has non-significant relationship (-.004) with Subjective Service ability.H1.21 is not accepted.

## DISCUSSION, FUTURE DIRECTIONS & CONCLUSION

This study was conducted to find the nature of relationship & dependency between seven strategic human resource practices (training, participation, employment security, job description, result-oriented appraisal, internal career opportunities & profit sharing) & service behavior in the employees of small & medium size enterprises of Pakistan. SHRM practices positively influence service behavior in small & medium enterprises. It indicates that formal Trainings among employees help to increase the staff confidence & service behavior for customers. Empowering the employees always increase the job satisfaction, organizational commitment & reduces insecurity among employees. . A satisfied, committed & secured employee willingly performs to make his/her customer satisfied. Well established systems (updated job description & succession planning)

& fair performance appraisal procedures in any organization create a strong bond of employee with organization & he provides excellent services in the organization. An employee is more committed to an organization provides him/her Internal Career Opportunities to grow & flourish.

This study was conducted in only 8 cities of Pakistan by using cross sectional research design. Researchers can expand this study in other cities as well as in other sectors. Longitudinal research design will facilitate the generalizability of results. The results of this study provide a better understanding to policy makers & entrepreneurs of SME's of Pakistan. Usually firms of Small & medium sector of Pakistan have low budget & this study will help to choose appropriate SHRM practice to enhance service behavior. It ultimately leads to a satisfied customer & high profits.

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