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THE IMPACT OF HUMAN RESOURCES MANAGEMENT STRATEGY ON ORGANIZATIONAL COMPETENCIES DEVELOPMENT

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ABSTRACT

The researchers through this study aimed at determining The Impact of Human Resource Management Strategy (HRMS) on organizational competencies development, the methodology was chosen for the study undertaken is a descriptive-analytical method. The software SPSS (statistical package for Social Sciences) version 19 has been applied in the statistical analysis. Moreover, the researchers have used the tools of Regression. The study population included all Human Resources Managers and Supervisors of companies. The sampling method used in this study is stratified sampling, with a population size of 200 HR managers and supervisors from Egypt. The results of the regression analysis show that human resources management strategy has a positive effect on organizational competencies development.

Keywords: Human Resources Management, Human Resources Strategy, Development Of Organisational Competencies

JEL Codes: M12, M14, O15

ÖRGÜTSEL YETKİNLİK GELİŞTİRMEDE İNSAN KAYNAKLARI YÖNETİMİ STRATEJİSİNİN ETKİSİ

Araştırmacılar bu çalışmada İnsan Kaynakları Yönetimi Stratejisinin (İKYS) organizasyonel yetkinliklerin gelişimi üzerindeki etkilerini belirlemeyi amaçlamış ve bu çalışma için tanımlayıcı-analitik bir yöntem seçmiştir. İstatistiksel analizde SPSS versiyon 19 yazılımı kullanılmıştır. Ayrıca araştırmacılar regresyon araçlarını kullanmışlardır. Çalışma popülasyonu şirketlerin tüm İnsan Kaynakları Müdürlerini ve Yöneticilerini kapsamaktadır. Bu çalışmada kullanılan örnekleme yöntemi tabakalı örnekleme yöntemidir ve 200 İK Müdürü ve Mısırlı yöneticiden oluşmaktadır. Regresyon analizinin sonuçları, insan kaynakları yönetimi stratejisinin örgütsel yetkinliklerin gelişimi üzerinde olumlu bir etkisi olduğunu göstermektedir.

Anahtar Kelimeler: İnsan Kaynakları Yönetimi, İnsan Kaynakları Stratejisi, Organizasyonel Yetkinliklerin Geliştirilmesi

JEL Kodları: M12, M14, O15

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1. INTRODUCTION

There are many challenges face Human Resources like compliance with laws and regulations, management changes, leadership development, workforce training and development. All of these challenges impact organisational competencies. According to Liao (2005) Human Resources Management Strategy (HRMS) points on issues of human capacity from an organizational point of view, instead of an individual point of view and its mission is to support the business to achieve an excellent performance. HRMS can analyse staff turnover and know definitely what are the causes of the problems. Also, it selects the skilful employees for giving them duties suitable to their talents in a way that helps the firm to grow and compete. Competencies can be defined as expertise, knowledge and innovative talents and behaviours, which enable them to achieve an efficient performance. Integrated HRMS develop organisational competencies through various techniques. First, after selecting the skilful employees, placing them in the best suitable jobs according to their talents and skills, HRMS further improve them by training. The second technique HRMS use to develop competences is through competency-based pay as the company pay more to the competences than according to job titles and ordinary job experiences, which increase employees' enthusiasm about learning and developing their abilities and skills. Managers' strategic plans can be enhanced by choosing the critically needed skills for applying these plans and paying for them. There are four essential components for applying competency-based paying strategy: a robust system which is able to determine the needed skills accurately, processes for trying chosen skills to the training system which increase their skills and abilities to achieve competency, then the role of competency testing system for evaluating the skilful workers, and finally the flexible working design which lets employees move among positions. Ordóñez and Lytras (2008) explained that HRMS achieve organisational competitive advantage through providing organisational competences.

This study examines the impact of HRM strategy on organizational competencies development. Human resource development is an essential requirement for the survival and development of organizations. The development of human resources is dictated by the changes in the internal and external environment of the organizations.

2. STUDY HYPOTHESES

H₁: There is no statistically significant effect of HRM strategy on organizational competencies development.

H₂: There is no statistically significant effect of HRM strategy on skills and knowledge of organizational competencies.

3. LITERATURE REVIEW

There are many standard practices done by human resources management (HRM) systems in order to develop employees' skills and motivate them (Boxall and Mackey, 2007). HRM practices are selection and recruitment, development and training, flexibility and mobility inside the firm, work design, performance management, employment security, and compensation (Huselid, 1995; MacDuffie, 1995; Delery and Doty, 1996; Ichniowski et al., 1997; Becker and Huselid, 1998; Wright et al., 2003; Sun et al., 2007; Lee et al., 2010; Guthrie et al., 2011; McClean and Collins, 2011; Katou, 2012; Khan et al., 2013). Although there aren't plenty of empirical studies about the impact of the application of human resources management strategies on organizational competencies development, there are numerous studies made impact on organizational performance such as: Bae, Chen, Wan, Lawler and Walumbwa 2003; Akhtar, Ding and Ge 2008. So, exploring HRMS effect on organizational competences development is essential. Also, the study aims to enhance the literature in this field by exploring the relation between HRMS and organizational competences development in the context of Egypt, Ghana, and Saudi Arabia. According to Wright, Dunford, and Snell (2001) the measures which depend on one respondent can lead to many errors of measuring, so the researcher minimized errors to an extent by collecting data from many respondents. "Maximizing profit through employees" is the core work of HRM (Pfeffer, 1998; Lepak et al., 2006; Su and Wright, 2012). There are three chosen typologies commonly used by organisations to apply HRMS: configurationally perspectives, contingency, universalistic (Phanwattana, Kaufman and Miller 2011). The best strategy was universalistic. Meantime, the best fit was configurationally perspectives and contingency. There is an argument whether using one approach is the best choice or taking the benefits of each approach will be better for organizations as each approach has particular practices making it distinguished, the universalistic approach has certain practices which make any organization adopt it quickly and having its benefits, The contingency is better to have practices suitable to different organizational contexts, yielding more performance can be achieved by applying the configurationally perspective. There are other studies explaining

HRMS: Arther (1994) shows that HRMS depends on controlling human resources management; McClean and Collins (2011) stated that HRMS is conducting high-commitment HR systems; Selden et al. (2013) explained that HRMS works on achieving high-performance work systems. Moreover, Ichniowski et al., (1997) highlighted that HRMS priorities are a must for having innovative HRM systems.

4. RESEARCH METHODS

4.1. Sample and Data Collection

The study data was collected using the interview method and the questionnaire tools, and analyzed using appropriate tools and techniques. The quantitative data collected by the questionnaire were analyzed using statistical software (SPSS) to explore the effect of HRM strategy on development of organizational competencies by industrial companies in Egypt. Descriptive statistics enabled the researchers summarize the quantitative data into the manageable form. In this regard, graphs were used to summarize the performance of the firms involved in the study as a reflection of the impact of the effect of HRM strategic on development of organizational competencies. A questionnaire was designed to ask different types of managers and Human Resources supervisors for their perceptions on a range of organizational variables. A seven-point likert scale was used to collect data (1 = strongly disagree to 7 = strongly agree) in response to the statements about these variables. The study population included all Human Resources managers of companies and supervisors. The sampling method used in this study is stratified sampling and the sample size is 200.

4.2. Statistical Analysis of the Questionnaire

Table 1. Descriptive Statistics For The Variables

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
HRM strategy	102	2.60	4.87	3.9039	0.41792	.175
Organizational competencies Development	102	1.80	5.00	3.8206	0.61986	.384
Skills and knowledge of organizational competencies	102	1.67	4.44	3.5153	0.40556	.164
Valid N (listwise)	102					

Table 1 shows that the significance level of HRMS is above the average mean, as it's mean was 3.904 with a standart deviation of 0.417. On the other hand, the significance level of organizational competencies development was also higher than the average with a mean of 3.820 and the standart deviation of 0.620 .Additionally, significance level of skills and knowledge of organizational competencies was higher than the average level with a mean of 3.515 and the standart deviation of 0.406

Table 2. Correlations Matrix Between The Variables

		HRM Strategy	Organizational competencies Development	Skills and knowledge of organizational competencies
HRM Strategy	Pearson Correlation	1	.887**	.669**
	Sig. (2-tailed)		.000	.000
	N	102	102	102
Organizational competencies Development	Pearson Correlation	.887**	1	.716**
	Sig. (2-tailed)	.000		.000
	N	102	102	102
Skills and knowledge of organizational competencies	Pearson Correlation	.669**	.716**	1
	Sig. (2-tailed)	.000	.000	
	N	102	102	102

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3. The Effect Of Human Resources Management Strategy On Organizational Competencies Development

	Human Resources Management Strategy		R2	F		Degree of Freedom DF
	B1	B 0		F-calculated	F- table	
Organizational competencies development	0.392 * 7.458	1.519	* 640.0	* 55.615	4.084	1,38

The results of the regression analysis (Table 3) showed that there is a significant relationship between human resources management strategy and organizational competencies development as F-calculated was 55.615 which is higher than F-Table (4.084) at 1,38 DF while R2 was 0.64. Also, T-Calculated result was 7.458. All of the above shows that there is a significant effect on the human resources management strategy on organizational competencies development. That means rejecting the null hypothesis and accepting the alternative hypothesis that human resources management strategy has a positive effect on organizational competencies development.

Table 4. The Effect Of Human Resources Management Strategy On Skills And Knowledge Of Organizational Competencies

	Human Resources Management Strategy		R2	F		Degree of freedom df
	B1	B 0		F-calculated	F Table	
Skills and knowledge of organisational competencies t	0.201 * 1.752	0.971	* 0.536	* 24.033	2.838	3.34

The results of the regression analysis (Table 4) show that there is a significant relationship between human resources management strategy and skills and knowledge of organizational competencies as F-calculated was 24.033 which is higher than F-Table (2.838) at 3,36 DF while R2 was 0.667. Also, T-Calculated result was 2.803. All of the above shows that there is a significant effect of human resources management strategy on skills and knowledge of

organizational competencies. That means rejecting the null hypothesis and accepting the alternative hypothesis that human resources management strategy has a positive effect on skills and knowledge of organizational competencies.

5. CONCLUSION

Human resources management strategy (HRMS) has an active role in leading the organization to achieve organizational competencies development. It was noticed that organizations that applied HRMS, have a natural working environment, which helps in achieving organizational competencies development. HRMS motivates employees to achieve their tasks efficiently and developing their efficiency continuously. Also, it helps to make better use of human resources.

- 1- It helps in identifying weaknesses in the organization and thus helps to take corrective measures.
- 2- The motivation for the achievement of employees can be enhanced by HRM Strategy.
- 3- The significant role of HRM emphasizes that individuals in the organization are valuable resources representing a vital investment for regulatory efforts and can be a source of competitive superiority.
- 4- When human resources are effectively managed, it helps in achieving the organization's goals and improving performance levels of organizational competencies development.
- 5- It provides knowledge to employees and equip them with the required skills and abilities they need during the performance of their work according to the specific objectives, and develop the behavioral aspects that are compatible and necessary to perform better for them.
- 6- The success of human resource management strategy means a high-level human organizational performance, which leads to the achievement of the objectives of the organization and its overall strategy, and contributes to the achievement of higher efficiency of the performance levels of workers.
- 7- Improving the level of performance and raising its rates is vital due to its positive impact on the development and growth of organizations.
- 8- It helps managers to relate appropriately with their subordinates at work, makes workers productive, and helps in the flow of human resource and improve employees skills.

6. RECOMMENDATIONS

Because of the positive relationship between Human Resources Management Strategy and organizational competencies development, organizations must invest in applying the HRMS in order to develop organizational competencies. Developing HRMS procedures to be flexible, realistic and suitable for the global changes and technological developments.

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