

THE AFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT ON EMPLOYEES PERFORMANCE

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ABSTRACT

Strategic human resource management (SHRM) practices are used by large foreign multinational companies to improve their performance. The study aimed to investigate the effect of strategic human resource management practices on employees' performance: in Jordanian pharmaceuticals Companies. The study population consisted of two Jordanian largest Companies. Questionnaire was developed to collect data from employees. Statistical techniques were used to test the study hypotheses. The result showed that the Jordanian pharmaceuticals factor is has the most effect on employee performance.

The researcher recommend that companies need to improve their strategic human resource management, in order to build a strong SHRM system. The researcher recommends that companies should provide their employees more fair incentives system Companies have to be more aware of their employee opinions by having a policy to motivate their lower-level employee. Finally the relationship between SHRM practices and firm performance is indirect through motivation.

Keywords: *Human resource strategies, Jordanian pharmaceuticals Companies. Working practices.*

I. Introduction:

Human Resource practice is common concept and an important aspect of organizational management that intends to affect the employees those who work in the organization. This includes organizational culture, communication practices, HR activities, leadership (Ulrich, Dave, 1998). The field of strategic human resource management (SHRM) has been change from its simple human management where the job was only concerned with job recruitment, evaluation, Monitoring, employee payrolls. Strategic human resources management (SHRM) becomes more important and knowledge based- economies (Bruce Fried, Myron D. Fottler, 2018)

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The modern field of today's strategic human resource management (SHRM) is attracting a great deal of attention because of its potential impact on organization's survival and prosperity. There is now an evolving belief that, if organizations wish to survive and compete in today's talent-based global economy, they have to acquire, develop, and manage the strategic human resource management competencies and practices (Boxall, P., Purcell, J. & Wright, P., 2007).

In the recent 50 years, higher management has come to the conclusion that people, not products, markets, capital, buildings, or machines, are the crucial differentiators of any business. Organization need to have human efficiency to generate profits. Higher management have to constant search of methods enhance the level of employee skills, which ultimately improve organizational performance (Pudelko, M., 2005).

According to John Bratton, Jeff Gold., 2012. The main SHRM practices are (Recruitment, Training, Compensation and Appraisal) These SHRM practices are required to be implemented.

SHRM practices can ensure continued success of business organizations. (Shaukat, et al, 2015). Therefore, companies should make their SHRM practices with their strategic goals in parallel, in order to develop employee skills, and performance so that the employees achieve the overall organizational strategy (Elaine D. Pulakos, 2004)

A performance review is designed to evaluate performance and to identify any areas where training may be required. The performance is a discussion and a chance to explore different opinions (Kimberly Schaufenbuel, 2016).

SHRM practices must be one of the main goals of managers and it should be pursuit the employee performance. Therefore, the key to sustaining a profitable company or the productivity of the workforce which can be achieved through improved SHRM practices (Hosseini Janatifar et al. (2014).

From the previous studies the researcher notices that no clear understanding between SHRM practices and companies performance, and there is also a dearth of data concerning the link between them.

In addition to the above, there is little research or literature on the strategic human resource management (SHRM) effect on employees performance in the pharmaceuticals sector in Jordan. Therefore, The study investigates the impact of a strategic role for human resource management (SHRM) on companies' performance. Survey data from three pharmaceuticals companies in Jordan was analyzed to investigate the relationship between a strategic role for SHRM and companies performance. This study considers the independent variables of SHRM are recruitment, compensation and evaluation and the dependent variable is the employee performance. The paper was structured as the follows: First, the study literature review, focusing on SHRM and performance, conceptual model and derived hypotheses. The methodology, data analysis, and results are subsequently presented and finally conclusion.

II. Literature Review

SHRM practices has to be directly concentrate to affects the employees performance (Mark A. Huselid ,2017)

The strategic thinking affected all HRM functions which called as strategic recruitment and selection, strategic planning, strategic training and development, strategic and compensation. All these HR functions work horizontally with HR strategies and vertically business strategies and goals.

Resource based theory is one of the most referred one in SHRM literature. Human resources should be rare to create a advantage for employees and companies in the same time. SHRM practices focus on attracting and hiring the most skilled or talented employees. Human resources must be inimitable.

Inimitability of human resources is related to people's unique skills, abilities and competencies which are customized for them (Cemal Zehira , Yonca Gurolb , Tugba Karabogac , Mahmut Kole.2016).

Fesharaki Sehhat, 2018 present a study in the field it was a kind of empirical research descriptive study. He determined four dimensions of IHRM, i.e. recruitment and selection, training and development, remuneration and compensation and performance appraisal. The result shows that the link between performance appraisal and employees' commitment is not statistically significant because of the slightly negative attitude of the employees toward a possible perfunctory routine

(Fesharaki Sehhat, 2018). This study considers the independent variables of SHRM are recruitment, compensation and evaluation and the dependent variable is the employee performance. The following is the conceptual model and derived hypotheses.

Study Hypotheses:

Based on problem statement the following hypothesis can be derived:

H₀₁: There is an affect between strategic human resource management practices and employees performance in Jordanian pharmaceuticals Companies, at significant level ($\alpha \leq 0.05$).

Based on the practices of Strategic Human Resource Management the main hypothesis is dived into the following sub-hypothesis:

H_{01.1}: There is an affect between training programs and employees' performance in pharmaceuticals Jordanian Companies, at significant level $\alpha \leq 0.05$.

H_{01.2}: There is an affect between compensation and employees' performance in Jordanian pharmaceuticals Companies, at significant level $\alpha \leq 0.05$.

H_{01.3}: There is an affect between Appraisal and employees' performance in Jordanian, pharmaceuticals Companies, at significant level $\alpha \leq 0.05$.

III. The Research Model:

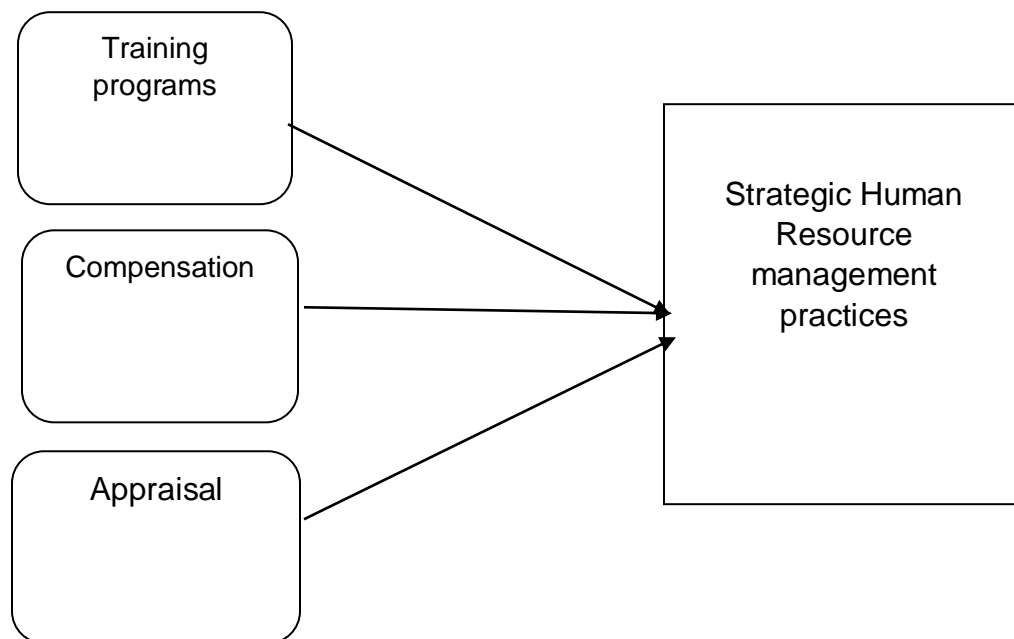


Figure (1) research model

Source: Adopted by researcher.

IV. Research Methodology:

The current study is theoretical and practical. Descriptive and analytical analysis will be used in this study. The researcher relied on descriptive and analytical methods using the practical manner to collect, analyze data and test hypotheses depend on the following methods

1. The primary Data: Collected through questionnaire which was to the study sample to middle-level and lower-level employees in the Jordanian Pharmaceuticals Companies to explore the impact of SHRM practices on their performance.
2. The secondary data: includes books, scientific studies, books, and journals.

Study Population and Sample:

Sampling is significant as budget and time restrictions prevent from surveying (Sekaran, 2013). The researcher conducted a field of study on the three existing pharmaceuticals Companies in the Jordanian market.

1. Hikma
2. Mid Pharma
3. Pharma International co

The study population consist the middle-level employees at the Jordanian pharmaceuticals companies. The researcher chose a sample that can be used to represent the population. The study sample consists of (278) employees in the three companies. The sample was calculated through a sample size calculator via the following .

The Study Tool:

Tool for collecting primary data: The researcher prepared a questionnaire as a tool to achieve the objective of the study.

The questionnaire variables are as follow:

- **The First Section:** demographic Characteristics on the study sample, with Characteristics (gender; age; educational level; job title; department; and experience at the company.
- **The Second Section:** Independent variable (**Strategic Human Resource Management Practices**).

This section measured the Strategic Human Resource Management Practices through (24) dimensions (Training Programs, Compensation and Appraisal) (8) items for every variables as shown in table (1).

Table (1) Strategic Human Resource Management Practices

Strategic Human Resource Management Practices	T raining Programs	Compe nsation	Appr aisal
No. of Items	8	8	8
Items Arrangement	8 to 15	15 to 23	24 to 31

- **The Third Section:** The Dependent variable (Employees performance in the Jordanian pharmaceuticals Companies).This section measured the Employees performance through (7) items. All the items of the questionnaire were measured on a 5 Likert-type scale as shown below.

Table (2) 5 Likert-type scales

Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Statistical Treatment:

The data collected from the responders of the study questionnaire were analyzed through Statistical Package for Social Sciences "SPSS Statistical V.10. Finally, the suitable statistical methods used are as follow:

Validity and Reliability:**Validation:**

Two methods were used to test the questionnaire for clarity and to provide a coherent research questionnaire; first, multiple sources of data such as (journals, researches, theses, worldwide web, and articles) were used to set and refine the model and the measures. Second, a macro review that covers all the research constructs was thoroughly performed by the academic from the field.

Reliability test:

A reliability test was carried out using Cronbachs' alpha, which measure the internal consistency of a construct. As showing in Table (3) reveals Cronbachs' Alpha test for each items in the questionnaire. The result showed a value of (0.85) for the all items as well as alpha for each variable is greater than accepted percent 0.60, which is a reasonable value indicating the tool consistency that enhanced its use for the study.

Table (3) Reliability analysis of the study scales

Variables	No. of	Cronbach's
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	Items	Alpha Value
Recruitment	7	0.805
Compensation	8	0.742
appraisal	8	0.837
Employee performance	10	0.856
All of the variables		0.84

Hypotheses Testing

Table (4) multiple regression analysis (Coefficients) to ensure the effect of strategic human resource management practices on employees' performance.

Model	standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.165	.144		1.151	.251
employee performance	.280	.060	.268	4.653	.000
Training Programs	.151	.056	.620	2.707	.007

ion	Compensat	.170	.071	.170	2.	.0
	Appraisal	.641	.007	.151	-	1.
					386	18
					2.089	96

According to the coefficient table it is found that t _values for the variables) are significant at 0.05 levels. That means there is significant effect of each of them on the Employees performance variables. There is a significant statistical effect of strategic human resource management practices (Training Programs, Compensation, and Appraisal on employees' satisfaction in telecom companies, at $\alpha \leq 0.05$. Therefore, the first main hypothesis is accepted.

H₀₁: There is an affect between strategic human resource management practices and employees performance in Jordanian pharmaceuticals Companies, at significant level ($\alpha \leq 0.05$).

1. Referring to the first hypothesis under Ho1; the sig-value of strategic human resource management practices is (0.049) and it is not significant at ($\alpha \leq 0.05$) and the t-calculated is (4.653) and it is higher than the t-tabulated (.021). This indicates that a strategic human resource management practice has a significant effect on the employees' performance in Jordanian pharmaceuticals Companies at ($\alpha \leq 0.05$).

2. Therefore, the first sub null hypothesis is accepted:

H_{01.1}: There is an affect between training programs and employees' performance in pharmaceuticals Jordanian companies, at significant level $\alpha \leq 0.05$.

3. Referring to the second sub hypothesis under Ho1-2; the second hypothesis is accepted: there is an affect between compensation and employees' performance in Jordanian pharmaceuticals companies, at significant level $\alpha \leq 0.05$. and it is not significant at ($\alpha \leq 0.05$) and the t-calculated is (2.386) and it is higher than the t-tabulated (.018). This indicates that compensation has significant effect on the performance at ($\alpha \leq 0.05$).

4- Referring to the third sub hypothesis under Ho1-3. The sub hypothesis is rejected.

Ho1-3: There is an affect between Appraisal and employees' performance in Jordanian, pharmaceuticals Companies, at significant level $\alpha \leq 0.05$.

The sig-value of Appraisal is significant at ($\alpha \leq 0.05$) and the t-calculated is (-2.089) and it is lower than the t-tabulated (1.96). This indicates that Appraisal has no significant effect on the employee's performance at ($\alpha \leq 0.05$). Therefore, the sub hypothesis is rejected.

V. Conclusion and Recommendations:

In this study, the researcher examined the relation between Strategic Human Resource Management practices and employee performance in Jordanian pharmaceuticals companies. The study came out with a number of results that may contribute to increase the employee performance in Jordanian pharmaceuticals companies. The results indicates that there is a relation between strategic human resource management Practices (Training programs, Compensation, and Appraisal) and employee performance in Jordanian pharmaceuticals companies.

This result indicates that the companies have enough experience and knowledge of the employees and they use deference methods to train their employees. The pharmaceuticals companies have the ability to forecast the human resource requirement, and to arrange for recruitment process. The company constant to trained there staff. The incentives and compensation system clear to all employees. They also support the new appointed employees by implementing orientation programs and encourage team-work seminars between the employees to share what they learned on any giving training.

This result indicates that pharmaceuticals companies in Jordan are concerned about their employee's needs and the type of incentives and compensation based on employees performance. The employees consider these benefits compare favorably in the sector.

The Appraisal has no significant effect on the employee's performance. The researcher recommends that companies should provide their employees fairer appraisal system. Companies have to be more aware of their employee opinions by having clear appraisal system motivate the employees for efficient performance.

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