The Impact of Strategic Human Resource Management Implementation on Firm Performance

"Empirical Study on the Telecommunication Sector in Jordan"

BBS Doctoral Symposium 23rd & 24th March 2009

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Abstract:

Many authors have maintained that strategic human resource managements directly linked to organizational performance. However, despite the increasing popularity of SHRM; there have been very few systematic evaluations of the claims that it is linked to performance and doubts remain as to its theoretical foundations. Therefore, the purpose of this research is to examine the impact of SHRM implementation on the organizational performance. Empirical data will be collected from Telecommunication firms in Jordan via questionnaire.

Introduction:

Nowadays, it is a common belief in the business world that the human resources of an organization can be a source of competitive advantage, provided that the policies and practices for managing people are integrated with strategic goals and objectives. Strategic human resource management (SHRM) emphasizes the importance of establishing congruence between human resource policies and organizational strategic goals.

Problem Statement

Human Resource Management (HRM) has been developed into Strategic Human Resource Management (SHRM) by researchers seeking to emphasize the importance of the concept to the effective functioning of organizations. To this end, many authors have maintained that SHRM is straightforwardly linked to organizational performance and there is a preponderous of opinion that high-performing work organizations pay special attention to adopting particular HRM policies and linking these to the strategies of their organizations. However, regardless of the rising popularity of SHRM, there has been very
few systematic evaluations of the claims that it is linked to performance and doubts remain as to its theoretical foundations (Harris & Ogbonna 2001). This problem can be particularly examined through answering the research main question:

How does strategic human resource management implementation affect the Telecommunication sector firms’ performance in Jordan?

Importance and Justifications of the Study

The importance and justification for conducting this study by the researcher is as follows:

1- As the literature shows, such a study has not previously been conducted in Jordan, especially what is related to strategic human resource management implementation in the Telecommunication sector. The research objective is to explore the impact of SHRM implementation on the organizational performance of the Telecommunication sector in Jordan, which is considered as one of the leading growth sectors in the economy.

2- The positive results of foreign studies on strategic human resource management, and the interest of renowned thinkers and researchers in this field.
Objectives of the Study

The main objectives of this study are:

1. To gain a deeper understanding of the relationship between SHRM implementation and the organizational performance.

2. To know if the relationship between SHRM implementation and organizational performance is affected by firms' size and age.

Theoretical Framework and Study Variables

For better understanding of the relationships among variables, the relationships schematically diagrammed in the figure (1):
Figure (1): The impact of SHRM implementation on organizational performance
Literature Review

Within the last two decades, there has been a number of important contributions in the literature dealing with issues pertaining to the management of people. Significant attention has been directed towards human resource management (HRM), which many have seen as representing a distinct approach to managing people (Guest, 1997). Interestingly, although researchers have highlighted the holistic nature of HRM, much of the initial research into the concept focused on a limited range of issues and has been criticized as ‘micro analytic’ (Delery and Doty, 1996). However, in the last decade, researchers have sought to show the importance of HRM in influencing organizational performance and it is from this premise that the current interest in SHRM has developed (Cappelli and Crocker-Heftel, 1996).

Rapid environmental change, globalization, innovations to provide competitive products and services, changing customer and investor demands have become the standard backdrop for organizations. To compete effectively, firms must constantly improve their performance by reducing costs, enhancing quality, and differentiating their products and services. To improve firm performance and create firm competitive advantage, HR must focus on a new set of priorities. These new priorities are more business and strategic oriented and less oriented towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation (Jing and Huang 2005). SHRM was designed to diagnose firm strategic
needs and planned talent development which is required to implement a competitive strategy and achieve operational goals (Huselid et al., 1997).

**SHRM and Performance**

Strategic Human Resource Management is the planned pattern of human resource deployment and activities intended to enable the organization to meet organizational goals and objectives (Noe et al. 2007). In other words, the definition of SHRM represented by the degree of participation in core decision-making and partnership undertaken by HRM departments, and the specificity and formality that HRM departments require in planning and implementing, all of that, to ensure that firm human capital contributes to achieving firm business goals.

Interestingly, the burgeoning interest in SHRM has not been matched by the development of appropriate theoretical constructs for the concept (Guest, 1997). Indeed, researchers have criticized the underpinning theoretical foundations of SHRM and many have called for the formulation of a theory of SHRM (Dyer, 1985). Two major reasons account for this criticism. The first is that the concept of HRM, from which SHRM originated, has itself been subjected to extensive criticisms for its poor theoretical framework (Legge, 1994). The second, and perhaps more important reason, is that researchers have approached the field of SHRM from a variety of perspectives with little acknowledgement of the differences within them and no attempt has been made to identify the common threads in the perspectives (Delery and Doty, 1996). Such an understanding is important to enable an assessment of the viability and adoption of the concept. A brief discussion is proffered in what follows.
In an extensive review of the literature, Delery and Doty (1996) identify three categories of researchers and the perspectives that they have adopted in theorizing SHRM. They tag the first group of researchers ‘universalists’ largely because of their interest in identifying ‘best practice’ SHRM policies. Delery and Doty (1996, p. 803) note that “these researchers . . . posit that some human resource practices are always better than others and that all organizations should adopt these best practices.” It is within this perspective of theorizing in SHRM that the present interest in developing ‘high performance work practices’ is located (Osterman, 1994). Thus, the assumption is that the adoption of certain SHRM policies is likely to result in increased organizational performance (Kochan and Dyer, 1993).

The second strand of theorizing identified by Delery and Doty (1996) comprises those researchers adopting a contingency approach. In keeping with the early foundation of the contingency perspective within organizational theory, these researchers argue that the success of HRM policies is contingent upon the achievement of a match between human resource policies and other aspects of the organization. For example, researchers adopting this perspective have demonstrated that different human resource policies may be required at different stages in an organization's life cycle (Bird and Beecher, 1995).

Delery and Doty (1996) identified a third group of SHRM theorists as adopting a ‘configurational’ approach. Delery and Doty (1996, p. 808) noted that this approach is more complex and consists of researchers who seek to “. . . identify configurations, or unique patterns of factors, that are posited to be maximally effective.” This category of
researchers are also said to approach their subject from a more theoretical perspective and many of the phenomena they identify may not necessarily be empirically observable (Doty and Glick, 1994).

A consistent theme in all three theoretical perspectives of SHRM is the assumption that SHRM is linked to organizational performance. However, while the literature is rich with claims that both HRM and SHRM are linked to performance, there is little empirical evaluation of this and the theoretical foundations upon which these links are based have been described as inadequate (Guest, 1997).

Accordingly, a better understanding of the role of the implementation of strategic human resources management in creating and sustaining organizational performance and competitive advantage should be achieved through further theoretical development and empirical evidence (Jing and Huang 2005).

In conclusion, the research for this study involves looking at SHRM approach. It examines the hypothesis that organizations that implement SHRM approach achieve higher performance than organizations that do not. This research will focus on this issue and will add to the body of knowledge about the effect of strategic human resource implementation on firm performance.
Research Hypotheses

This research will examine two main directional hypotheses; additionally two sub-hypothesis will be generated from the first main hypothesis as follow:

**H1** – There is a significant impact of strategic human resource management implementation on organizational performance.

H1/1 - There is a significant impact of HR devolvement on organizational performance.

H1/2 - There is a significant impact of HR strategic involvement on organizational performance.

**H2** - There is a significant variation in the impact of Strategic human resource management implementation on organizational performance in terms of firm size and firm age.

Methodology:

A survey method will be used. It is one of the most common used methods for data collection using standardized measurement tools. To differentiate the SHRM implementation level in the targeted firms, a questionnaire will be designed based on the definition of strategic human resource management. Additionally, objective and subjective variables will be used to measure the organizational performance.
**Target Population:**

The study population is the telecommunications sector in Jordan, which is considered as one of the leading sectors in Jordan economy.

**Data Analysis Method**

The researcher will use the appropriate data analysis tool, which is: Descriptive statistics (e.g. mean, standard deviation), ANOVA, multivariate analysis, and other analysis tools will be applied.

**References:**


