

A New Approach for Industrial Cluster Performance and Human Resources Management: Based on Survey

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ABSTRACT

Industrial clusters (IC) are groups of inter-related industries which drive wealth creation in a region, primarily through the production and export of goods and services. The use of clusters as a descriptive tool for regional economic relationships provides a richer, more meaningful representation of local industry drivers and regional dynamics than do traditional methods. On the other hand, one of the fundamental part of every industry such as IC is human resources managements (HRM). Manpower are key capital of organizations and can improve performance too. Although recent researches have been developed the concept of IC but they have not considered aspect of human resources (HR) on clusters performance. So, the purpose of this article is to examine the effect of special aspect of human resource management on IC. Data were collected based on interview and questionnaire with clusters development agent (CDA), managers of industrial clusters and labors. We used correlation matrix to test hypothesis. Results indicated that it is necessary for firms to develop the skill and training of human resources and labors of industrial clusters and it can affect total performance of IC.

KEYWORDS: Human resource management, Clusters, Industrial Clusters, CDA, Performance, Development

1. INTRODUCTION

In today's economic crisis, many countries have changed the progress of industrial clusters where by sharing resources, innovative capabilities, and knowledge, firms can develop competences and competitive advantage against the best competitors [1]. the role of industrial clusters in creating local economic development has often been bolded in both the academic and policy-oriented literatures [2]. In fact industrial clusters play a key role in regional development inspired by regional networks of production of small and medium-sized enterprises in the world. Marshall found advantages such as a specializing supplier and service industry, a favorable endowment with skilled labor, and local knowledge spillovers arising from a regional concentration of firms from the same sector [3]. By clustering together, firms seem to be able to pull from a common and accessible pool of resources, information, and innovations to enhance competences and create competitive advantages to compete globally [1]. Clusters development also lead to new business activities that support creation and innovations and further develop the industrial cluster [1]. Past researches have indicated technological externalities, the ability to increase innovation and learning, the potential to enhance the flexibility and effectiveness of production and distribution systems, drive down transaction costs, stimulate processes of innovation, generate external scale effects and bring economic gains to cluster based firms as benefits of Industrial cluster. Firms in clusters can take advantage of positive externalities [4, 5]. In addition, human resource management in clusters plays a vital role. It provides competitive advantages for the organization and considering the role of HR is necessary for best future management.

Nowadays, the importance of human resource role in Industrial organizations is so clear. Omitting the hidden power of human resource and bring them in to use as a leader in the competency market is so difficult [6]. Actually organizations can assure their achievement by human resource. If organizations have thrived, empowered and adoptable employee, then it can be successful in competitive market. Reverse, if organizations just suffice to other resource except HR, they can't have any achievement. HR play a vital role for organizations and many researches have proven it.

Also estimating the performance of an organization is crucial subjects that assure the success of organizations. Organizations should ensure about their performance because shareholders need to be sure about their investment. A number of previous studies examined the impacts of HRM practices on different kinds of firm performance, such as

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productivity [7], efficiency and employee turnover [8], financial performance [9], customer satisfaction, turnover, absenteeism, productivity and quality [10]. Actually there are different ways to define the performance of industrial clusters. In 2003, Molina-Morales and Martinez-Fernandez used the number of product and process innovations over the last 3 years for determining the performance of industrial clusters. They tested hypotheses in Spain for 350 firms and the results were positive. Then, they improved their findings in 2004. In 2005, Bell studied in 77 investment firms in Canada and he examined the relationship between: (1) introducing new products; (2) introducing new services; and (3) introducing new technologies and performance of firms. In 2007, Hervás-Oliver and Albors-Garrigos considered the financial parameters including ROA and OPA index for determining the performance of clusters. A summary of 3 past year studies about performance index of industrial clusters is shown in table 1.

Table 1. Performance and industrial clusters in past 3 years

Reference	Country focus	Performance measurement
Molina-Morales and Martinez-Fernandez	Spain	Firm satisfaction; ROA and growth of total revenues in comparison to local competitors
Hervás-Oliver and Albors-Garrigos	Spain	Product innovation
Hervás-Oliver, Albors-Garrigos, and De-Miguel-Molina	Spain	Ability to exploit external resources measured as the choice of firm's cooperation with R&D centers in clusters
Hervás-Oliver, De-Miguel-Molina, and Albors-Garrigos	Spain	The managers' perceptions about their own innovative capacity to introduce new products into the market-industry
Wu et al. (2010)	China	ROA, RTS, sales growth, innovativeness

In past researches about performance in industrial clusters, Jun Li and Shuai Geng examined the relationship between shared resources and performance. They considered the special aspect of human resource like knowledge pooling, combination of resource, trust and etc. But human resource management has a lot of aspect that can be taken into consideration for performance.

One of the confirmed competitive advantages for organizations is to identify behaviors of employees and its effect on performance [8]. Development of employees and their behaviors can effect on the organizational performance[11]. Actually HR can impact on industrial clusters and also industrial clusters can affect the human resource practices like team working, skill, knowledge and etc. [5]. Industrial cluster is a multitasking process. It means that for having an efficient IC, it is necessary to coordinate between several parts such as: marketing, financial, academic, engineering and non-engineering services, transportation, distributing part and etc. As it mentioned, human resource has a key role for all part of IC. But unfortunately we are confront the lack of skillful expert and personnel to planning and developing the IC. As it seen in table 1, lots of indexes have been used to determine the performance of industrial clusters, but human resource practices have not been considered as an index for evaluating the performance on industrial clusters. So in this article we provide a framework to state the relationship between performance of industrial clusters and human resource management practices and also proven that if the HR of organization improves then the total performance of the organization will be enhanced. The next section will bring a brief history of industrial clusters and human resource management. In section three, we will discuss the hypothesis and theories. Section four will present the research method and measurement. The last section will present the conclusion of the article.

2. LITERATURE REVIEW

2.1 Industrial clusters

Many researches have shown that the importance of clusters in enhancing the firm's competitive advantage as same as regional competitiveness focus on the advantages that lead to the development, transfer, and application of knowledge necessary for staying competitive in today's fast changing environment [1].

Clusters are groups of inter-related industries that drive wealth creation in a region, primarily through the export of goods and services. The use of clusters as a descriptive tool for regional economic relationships provides a richer, more meaningful representation of local industry drivers and regional dynamics than do traditional methods.

Porter is forefront of modern cluster theory (1990, 1998, and 2000). Porter defines industrial clusters as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities" [3, 12-14]. Porter concept is very familiar in industries and every researcher has been cited to his definition. Also other definitions are available for Industrial clusters [3, 15-17]. The main points of utilizing IC are economical issue that is related to geographical concentrate and inter-connected part by the flow of goods and services. Both high and low value added employment are useful in cluster. Lots of business

units can be scaled in small, medium and large industrial clusters that facilitate cooperation between raw material suppliers, contractors, seller, buyers, support units, consultants and general services. Also beside these units, other groups like unions, helpful groups and NGO that persuade industrial clusters are important part for development.

Gordon and McCann believed that there are three types or threefold typology of clusters: the first one is the industrial complex model; the second one is a model of pure agglomeration and the third one is a social network model [18, 19]. Past researches have proven that the optimizing the distance and locations of clusters in a unit group can increase the optimal level of production and it leads to an effective institutional economic performance [4].

The advantages of clusters have become the focus of attention of both scholars and politicians. Marshall believed that external economies can be found outside of the individual business and can create benefits for organization by sharing the fixed cost of common resources and common knowledge base [20, 21]. The result of the globalization of markets, technologies, and supply sources, increased mobility and decreased communication and transportation costs are key strategies for national and international competition. Trust as an advantage of the industrial cluster has been arisen from different allegations found in the literature. Tacit linkage between the members of the clusters that facilitates transactions, connections and individual creativity are derived by trust on the cluster [22][20].

Other advantages of the clusters are: Access to information and specialized resources at lower cost, creation of new businesses, innovation and flexibility. The most important advantages of the industrial clusters that have been considered in all researches are the improvement of human capital. This advantage stems from the previously analyzed one in that the tremendous flow and exchange of information and knowledge contribute to human capital improvement, whether by means of informal learning (direct observation and tacit knowledge) or exchanging workers [20].

2.2 Human resource management

Successful organizations have experienced a long way to design effective human resource system. This system includes effective manpower planning, recruitment and selection process, realistic performance plans and development oriented performance appraisal, effective learning system providing ample learning opportunities by means of training, performance guidance, and other mechanisms such as mentoring [23].

It is well understood that human resources have key roles in the production process. Human resource management is not only a small department in the organization but also it is widely common in whole departments [24].

Human resource management (HRM) is productive use of people in achieving the organization's strategic business plan. HRM has two dimensions: "soft" aspect and "hard" aspect. Some researchers believed that HRM is the entire field of "people management" without special favorable approach. Versus, Others believed in hard dimension to maximize output of individual and organization [24]. If the organization treats its staffs fairly and respectfully, then individuals are both capable and willing to work intelligently and perform at higher levels. More specifically, involving employees in decision-making, providing them with job security, and opportunities to upgrade their skills or paying employees comparatively better wages will lead to better performance [25].

There are lots of factors such as large pool of qualified applicants, paired with a reliable and valid selection regimen which influences the quality and the type of skills employees possess. Also providing formal and informal training experiences, such as basic skills training, on-the-job training, coaching, mentoring, and management development, can help employees to develop their skills. If organization motivates employees to perform their skills, then they can work harder and smarter [23].

2.3 Relationship between HRM and industrial clusters

Geographical region is a place that business owners, managers and employees in one cluster commonly work and live on it, and they have lots of communication together as a network, so these differences between members of cluster may have a lot of problems with firms from outside and inside too. Firms from outside of the cluster will also find it difficult to understand the mechanism of all the complex relationships, and can hardly develop the competence by simply imitating [5].

Although it is important to understand the progress process of development in organizations but it is also crucial for clusters to acknowledge the considerable progress that has been made in research on HRM and performance [26]. As indicated in Literature review, the importance of Industrial clusters in business world is clear. Also identification of crucial factors that affect the performance of industrial clusters is important. In this case a lot of researches have been done that consider financial, functional, and situational and optimization factors for industrial clusters performance. The importance of HR is considerable. As mentioned, human resource play a key role and ability, skill, knowledge and empowerment of HR can impact on performance also in industrial clusters. As

we know industrial cluster is a group of interconnected companies and associated institutions in a particular field. So this process can facilitate knowledge sharing, training, skill, performance and finally optimize the whole organization. Actually HR in industrial clusters may have a good chance to be more empowered than others out of industrial clusters. So increasing the total practices and empowerment of HR will increase the performance of industrial clusters. In section3, we will discuss about the performance of IC with HR and we will consider special aspect for HR.

3. Hypothesizes and Theories

Concept and practices of human resource management is various. In general, the HRM practices that have been considered by organizations are staffing, HR planning, recruitment and selection, HR development, training, development and career planning and development, direct and indirect financial compensation and nonfinancial compensation, safety and health and employer and the labor relations [24]. HRM practices enable the shaping of employees' skills, abilities, values, belief, attitudes and behaviors through hiring, socializing and developing a firm's pool of human. For instance, providing training and development to employees, such as on-the-job training, job rotation, coaching, mentoring, in-basket training, case study etc. can help improve the knowledge, skills, experience, abilities and motivation of employees[24].

Our survey contains the special and important aspect of HRM practices that is crucial for industrial clusters including: selective staffing, extensive training, internal mobility, employment security, clear job description, results-oriented appraisal, team working, skill and empowerment [27]. To achieve the subjective, we will separately discover the relationship between aspect of HRM and performance. The conceptual framework for Article is provided in below.

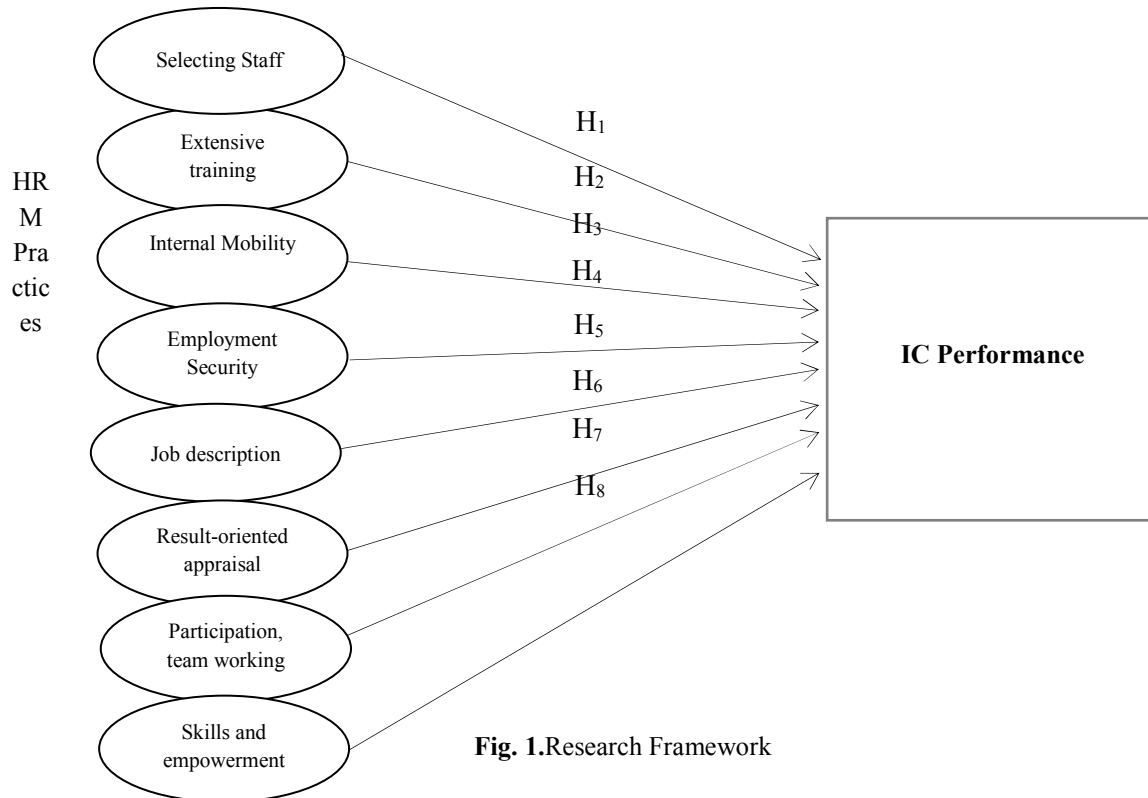


Fig. 1.Research Framework

3.1 Selective staffing and IC performance

Nowadays, the success of organizations like the technology firms is based on continues improvements of employees' performance [27, 28] Also most of the organizations understand the benefits of having good and suitable staff. Selective staffing is a part of people flow in organization. Selection of proper staffs can bring important advantages for IC. If HRM department of IC hires correct people for correct situations, then it can have a long term planning for them. Also it is necessary for organizations to be sure about coordination of selective staff and strategy of organizations. In other aspect, unsuitable motivational action, unsuitable condition for work and lack of interest in employee will lead to dissatisfaction of staff and finally decrease the performance of IC. Considering the geographic

situation of industrial clusters and the role of HR in performance, select of employees will be held in small place. Also staff may adopt themselves with situation and organization. As experts expressed, IC makes a lot of attempts to select the right people for work positions. Also IC pays a lot of attention to those with more experiences. So first hypothesis is defined:

H1: Best selecting Staff lead to better performance for industrial clusters.

3.2 Extensive training and IC performance

Training is described as a planned effort designed by the organization in assisting its employees in the learning process of job related competencies, such as knowledge, skills, behaviors and commitment that are vital for the success of individual's job performances. [29] Training is needed in the context of knowledge sharing as employees have an opportunity to exchange information and ideas during formal training sessions or informal interactions between two or more for increasing the performance of IC, HRM department force to develop the skill and knowledge of employee. In industrial clusters, because works divided into small branches, so training for employees will have focus on special field and its facilitate the training process Training has 2 aspects: On the one hand, organizations should prepare necessary training and be responsible for it; on the other hand, staff should participate in training programs. The second aspect is more essential than other, because training programs will be efficient when employees utilize the lessons. Technological changes in real world forces organization to have a training plan and IC should adapt themselves with these changes. Apart from formal training, informal training and learning is also important in knowledge sharing. Training along with interaction with other employees is the most useful techniques [24]. Because there is no border on IC in the real world, knowledge can transfer easily via supplier when employees undergo training to and cultures bring an appropriate background for employees.

Also geographical proximity of cluster firms facilitates more effective transfer of tacit knowledge among firms [24]. Also optimized system including learning and training issues, performance guidance and development, and other mechanisms of coaching and development are available to employees [23]. So second hypothesis is defined:

H2: Extensive training lead to better performance for Industrial clusters.

3.3 Internal mobility and IC performance

Labor mobility is a condition that location of workers both across physical space and across a set of jobs may be changed. Mobility can be happened for employees as voluntary action and coerced migration. Occupational mobility can be lateral (within a broad class of jobs similar in socioeconomic status) or vertical (from one job to a better or worse job). The availability of large, nationally-representative longitudinal surveys in the late twentieth century has made it possible to measure the extent of mobility in all these dimensions, and how they are related, in several developed economies [30]. To stay competitive, companies have had to respond to the external pressures and demonstrate to employees that they could realize their opportunities inside rather than outside of the company.

Job mobility is inevitable. They are even required for employees to get development and career success in IC. Staff should be in the right place and HRM department should upgrade the job position based on the knowledge, personality, skill and ability of staff. If organization can't have a suitable mobility, then it will lead to power wastage of employees. The risk of job change in IC has been reduced. The cost of searching for a new job in IC is lower than in other regions; and the wages in IC are higher than in other regions so it has attracted companies to focus on the IC. Third hypothesis is defined:

H3: Internal mobility lead to better performance for Industrial clusters.

3.4 Employment security and IC performance

Job security is the most important part of productivity of employees and if the job security is on the high level, then it offers more commitment [31]. In job security, workforce, stabilization and employment continuity policies are main factors. Recent research compare performance between steel making firms in US and Japan. It has been found that Japanese firms have implemented a great number of HRM practices like employment security and they have invested in their human resources more than US firms. Also Japanese firms were more productive than US [32]. Also employment security is crucial that affects the strategic human resource management. Actually organizations should coordinate strategies with employees' security. It will lead to having the sense of belonging to the organization for staff and as a result, it will increase loyalty and decrease desertion. Lots of surveys have proven that if organizations provide the employee security then it will lead to better productivity. Also security create job satisfaction which is related to performance [33]. As it said, IC is a close network of people and equipment. So bringing security for employees will lead to better performance. Because they valorize to the work and cluster and it increase commitment to the clusters [34]. So Forth hypothesis is provided:

H4: Employment security lead to better performance for Industrial clusters.

3.5 Job description and IC performance

Job description expresses an employee's roles, responsibility, activity and tasks. In all organizations, a group of activities will be done in an organized way to achieve the final goals of organizations. When these roles and tasks have been defined, it increases the total performance, because it omits the unnecessary duties and tasks. In IC, since the tasks and roles are simple and also work is divided into the smaller parts, the works may be performed in parallel. So by defining the clear job description, the correlation of tasks and roles will be increased in IC. The result is enhanced performance. Also job description should be up to date and obvious. Because as it said in the past, technological changes make changes in performing works. So we need to check and update the job specifications. Note that job description is just a framework but employees can go beyond borders. In IC, since the people may be very close to each other in Geographical place, so culture of people will affect the specifications of works. Fifth hypothesis is provided:

H5: Job description lead to better performance for Industrial clusters.

3.6 Results-oriented appraisal and IC performance

Nowadays performance is the most reliable indicator of quality. Appraisal is based on the manager's observations of the subordinate's performance that is measured against specific pre-defined goals with actions, attitudes, and general job behavior examined in this context. The results are based on observations and analysis rather than the superior of the subordinates[35]. This is based on performance standards or specific targets. The manager and employee set targets which are relevant to the employee's job roles and the organization as a whole. The targets or standards are set with a future incentive in mind. This may be a promotion, salary increase, or a transfer into another department.

In a results-oriented system the targets which are set may be quantitative (measurable) goals or qualitative (motivational) goals. A qualitative target is motivational and related to behavior.

This method of appraisal springs from forces that have generated a popular philosophy of management known as management by objective or management by result. Thus, this method is less a technique and more a way of life for managers. If the prevailing style of management is harmonious with the objectives approach, appraisal by results appears to be inefficient.

In addition past research has proved that in comparison with the results-focus approach, the process focus appraisal was found to have a more positive and significant effect on appraisal satisfaction, perceived accuracy of appraisal, expected improvement, and actual results. But it depend on the situations and organization's kind [35].

IC group appraisal is more useful than personal appraisal, because all part of IC is connected through the network and final work will be appraised. Also like another organizations, performance indexes for human resource in IC should: 1) be related to ends, not means, processes or resources in isolations from the results they should deliver, 2) be precise and measurable and 3) be related and incorporated into a results chain that links all organizational efforts, organizational results and client and social payoff and consequences [36]. Sixth Hypothesis is defined:

H6: Result oriented appraisal lead to better performance for Industrial clusters.

3.7 Participation and Team Working and IC performance

Employee's Participation in decision making provides a mechanism that enables staff to be useful for the firm. Actually making decision for managers is a crucial factor. Also Participation in decision making and routine works in organization is used to collect different information from different sources so that best decision can be made [37]. Also based on the literature, past researches have proven that participation of staff in decision making is widely believed to improve the performance of the firms. When employee is being involved in decision making and participation in problem solving and information sharing, then job satisfaction and operational performance will be increased [38]. Also culture is as a crucial factor for employees' participation in every environmental management in companies. In these companies communication of values and alignment of the reward and punishment systems practiced are some ways that are necessary [39].

In IC, participation can be held in various levels. Although in IC, management gives a little freedom to staff because functions are done in a simple, ordinal and traditional way and there are operational rules especially when IC has a strategy based on performance. Managers are always looking for new ways and this interaction can help to improve providing ideas, because employees are frontline of organization. Experts have expressed that in IC, participation can be done in operational level. Actually employees can transfer ideas to managers and they can have long-term interaction with top managers. Participation and team working lead to knowledge sharing and in IC level it can be useful as formal training. When employees work together as a team, they can benefit from an implicit knowledge and its effect is more than training. In this condition each employee is an asset that can improve other

employees. On the other hand, knowledge sharing in IC is more than in other industries, because employees have connection through network and it helps the improvement and development of IC. Researchers have proven that team working leads to better performance in individual and organizational level.

H7: Participation and team working lead to better performance for Industrial clusters.

3.8 Skills, Empowerment and IC performance

Based on the past research, organizational performance depends on the behavior of employees and these behaviors can make competitive advantage. Employee development and behavior lead to organizational performance and it is based on practices that human resources taken. These practices have 3 stages. First is determining the type of employees who are selected. Second is the skills and motivation of these employees that organizations want to increase and the last stage is opportunities that these employees have to use new and better ways of doing their jobs [11].

It is widely believed that increasing skills and motivation for using these skills leads to creativity improvement. In addition to using skills by employees to improve their normal tasks, they will also suggest innovative ideas [27]. In other words, employee skills in a firm are not just a supply side phenomenon. It is important to know how staff use these skills and where they use [40]. Also the skills and knowledge gained by employees directly affect the quality of works. Past researchers have found empirical support for dividing human resource management practices into two distinct yet highly correlated factors: those that enhance skills and those that enhance motivation [25].

It argued that raising labor productivity in industrial clusters is happened because of low labor costs. Also this raising labor productivity can be happened in two different ways. Labor markets for industry clusters will tend to have a relatively larger pool of labor with specialized skills appropriate for the particular industry composing the clusters. Because labor productivity is likely to be positively related to how closely worker skills match with job requirements, average labor productivity will be higher in clusters than outside clusters, even if workers have very similar skills and qualifications. Clusters also appear to enhance worker skills. Among the more important ways in which workers improve their knowledge and skills are on-the-job training and learning from other workers. So Last hypothesis is defined:

H8: Skills and empowerment lead to better performance for Industrial clusters.

4. MATERIAL AND METHODS

4.1 Data collection

Data collections for this research were performed in several stages including interview with experts and field research with questionnaire. Preliminary interview for checking important factors and practices in IC performance was useful. As was said in Literature review, there are a wide important factors and parameters about HRM practices. But factors that we use in this research were main and common factors that was pointed out and implied in the most of the studies.

Industrial clusters in Iran are one of the young industries and there is little research about the role of HRM for developing the clusters. Totally there are 68 Industrial clusters in Iran which are active in various fields. These activities can be referred to automotive parts, carpets, foods and etc. Because of being young of IC, the number of managers and business owners that have enough knowledge about IC and HRM are low. We gather information based on the structural interview and questionnaire. Questionnaire was derived from past researches [11, 27,34]. Discussion and results are based on the gathered information and analysis of past researches. Respondents have been selected from the Available CDA of industrial clusters in Iran, managers of main industries and supervisors.

4.2 Measurement

As we want to be familiar with HRM practices, first we visited several Clusters. After that, we have done interview with experts and managers to identify and controlling the main factors that affect the performance of clusters. Prepared questionnaire that was based on past research have been given to some of the cluster managers to ensure the accuracy, relevance and render able.

We have collected best questions from past researches. Cranbach's α that was computed for HRM practices and IC performance have been shown below.

Table2.Cranbach's α for HRM practices

HRM Practices	Alfa chronbach
Selective staffing	0.793
Extensive training	0.654
Internal mobility	0.615
Employment Security	0.811
Job description	0.660
Results-oriented appraisal	0.781
Participation and Team Working	0.742
Skills and Empowerment	0.691
IC performance	0.766

Each items and questions were scaled in seven-point Likert type. We measured selective staffing with four items, extensive training with eight items, internal mobility with four items, employment security with four items, Job description and results-oriented appraisal with three items, participation and team working with eight items and finally skills and empowerment with 4 items. Moreover, testing the total performance of clusters has been measured with 4 items. Job title, number of employees in each clusters, gender, and experience of respondent was considered as control variables for checking external factors. We have presented 140 questionnaires to the main managers, supervisors, expert and advisors. For secrecy of the information, we just request the position of the people in the survey. About 98 questionnaires have been received. Thus we obtained an effective response rate of 70%. According to table 3, Most of the respondents was producer and also have more than 11 years' experience. So information that has been presented can be related and accurate.

Table3.Sample composition

Job title	Num.	Number of employees	Num.	Experience	Num.
Producer	52	<5	14	<5	14
Exporter	24	6-10	34	6-10	24
Designer	6	11-20	26	>11	60
Supplier	10	>21	23		
Etc.	6				

4.3 Data analysis

We have used correlation matrix to explore the relationships between HRM practices and IC performance. The result of correlation matrix and descriptive analysis is presented in table4. As expected in hypothesizes, total performance of IC is related and correlated with HRM practices.

Table4.Correlation matrix

Variables	1	2	3	4	5	6	7	8	9
Selective staffing	1	-	-	-	-	-	-	-	-
Extensive training	0.178	1	.-	-	-	-	-	-	-
Internal mobility	0.053	0.038	1	-	-	-	-	-	-
Employment Security	0.129	0.277	0	1	-	-	-	-	-
Job description	0.002	0.908	0.003	0.000	1	-	-	-	-
Results-oriented appraisal	0.004	0.560	0.001	0.001	0.000	1	-	-	-
Participation and Team Working	0.144	0.318	0.592	0.951	0.180	0.172	1	-	-
Skills and Empowerment	0.728	0.291	0.160	0.002	0.188	0.361	0.004	1	-
IC performance	0.599	0.419	0.573	0.163	0.712	0.329	0.631	0.131	1

5. RESULT AND CONCLUSION

Modern business units like industrial clusters always have problems with new world changes like economic, financial and etc. By understanding more clearly the needs and targets, ICs are able to manage themselves leading to better direction in industrial areas. The aim of this study was surveying the relationship between human resource practices and performance. Several interesting findings and considerations for the industrial clusters field arise from the proposed theoretical framework and the case study. First, the best way for all IC to be successful on their duty is to pay attention to main parts that is HRM, and help managers make best decision for their units. As a result, comprehensive and suitable clustering criteria will depend on HRM and its parameters like: staffing, extensive training, internal mobility, employment security, job description, participation and team working, result oriented appraisal, skill and empowerment. Second, IT is a continuous adaptation for relationship between these 2 matters.

The overall result of this study has shown that improving the human resource of IC lead to better performance and it accelerates the development of IC. Among all aspects of human resource practices, we have considered 8 main aspects based on recent studies such as: selective staffing, extensive training, internal mobility, employment security, clear job description, results-oriented appraisal, team working, skill and empowerment. Results revealed that better management of human resource leads to better efficiency of labors and its result will be shown in performance. As it shown in table 4, job description has main effect on IC performance. If organization draw and define special job description for labors, employees can be active and has better performance. In addition, in such organizations that are based on innovation, it requires employees to have a high level of involvement and participation beside job description. A high level of participation would create the conditions to encourage employees to bring new ideas and exchange knowledge in the ongoing innovation process and, in turn, enhance innovative outcomes [34].

Also most of experts emphasize on the training and knowledge sharing among human resource practices that facilitate the development. Well trained employees can share and use their new knowledge and skills and also they can use their creativity to understand and improve the service in the organization. Some of the benefits of training and development are including improved moral, employee satisfaction, lower turnover, higher retention, improved hiring and better bottom line that can increase employee's satisfaction commitment and motivation. So it can improve the overall competence and performance of an employee [41]. In other hand team working can improve IC performance. Based on nature of industrial clusters, creation of multifunctional team can improve tacit and implicit knowledge of members and it will affect the total performance of IC. Also as it said in literature, the role of internal mobility is crucial for improving the performance of IC. If organization can improve their activity by coordinating internal mobility and identifying the new job opportunity, then the total performance will be increased. In other hand. IC should be considered the best practices of human resource for improving the performance. Actually in all performance indexes for performance, it is widely accepted that human resource performance is as important as other indexes. As human resource is a crucial part of any organizations like IC, it is important to manage people with right strategies and these strategies actuate IC to success.

6. Limitations

Because industrial clusters in Iran are so young, our sample was limited. In other hand research methods can be improve to other methods like regression or SEM.

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