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## ENTERPRISE: PERFORMANCE AND BUSINESS PROCESSES

HUMAN RESOURCE MANAGEMENT PRACTICES IN ZAIN CELLULAR COMMUNICATIONS COMPANY OPERATING IN JORDAN SULIEMAN IBRAHEEM SHELASH MOHAMMAD Finance and Business Administration University of Name, Al al-Bayt University, Jordan

**JEL Classifications:** O16

Key words: Human resource management, Zain, cellular communications company, Jordan.

**Abstract:** The purpose of this paper is to analyze the best human resource management (HRM) practices at ZAIN; cellular communications company operating in Jordan. study consisted of employees in ZAIN Cellular Communications Company in Jordan. All participants of this study were employees working in the organization staff, team leaders, supervisors, programmers, project leaders, business analysts, managers, assistant managers. The findings in the paper that there are relatively high levels of practice for the areas of Training and development, Performance Appraisal, along with Communication and information sharing. Recruitment and selection is the one area, on the other hand, where a considerably lower mean level of practice exists.

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#### Introduction

In an initiation to increase the level of the global productivity and customer satisfaction, the companies around the world are worldwide getting involved in an intensive campaign in order to win the battle in the international competitiveness. Consequently, Shay et al. (2004) has mentioned that greater attention is paid to research, development, information technologies, product development, in addition to the improvement of the human resources management. There has been a strong appeal by many of the researchers working in the area of human resource management (HRM) all around a decade, for the transformation of the HRM system.

Schuler et al. (2001), Ulrich (1998) have argued that while traditional HRM roles, practices and policies concentrate at improving functions, namely; safety, initiatives, health, emerging roles, selection and performance appraisal concentrating at improving empowerment process, special programs for maintaining procedural justice processes, the flow of communication and helping employees growth and development within such organizations

Delery and Doty (1996), Huselid, Jackson and Schuler (1997) have indicated that researchers in general agree that in order to produce competitive advantage and enhance the firm performance, there must be a development of an human resource system.

Therefore, the current investment in the human resource management system confers an organization with flexibility in dealing with future opportunities. As explained by Adner and Levinthal (2004), the investment provides organizations with what is called as real options, and enable them to achieve competitive advantages to develop their

business and grow with it. HRM practices serve the organizations in achieving their goals; they may vary according to environmental factors as indicated by Brewster (1999), Dowling et al. (1999). Furthermore, Fombrun et al. (1984) suggested that by depending on a contingency approach competitive advantage will fall naturally to those organizations which are best able to exploit environmental opportunities.

Our literature search reveals that up to date, very little research was conducted on human resource management practices generally in Jordan, and none on the present particular topic. Thus, gaps exist with respect to understanding human resource practices and how they are executed in Jordan. Jordan has opened its market to the international trade and investment, and has become a credible player in the international market, thereby contributing to the for more information concerning the management practices in Jordan. Also by studying and revising the related literature, most of the studies in such field showed that the most of the concentration on human resource management (HRM) is devoted to the industrial sector; particularly the industrial companies, there is not any sufficient researches on developing countries which are almost neglected and account for a considerable portion of service.

By recognizing the existing gap in the related literature, the present paper aims at spotting light on the particularities of human resource management in a developing country such as Jordan that was chosen as the sample country for the purposes of the research. Choosing Jordan to fulfill the purpose of the study has important implications at the theoretical and management levels. Jordan represents an important regional economy with a strategic location between Gulf countries and Israel,

a relatively small population of five million inhabitants and limited resources, which require careful investment. The current study aims at analyzing human resource management practices in Jordan by focusing on ZAIN - Cellular Communications Company - operating in Jordan. The present research is divided into three major parts. The first part deals with the concept of human resource management and its practices while the second one presents methodology and data analysis. Finally, the third part discusses results and illustrates HRM practices in ZAIN Cellular Communications Company.

#### Conceptual background

### What are the practices of the human resource management (HRM)?

Increasing environmental challenges have critically changed how we perform, realize and discern business in addition to the nature and the role of each business functionality. In order to raise much needed efficiency, effectiveness, competitive edges and productivity, organizations have turned to the Human Resources Management (HRM) (Gomez-Mejia, Balkin, and Cardy, 2003), therefore the management of people within organizations has become an increasingly important focus for researchers and practitioners alike over the past 20 years. In particular, senior leaders are becoming more aware of the important role that human resources play for the success of their organizations to achieve both competitive advantage and financial performance.

The study of human resource management includes human resource practices as important elements in the success of organizations (e.g., Huselid, 1995; Lado and Wilson, 1994; Wright, Dunford, and Snell, 2001; Wright and McMahan, 1992; Wright, McMahan, and McWilliams, 1994). According to Wright et al. (1994) who discussed that Human resources which are the pool of human capital under a firm's control in a direct employment relationship, are one such resource that may create a sustained competitive advantage for organizations.

Accordingly, human resource (HR) managers are becoming increasingly critical to the organization as stated by Schuler et al. (2001). Thus, it is important to examine some new and emerging HR roles, strategies and practices that help the organization to better cope with a complex and volatile world. One significant way in which HR managers can have an impact is by instilling trust and confidence in the organization.

The differences in the definitions of HRM arise, mainly, from the different perspectives of the researchers who define HRM. Some analyzes HRM from a behavioral science perspective, others from organizational development perspective, while some from the resource-based view and so forth. However, the very fundamental definition of HRM offered by numerous scholars remains to be "the managing of people who work in an organization" (Gomez -Mejia, Balkin and Cardy, 2001). They are

managing initiative centers around "people" workers (including the issues concerning workers' potentials, attributes, attitudes, demographics, safety, expectations well-being, problems, of organizations....etc.), their "work" (including how workers get the work down in terms of workflow and work process, the results they yield, their efficiency and effectiveness at work .. .etc.) and the "organizations" in which the people are working for (including organization's performances, its growth, its structures, the way they pay and reward its workers.. ..etc.). an interesting definition provided by a web dictionary.

Wright and McMahan (1992:298) defined human resource management as "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals". They argued that the definition includes the followings:

- Vertical linkage of human resource management practices with the strategic management process of the organization;
- Horizontal linkage emphasizing the coordination among the various human resource management practices.

Drucker (2001) states that any business enterprise or institution has only one true resource which is "people". Gomez -Mejia, Balkin and Cardy (2001) in their definition of HRM, has further verified this statement: "the managing of people who work in an organization". Four elements can be drawn from Gomez-Mejia, Balkin and Cardy's definition: "people" (the workers), "workers" "work," the "organizations" the workers work in (and work for), and the organizations' "managing" what is related to all the abovementioned.

Another common definition of HRM specified the "top management of the corporation" as the only employer of the HRM staff (Renckly, 1997). Based on this thinking, HRM is "to essentially establish, develop, maintain and communicate personnel policies to the entire company," and thus, "to represent, help, advise and consult with the employees of the organizations". It is apparent that HRM was defined from an employer perspective and was expected to serve and represent "first, last, and always" the best interests of their "only employer": top management.

Ferris et al. (1995) provided a very exhaustive definition of HRM as follows: "Human resource management is the science and the practice that deal with the nature of the employment relationship and all of the decisions, actions, and issues related to that relationship". Beer and Spector (1985), representing another group of researchers and HRM practitioners, defined HRM from the "relationship" perspective as the management of this relationship between employees and the organization which, more specifically, "involves all management decisions which affect the nature of the relationship between the organization and employees - its human resources".

Nadler (1990), on the other hand, defines HRM from an organizational learning point of view as: the "organized learning experience in a definite time period to increase the possibility of improving job

performance and growth". In other words, HRM must provide "the intentional learning in which the learner has purposely engaged in a learning experience with objectives, a plan and provision for evaluation". In addition, the learning provided by HRM shall be completed within a certain timeframe and be evaluated in order to fully utilize the resources. According to Nadler, the objectives of learning provided by HRM come in three folds in nature: improving job performance, encouraging individual growth in the organization and enhancing personal growth. Storey (1995) defines HRM practices as a distinctive approach to employment management seeking at achieving competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural structural and personnel techniques.

#### Specific HRM practices

Studies have identified several HRM practices, challenges and prospects encountered by HR managers. For example, Ghebregiorgis and Karsten (2006) found that the concept and knowledge of HRM practices, such as training, recruitment, compensation, performance appraisal and reward systems are all practiced in Eritrea.

Anakwe (2002) in a study of HRM practices in Nigeria found that traditional HRM functions, such as training and development, recruitment, selection, performance appraisal, among others, are very much practiced by HR professionals. Anastassova and Purcell (1995), Watson and D'Annunzio-Green (1996), and Buick and Muthu (1997) support the view that "best HRM practices" in the hospitality industry should include appraisal systems, training and development, empowerment, team working, and a more consultative management style. (Fitsumand Luchien ,2006) identifies several HRM practices such as recruitment/selection, training/development, compensation, performance appraisal and reward systems. Dowling and Schuler (1990) argue that the most important HRM practices in MNCs are related to staffing, selection, assessment, compensation, training, development, industrial relations and employee participation.

Mondy and Noe (1993) suggested that activities and practices of HRM can be classified into six domains: Planning and recruitment, Development and appraisal, Compensation and reward, Safety and health, Labor relations, Human resource research. Based on a strategic perspective, Schuler and Jackson (1987) proposed a menu for HRM practices that included six major practices: planning, staffing, appraisal, compensating, training and development choices.

Similarly, Fombrun et al. (1984) developed a model based on four interrelated HRM functions: staffing, rewards, training and appraisal. Society of Human Resource Management (SHRM) has determined that every organization must deal with the following basic human - oriented functions: human resource planning, staffing, maintaining HR information systems, training and development, organizational culture, development, change

management, employee performance, compensation and benefits, legal compliance, labor relations, health, safety, and security. Cunningham and James (1998) Proposed HRM practices that include recruitment, selection and return to work procedures.

Hyde et al. (2006) suggested that practices of Training, Pay, HRM can be classified as Involvement, Selection, Team working, Performance appraisal, Job security Job design, Equal opportunities, Career development. Combs et al. (2006) proposed a menu for HRM practices which included, compensation, Incentive Training, Participation, Selectivity, Compensation level, Internal promotion, HR planning, Flexible work, Performance appraisal, Grievance procedures, Teams, Information sharing, Employment security. This study considered four HRM practices, they are explained below in details:

Training and development is the process by which individuals change their skills, knowledge, attitudes and \or behavior (Robbins and DeCenzo, 1998). training aims at improving current work skills and behavior whereas development aims at increasing abilities in relation to future position or job (Dowling and Welch,2004), and is expected to create a sense of certainty, enhance employability and faith in the management. Among its positive outcomes, this investment increases employability for the individual employee (Waterman et al., 1994).

Training involves designing and supporting learning activities that resulted in a desired level of performance. It also helps at achieving the overall objective of the organization by contributing to the satisfaction and productivity of employee (McCarthy, 1999; Conti,2005; Dearden, Reed and van Reenen, 2006) which can be measured by using an index comprising of three items: job-related skills training, regularity of training and extent of degree-earnings programs supported by the organization.

We would view investment in training and development as a clear evidence of a trust creation mechanism. The provision of opportunities for training and skill development benefits the employee by equipping them with the necessary knowledge, skills and attitudes to function autonomously and responsibly (Guest, 2002). Training and development are always regarded as key elements in HRM Practices.

With regard to training, some theoretical studies propose the broad application of training in order to develop the employee skills and knowledge needed for innovation (Beatty and Schneier, 1997; Cascio, 1990; Mabey and Salaman, 1995; Schuler and Jackson, 1987). Conversely, others argue that firms should take them from the external market whenever they need them, so they propose a narrow application of training.

Snape et al. (1995) indicated that training and development was recognized as an essential tool of Human Resource Management. It causes the increase of the employees' job involvement, facilitates the updating of skills, leads to an increased sense of belonging, well-being and benefit, increases commitment towards the

organization and strengthens the organization's competitiveness (Acton and Golden, 2002).

According to Cherrington (1995), the successful training and development program would create more favorable employee attitudes; loyalty and help employees in their personal development and job involvement. Moreover, Zhang (1999) stressed on the importance of training and development for continued updating and improvement, identifying one source of human motivation at work as intrinsic motivation and involvement; growing; learning and developing one's self.

Cherrington (1995) also stated that most learning situations are fundamentally reinforcing because of the job involvement associated with the acquiring of new knowledge or skills.

Performance appraisal that includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations and auditing innovation processes. This strategy appraises individual and team performance. Such tasks should be appraised and the point of who should assess employees' performance must also be taken into consideration. (Gupta and Singhal, 1993, pp.41-42). Performance Appraisal is the process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating that information to those employees Mathis and Jackson (2003).

With regard to performance appraisal, the literature stresses the importance of using it, both in theoretical (Gupta and Singhal, 1993; Mabey and Salaman, 1995; Mumford, 2000) and empirical studies (Jackson et al., 1989; Mark and Akhtar, 2003). What is not clear is whether the performance appraisal should be results - oriented (Beatty and Schneier, 1997; Miles and Snow, 1984), performance-oriented (Kydd and Oppenheim, 1990; Mumford, 2000) or both (Mabey and Salaman, 1995; Schuler and Jackson, 1987).

According to Cardy and Dobbins (1994), Performance appraisal can be described as a basic management function. The rationale behind any form of appraisal, especially in the industrialized countries is to improve the utilization of human resources in the organization. The data collected at the appraisal phase can be used in other functions such as planning, recruitment, compensation, promotion, training and layoff. Despite this importance, appraisal is not a common practice in HRM. An important issue in appraisal process is the extent to which criticism is accepted. In collectivistic cultures, people attach too much importance to interpersonal relations and negative feedback can bring about many problems for both managers and subordinates.

Recruitment and selection: Refer to organizational activities that influence numbers and types of job applicants. The success of companies relies on the fact that whether they can get the right people in the right place at the right time. Recruiting is the process used to form a pool of job candidates for a particular job , Selection is the process of making a "hire" or "no hire" decision concerning each job applicant for a job Crowley (1999);

Czaplewski et al. (2001). Recruitment and selection items were adapted from Delery and Huselid, (1996); Arthur et al. (1995); Cassell et al. (2002); Anakwe (2002); Webster and Wood (2005).

Regarding recruitment and selection practices, there is an agreement in the theoretical literature about the importance of using external sources of recruitment (Gomez-Mejia et al., 2004; Miles and Snow, 1984; Olian and Rynes, 1984; Schuler and Jackson, 1987; Sonnenfeld and Peiperl, 1988). Although Stroh and Reilly (1994) did not find any relationship between strategy and recruitment in their empirical research.

Communication and information communication refers to the process of exchanging of information between people in order to achieve the organization goals, According to Randolph (1995) and Whetten and Cameron (1998) sharing information raises the level of the employees' trust in management. Covey (2006) concluded that communication is considered as the most important skills in life since it creates a common understanding in the process of communication with a context of culture by sharing knowledge and ideas. The information sharing can be done through process of speaking, writing or using a common system of signs or behavior to communicate with other people, were included in this study from a study presented by Kinicki et al. (1992). Moreover, organizational communication generates the big picture for employees, helping them to understand the role of the self within the organizational system (Bowen and Lawler, 1995).

#### Research methodology

#### The population and sample of the study

Today, Jordan is one of the most exciting emerging markets in the world. Skilled management, an educated middle class, technical workforce with a relatively small population and limited resources.

The target population of the present study consists of employees in ZAIN Cellular Communications Company in Jordan. The sample frame for this study consisted of employees in ZAIN Cellular Communications Company in Jordan. The participants of this study were All the employees working in the organization who have been asked to participate in the survey that included staff, team leaders, supervisors, programmers, project leaders, business analysts, managers, assistant managers, finance consultants, ... etc.

Survey questionnaires were distributed at 450 employees working in ZAIN Cellular Communications Company in Jordan. 390 employees submitted the questionnaires, attaining a response rate of 86.67%, out of which 377 were complete, attaining a usable response rate of 83.7%.

This further implies that results of this study will not be inferred, or generalized to a greater population so sampling error was not controlled in this study as it occurs when an attempt has been paid to generalize to a larger population in spite of using no representative and non - probabilistic sampling.

#### Instrumentation

#### Description

A self-administered questionnaire has been developed to fulfill the purposes of the present study consisting of two components. The first component of the instrument comprised of five Likert - type scale items. These questions sought to assess HRM practices. The second part of the instrument identified employees' demographic data, such as age, gender, educational level and martial status .

All instruments were subject to measurement error. In order to ensure the trustworthiness of the collected data, both validity and reliability issues were addressed.

#### Validity procedures

According to Ary et al. (2002), validity is defined as "the extent to which a measure actually taps the underlying concept that it purports to measure". The instrument used in this study was evaluated for face and content validity by a panel of experts. The panel comprised of 15 individuals with considerable experience with the study content, instrumentation and statistics. All are faculty business members of the department of administration . The members of the panel were asked to individually criticize the instrument's content, clarity, format/length, wording and overall appearance.

The members were asked to check whether the items included in the questionnaire actually measured the construct and whether they were understandable. Based on their suggestions, some of the questions were simplified to make it more clear and understandable and the double barreled questions were split into two separate questions.

Even though the items included in the questionnaire were from developed studies with established reliability score, the members suggested conducting a reliability test. Finally, the members also compared the items included in the questionnaire with the research objectives.

#### Measures

HRM practices have been measured with a 20item scale consisting of statements about four HRM practices (Training and development, Performance Appraisal, Recruitment and selection, Communication and information sharing).

Four HRM practices were included in the study. These HRM practices have been obtained from other reference studies. The respondents have been asked to mark the number that best indicating the degree to which each statement describes HRM practices employed within their company. Respondents indicated this on a five-point Likert - type scales ranging from 1= never to 5= always.

The HRM practices included in the current study were training and development (Edgar and Geare, 2005), performance appraisal (Chang, 2005), Recruitment and selection (Arthur et al., 1995), Communication and information sharing (Edgar and Geare, 2005). Each human resource practice was measured by (5 items) using a five-point Likert type scales ranging from 1= never to 5= always.

Research objective one sought to describe the employees of ZAIN Cellular Communications Company in Jordan according to sex, age, current job position and educational level. Descriptive statistics were conducted to describe the demographic characteristics of the respondents. Research objective two was developed to describe all the variables included in the study. Descriptive statistics were conducted in order to describe HRM practices.

#### **Results of the survey**

#### Profile of respondents

The respondents were 212 (56.23 %) male 165 (43.77 %) female. Their age percentage was as follows:

- 2.9 % were aged less than 21 years old;
- 21.75 % were between 21-25 years old;
- 27 % were between 26-30 years old; and
- The remaining 48.35 % were aged over 31 years old.

From the abovementioned age group results, this organization is full of a young population with about 48.54% of them being 30 years of age or younger.

As for the marital status, 55% of the sample respondents were married. Regarding the educational level: out of all the respondents, 93 (over 24%) had achieved at least a Diploma qualification.

#### Factor analysis and scale reliabilities

A principal component factor analysis with Varimax Rotation was conducted to validate the Resource underlying structure of Human Management practices (Table 1). In interpreting the factor, only a loading of 0.5 or greater on the factor and 0.35 or lower on the other factors were considered (Igbaria et al., 1995). The results of the Varimax rotated analysis indicated the existence of four significant factors with eigenvalues greater than one that explained 58.39% of the variance. The KMO measure of sampling adequacy value for the item was 0.93 (i.e. 0.6) indicating sufficient Interco relations with the Bartlett's Test of Sphericity was also found to be significant (Chi square = 1808.304). Thus, a model with four factors may be adequate to represent the data because the result of the analysis can be considered satisfactory since they do not exceed 60% of the explained variance recommended

in social sciences (Hair et al., 1998). The results of factor analysis are summarized in Table 1.

The reliability of the questionnaire was tested according to Cronbach's Alpha measurements. The reliability coefficient (Alpha) of each element of HRM was as follows: *Training and development* 

(0.78); Performance Appraisal (0.84); Recruitment and selection (0.81), Communication and information sharing (0.79). The reliability coefficients of all the four elements of HRM were above 0.70, which concurs with the suggestion made by Nunnally (1978).

TABLE 1. FACTOR ANALYSIS, MEAN, STANDARD DEVIATION, AND SCALE RELIABILITIES OF HUMAN RESOURCE MANAGEMENT VARIABLES

Variable	Mean	Std. Dev	Factor	Set of	Reliability
			loading	items	•
Training and	3.74	0.78	0.65	5	0.78
development					
Performance Appraisal	3.52	0.81	0.69	5	0.84
Recruitment and	3.42	0.79	0.73	5	0.81
selection					
Communication and	3.68	0.74	0.67	5	0.79
information sharing					

Notes: n = 377; percentage of variance explained = 58.39; KMO measure of sampling adequacy = 0.93; approximate chi square = 1808.304

#### **Analysis**

It is generally found that there are relatively high levels of practice for the areas of Training and development (M=3.74, SD=0.78), Performance Appraisal (M=3.52, SD=0.81), along with Communication and information sharing (M=3.68, SD=0.74). Recruitment and selection is the one area, on the other hand, where a considerably lower mean level of practice exists (M=3.42, SD=0.73). The results of Means and Standard Deviation are summarized in Table 1.

#### **Discussion**

By following sections based on the data collected, hyman resource management (HRM) practices in ZAIN Cellular Communications Company Operating in Jordan will be analyzed.

The present study aimed at analyzing HRM practices in ZAIN Cellular Communications Company Operating in Jordan. HRM is essentially a western notion, we focused only on four main HRM functions: Recruitment and selection, Training and development, Employee participation and Performance Appraisal. These four functions include the core of HRM and they are conceptually relevant in the case of this investigation. The combination of qualitative and quantitative data provided us with a thick description of HRM practices. The results are summarized in Table 1 above.

Training and development was found to have high levels of practice and increased employees' job involvement. Therefore, the training department must provide continuous training and development in ensuring the success of HRM practices in contributing improvement in job. The results are inconsistent with the findings of Karia and Ahmad (2000) regarding training and development, in stating that employees' can generate innovative ideas for solving problems.

Communication was found to be significant and increased employees' job involvement. Furthermore, the findings indicate that communication is an important factor in the organizations, for connecting employees and permitting organizations to function, as well as an essential element to the implementation of HRM (Gray and Laidlaw, 2002). When communication is opened and continuous in three directions: up, down and across, work processes and performance increases. The current study is consistent with previous research (Goris et al., 2000; Pettit et al., 1997).

Our findings show that "Recruitment and selection" in ZAIN Cellular Communications Company is marked by important job security, behavior - based selection, interpersonal relations, nepotism, importance of education, entitlement and implicit criteria. Similarly, the researcher has noticed that of "training and development" and found indications of educated but inexperienced workforce and prevalence of unplanned or highly theoretical training programs. Finally, it was found that "Employee participation" receives little attention in ZAIN Cellular Communications Company.

Finally, it is important to mention that while the current study provides some interesting insights into Jordanian HRM, the findings should be interpreted cautiously and by considering limitations in concepts, methods, sector and the size of the sample. Further studies may provide in - depth analysis and compare large/ state - owned and small/ private organizations.

#### Limitations and future research

The author realizes that there are certain limitations that must be taken into consideration. First, although the survey results were derived from ZAIN - Cellular Communications Company - Operating in Jordan representing the context of the Cellular Communications Companies Operating in

Jordan; future research may collect data from other Cellular Communications Companies, e.g. Orange and other Sectors, in order to have a more comprehensive study. The gathered results may generally be limited, although the current study was the first one aimed at measuring the level of HRM practices at ZAIN Cellular Communications Company.

In order to improve external validity of the instrument, additional studies are needed, with an increase in the size of the sample, geographical diversity, organization type, and so forth.

From the other hand, the findings are based on the use of self - reported survey data, which may be affected by response biases. Finally, while the measure of HRM practices comprises of a small number of items only and a few number of dimensions (four practices), therefore, future research may be beneficial, if more items and better measures are developed, in relation to this outcome variable.

It is proposed that future research should be conducted in other types of organizations such as manufacturing and services using a similar approach. It is also important that other major constructs related to the HRM practices (Employee participation, Human resource planning, Reward,) should be added to the conceptual framework underlying this study.

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