Perception of Strategic Human Resource Management among Employees of Jordanian Private Companies

Ayman Abdal-Majeed Al-Smadi
College of Graduate Studies, Universiti Tenaga Nasional, Selangor Malaysia
smadi370@yahoo.com

ABSTRACT
This paper attempted to investigate the perception of employees at Jordanian private companies with regards to their companies' strategic human resource architecture (SHRA), strategic direction (SD) and impediments to the implementation strategic human resource (SHR). The data for this study was collected from the respondents by using survey questionnaires. In this research two kinds of statistical analyses were carried out on the data obtained from the respondents. First, descriptive analysis was used to analyze the background of the respondents and the companies; second, regression analysis was used to analyze the relationship between human resource architecture, strategic direction, and obstacles, total 200 questionnaires for the study were distributed to the respondents by e-mail and also by hand. A total of 103 were received, the respondents are employees of Jordanian private companies. The results of the study suggest that the levels of perception among the employees on the three variables are quite high. In addition, there is exist relationship between strategic human resource architecture, strategic direction, and obstacles.

Keywords: SHRM, SHRA, SD, SHR, HRM.

1. Introduction

According to Abuqayyas (2007), (SHRM) is a complex process which is constantly evolving and being studied and discussed by academics and commentators. Its definition and relationships with other aspects of business planning and strategy is not absolute and opinion varies between writers. SHRM can be regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organization on the future direction it wants to take. SHRM has been also defined as all those activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of business. According to Chew and Chong (1999); Delery, (1998); Huang, (2000), the concept of (SHRM) became more important nowadays according to the literatures and theorists to many reasons, one of them, the impact of (SHRM) on organization performance, the concept of (SHRM) highlights the important of human resource management (HRM) component in generally.
importance of this concept, it is not enough to achieve fundamental change in behavior management. This concept in turn, should work in a larger framework that includes the strategic level of the organization as a whole which facilitate human resource management planning practices to be more structural and holistic.

Human Resources Management (HRM) extends to include many of the functions and practices associated with the formation and development and the preservation of the human element within the organization. The function of (SHR) would enhance organization to achieve it is vision and desired efficiency (Denise & Griffin, 2001). This study aimed to investigate the status of (HRM) activities and functions among Jordanian private companies with respect to the extent in which Jordanian private companies are involved in the strategic planning in general, (HRM) and the degree to which those functions are applied. And this study also examined the companies' ability to implement its strategic planning within the (HRM) framework and its different functions. This study is important as there are significant barriers facing Jordanian private company as they try to adopt the strategic perspective regarding the (HRM) and its different functions.

This study also aims to identify some of the factor that influence to the implementation of the strategic human resources functions by studying the effect of the relationship between some (SHRA) and (SD) among employees in Jordanian private companies.

2. Literature Review

Theory of (HR) focuses on the assumption that the human being can achieve a sustainable competitive advantage for the organization if the organization management more effective than another organization (Khatari, 2000; Richard, 2001). HRM is important following to these reasons:

First, the growth and development of education and cultural awareness has led to an increase in the number of staff, depending on the nature of their wishes and hopes for the future is different from the past, which led to the need for experts who study human behavior and rules used to support policies that deal with individuals.

Second, to stimulate and encourage those engaged in the performance of the work of the organization to what it was a special to encourage loyalty and dedication of members of the career, and work to achieve further progress within the organization through growth and career development and coordination between performance and rewards (Gordon, 1986).

According to cherrington (1995), the importance of (HRM) are attributable to several factors, such as, meet the needs of workers and the need to provide the expertise to perform the activities of (HRM) and the rising cost of problems caused by the human resources.

HRM consist several functions based on writers such as (Salih, 2002; Denise and Griffin 2001). There are many human resource functions as follows:

a. Human Resource Planning: The human resource planning is function of the basic functions of (HRM) in the organization. Determine the needs of the organization of human resources at present and the future is very important, and must also determine the
size of this need and specifications of personnel required in order to ensure the continued
availability of the cadres of the organization to continuation of production operations as planned.

b. **Employment**: The employment are an extension of the planning process for human
resources in the organization, and the process involves two basic elements, polarization,
and the selection of the right person to put in the right place.

c. **Human Resources Development**: Development of human resources is determined
through training programs to increase the skills of staff within the organization. The aim
of this step is improve staff knowledge and skills to do the job in the best way.

d. **Performance-Appraisal**: It is one of the important functions of human resources
management in the organization, by this function the organization will be able to control
other activities, the organization must put effective system to measure the efficiency of
the workers, the existence of an effective system to evaluate the performance of workers
provides an objective basis for determining the contribution of each individual in the
organization to achieve its goals.

e. **Compensation**: The system of compensation includes wages and basic salaries, bonuses,
additional services; these activities play a key role in the promotion of individuals within
the organization by ensuring a high standard of living.

2.1 **Strategic Human Resource Architecture (SHRA)**

Human resources can be defined as the sum of human capital under the firm’s control in a
direct job relationship. HRM can be evaluating not only for its role in implementing a given
competitive scenario but for its role in generating strategic capability (Wright, et al., 2001).

A human resources activity in the past in some of the traditional functions of workers within
the organization was called the department of personnel administration, or the knowledgeable
management staff, Human resources is also defined as all the decisions and activities affecting
on administrative nature of the relationship between the organization and staff, and this
definition consist several main elements related with HRM such as, effect of the flow of
employees, reward systems and working system (Donk, 1992).

HRM can also viewed as a HRM activity, which means the use and development,
remuneration and management of the organizations, as well as the process includes the design
and implementation of the regulations necessary for the planning and development staff and
assess the performance and the system of compensation for workers and improve labor
relations,(Gordon, 1986).

2.2 **Strategic Directions (SD)**

Schmerhorn (1993) defined strategy as a comprehensive plan of action that sets critical
direction for an organization and guides the allocation of its resources, strategic can also be
defined as identification of strategic goals and long-term goals of the organization and the
adoption of a set of actions necessary to achieve these goals. Glaister & Falshaw (1999) defined
the strategic planning as a process by the identifying the organization's mission and develop goals and strategies and policies for the provision of resources and distribution that will ensure the best way to achieve these goals. Strategic planning is the backbone of the strategic management focusing on the development and the formation of long-term plans to deal effectively with the opportunities and threats in the external environment surrounding the organization.

2.3 Obstacles of Adoption Strategic Human Resource

Organizations today must grapple with revolutionary trends accelerating product and technological change, international competition, deregulation, demographic changes, and a shift towards a service society. These trends have increased dramatically the degree of competition in virtually all industries. Companies in such an environment either become competitive high-performers or they vanish (Dessler, 2000).

Within this competitive organizational context, HRM practices have gained increased significance. More specifically, human resource has been linked to increased productivity (Ichniowski et al., 1997; Fox et al., 1999), good customer service (Fox et al. 1999), greater profitability. Delery and Doty (1996): Fox et al. (1999) and overall organizational survival (Welbourne & Andrews, 1995). To achieve such link, management must not only face current issues of HRM but also deal with future challenges related to HRM effectively.

One of the main challenges that human resource managers will face in the next three years involves issues of training and developing human capital. As organizations develop, they have to operate in an ever more interconnected world (Schuler, 1995). Training and development activities are going to support those changes in the near future and are essential to the success of any organizational strategy. In the highly competitive, global market place, the competitive advantage for companies is the quality of their human resources (Ferris et al., 1999; Pickles et al., 1999).

Training and development should be combined with efforts to improve employee quality of life. Employees in our days need to balance life with work. A good way to help them achieve such balance is to offer flexible work arrangements. Therefore, another significant HRM challenge that organizations will face in the next three years is flexibility. Flexible or non-standard working patterns have become a significant element of the reality of employment in many organizations in the 1990’s and all the indications suggest that this challenge is set to continue into the twenty-first century (Skinner, 1999).

According to Dileep Kumar (2006), obstacles to successful SHRM implementation are complicated. The main reason is a lack of growth strategy or failure to implement one. Other major barriers are Inducing the vision and mission of the change effort; Interdepartmental conflict, Limited time, money and the resources and Economic and market pressures influenced the adoption of SHRM.
3. Methodology

The research model in this study consists of three variables which are (SHRA), (SD) and Obstacles of (HRM), the respondents in this study comprised Human Resource employees working in private companies in Jordan. The sample of respondents was drawn from a list of companies registered with a website www.ccd.gov.jo, which is Jordan company control department. There were a number of 171 companies, out of the total 171 companies, 16 companies were selected as they are accessible. The 16 private companies are located in the area of Irbid.

The data collected were analyzed by using SPSS 18.0 software. The analysis included descriptive analysis to analyze the background of the respondents and the companies. Where correlation used analysis to analyze the relationship between SHRA, SD, and Obstacles, the last one is regression analysis. According to some studies and articles related with (HRM). To achieve the aims of this study the researcher has developed the bellow hypotheses:

\[ H_1: \text{there is a significant relationship between strategic human resource architecture and strategic direction.} \]

\[ H_2: \text{there is a significant relationship between strategic human resource architecture and obstacles.} \]

\[ \text{SHRA} = B_0 + B_1 \text{Di} + B_2 \text{Ob} + e \]

3.1 Reliability Analysis

Reliability refers to the stability and consistency with which the instrument is measuring the concepts and helps to assess the goodness of measure (Sekaran, 1992). Consistency can be measured by a number of ways but the most common way is the Cronbach’s alpha coefficients that provide an indication of the average correlation among all items (Pallant, 2001).

As can be seen from Table 1: the Cronbach’s alpha value for each variable ranges from 0.667 to 0.989, indicating a high reliability for the study variables, the result suggests that the variables are appropriate analysis.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Direction</td>
<td>0.965</td>
<td>29</td>
</tr>
<tr>
<td>Human Resource Architecture</td>
<td>0.667</td>
<td>22</td>
</tr>
<tr>
<td>Obstacle's</td>
<td>0.989</td>
<td>5</td>
</tr>
</tbody>
</table>

3.2 Data Collection:

The data for this study were collected from the respondent by using structured questionnaires. A total 200 questionnaires for the study were distributed to the respondents by e-
mail and also by hand. Initially the researcher has called the companies to have appointment and to distribute copies of questionnaire to their companies, next, Out of 200 the distributed questionnaires, only 103 were returned and were potentially available for analysis and the response rate was 51%.

4. **Empirical Results**

4.1 **Descriptive Statistics**

For the responding descriptive analysis there are 77 male (74.8 percent) respondents and 26 female (25.2 percent) respondents. In term of education, most of the respondents obtained education in management 21 (20.4 percent), marketing 33 (32 percent) and finance 34 (33 percent).

In term of level of education, most of the respondents are holding diploma level 41 (42.7 percent). The age of respondents is mainly from 20 to 50 years old. Out of the 103 respondents, 88 are Jordanian (85.4 percent) and 15 are Palestinian (14.6 percent).

For company background analysis there are 22 insurance (21.4 percent), tourism 43 (41.7 percent), banks 22 (21.4 percent), and other 16 (15.5 percent). Most of the companies have top management in the strategic planning, the companies also have centralized planning department. However, most of the companies do not have written strategic plans, 67 (65 percent) of respondents out of 103 answered that the planning period is more than four years.

Most of the respondents agreed that their companies used outside consultant for their planning. Most of them also agreed that adequate resources were allocated for planning purposes.

4.2 **Normality Distribution Test:**

The normality of the data was assessed using the skewness and kurtosis statistics derived from the descriptive statistics which should have a range of -1 and +1 Cooper and Schindler (2008) as shown in table 2.

If the range belong that above range, then the distribution is normally distributed and therefore there is a need for transforming the data to normal distribution in order to perform the necessity statistical tests.

According to the following table we can see that there is a normality between all the variables which is the skewness is ranged between (+1,-1), and kurtosis is also ranged between (+1,-1).

<table>
<thead>
<tr>
<th>Table 2: Normality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>N Valid</td>
</tr>
<tr>
<td>N Missing</td>
</tr>
<tr>
<td>Mean</td>
</tr>
</tbody>
</table>
4.3 Multi Collinearity Analyses

There are many ways to measure criterion validity or collinearity between the variables such as, Tolerance Value, Variance Inflation Factors (VIF), and Pearson correlations. Multi collinearity test is important because if multi collinearity exists between two or more independents variables it can deteriorate the results of multiple regressions.

In this study Tolerance Value and Variance Inflation Factors (VIF) were applied in order to check if there is Multi collinearity. According to Hair et al. (2006), if the tolerance values are more than .1 and VIF values are less than 10 indicate that there is no multi collinearity.

<table>
<thead>
<tr>
<th>Std. Deviation</th>
<th>10.62547</th>
<th>27.53917</th>
<th>3.04106</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skewness</td>
<td>-.300</td>
<td>-.423</td>
<td>-.341</td>
</tr>
<tr>
<td>Std. Error of Skewness</td>
<td>0.238</td>
<td>0.238</td>
<td>0.238</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-.576</td>
<td>-.930</td>
<td>-.245</td>
</tr>
<tr>
<td>Std. Error of Kurtosis</td>
<td>0.472</td>
<td>0.472</td>
<td>0.472</td>
</tr>
<tr>
<td>Minimum</td>
<td>48.0</td>
<td>24.00</td>
<td>12.80</td>
</tr>
<tr>
<td>Maximum</td>
<td>95.0</td>
<td>12</td>
<td>51.61</td>
</tr>
</tbody>
</table>

Table 3: Collinearity Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients a</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>62.466</td>
<td>2.727</td>
<td>22.903</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Direction</td>
<td>-.051</td>
<td>.081</td>
<td>-.133</td>
<td>-.631</td>
<td>.133</td>
</tr>
<tr>
<td></td>
<td>Obstacles</td>
<td>1.040</td>
<td>.288</td>
<td>.763</td>
<td>3.619</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable : SHRA

The result in Table 3 indicates that, multicollinearity does not exist among the variables, because the Tolerance values are more than .1 and VIF values are less than 10.

4.4 Regression Analysis

The standard value for R² is 1 which means that there is a perfect linear relationship between the dependent and independent variables. On the contrary, R² value equal to 0 indicates that there is no linear relationship between the dependent and independent variables.

According to the following table we can see that the R² is 0.410, it reflects the strength effect of IV (SHRA) and DV (obstacles, direction), and the equation that we used to calculate R square is:

\[
SHRA = 62.466 + (-0.051) Di + 1.040 Ob + 2.727
\]
4.5 Results of Hypothesis Testing

H₁: there is a significant relationship (SHRA) and strategic direction: The results in (Table 3: shows a significant positive relationship between (SD) and (SHRA) (Sig = 0.00). In addition, the result indicates that for each unit increase in the independent variable of direction, there is an expected increase of -.051 in the dependent variable of human resource architecture. The direction of this relationship is positive. An examination of the T value (t -.631, p < 0.00) indicates that strategic direction contributes to increase (SHRA).

H₂: there is a significant relationship between (SHRA) and obstacles: The results in (Table 3: shows a significant positive relationship between obstacles and (SHRA), (Sig = 0.00). In addition, the result indicates that for each unit increase in the independent variable of direction, there is an expected increase of (1.040) in the dependent variable of (SHRA). The direction of this relationship is negative. An examination of the T value (t 3.619, p > 0.00) indicates that obstacles contribute to increase (SHRA).

5. Conclusion and further studies

5.1 Conclusions

This study was carried out to determine the application of (SHRA), and strategic planning in the form of the strategic direction among employees of Jordanian private companies. In addition, this study seeks to assess the obstacles towards the application of (SHRA) and (SD). Further, this study also attempts to examine the relationship between the human resource architecture and strategic direction.

The average level of (SD) for all items is ranged from 2.2524 for (the long term impacts of organizational weakness are evaluated to the highest mean score of 3.8058 for your firms establishing new sites locations at a faster rate than that of your key competitors). The mean for (SHRA) ranged from 2.3204 for (if the company was facing economic problems, employees would be the last to cut to the highest mean score of 3.8738 for there are formal training program to teach new hires the skill they need to perform their job). The mean and standard deviation for obstacles to implementation of (HRM) is show that there are 5 items for human resource management. The mean is ranged from 1.2524 for (minimum financial support to the highest mean score of 2.6893 for “No cooperation among employees”).

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.641⁹</td>
<td>.410</td>
<td>.399</td>
<td>8.24061</td>
</tr>
</tbody>
</table>

- a. Predictors: (Constant), OBSTACLES, DIRECTION
- b. Dependent Variable: SHRA

Table 4: Regression Analysis
This paper investigated the functions of (HRM) in Jordanian organizations, and the obstacles that faced of adoption (SHR). The results of this paper showed that there is a significant relationship between (SD), obstacles, and (SHRA), This means that (SD), obstacles, and (SHRA) are important practices in the Jordanian private companies.

5.2 Further Studies

This study suggests several options for future research that would build on the findings of this study. First of all, this study had implemented on privet companies located in same area (Irbid), this study can be done and replicated in different locations and implement on private and public companies at the same time. The findings of this study are only applicable to the sample that used in this study. This could be accomplished by conducting the research in larger metropolitan areas enabling the use of the random sample that will represent the population.

Second, an extension of this study for further studies can be developed in several areas. The researchers in future are suggested to include more variables which are not examined in this study.

References


