

**Impact of High Performance HR Practices on Organizational
Performance: The Mediating Role of Human Capital**

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By

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Declaration

I Zeeshan Hamid ID #. 14001205007, hereby certify that this thesis is being submitted in partial fulfillment of the requirements for the Master of Science degree in Strategic Human Resource Management.

This thesis is my original work, and the data/material presented herein has not been used for the acquisition of any other degree from any institution.

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“IN THE NAME OF ALLAH, THE MOST BENEFICENT, THE MOST MERCIFUL”

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Abstract

Small and medium enterprises (SMEs) contribute to the economic development, income generation, reduction in poverty and particularly job creation in private sector in both developing and developed countries. Human resources (HR) are of vital importance in small and medium enterprises (SMEs), therefore, this study aimed to investigate the impact of human capital (HC) in SMEs in Pakistan. Also, this study aimed to check if human capital (HC) mediates between the relationship of high performance work systems (HPWS) and SMEs performance. The theoretical section of this thesis elaborate the importance of SMEs, high performance work systems (HPWS), and human capital (HC) development in SMEs in Pakistan.

This study was conducted in three major export oriented districts Gujrat, Gujranwala, and Sialkot in Pakistan. These three districts are because of their major contributions in the Pakistan's export are also called golden triangle. This study used qualitative research strategy and self administered structured questionnaire were used to collect the data and linear regression, and regression analyses were run to test the proposed hypotheses of a sample of 205 senior managers and managers in SMEs. The results denote that high performance work systems (HPWS) are significantly and positively related to superior human capital (HC) development and retention, which, in turn, has a positive effect on SMEs performance. Finally, limitations of this study, academic contributions, implications for managers and future research directions are discussed.

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