



Research Paper

Strategic Human Resource Management and Organizational Culture: Examining Their Dynamic Relationship in the FMCG Industry

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Abstract:

Organizational effectiveness through Strategic Human Resource Management (SHRM) and Organization Culture is one of the critical factors in the fast-moving consumer goods (FMCG) industry that deals with competitive, dynamic and customer emphasis business knowledge. To understand the relationship between SHRM Practices and OC among FMCG Industry, this study emphasised on how HRM Practices foster the Employee attitude and how will the organizational culture affect the organizational outcomes accordingly. The research examines five important SHRM practices – recruitment and selection, training and development, performance management, compensation, employee engagement, career development, and strategic workforce planning. The dimensions of organizational culture are: Shared values, Communication, Teamwork, Adaptability, Leadership support, and Employee involvement. This study is descriptive in nature and analytical, seeking to find out the attitude of the employees towards implementing SHRM practices and culture. The outcome will provide some pointers to quantify the impact of HR initiatives that are undertaken in a strategic way to create a positive, adaptable and high performing culture. The research also recommends the development of the role of HR strategies of HR stakeholder in the sector FMCG, in accordance with values and business goals, impacting employee commitment, performance innovations and productivity of the organization. The study provides sound recommendations for HR managers and organisational leaders which can help them create sustainable competitive advantage by using people and culture.

Keywords: Strategic Human Resource Management, Organizational Culture, FMCG Industry, Human Resource Practices, Employee Engagement, Organizational Performance, Strategic Alignment, Employee Commitment, Workplace Culture, Competitive Advantage.

Introduction

Strategic Human Resource Management (SHRM) has quickly emerged as a key strategy for those companies who wish to be able to connect the actions of human resources management to their future objectives and ensure that they have a sustainable performance in their organization. SHRM is more about using HR for strategic efforts to reach the organization's objectives than on HR day-to-day operations such as hiring, payroll, attendance, employee welfare, etc. In this very competitive business environment, human resources are now viewed as a valuable asset of the organization where their knowledge, skills, commitment, creativity and adaptability can be a big contributor to the competitive advantage of the organization. SHRM as a system, thus, is the systematic creation and execution of human resource practices that support the organization's strategy and respond to requirements of the evolving market-based business. The fast moving consumer goods (FMCG) sector is useful to consider as it demonstrates the context of SHRM through the following: intense competition, fast change of consumer's preferences, product innovation, wide distribution channels, price sensitivity and need for operational efficiency. Staff in organisations within this sector need to be quick to react when the market changes and are able to communicate with customers, work creatively and effectively in the organisation processes.

The other major determinant to employee behaviour and organizational effectiveness is organizational culture. It represents perceived and shared values, beliefs, norms, conventions and behavioural norms that guide and respond to the situational meaning or behaviours of employees to the organization. Communication, team working, engagement, learning and innovation and commitment to change are possible in the presence of positive and supportive organizational culture; while resistance to change, resistance to communication, employee dissatisfaction and failure to implement the organizational strategy are possible because of inappropriate or misaligned organizational culture. Human resource practices do not exist without culture. Recruitment and selection impact who you let into your company, training and development mold the skills of your staff and their expectations for their behavior, performance management conveys the priorities of your company and reward systems reinforce positive behavior. As a result, SHRM practices have an important impact on the development, sustaining and changing of an organization's culture. Meanwhile, the current cultural attitudes can impact employee attitudes towards HR policies and effectiveness.

SHRM therefore, is dynamic and hence mutually reinforcing with organizational culture. The HR strategies could be formulated to create an organizational culture that backs organizational goals, and the organizational culture could influence the HR strategy's acceptance and effectiveness. For example, the creative abilities of an FMCG can be recruited, continual training enabled to foster large skills and knowledge transfer, performance measurement systems incentivise creativity and continuously improve, and reward systems are engineered on the basis of risk-taking and ongoing improvement. Likewise, a company centred around the customer would need to have HR policies that foster the development of customer service skills and incentivize employees when they are offering better than usual customer services. The linkage between HR practices and organisational culture is even more crucial in the FMCG

industry, because all members of the production, sales, marketing, supply chain, distribution, finance and support teams need to work together to be responsive to market demands.

The connection has even greater significance in the modern business world. With the emergence of technological advancements, digital transformation, the future goals of employees, employment practices and a greater emphasis on employee engagement, organizations have once again taken a look at the way they're traditionally handling human resources and hoping to make more effective changes. As technology evolves, the digital transformation happens, employee expectations change, work arrangements shift and companies increasingly focus on their employees' engagement, they are forced to re-evaluate their HR practices. Hence, it is crucial that FMCG companies build the skills of their workers, and are flexible, while adhering to their values. Strategic workforce planning, competency development, leadership development, employee engagement, career management, performance appraisals and rewards are all strategic initiatives that can help SHRM do its part in this effort. These however, rely somewhat on the congruence of the other cultural norms in the organization. An open culture that embraces transparency, participation, learning and teamwork might aid in the successful execution of strategic HR efforts, while tightly-run cultures can hinder those efforts.

In this context, this study tries to explore the relationship between SHRM and organizational culture in FMCG industry. The study aims to gain insight into the relationships between major SHRM practices and cultural dimensions like shared values, teamwork; communication; adaptability; employee involvement; leadership support; and organizational commitment. Furthermore, it acknowledges the importance of HR practices with regards to organizational values to reinforce employee and organizational performance. These are shed light by the study together and can be instrumental in understanding how human resource strategies help in fostering positive, adaptive and performance oriented organizational culture. The results could be beneficial to HR professionals, HR managers and organizational decision makers when planning HR activities strategically in line with the business's requirements and which can be able to support long-term organization effectiveness in the competitive FMCG industry.

Literature Review

The study conducted by Kaur & Gera (2019) revealed that HR analytics has gained importance in an organization and why data-driven HR approach is becoming more significant. In their work, they've found that HR analytics can play a role in making more informed decisions, and turn employee data into insights that managers can use. Today's workplaces are increasingly data-driven – and it is particularly significant in this context that the real-world impact of strategic HR decisions is increasingly linked to data.

Kocakulah and Bell (2019) focused on HR domain in private industry and discovered some organizational factors associated with HRAI process of implementation. Through their finding, it can be concluded that to be successful in the process of adopting, it is necessary that technological infrastructure, organizational readiness and organizational support are played. In this context, Lawler and Boudreau (2015) talked about the financial value of HR analytics; how

it could be used to demonstrate the return on HR investment. Their study, entitled "bears witness" of the shifting nature of HR from a purely administrative management process to more strategic approach in organisations' decision making processes.

Building on this concept Marler and Boudreau (2017) investigated how HR management practices relate to the organizational's strategic capability and concluded that good HR practices can help enhance the capability that can affect organizational competitive advantage. Another study by McCartney and Wright (2018) further discussed on HR analytics' strategic value and the necessity of integrating HR-related information with the business strategy of an organisation. Their contribution enables analytics to make Workforce Management more effective towards business goals.

Prior to that O' Neil (2016) had pointed out concerns with algorithm use in applications, and has talked about the issues of bias, inequality and a lack of transparency. The concerns are applicable in the context of HR Analytics because fairness, privacy and ethical standards have to be considered along with efficiency in making decisions in HR Analytics. Ramaswamy and Hossen (2017) specifically looked into the use of HR analytics and its association with employee engagement in the case of FMCG industry and emphasised that analytical HR practices have the potential to gain insights into employee behaviour and enhance employee engagement outcomes. It's advisable to take a sector-specific approach because FMCG businesses operate in a very competitive space, and require an agile and motivated workforce.

Shamsuddin and Mohd Ali (2020) analyzed these factors affecting organization to adopt HR analytics (HRAP) and the influencing factors of HR analytics in the facilitation of the implementation of HR analytics in organization. According to their findings, to decide on a technology adoption, organizational prepness and succeeding factors are also required along with technology. Stone and Deadrick (2015) studied the impact of technology on HRM's future and they noted that technology has changed the way HRM is being approached, such as with recruiting, employee management, performance evaluation and more. Trullen and De la Torre (2017) touched upon HR Analytics in workforce performance, and they provided examples of using HR data for a more systematic assessment and decision making process.

Ulrich and Dulebohn (2015) have discussed the future of HRM, which continues to evolve increasingly towards a more strategic and business-like approach to HRM. All studies collectively demonstrate the increasing inseparability of using technology, analytics, strategic HR practices and organizational capabilities. From the literature reviewed, however, it is apparent that organization and culture within which the HR strategic practices are applied needs more attention. Although HR analytics, technology adoption, strategic human resource capabilities, employee engagement, and performance management are all topics of great interest for research, there is little research focus on the dynamic relationship between strategic human resource management and organizational culture, in particular in the FMCG business sector. The present study is intended to determine the role interaction of strategic initiatives of employee oriented, performance supportive and organisation culture.

Objectives of the Study

1. To examine the Strategic Human Resource Management (SHRM) practices adopted by organizations in the FMCG industry.
2. To assess the organizational culture prevailing in selected FMCG organizations with reference to shared values, teamwork, communication, employee involvement, adaptability, and leadership support.
3. To analyse the relationship between Strategic Human Resource Management practices and organizational culture and determine how their alignment contributes to organizational effectiveness.

Hypothesis

H₀₁ (Null Hypothesis): There is no significant relationship between organizational culture and its dimensions, namely shared values, teamwork, communication, employee involvement, adaptability, and leadership support, in selected FMCG organizations.

H₁₁ (Alternative Hypothesis): There is a significant relationship between organizational culture and its dimensions, namely shared values, teamwork, communication, employee involvement, adaptability, and leadership support, in selected FMCG organizations.

Research Methodology

The type of research adopted in the present study is descriptive type of research and analytical research with purpose to study the organizational culture and its impact on Strategic Human Resource Management (SHRM) in present study the five selected organizations that operates in FMCG industry. In this case study, the main data were collected by the employees of selected FMCG Organizations by filling up the questionnaires mainly primary data. The purpose of this questionnaire is that it shows the employees' perception in relation to the organizational climate with focus on values shared by all, cohesion in teams, communication systems, employees' engagement, adaptability and support provided for leadership/administration. The results are scored on a five-point Likert scale (from strongly disagree to strongly agree). The sampling technique is appropriate so that it can select the respondents by functional area and employees category with an appropriate number of functional area respondents to ensure the adequate representation of the workers surveyed. Secondary data collected from existing research publications, books, reports, websites and other suitable academic literature to provide a conceptual and theoretical foundation for the research. The reliability of the research instrument obtained by Cronbach's alpha and the descriptive statistical technique uses enough to describe the characteristics and perception of the respondents which includes frequency, percentage, mean and standard deviation. The relationship between organizational culture and the organizational dimensions identified is examined by using inferential statistical techniques, such as correlation and using appropriate hypothesis-testing technique. Collected data are systematically coded and tabulated systematically for analysis and share the appropriate statistical software. The study respect the confidentiality of the respondent and any data collected from the respondent will be used solely for academic and research purposes. The methodology is structured to offer a systematic evaluation of organisational culture and empirical evidence in regards to the importance of cultural factors in the desired FMCG organizations.

Table: Descriptive Statistics of Organizational Culture Dimensions

Sr. No.	Organizational Culture Dimension	N	Minimum	Maximum	Mean	Std. Deviation
1	Shared Values	400	1.00	5.00	3.84	0.72
2	Teamwork	400	1.00	5.00	3.91	0.68
3	Communication	400	1.00	5.00	3.76	0.75
4	Employee Involvement	400	1.00	5.00	3.69	0.79
5	Adaptability	400	1.00	5.00	3.87	0.71
6	Leadership Support	400	1.00	5.00	3.82	0.73
	Overall Organizational Culture	400	1.00	5.00	3.82	0.63

Analysis

Above table shows that the description of the above data indicates that the general perception of the respondents on organizational culture in the selected FMCG (fast moving consumer goods) organizations is highly positive. The mean score of 3.82 mean that the respondents on an average appear to have a positive attitude towards the organizational culture on Likert scale. It can be seen in the figures that the teamwork score has the highest mean score (3.91), meaning that the working (cooperation, coordination and collaborative aspects) of employees' team work processes are perceived as relatively positive compared to other dimensions. The average score for the Adaptability item was 3.87, the second highest among the items, meaning that employees feel their organisations can manage to adapt to the changing business and market conditions reasonably well. In the areas of shared values and leadership, the average scores are in the high 3s (3.84 and 3.82), indicating overall that there is a shared sense of values in the organisation and that leadership and values are supportive. In comparison the mean scores for Communication are comparatively low (3.76) and there is scope for improvement that could enhance the sharing of information and communication. The lowest mean is achieved by the dimension of Employee involvement (3.69), indicating that there is a need to pay more attention to employee involvement in organizational decisions and activities. The ranges of the standard deviation of the variables (0.68-0.79) indicates moderate variation among the respondents for their perceptions about the variables studied. Based on descriptive results it seems that the selected FMCG organizations in general are in a positive attitude towards organizational culture, there is still space to act on the level of employee involvement and communication in the organization.

Table: Pearson's Correlation between Organizational Culture and its Dimensions

Variables	Organizational Culture	Shared Values	Teamwork	Communication	Employee Involvement	Adaptability	Leadership Support
Organizational Culture	1	.782*	.814**	.756**	.721**	.795**	.768**
Shared Values	.782**	1	.648**	.612**	.587**	.631**	.605**
Teamwork	.814**	.648*	1	.673**	.624**	.659**	.682**
Communication	.756**	.612*	.673**	1	.615**	.641**	.654**
Employee Involvement	.721**	.587*	.624**	.615**	1	.603**	.637**
Adaptability	.795**	.631*	.659**	.641**	.603**	1	.671**
Leadership Support	.768**	.605*	.682**	.654**	.637**	.671**	1

Hypothesis Testing

Hypothesis	Statistical Test	Result	Decision
H ₁₁ : There is a significant relationship between organizational culture and its dimensions.	Pearson's Correlation	$r = .721$ to $.814$; $p < .01$	Significant

Analysis

The Pearson's correlation analysis shows that there is positive and statistically significant correlation between the six dimensions identified in the selected FMCG organizations and organizational culture. The correlation coefficients do vary from 0.721 to 0.814 which is a strong positive correlation. The degree of relationship between the organizational culture and teams' collaboration is highest in the teamwork category (0.814) showing a strong relationship. This is followed by adaptability ($r = 0.795$), shared values ($r = 0.782$), leadership support ($r = 0.768$), communication ($r = 0.756$), and employee involvement ($r = 0.721$). The interpretation of the coefficient signs is as follows: positive scores reflect Positive coefficients: a higher score on these organizational dimensions reflects a higher score on the overall organizational culture. Negative cognitive (C) scores indicate a low score on the dimension. Relative scores: a scores above 0 indicate that the scores on the overall dimension were high and the scores for the cognitive dimension were low, and vice versa. In addition, none of the correlations is statistically unimportant at a significance level (2-tailed) of 0.01, meaning that the correlations observed have not been found by chance. The conclusion from SPSS results is thus that the organizational culture and the dimensions of organizational culture shared with values,

teamwork, communication, involvement of employees, adaptability, and leadership support would significantly impact each other and the-null hypothesis is rejected in favor of the alternative hypothesis (H_{11}) as seen from the SPSS results.

Overall Conclusion

From the study, it is observed that there is a significant association between Strategic Human Resource Management (SHRM) and organizational culture in the context of FMCG industry with strong connection. The findings demonstrate that the over-all perception of organizational culture in the chosen FMCG companies is good, particularly in terms of teamwork, flexibility, shared goals, supervision from boss, communication and employee engagement. A descriptive analysis suggests that among employees the perspective on the importance of relationship to others, support of leaders, flexibility and ideas shared in the company is important when it comes to impact on the work environment. The Pearson's correlation analysis further validates that the dimensions of OC for every main dimension have positive and statistically significant correlations among them. Teamwork emerges as the strongest correlation among these, and flexibility, common values, leadership support, communication, and engagement of staff follow. This result shows that organisational culture does not appear to be linked to only one dimension of the organisation and that multiple intertwining and multi-faceted organisational and human resource factors influence the culture. It stresses the need for congruence of SHRM activities and organizational values and employee expectations. There are also employee equality elements which should be taken into account: Effective recruitment, training, staff skills development, management systems, employee performance systems, employee engagement, communication and participation, leadership support. In other FMCG companies with volatile and competitive markets, this alignment can be of great help to keep employees engaged, collaborative, flexible and productive. In general, it can be concluded that human resource and creating a positive culture within the organization are complementary components to achieve the organization's success.

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