

Impact of Human Resource Management Practices on Strategic Competitiveness

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Received: 11.03.2020 Revised: 12.04.2020 Accepted: 28.05.2020

ABSTRACT: This study aims to identify the impact of human resource management practices on strategic competitiveness. The study adopted a method of structural modeling to identify the group of factors that formed the study models, as well as to identify the multiple causal relationships that link variables and components. Construction phases of the structural equation models are disclosed, a useful statistical methodology to study causal relationships using non-experimental information, specifically when the relationships are of the linear type. The model development strategy was adopted through the use of structural equation systems, in which a model is proposed and the purpose is to improve it by modifying its structure or its measurements. The maximum likelihood method was used to obtain the common factors. The proposal was made based on the literature. The study found that human resource management practices are critical factors for strategic competitiveness.

KEYWORDS: Career Management, Training, Recruitment, Performance Appraisal, Reward System.

I. INTRODUCTION

Among the major challenges facing organizations are their ability to adapt to the challenges, and to keep pace with the transformations taking place in the world, and that the most important of these transformations at all is the global crisis of Coronavirus 19, and the thoughts and practices it carries have direct and indirect effects on all economies, especially the developing countries that are characterized by the fragility of their economies, and the inability of their institutions to adapt quickly and effectively to the rapidly changing variables (Avdiu & Nayyar, 2020). Competition has also become based on technological development and innovation, which in turn depends on the knowledge that the human mind possesses (Esser et al., 2013). The administration's attention is directed towards the human element. It has been shown that it is the most important component of production, as it exceeds the rest of the other elements in value and importance, as it is able, with its capabilities and efficiency, to create and develop various resources. The trend today is the necessity to invest in the human factor because it is considered a real and permanent investment (Mello, 2014).

As much as strategic competitiveness depends on an array of factors ranging from strategic management and supply chain, human resources management has played a significant part in keeping organization at the toss in term of cost-effective operations, productivity and diversification; a phenomenon that has increasingly enhanced strategic competitiveness in the contemporary business world (Suri & Yadav, 2020). Human resources involve assorted features; namely, career management, training, recruitment, performance appraisal, and reward system which human resource management should carefully consider to effectively managing human capital in a business (Aris et.al, 2019).

Trying to find the impact of human resources in regard to strategic competitiveness, this research conducts an analysis of secondary sources relating to human resource management and organizational competitiveness. Precisely, the research refers to the individual features of human resources practices as the independent variable that wholesomely influences the strategic competitiveness.

II. LITERATURE REVIEW

Human Resource Management Practices

Human resource management practices are the administration responsible for carrying out a number of activities that include employing, maintaining and training human resources so that they can deal with the organization's strategies and policies and manage change (Albrecht, 2015), Human resources are the main wealth of all organizations, more than capital and natural resources, despite their damn importance, but they are based on the human element, sufficient and trained, which prompted organizations to sponsor the activity related to it by the human resources unit working to find the required practices that contribute to achieving the goals and objectives of the organization (Srivastava & Dhar,2016). Accordingly, human resources management practices are the central functions in managing all organizations, as the success and failure of organizations depend on the level of effectiveness and efficiency of these practices (Bratton & Gold, 2017).

The human resource management practices work to achieve the goals of the organization in order to achieve those goals through studying, understanding and evaluating its employees, determining what suits them in the internal market external environment, determining the size of employment and the levels of human resources flow to it, training them, evaluating their performance and motivating them (Kianto et al., 2017).

According to (Tan & Nasurdin, 2011) Human resource management practices include career management, training, recruitment, performance appraisal, and reward system.

Career Management

(De et al.,2019) assert that career management skills in organizations are helpful, especially in helping employees advance internally, seeking guidance in determining their purpose and passion, and how they can best fit in the organization. De Oliveira et.al (2019) emphasize that employers who tend to provide career management tools and resources usually experience a competitive advantage in the process of hiring, advancing, retaining, and engaging talent. According to (Aris et.al, 2019) various competencies are vital towards identifying some career competencies that support an employer's needs, especially in areas of managing careers and developing skills. In a nutshell, career planning helps employers in various organizations prepare to communicate what they want, why they want it, or the plan they have towards achieving their targets.

Training

The success and downfall of many organizations solely depend upon the employee's level of performance. According to (Khalid et al.,2019), an organization can achieve success by retaining talented employees in need of time. Various organizations lose their performance as a result of losing skilled employees. For organizations to achieve success in this highly competitive world, they need to adapt the training strategy to retain their unique and special talents (Khalid et.al, 2019).

Some organizations tend to provide online training services where the employees are not taken to the fields for training. This mechanism allows organizations to maintain their level of productivity (Peña & Muñoz, 2020). Furthermore, employees have the advantage of taking the training programs outside the regular working hours, giving them more time to concentrate on their duties while still engaging in the exceptional training (Gan & Yusof, 2019).

Recruitment

Recruitment is one of the most significant aspects of human resources. Recruitment is the most essential part of human resources (Hennekam et al., 2019). According to the literatures, various employees play a significant role in many organizations because they tend to offer perspectives, values, and multiple attributes towards the life of the organization. When these attributes are managed effectively, they tend to benefit the organization.

Most recruitment and selection processes in many organizations have an element of subjective judgment inherent in them (Khandelwal & Kumar, 2019). For instance, many organizations' success is directly linked to the performance of employees working in organizations. Underachievement tends to be a result of workplace failures (Jones, 2019). This is because hiring the wrong people or failing to expect fluctuation cases in hiring needs can be costly.

Performance Appraisal

Based on research by (Zaim, et al.,2019), performance appraisal is a complex process that is a result of multiple aspects that are involved in varying interests in the evaluation outcomes that exist among different agents. Im and Hartley (2019) add that an appraisal system is organized along various dimensions. The researchers add that people conducting the evaluation, the criteria with which performance evaluation is performed, and the purposes of the practice. Ratten & Dana (2019) also emphasize that employers are mandated to decide the adoption of the formal system of performance appraisal and how this system will be organized to obtain returns from its use.

Reward system

Reward systems in most organizations are conducted after implementing a systematic performance appraisal system, and adequate feedback provided to employees (Horváthová & Davidová, 2019). Consistency in behavioral research suggests that performance levels are always highest when rewards are contingent upon performance. According to (Song et al., 2020), there are five reward systems in organizations, that is, functions served by reward systems, bases for reward distribution, intrinsic versus extrinsic rewards, money, and motivation relationship, and the pay secrecy.

Strategic Competitiveness

Strategic competitiveness is not the product of chance, nor does it arise spontaneously. This is created and achieved through a long process of learning and negotiation by representative groups that support the dynamics of organizational behavior, such as shareholders, managers, employees, creditors, clients, competition, the market, government, and society (Hanson et al., 2016). So, our reality makes it possible to point out that there is external competitiveness, which is oriented towards the achievement of the organization's achievements in the context of the market or the sector to which it belongs; and internal competitiveness, referring to the organization's ability to maximize the performance of available resources, such as personnel, capital, materials, ideas, etc., towards the formalization of its transformation process (Elango, 2008).

In the case of external competitiveness, it is suggested to consider variables that the reference system provides outside the company and that influence the estimation of its long-term competitiveness, such as the degree of innovation, the dynamism of the industry, and economic stability (Baloch & Maria, 2009) . On the other hand, internal competitiveness makes the company compete against itself and remain in the constant improvement of its management. Competitiveness is a factor that influences the way of planning and developing any business initiative, which obviously causes evolution in the company and businessman model.

III. RESEARCH METHODOLOGY**Data Collection Procedure**

The data for this research were obtained through the application of an electronic questionnaire for university professors in Iraqi universities. Data collection occurred during the period from February to March, In order to expand the sample size, after sending the questionnaires by email and by Google form, contact was made by phone with some professors, explaining the objectives and the importance of participating in the research. The email address and telephone contacts of them were obtained from the academic administration secretariat. Adopting the same method as Taherdoost (2016), the evaluation of the sample size occurred by calculating the sample's margin of error (E), considering the method of estimating the population proportion for finite population and admitting a degree 95% confidence interval (1.96) in its calculation. The opinion of the professors was measured using the Likert scale (Joshi et al., 2015). To this end, statements related to the variables were presented to the interviewees so that they could indicate their degree of agreement between five attributes: completely disagrees; disagrees; moderate; agree and completely agree. The highest degree of agreement for each statement indicated a better situation for the variables.

The choice for this method is due to the fact that the data are collected on an ordinal scale, not allowing calculations of mean and standard deviation, as well as the fact that the population is not too large, and can be considered as finite. The sample size was 131, and the reliability was tested using the Alpha Cronbach, and the result of the Alpha Cronbach coefficient for HRMP is (0.809), and SC is (0.861).

Table 1. Results of Credibility of the Items

Indicators	Items	Cronbach alpha values
HRMP_1	Item_1	0.746
	Item_2	
	Item_3	
	Item_4	
HRMP_2	Item_5	0.735
	Item_6	
	Item_7	
	Item_8	
HRMP_3	Item_9	0.807
	Item_10	
	Item_11	
	Item_12	
HRMP_4	Item_13	0.806
	Item_14	
	Item_15	
	Item_16	
HRMP_5	Item_17	0.756
	Item_18	
	Item_19	
	Item_20	
HRMP		0.809
SC	Item_21	0.861
	Item_22	
	Item_23	
	Item_24	
	Item_25	
	Item_26	
	Item_27	
	Item_28	
	Item_29	
	Item_30	

Respondent's Demographic Profile

Table 2 indicates that the majority of respondents are males with (63.7%) and (36.2%) females, the largest percentage is for (less than 30) age group (43.36%), and the lowest is the age group (more than 50) with (9.73 %). And that the majority of respondents are PhD holders at a rate of (74.34%).

Table 2. Respondent's Demographic Profile

Variable		Frequency	Percentage
Gender	Male	72	63.72%
	Female	41	36.28%
Total		113	100.00%
Age	<30	49	43.36%
	30-40	32	28.32%
	41-50	21	18.58%
	>50	11	9.73%
Total		113	100.00%
Education	BSC	12	10.62%
	MSC	17	15.04%
	PHD	84	74.34%
Total		113	100.00%

Exploratory Factor Analysis

The analyzes of the correlation matrix between the variables, present high values that exceed 0.881 in absolute value, a reference that indicates the convenience of continuing with factoring. The index (KMO: Kaiser-Meyer-Olkin) presents an indicator of 0.883, which is good and confirms the decision to group variables into common factors. In relation to the extraction of the main components, the presence of three factors was observed, which together explain 66.7 % of the variance as shown in Table 3..

The exploratory factor analysis for both exogenous and endogenous latent variables allowed determining that the grouping of variables corresponds to the theoretical approaches, and then developed subsequent analyzes for confirmatory purposes. (Hair et al., 2009). Finally, it is important to note that for both types of variables (exogenous and endogenous), exploratory factor analysis provides only a mathematical criterion, guiding us towards the validation of measurement models for the different variables that are part of our study.

Table 3. EFA Analysis

Items	Components				
	1	2	3	4	5
Item_1	0.797				
Item_2	0.751				
Item_3	0.706				
Item_4	0.550				
Item_5		0.707			
Item_6		0.676			
Item_7		0.617			
Item_8		0.564			
Item_9			0.758		
Item_10			0.716		

Item_11			0.599		
Item_12			0.587		
Item_13				0.764	
Item_14				0.653	
Item_15				0.611	
Item_16				0.523	
Item_17					0.840
Item_18					0.647
Item_19					0.631
Item_20					0.618

Confirmatory Factor Analysis

a) For the measurement model of exogenous latent variables, it is possible to determine the validity of the indicators as measures of the dimensions of HRMP_1, HRMP_2, HRMP_3, HRMP_4. As it shown in Figure 1.

Table .4 The Goodness of fit indexes for the HRMP

CFI	NFI	GFI	RMSEA	Ratio
0.959	0.941	0.932	0.071	2.314

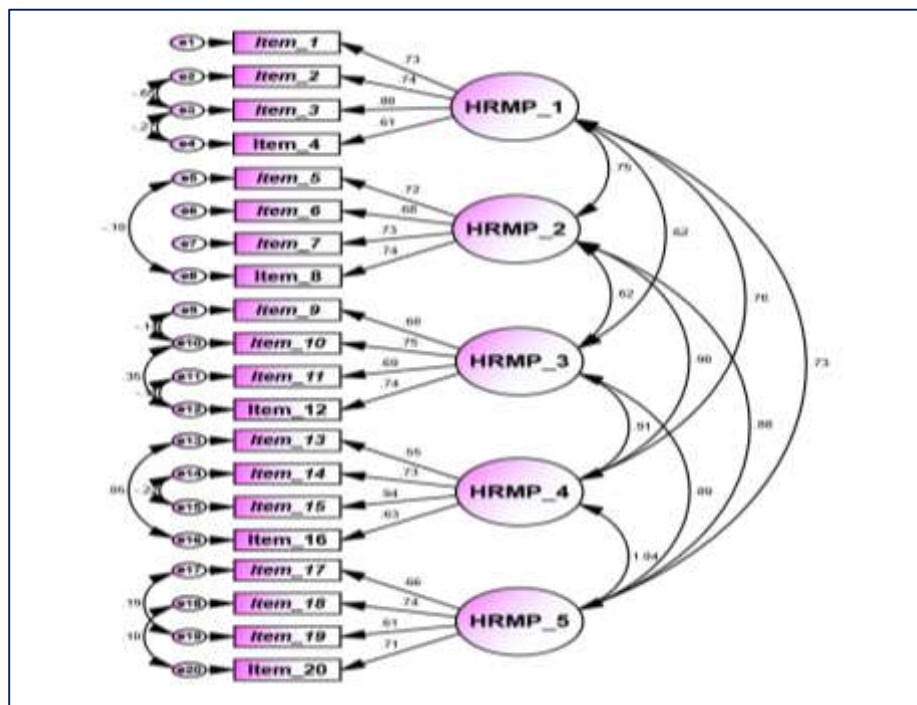


Figure 1. HRMP Model

It is observed that the adjustment is positive in all the indices obtained for the model that groups the twenty variables into five factors. In this sense, the CFI (Comparative Fit Index) and NFI (Normal Fit Index) proposed

by (Bentler; Dudgeon, 1996) show values above 0.950 which are considered very good, and the one presented by (D'Agostino, 1986) GFI (Goodness of fit index), show values above 0.90 which are considered very good, while ratio presents a value of 2.314 that can be interpreted as a good fit; The same occurs for RMSEA (Root Mean Square Error of Approximation), which is significant with values less than 0.08.

Taken together, the results obtained through confirmatory factor analyzes report the validity of the hypothesized factor structure. In other words, the existence of a model of twenty variables grouped into five main factors is confirmed: HRMP_1, HRMP_2, HRMP_3, HRMP_4, HRMP_5,.

b) In relation to the measurement model of endogenous latent variables, we determine the validity of indicators as measures of the items of SC , as the results of Goodness of fit.

Table 5. Goodness-of-Fit Indices for SC

CFI	NFI	GFI	RMSEA	Ratio
0.968	0.955	0.941	0.039	1.654

The analysis carried out is similar to the previous one, obtaining a positive adjustment in the model indices that groups the ten items into one factor, In this sense, Table 5 indicates that CFI (Comparative Fit Index) and NFI (Normal Fit Index) show values above 0.90 and GFI (Goodness of fit index), show values above 0.90 which are considered very good, while presents a value of ratio of 2.314 that can be interpreted as a good fit; The same occurs for RMSEA (Root Mean Square Error of Approximation), which is significant with values less than 0.08

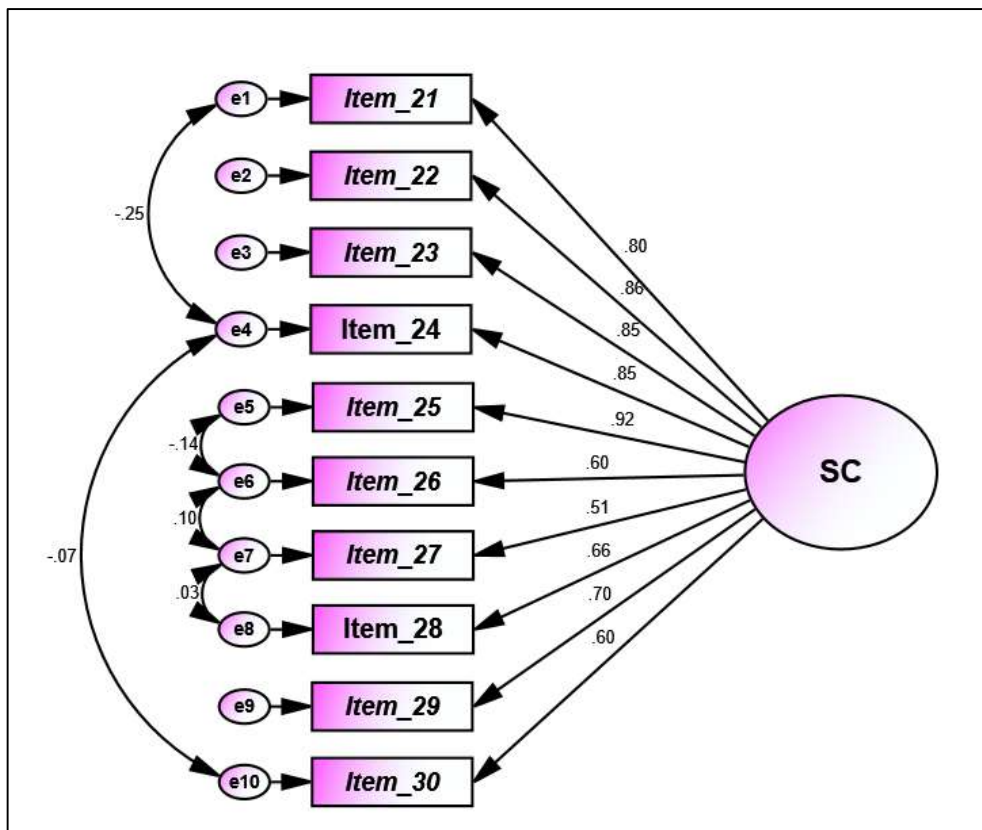


Figure 3. SC Model

IV. RESULTS

There is a significant relationship between the variables (HRMP, SC), and the correlation coefficient value is (0.323), and the value of the significance level is less than 0.05 and this indicates that the correlation is positive between the two variables, and with regard to the relationship between (HRMP_1, SC), the correlation is positive and significant, and the correlation coefficient value is (0.519), and the significance level is less than 0.05, while the relationship between (HRMP_2, SC) is positive and significant, with correlation coefficient value of (0.471), and the value of the significance level is less than 0.05, and with regard to the relationship between (HRMP_3, SC), the correlation is positive and significant, and the correlation coefficient value is (0.439), and the significance level is less than 0.05, while the relationship between (HRMP_4, SC) is positive and significant, with correlation coefficient value of (0.537), and the value of the significance level is less than 0.05. Finally, there is a positive relationship between the variables (HRMP_5, SC), the correlation coefficient value is (0.539), and the value of the significance level is less than 0.05.

Table 1. Correlation Coefficient

		HRMP_1	HRMP_2	HRMP_3	HRMP_4	HRMP_5	HRMP	SC
HRMP_1	C.C.	1	.400**	.383**	.213*	.606**	.532**	.519**
	Sig. (2-tailed)		.000	.000	.024	.000	.000	.000
HRMP_2	C.C.	.400**	1	.467**	.287**	.602**	-.158	.471**
	Sig. (2-tailed)	.000		.000	.002	.000	.095	.000
HRMP_3	C.C.	.383**	.467**	1	.191*	.340**	-.109	.439**
	Sig. (2-tailed)	.000	.000		.043	.000	.252	.000
HRMP_4	C.C.	.213*	.287**	.191*	1	.096	.337**	.537**
	Sig. (2-tailed)	.024	.002	.043		.309	.000	.000
HRMP_5	C.C.	.606**	.602**	.340**	.096	1	.121	.539**
	Sig. (2-tailed)	.000	.000	.000	.309		.203	.000
HRMP	C.C.	.532**	-.158	-.109	.337**	.121	1	.323**
	Sig. (2-tailed)	.000	.095	.252	.000	.203		.000
SC	C.C.	.519**	.471**	.439**	.537**	.539**	.323**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

Figure 3 indicates that there is a direct effect between HRMP_1 and SC which is (0.06), and this relationship is significant at the level of 0.05, and HRMP_2 affects SC significantly, as the impact value is (0.52), at a significant level of 0.05. Also, there is a direct impact between HRMP_3 and SC which is (0.18), and this relationship is significant at the level of 0.05, HRMP_4 affects SC significantly, as the impact value is (0.34), at 0.05 level. And HRMP_5 affects SC significantly, as the impact value is (0.09), at a significant level of 0.05.

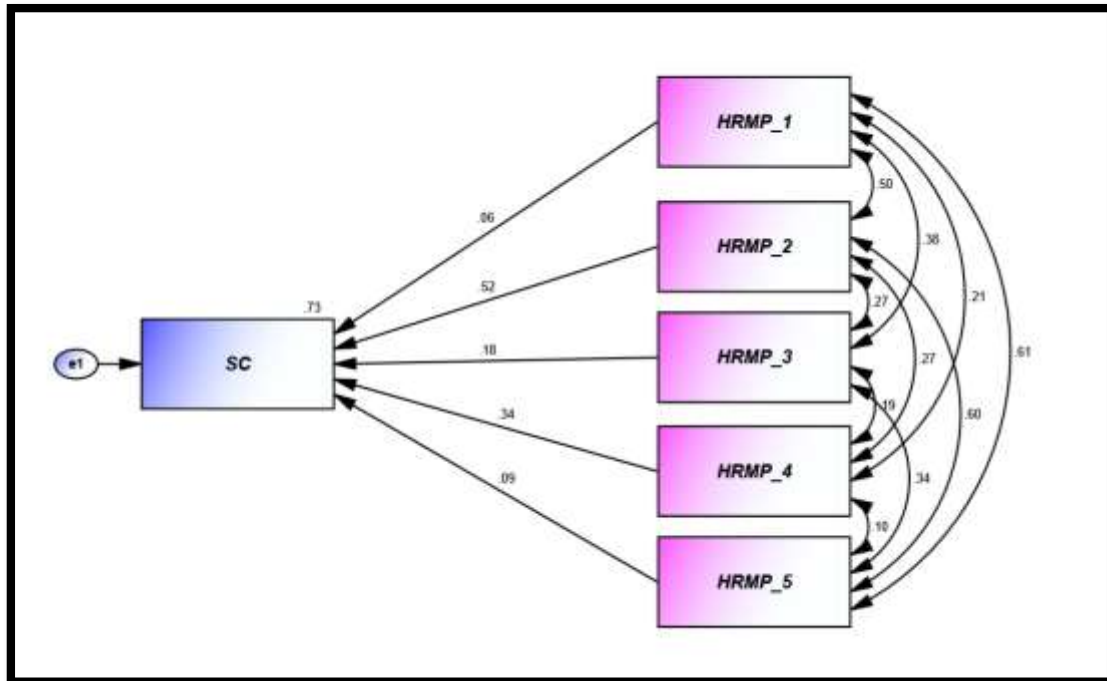


Figure 3. Structural Effect

V. DISCUSSION

This research aims to identify the impact of human resource management practices on strategic competitiveness for business organizations, and results have shown that human resource management practices have a positive impact, as they have demonstrated a positive impact of practices (career management, training, recruitment, performance appraisal, and reward system) in improving strategic competitiveness.

Career management has taken more prominence in the dynamic global organizational environment where various companies aim to achieve agility and flexibility. Furthermore, the skills and qualities of employees acquired through education and training are the major components that help determine the long-term profitability of various organizations (Gan & Yusof, 2019). Wise organizations invest a lot in the development and upgrading of their employees' skills through delivering training programs that are of high quality that later increases the efficiency and productivity of the organizations. It is also essential for the recruitment and selection process to be imperative in most organizations. It attracts most individuals on a timely basis, insufficient numbers who have appropriate qualifications. On the other hand, performance appraisal helps in administering decisions such as pay rises or variable pay systems (Im & Hartley, 2019).

It can also support other administrative decisions such as retaining workers or adopting disciplinary actions, among other things. The results of performance appraisal are sometimes used when making comparisons between the workers. It is significant also to understand that rewards serve various functions such as stimulating job efforts and the performance, reducing or eradicating absenteeism and turnover, enhancing the commitment of the employees, facilitating job satisfaction, and finally facilitating the occupational and choice of the organization (Horváthová & Davidová, 2019).

There is increased anxiety over outsourcing jobs in most organizations today. From past research, companies that tried outsourcing some of the nonessential functions could concentrate most of their valuable resources towards achieving competitive advantage. Noteworthy, the majority of organizations and individuals are living through an array of challenges and chaotic times. For these organizations, achieving strategic competitiveness requires various features that need to be put in place to help impact both employers and employees on the best management and employment practices.

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