

HRM and Firm Performance: A Case Study of Small and Medium  
Enterprises of Pakistan

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## **Abstract**

Small and medium enterprises are considered as a great source of economic growth and development of the country. However, in Pakistan the development of these SMEs is very slow because they lack in delivering good performance. Therefore, the present study aims at identifying components that help to increase the SMEs performance in the country. Managing the human resource of any organization is one of the most difficult tasks. However, if they were managed in a better way they yield positive results. Similar is the case with the SMEs operating in the country. This study incorporates certain variables including compensation and benefits, performance appraisal, employee involvement, training and development and job security. The following variables are considered as an important factor for the firm performance.

A survey approach was used in order to collect the data from the respondents. The data was collected from the employees of SMEs of Pakistan. The overall empirical assessment revealed positive results between the hypothesized relationships. However certain implications of the study ensured that while SMEs accepting the human resource practices will help to increase the firm performance.

This study will help to bring in awareness to the SMEs of Pakistan in order to bring proper human resource practices in their firm that will help to increase the firm performance and contributes in the economic growth.

**Key words:** Small and Medium Enterprises, Human Resource Management, Firm Performance.

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**CHAPTER 1**  
**INTRODUCTION**