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THE IMPACT OF STRATEGIC HUMAN RESOURCE
MANAGEMENT ON ORGANIZATIONAL
PERFORMANCE BASED ON CASE STUDY OF
STATE-OWNED ENTERPRISES IN XINJIANG
PROVINCE OF CHINA

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1. Introduction

With the rapid development of economic globalization, technology and the diversified development of customer needs, the survival and development of enterprises is undergoing fundamental changes, enterprises are facing an increasingly competitive market competition. The complex environment brings a big challenge to the organizational performance of enterprises, which requires enterprises to adapt to the increasing competition needs in terms of reaction speed, product or service quality, innovation and globalization. Hence, how to improve the resilience, ability of innovation, operational capacity and value-added capabilities and other aspects of organizational performance in the changing environment are becoming urgent problems that need to be solved by enterprises.

In the 1980s, in order to improve competitiveness, European and American enterprises introduced new production methods and technologies to improve the efficiency of enterprises, but because they did not focus on the upgrade human resource management system of the enterprise, the results of these new methods and technologies did not achieve the expected effect. With the intensification of competition, enterprises found that funds and technologies, which could be the factors to achieve competitive advantage in the past, but now they would be learned and copied by competitors very soon. Hence, enterprises started to pay attention to find out a way to improve the organizational performance more

effectively. They found that the type and composition of an enterprise's human resource was very difficult to be learned and copied by competitors. On one hand, the competition of modern enterprises is not only the technical competition, but also more about the competition of talents and human resources. In the face of globalization, the most powerful weapon is to obtain high-quality talent through human resources strategy to help enterprises gain competitive advantage in the market. If enterprises have high-quality talents and a suitable human resource development strategy, the enterprise will gain a competitive advantage and long-term development in the fierce competition market. On the other hand, with the development of the basic management mode of enterprises, enterprises started to treat people as very important strategic resources, the concepts and ideas of people-based management was introduced to more and more enterprises. Under the guidance of this management concept, the human resource management model with talent evaluation, performance evaluation and salary incentive system as the core was established. Compared to the traditional personnel management, human resource management is undoubtedly a significant breakthrough.

The mode of enterprise management changed from a market-based management to a strategic-based management while enterprises' traditional human resource management also moved towards a new mode of management. How to integrate and coordinate strategy and human resource management effectively became an important

question of entrepreneurs in the enterprise management process. With the development of strategic management theory, human resources strategy was introduced into several enterprises, which made the human resources strategy become the focus of enterprises. Under this situation, strategic human resource management came into being and was accepted by enterprises gradually.

Since Peter F. Drucker put forward the concept of human resources in the book *The Practice of Management* (Drucker, 1954), in which he believed that people are resources and have the special ability which other assets do not have, a lot of theories of modern human resource management have come into being, which has led to several new research results. One of them was the research of human resource management, which was divided into micro level and macro level by Thomas Mahoney and John Deckop (Mahoney & Deckop, 1986). Research of human resource management on micro level is functional-based and it is mainly focused on the impact of human resource management practices on the individual. Research of human resource management on macro level is mainly focused on the impact of human resource management practices on organizational performance. On the basis of Mahoney and Deckop, Shuming Zhao added the analysis of dimension, that is the number of human resource management practices divided into single and complex ones (Zhao, 2005). Whether human resource management research at the organizational level or at the individual level can be further subdivided is based on the number of human resource management

practices.

Table 1. Classification of Human Resource Management Research

Level \ Number	Single	Complex
Macro	The relationship between human resource management practices and organizational performance	Strategic human resource management
Micro	Impact of human resource management practices on individual	Psychological contract

Source: (Zhao, 2005)

In recent years, with the development of strategic management, resources, ability and knowledge have been confirmed as source of competitive advantage. Therefore, the research field of human resource management began to shift from micro to macro, from the individual level to the organizational level. Thus the research of strategic human resource management has become a hot topic in recent years, and a large number of scholars started to discuss it. The research of the relationship between strategic human resource management and organizational performance in developed countries

made great achievements both in theoretical research and in empirical research. But strategic human resource management has been introduced in China in the recent years; some scholars made preliminary study and achieved some results.

Although some empirical evidences show that there is a significant positive correlation between human resource management practices and organizational performance, but from the existing literature we can found that there is a lack of theoretical research of how human resource management improves enterprise performance to achieve sustainable competitive advantage through the management of employees. In the empirical researches, the majority researches are aimed at enterprises in western countries. Hence, the understanding of the relationship between human resource management and enterprises' performance in non-Western environments still has some limitations. Some cultural and institutional factors are likely to have an impact on these relationships, so cross-cultural researches of these relationships are necessary. In this dissertation I will try to figure out some research questions as follow. How does strategic human resource management influence organizational performance? Do the theories of human resource management fit for enterprises from China? How to find and analyze the key factors of strategic human resource management which could have significant impact on organizational performance?

With the intensification of competition, the competitive advantage between Chinese enterprises will be more and more reflected in the

competition of human resources. Hence, it is necessary to increase the potential of the individual to reach the goal of the organization through the management with strategies. More and more managers found that enterprises in order to have a high level of competitiveness and organizational performance must develop and manage the human resources effectively. How to choose the right strategic human resource management model to influence the enterprise performance in a changing environment is becoming an urgent problem of enterprises in China.

2. Objectives of the study

At present, there is no systematic mechanism of the interaction between strategic human resource management and organizational performance. With the intensification of competition, the competitive advantage among Chinese enterprises will be more and more manifested as the competition of human resources. Therefore, to research the mechanism between strategic human resource management and organizational performance and the construction of the mechanism model between strategic human resource management and organizational performance will surely make a contribution to the development of theoretical research and it is also meaningful for guiding enterprises to improve competitiveness of human resources. To sum up, objectives of the dissertation include discussing the mechanism between strategic human resource management and organizational performance, and trying to build a systematic

mechanism model between strategic human resource management and organizational performance; based on the survey of Chinese enterprises to verify the relationship between strategic human resource management and organizational performance.

3. Material and method

Different theories of strategic human resource management agreed that human resource practice had a significant impact on organizational performance. Human resource practices that are highly aligned with the organizational strategy should result in higher organizational performance. Hence, verifying the impact of human resource management practices on organizational performance has become an important area of strategic human resource management. Although there is a larger number of empirical research in the area, most of them are based on the empirical research of enterprises in developed countries such as the U.S. and the EU countries. Chinese scholars started to research strategic human resource management relatively late. Some Chinese scholars (J. Jiang & Zhao, 2007; C. Li, 2009; J. Luo & Qin, 2006; H. Wu & Chang, 2012) have done empirical researches on the impact of strategic human resource management on organizational performance, but from the literature review we found that most of the researches focused on the manufacturing industry. This dissertation will verify the relationship between strategic human resource management and organizational performance based on the sample of state-owned enterprises in

Xinjiang province, China.

3.1 Method

3.1.1 Hypothesis

In the chapter of literature review I introduced three modes of theorizing of strategic human resource management, including universalistic perspective, contingency perspective and configurational perspective. From the three modes of strategic human resource management, the universalistic perspective is accepted by several scholars. There are two assumptions in this mode that the best human resource management practices increase the financial contribution to the organization without regard to the organization's strategic goals, which are also known as strategic Human resource management practices; these management practices are generally applicable. Through the comparison of these three modes, I find that universality mode is accepted by several scholars because of its simple verifiability. Hence, this dissertation selects the universalistic mode as the empirical model of research. It is because strategic human resource management has been introduced into China for a short time and has not been widely adopted by Chinese enterprises; the universalistic mode can reflect the actual situation of human resource management in enterprises better and the mode is accepted by several scholars.

Based on the literature review and the mode of universalistic

perspective, the main hypothesis of this dissertation is that strategic human resource management practices have a positive impact on organizational performance. In order to verify the main hypothesis, there are four hypotheses needed to be verified, the first of which is the index of human resource management practices that has positive correlation with financial performance; the second is the index of human resource management practices that has positive correlation with customer satisfaction; the third is the index of human resource management practices that has positive correlation with market share; the fourth is the index of human resource management practices that has negative correlation with employee turnover.

3.1.2 Questionnaire development

Based on the mode of universalistic perspective, this dissertation takes human resource management practices as the independent variable and organizational performance as the dependent variable. The data of the independent variable and dependent variable were obtained through a questionnaire, then using SPSS software for regression the relationship between independent variable and dependent variable were analyzed. This dissertation uses 14 items of human resource management practices and 4 items of organizational performance for verification. The selected items have been applied in Chinese state-owned enterprises and these items will be explained in the ensuing paragraphs.

The questionnaire of the dissertation was adapted and modified

according to my research objectives from questionnaires proposed by Becker, Arthur and Huslied, it also concerned about Pfeffer's sixteen human resource management practices and Delery & Doty's seven human resource management practices. The questionnaire includes two parts; the first part includes background information and sixteen items of human resource management practices. The sixteen items have been selected from previous researches by scholars such as Arthur, Huslied et al., Lee & Miller, Koch & McGrath Jiang, Xu & Yang (Arthur, 1994; Huselid, Jackson, & Schuler, 1997; C. Jiang, 2007; Koch & McGrath, 1996; Lee & Miller, 1999; Xu & Yang, 2005). Part of the items in the questionnaire uses Likert scale to measure. The interviewee should grade every item according to the actual situation. In the questionnaire, 1 represents strongly disagree, 2 represents disagree, 3 represents neither agree nor disagree, 4 represents agree and 5 represents strongly agree; the second part is the information of organizational performance, including financial performance and non-financial performance. The data of financial performance should be filled according the statements of statistics in the end of 2016 of the enterprise, non-financial performance should be filled according to the estimation of the interviewee based on the actual situation. Because the results of the questionnaire have a significant impact on the accuracy of data regression, hence, the questionnaire should be filed by the head of human resources department who is in charge of the overall planning and operation of the human resources of the enterprise, which can ensure the

credibility and accuracy of the data.

3.2 Material

3.2.1 Samples

State-owned enterprises are special enterprises whose capital is wholly or mainly invested by the state and whose entire capital or major shares are owned by the state. In China, state-owned enterprises also include those one controlled by local governments (X. Li, 2003). The government's will and interests determine the behavior of state-owned enterprises. As a kind of production and management organization, state-owned enterprises have the characteristics of both profit-making corporations and public corporations (Jin, 2001). State-owned enterprises in China have some characteristics such as state-owned enterprises, which are engaged in production and business activities and also have profit-making purposes, they also have non-profit-making purposes; a state-owned enterprise is an organization, the state is the only or mainly contributor to the organization; it is wholly or mainly funded by the state and managed by the relevant competent authorities of the state, the state also appoints the staff to host enterprises for production and business activities; it shares certain state-owned management functions but different from the state organization, it is mainly engaged in production and business activities.

In view of the different level of economic development and cultural

environment in which enterprises are located, the indicators of evaluation and the weights of indicators should also be different. As the questionnaire involves the financial data of enterprises, in order to avoid the sample bias caused by regional differences and concerned about the convenience of data acquisition, I decided to limit the samples to state-owned enterprises which have more than 300 employees in Xinjiang province, China. Why 300 employees? The first reason is enterprise has more than 300 employees usually could be a big state-owned enterprise in Xinjiang province and their organizational performance especially financial performance will be better than small state-owned enterprise. The second reason is that some small state-owned enterprises (employees less than 300) in Xinjiang usually do not have the professional human resource department. They still use the personnel management system in their enterprises and the human resource management practice is not fully applied in these enterprises. The third reason is that most of the state-owned enterprise in Xinjiang has employees more than 300 people because the population is large.

3.2.2 Data

According to the website of State-owned Assets Supervision and Administration Commission of Xinjiang, there are 70 state-owned enterprises that each has more than 300 employees in Xinjiang province. Because Xinjiang is my hometown, with the help of my family, friends and schoolfellows, I sent 70 questionnaires to state-owned enterprises and this survey started from June, 2017

carried out by Wenjuanxing, the biggest questionnaire solution of China. 59 questionnaires were collected and 55 of 59 were valid questionnaires, the valid response rate was 78.6%. The standard of valid questionnaire was the following: the interviewee should be the head or manager of human resources department; employees of the enterprise with fewer than 300 people is not valid because the human resource practices are usually not fully applied in the enterprise if the enterprise has fewer than 300 employees; some answers were missing in the questionnaire.

3.3 Selection of variables

3.3.1 Independent variable

Choosing the right strategic human resource management practices is an important part of my research. In different empirical researches, the researchers' ideas of human resource management practices are different. Pfeffer (Pfeffer, 1994) identified 16 human resource management practices; other scholars such as Miles & Snow, Kerr & Slocum, Delery & Doty (Delery & Doty, 1996; Kerr & Slocum, 1987; Miles & Snow, 1984) identified 7 human resource management practices, including internal job opportunities, training systems, appraisal, profit sharing, employment security, employee participation and job description. After literature review and combined with the actual situation of stated-owned enterprises in Xinjiang, this dissertation selects 14 items of human resource management practices as the independent variables. There are five

items including internal job opportunities, training systems, appraisal, employment security and employee participation adapted from the research of Delery & Doty and I divide training system into two parts, including induction training and on-the-job training. Other items were selected from relevant researches. The details can be seen from Table 2 as the following:

Table 2. Human resource management practices

Items	Description	Source
Recruitment	Ratio of new employee from recruitment	(Delaney & Huselid, 1996)
Human resources strategy	Combined recruitment with enterprise strategy	(Paauwe, 2004)
Internal job opportunities	Ratio of internal recruitment	(Delery & Doty, 1996)
Induction training	Training new employees for required skill etc. (number of days)	(Arthur, 1994; Delery & Doty, 1996)
On the job training	Training for old employees (number of days)	(Arthur, 1994; Delery & Doty, 1996; Kalleberg & Moody, 1994)
Payment for performance	Ratio of payment for performance to salary	(Banker, Lee, Potter, & Srinivasan, 1996; Ngo et

		al., 1998)
Level of salary	Salary compared with same type of enterprise	(Delery & Doty, 1996; Huselid et al., 1997)
Career planning	Ratio of employees for career planning	(Koch & McGrath, 1996; Wallace, 1995)
Appraisal	Whether enterprise has good appraisal system	(Delery & Doty, 1996; Huselid et al., 1997; Ngo et al., 1998)
Promotion criteria	The importance of skill and performance in promotion	(Delery & Doty, 1996)
Attitude survey	Ratio of employees who join attitude survey	(Lee & Miller, 1999; D. Wang & Zhao, 2013)
Feedback system	Whether enterprise has feedback system for employees	(Arthur, 1994; Delery & Doty, 1996; Gu & Chen, 2010)
Team building	Relation between team performance and individual performance	(Banker, Field, Schroeder, & Sinha, 1996; Y. Li & Sun, 2013)
Employment security	Compensation, security policy etc.	(Delery & Doty, 1996)

3.3.2 Dependent variable

In this dissertation I set organizational performance as the dependent variable that can be divided into two types of organizational performance, namely financial performance and non-financial performance. Most of previous researches only focused on market performance, but in my research I concern about both market performance and individual performance. In different empirical researches, the researchers focused on different organizational performance indicators, such as Huselid (Huselid, 1995) focused on employee turnover, productivity and financial performance; Zhang & Zhao (H. Zhang & Zhao, 2006) focused on operating performance and the relative performance etc.

In this dissertation, I will choose financial performance (return on assets), market share, customer satisfaction and employee turnover as dependent variables based on previous researches. Financial performance mainly refers to return on assets, which is the ratio of profitability to total assets in the dissertation. The reason to choose this item is the return on assets, which is a very important indicator to reflect the financial performance of an enterprise. Moreover, financial data is difficult to collect because it may involve a business secret. Hence, return on assets is the best choice for financial performance. Market share refers to market share in the market of similar products, market share can reflect the sales situation of products and it is also an important indicator of organizational performance. This item should be filled by the interviewee according to the financial statement of the enterprise. Customer satisfaction refers to

satisfaction of customers with the products and services of the enterprise. Customer satisfaction has become an important indicator of organizational performance because the evaluation of the customer has a significant impact on the reputation of the enterprise. Employee turnover refers to the ratio of employees leaving the enterprise voluntarily in the previous year to the total number of employees in the enterprise. I have chosen this item because human resources have become the core competence of enterprises, thus the employee turnover is an important indicator of organizational performance.

4. Results

4.1 Reliability and validity

Reliability refers to repeated measurements of the consistency of the results obtained for the same or similar targets. Reliability can be measured by the aspects of stability, equivalence and internal consistency. Generally, internal consistency is used to indicate the reliability of the test. This dissertation uses method of Cronbach's alpha to measure the reliability of the questionnaire, the higher the reliability is, the more reliable the results of the questionnaire are. Nunnally (Nunnally, 1978) and DeVellis (DeVellis, 1991) pointed out that Cronbach's alpha greater than 0.7 was acceptable. If the coefficient of Cronbach's alpha can reach between 0.7-0.98, we can believe that this questionnaire has good reliability, if the coefficient is lower than 0.35, it must be rejected. Using SPSS to test the reliability,

the result is the following:

Table 3. Reliability Statistics for 14 items

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.866	.882	14

From the result of Table 3, the coefficient of Cronbach's Alpha for 14 items is 0.866, which is an acceptable coefficient.

Table 4. Reliability Statistics for 18 items

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.768	.796	18

From the result of Table 4, the coefficient of Cronbach's Alpha for 18 items of questionnaire is 0.768, which is an acceptable coefficient. Hence, the questionnaire of this dissertation has a high degree of internal consistency.

Validity is the extent to which a concept, conclusion or measurement is well-founded and corresponds accurately to the real world (Brains, Willnat, & Rich, 2011). The more the measured results and the content to be investigated fit, the higher the validity is. The questions of the questionnaire are generated by literature and related scholars' researches, the content validity of which is very high, as well as the expert consultation and the small-scale pretest and revision of the initial questionnaire. The expert consultation and the small-scale pretest started from May of 2017, the experts includes five professors, Weizhong Liu, Guoxin Yu, Junxiao Yang, Yulan Song and Xianghui

Liu from Xinjiang Agricultural University where I got my master degree, I asked opinion from them because they are familiar with the situation of the enterprises in Xinjiang and their professions are human resource management or related to human resource management Hence, the questionnaire should have good content validity.

4.2 Index of human resource management practices

In most of previous researches, scholars used the method of regression analysis between human resource management practices and organizational performance. Although they have achieved results of the correlation between human resource management practices and organizational performance, there is correlation between the independent variables, so the result of regression may not be able to get the correct conclusion. In this dissertation, there 55 samples and 14 independent variables and correlation may exist among independent variables, hence, we can use the method of Principal Component Analysis to combine multiple independent variables into a few variables independent of each other that fully reflect the overall information, then to build a human resource management practices index and to verify the relationship between strategic human resource practices and organizational performance through the regression analysis of the index and dependent variables.

4.2.1 Principal component analysis

Table 5. Correlation matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	1.000	0.168	0.151	0.011	0.105	0.126	0.147	0.038	-0.027	-0.130	-0.157	0.009	-0.059	-0.166
2	0.168	1.000	0.093	0.334	0.260	0.196	0.166	0.453	0.171	0.291	0.248	0.119	0.207	0.227
3	0.151	0.093	1.000	0.268	0.164	0.444	0.006	0.274	-0.207	-0.248	0.005	-0.132	-0.248	-0.076
4	0.011	0.334	0.268	1.000	0.687	0.319	0.398	0.464	0.214	0.207	0.415	0.211	-0.122	0.338
5	0.105	0.260	0.164	0.687	1.000	0.227	0.377	0.402	0.197	0.118	0.427	0.115	0.118	0.377
6	0.126	0.196	0.444	0.319	0.227	1.000	0.329	0.496	-0.022	0.072	0.296	-0.007	-0.091	0.090

7	0.147	0.166	0.006	0.398	0.377	0.329	1.000	0.393	0.272	0.110	0.392	0.121	-0.016	0.396
8	0.038	0.453	0.274	0.464	0.402	0.496	0.393	1.000	0.312	0.113	0.634	0.229	-0.107	0.256
9	-0.027	0.171	-0.207	0.214	0.197	-0.022	0.272	0.312	1.000	0.349	0.365	0.625	0.301	0.432
10	-0.130	0.291	-0.248	0.207	0.118	0.072	0.110	0.113	0.349	1.000	0.129	0.334	0.421	0.270
11	-0.157	0.248	0.005	0.415	0.427	0.296	0.392	0.634	0.365	0.129	1.000	0.376	0.154	0.608
12	0.009	0.119	-0.132	0.211	0.115	-0.007	0.121	0.228	0.625	0.334	0.376	1.000	0.334	0.506
13	-0.059	0.207	-0.248	-0.122	0.118	-0.091	-0.016	-0.107	0.301	0.421	0.154	0.334	1.000	0.361

14	-0.166	0.227	-0.076	0.338	0.377	0.090	0.396	0.256	0.432	0.270	0.608	0.506	0.361	1.000
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Table 5 is the correlation matrix of 14 items, concerned about the scale of table, I use numbers instead the name of items. No.1 represents recruitment, No.2 represents human resources strategy, No.3 represents internal job opportunities, No.4 represents induction training, No.5 represents job training, No.6 represents pay for performance, No.7 represents level of salary, No.8 represents career planning, No.9 represents appraisal, No.10 represents promotion criteria, No.11 represents attitude survey, No.12 represents feedback system, No.13 represents team building and No.14 represents employment security. From Table 5 we can found that there are correlations among 14 human resource management practices that these variables can be used in principal component analysis.

From Table 6 we can find out that extraction sum or rotation sum are no matter, the eigenvalues of the first six principal components are greater than 0.8 and the cumulative is reached 75.744% that the interpretability for the independent variables is very high. Hence, 6 principal components are enough from the 14 variables.

Table 6. Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.180	29.858	29.858	4.180	29.858	29.858	2.333	16.664	16.664
2	2.418	17.270	47.127	2.418	17.270	47.127	2.220	15.855	32.519
3	1.200	8.572	55.699	1.200	8.572	55.699	2.095	14.961	47.480
4	1.021	7.296	62.995	1.021	7.296	62.995	1.658	11.843	59.322
5	.963	6.882	69.877	.963	6.882	69.877	1.205	8.607	67.929
6	.821	5.867	75.744	.821	5.867	75.744	1.094	7.815	75.744
7	.784	5.601	81.346						
8	.740	5.287	86.633						
9	.502	3.583	90.216						
10	.437	3.122	93.338						
11	.309	2.207	95.545						
12	.272	1.946	97.492						
13	.211	1.505	98.996						
14	.141	1.004	100.000						

Extraction Method: Principal Component Analysis.

Table 7. Component matrix

	Component					
	1	2	3	4	5	6
Recruitment	.008	.298	.657	.629	-.010	.042
Human resources strategy	.505	.089	.560	-.286	-.027	-.096
Internal job opportunities	.099	.700	.075	-.155	.260	.464
Induction training	.691	.343	-.065	-.063	-.363	.217
On the job training	.654	.249	-.019	.034	-.546	.254
Pay for performance	.421	.555	.108	-.191	.342	-.200
Level of salary	.589	.189	-.099	.366	-.191	-.495
Career planning	.715	.372	-.029	-.082	.309	-.160
Appraisal	.588	-.463	.002	.296	.235	.055
Promotion criteria	.411	-.466	.351	-.378	-.081	-.190
Attitude survey	.768	-.002	-.356	-.040	.138	-.076
Feedback system	.547	-.488	.008	.255	.356	.321
Team building	.268	-.630	.336	-.196	-.062	.120
Employment security	.706	-.321	-.244	.035	-.064	.104

Extraction Method: Principal Component Analysis. 6 components extracted.

Table 8. Rotated component matrix

	Component					
	1	2	3	4	5	6
Recruitment	-.002	.061	.039	-.041	.953	.050
Human resources strategy	-.002	.413	.235	.629	.216	-.009
Internal job opportunities	-.129	.540	.259	-.280	.159	-.577
Induction training	.107	.300	.822	.058	-.013	.041
On the job training	.100	.098	.903	.090	.065	.089
Pay for performance	-.061	.821	.094	.023	.056	.025
Level of salary	.154	.315	.342	-.044	.143	.739

Career planning	.256	.787	.254	.050	-.029	.158
Appraisal	.789	.043	.048	.195	.053	.195
Promotion criteria	.179	.035	.037	.791	-.134	.126
Attitude survey	.499	.442	.349	.019	-.325	.265
Feedback system	.893	.020	.034	.156	.047	-.081
Team building	.358	-.241	.008	.667	-.038	-.083
Employment security	.611	.059	.405	.178	-.256	.198

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Table 7 is a component matrix that shows which human resource management practices could explain the principal components. Table 8 is a rotated component matrix that shows the results of principal component analysis.

All principal components can be expressed as a linear combination of 14 human resource management practices variables through the rotated component matrix. If using C_m ($m=1, 2, 3, 4, 5, 6$) represent the variables of human resource management practices, the formula of C_m can be the following:

$$C_m = H_i \times S_i (i = 1, 2, 3 \dots 14; m = 1, 2, 3 \dots 6)$$

H_i is the coefficient of each human resource management practice in rotated component matrix.

S_i is the actual score of each human resource management practice.

For instance, $C_1 = (-0.002*S_1) + (-0.002*S_2) + (-0.129*S_3) + (0.107*S_4) + (0.100*S_5) + (-0.061*S_6) + (0.154*S_7) + (0.256*S_8) +$

$$(0.789*S_9) + (0.179*S_{10}) + (0.499*S_{11}) + (0.893*S_{12}) + (0.358*S_{13}) + (0.611*S_{14})$$

$$C_2 = \dots$$

$$C_3 = \dots$$

$$C_4 = \dots$$

$$C_5 = \dots$$

$$C_6 = (0.050*S_1) + (-0.009*S_2) + (-0.577*S_3) + (0.041*S_4) + (0.089*S_5) + (0.025*S_6) + (0.739*S_7) + (0.158*S_8) + (0.195*S_9) + (0.126*S_{10}) + (0.265*S_{11}) + (-0.081*S_{12}) + (-0.083*S_{13}) + (0.198*S_{14})$$

Hence we can build the index of human resource management practices using C to indicate the index of human resource management practices, the model can be the following:

$$C = 0.29858C_1 + 0.17270C_2 + 0.08572C_3 + 0.07296C_4 + 0.06882C_5 + 0.05867C_6$$

4.2.2 Regression

Using the index of human resource management practices and organizational performance for regression analysis, the results are the following:

Table 9. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789 ^a	.621	.605	.12965

a. Predictors: (Constant), C

Table 10. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.148	.026		5.757	.000
	C	.577	.087	.789	6.517	.000

a. Dependent Variable: Financial performance

Table 9 and Table 10 are the results of regression of the index of human resource management practices C and financial performance. From the results we can find out that both the index of human resource management practices and the financial performance significant correlated under the level of 0.001, and the correlation coefficient is 0.577, is increasing 1 unit of the index of human resource management practice, the financial performance will increase 0.577. The adjustment fitting coefficient reached 0.605, so the explanation degree of the regression was good. The first hypothesis that the index of human resource management practices has positive correlation with financial performance is verified.

Table 11. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835 ^a	.750	.743	.59366

a. Predictors: (Constant), C

Table 2. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.567	1.108		32.966	.000
	C	.643	.081	.835	5.731	.000

a. Dependent Variable: Customer satisfaction

Table 11 and Table 12 are the results of regression of the index of human resource management practices C and customer satisfaction. From the results we can find out that the adjustment fitting coefficient reached 0.743, so the explanation degree of the regression was good, which means that customer satisfaction can be explained by the index of human resource management practices as very good. Both the indexes of human resource management practices and customer satisfaction significant correlated under the level of 0.001, and the correlation coefficient was 0.643, that is increasing 1 unit of the index of human resource management practice, the customer satisfaction will increase 0.643. The second hypothesis that the index of human resource management practices has positive correlation with customer satisfaction is verified.

Table 3. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.678 ^a	.474	.454	.06088

a. Predictors: (Constant), C

Table 4. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.096	.012		8.350	.000
	C	.184	.038	.678	4.842	.038

a. Dependent Variable: Market share

Table 13 and Table 14 are the results of regression of the index of human resource management practices C and market share. From the results we can see that the index of human resource management practices and the market share significant correlated under the level of 0.05, and the correlation coefficient is 0.184, that is increasing 1 unit of the index of human resource management practice, the market share will increase 0.184. The adjustment fitting coefficient reached 0.454, so the explanation degree of the regression is medium. The third hypothesis that the index of human resource management practices has positive correlation with market share is verified.

Table 5. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.624 ^a	.393	.369	.053403

a. Predictors: (Constant), C

Table 6. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.084	.010		8.326	.000
	C	-.137	.033	-.624	-4.095	.053

a. Dependent Variable: Turnover

Table 15 and Table 16 are the results of regression of the index of human resource management practices C and employee turnover. From the results we can find out that the index of human resource management practices and the employee turnover significant correlated negatively under the level of 0.1, and the correlation coefficient was -0.137, that is increasing 1 unit of the index of human resource management practice, the employee turnover will decrease 0.137. The adjustment fitting coefficient reached 0.369, so the explanation degree of the regression was good enough. The fourth hypothesis that the index of human resource management practices has negative correlation with employee turnover is verified.

5. Conclusions

After the regression, we can conclude from the results the following: Through the whole paper, we can find out that because of the special social system and economic system of China, not all the theories of human resource management are fit for Chinese enterprise. Scholars and entrepreneurs tried to apply these theories and modified these theories that more suitable for enterprise from China. We also learned from these theories and figured out some ways to find out the key factors of strategic human resource management which could have significant impact on organizational performance such as by using universalistic perspective, contingency perspective and configurational perspective. Advanced theories of human resource

management from western countries made great contribution to the development of theories of human resource management in China.

For the state-owned enterprises in Xinjiang Province of China, the index of human resource management practices is positively related to financial performance, customer satisfaction and market share, and is negatively correlated with the employee turnover. It shows that the higher the score of human resource management practice index is, the better the financial performance and customer satisfaction of enterprises, the higher the market share and the lower the employee turnover are. The results have verified the research hypothesis and supported the theoretical perspective of strategic human resource management theory that strategic human resource management practices have a positive impact on organizational performance.

The results show that although the index of human resource management practices has correlation with financial performance, customer satisfaction, market share and employee turnover of state-owned enterprises in Xinjiang, it has higher correlation only with financial performance and customer satisfaction that are 0.577 and 0.643 respectively; the market share, employee turnover only have correlation of 0.184 and -0.137 respectively.

The reason why the index of human resource management practices is not closely related to the market share and the employee turnover may be that the state-owned enterprises have not paid enough

attention to human resource management and the management cannot keep up with the development and be consistent with the strategy of enterprises. Although the employee turnover of most state-owned enterprises is not high, some state-owned enterprises have several temporary workers, which has a certain impact on employee turnover. If state-owned enterprises do not have good incentive systems, training systems or control systems, the employee turnover of enterprises will not be well controlled.

The results show that in order to obtain the desired result, we need to build the index of human resource management practices through principal component analysis and regression with organizational performance.

Although the related research of strategic human resource management and organizational performance attracted the wide attention of scholars in China, the empirical research results are not plentiful because of the difficulty of measurement and evaluation. This research combines theories, the empirical methods and quantitative analysis, discusses the influence of strategic human resource management on organizational performance. In today's increasingly fierce market competition, the survival and development of enterprises face various challenges. The most direct and the most important indicator for measuring an enterprise's performance is organizational performance. There are several factors that affect organizational performance. The practice of countless enterprises

around the world has proved that human resource is the source of the enterprise's sustainable competitive advantage, and it is a powerful guarantee for an enterprise to obtain high performance. Strategic management allows managers to adapt to changing market conditions based on clear goals. In a highly competitive environment, managers must work hard to enable the enterprise to gain and maintain competitive advantages, not just to keep up with changes in the situation. Strategic human resource management is a directional plan to explain enterprise-related business issues. It is a functional management strategy formulated and implemented by managers. It helps managers determine how to support the enterprise's strategy and implementation of personnel management which can improve the organizational performance. All in all, strategic human resource management is the basis for an enterprise to achieve its goals. It affects the enterprise's financial performance, production efficiency, core competitiveness, customer satisfaction, market share etc. Any enterprise that wants to maximize its competitiveness must be able to manage its own human resources successfully.

With the development of strategic human resource management, strategic human resource management has gradually become participants and cooperators of organizational strategies and plays a very important role in the formulation and execution of organizational strategies. Strategic human resource management gradually penetrates into the daily work of the organization and plays

an important role in the realization of organizational performance. Hence, according to the problems existing in the implementation of strategic human resources management in China's enterprises, it has great significance to put forward effective countermeasures in order to support the organizational strategy and improve organizational performance better, such as designing the human resource plan based on enterprise's strategy, establishing a systematic recruitment plan, establishing a standardized training program and a fair performance appraisal plan. They also need to establish a scientific compensation program and an effective incentive plan. For instance, enterprise can design a recruitment plan based on the next 5 to 10 years development strategy of enterprise that can help enterprise reserve talents in advance compare with other enterprises. Talents is the basement and core resources of enterprise, if you have talents reserve in advance that means you have competitive advantages in markets. Hence, the state-owned enterprises should establish and design a fully concerned human resource management plan based on enterprise's strategy of next 5 to 10 years even more. In the meantime, establish a comprehensive system of human resource management from aspects of recruitment, training, appraisal, compensation and incentive.

6. New scientific result

The index of human resource management practices of state-owned enterprises in Xinjiang of China as the following,

$$C=0.29858C_1+0.17270C_2+0.08572C_3+0.07296C_4+0.06882C_5+0.05867C_6$$

The correlation coefficient of index of human resource management practices and financial performance of state-owned enterprises in Xinjiang is 0.577.

The correlation coefficient of index of human resource management practices and customer satisfaction of state-owned enterprises in Xinjiang is 0.643.

The correlation coefficient of index of human resource management practices and market share of state-owned enterprises in Xinjiang is 0.184.

The correlation coefficient of index of human resource management practices and market share of state-owned enterprises in Xinjiang is -0.137.

7. Publications in the field of the dissertation

Presentation: Study on the Impact of Strategic Human Resource Management on Enterprise Performance in XIth Regions in and beyond the Carpathian basin International Scientific Conference.

DING JIE, CAI XIANGYU. (2017): Comparative study on human resource management in China and Europe [中国与欧洲企业人力资管理比较研究]. Finance & Economy, (24): 116-117.

DING JIE, CAI XIANGYU. (2018): Study on the Impact of Strategic Human Resource Management on Enterprise Performance. *International Journal of Human Resource Studies*, 8(3): 60-68.

DING JIE. Research on the Relationship between Strategic Human Resource Management and Organizational Performance. *Regional and Business Studies*. (In Press).