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HRM STRATEGY, THE BLUEPRINT FOR SUSTAINABLE HR EFFECTIVENESS

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ABSTRACT

This study examines the overall Human Resource Management (HRM) practice and viewpoint of strategy in the Saudi market. The study conducted and the information procured is important to be scrutinized by companies that want to build and hold a strong, strategic position, and by researchers who want to build and capitalize on this study. This is a qualitative-based study with a sample size of 4 participants from HR professionals in private, and public sector companies. They were subject to unstructured interviews as a research instrument, and thematic data analysis was used to analyse the responses of participants. Major result of the study indicates that the better majority of top management in the local market exclude employees' rights to be treated as an equal contributing entity that establishes success for any company. This study expected to contribute a solid foundation on which this topic is investigated, as a success driver for companies today, and in future.

INTRODUCTION

Human resources have proven to be an imperative asset, and a key, valuable source of competitiveness between companies, only if it was acknowledged, recognized, built upon and capitalized on, can it hold a longevous, sustained advantage over rivals [1, 2]. People, who endorse this perspective, belong to the resource-based view (RBV) School, otherwise known as the resource-based view. The RBV School suggests that companies should commit to hiring competent people, and then proceed to further cultivate their capabilities, and invest in installing programs which magnify their potency. Moreover, it is important to mention that the RBV School is known as a more distinctive approach to strategy, as well HR, than the basic HR management approach, not because it's lacking in any respect, but some would say that they

complement one another, and both are vital for the prosperity of businesses [3].

As organizations are more and more motivated to have a competing position in the market, and to increase their profit margin, they should not let the above-mentioned perspective become obsolete [4]. Develop a strategy that is exclusive for only one firm to adopt, to manage its firm-specific human capital, is a technique to leverage HR as a source of competitive advantage [5]. By structuring a portfolio for workers, wherein all sets of different skill sets, resources, and capabilities exist, that relate to the company's business operations, then, creating a scheme that allows said portfolio to have low applicability anywhere else. Thus, ensuring captured added value for the firm itself [6].

According to the professors Bartlett and Ghoshal [7], "Human, not financial capital must be the starting point and on-going foundation of a successful strategy." This statement is mostly understood and adopted by modern companies, or companies that want to modernize their strategy formulation, strategy, organizational architecture and activities. Unfortunately, Human resources are not treated as equally as other success driving resources such as finance. In earlier times, top management used to dismiss the importance of connecting HR with strategy, thus promoting the concept of supporting activity, that is more often than not, linked with HR. Which left the employee feels exhausted, extorted, discounted and unappreciated. This barrier to success is faced by many companies today, and as a result, they're beginning to shift their focus to strategic HRM [7].

Formulating and working on a people-orientated strategy is challenging, but not difficult to achieve. People strategy is the accumulation, of applying the policies, and mechanisms, into actions directed towards maximizing the optimum outcome out of its workforce [8]. The commitment needed, towards leveraging the superior skill level of staff, in addition to their competency level, has greater strategic implication on any firm's future.

Organizations are continuously faced by barriers, it's almost impossible to diminish them completely, the secret in the process of overcoming those obstacles, or barriers to success, is altering the way top management, and organizational stakeholders perceive them, they are commonly broken down into cognitive, relating to wanting and implementing change, limitations of resources, motivation, and organizational politics [9].

Shifting to a more critical, criticism of strategy; managers question a number of practices that are blindly followed by strategy orchestrators, and employees. Practices that are projected are proven to be mundane in their nature. An operational mind-set that was once before structured, on delivering the day-to-day needs of any HR department, purposefully neglecting the necessities of dynamic environments, is strongly rejected by senior management, and middle level managers who want to lead, and embed change, by offering more autonomy, flexibility and employee enablement [10].

Human resource management practices are often associated with administration, and recruitment work, which stood out as an insult to the HR workforce. Previously, top management at companies have always dismissed its importance. But seeing as HR is the umbrella, under which the entirety of organizations resides, this view is changing. Nowadays, Strategic management, as well as strategic HRM made way for rich, at times complex systems, models, approaches, and paradigms, which companies can follow to help them achieve a competitive position in the market, by acquiring a competitive advantage (*Hereinafter referred to as CA*) over the opposition.

The lack of evidence that showcases the significance of HRM strategy and HR effectiveness as a concrete tool for which a solidified competitive advantage can be created in Saudi Arabia raises a concern for the market. Thus, this study examines the overall Human Resource Management (HRM) practice and viewpoint of strategy in the Saudi market.

METHODOLOGY

There are three types of research methods, qualitative, quantitative, and mixed methods. Qualitative method is used when a researcher, wants to provide an understanding, or an elaboration of a social, psychological, or behavioural phenomena, the majority of the time, it combines all three categories together. Quantitative method is best used, when a research wants to establish relations among certain variables. Mixed method approach is used a research wants to interlink both qualitative, and quantitative approaches to produce the appropriate outcome to the research problem. This study used qualitative method to gather the primary data through interview.

Research Instrument

The research instrument used in this study is interview. The feedback of the participants can be in term of experience, opinion, feelings, knowledge, and input. Due to the geographical constraints of the participants, therefore the interviews had to be conducted via phone. The interview consisted of several questions, revolving around the theme of HR strategy, employee awareness, added value on the workforce, and responsibilities of top management, as well as employees.

Procedure To Collect Data, Sample, And Data Analysis

This study is conducted essentially in reference to both primary data, collected by means of phone-based interviews, and secondary data; collected by using multiple, relevant sources such as articles, and books. The purpose of the study was to examine the strategic implications, and the extent of contextualization that can be drawn from human resource practices in Saudi Arabia. As well as the top management's take on HRM strategy.

The primary data in this study is procured through the qualitative, unstructured interviews. There was audio recorded, for convenience purposes as per the agreement with the participants of the study. Empirical evidence in this research is retrieved through interviews of 4 senior ranked HR professionals in

private, and public sector companies, all males, all in their 40's, and have been working in the HR field for 9 to 20 years.

As per the confidentiality agreement, all personal information of the participants will remain held in confidence. As for the analysis of the collected evidence and thematic analysis approach was utilized. Thematic analysis is commonly used in qualitative papers, it depends on finding patterns and themes, within different contexts of texts and data, and it includes text familiarization, formulating preliminary codes, and coordinating themes.

RESULT AND DISCUSSION

There are four interviews were conducted to investigate the overall Human Resource Management (HRM) practice and viewpoint of strategy in the Saudi market. The first two interviews (P1 and P2) were referencing the first interview guide, and the second two interviews (P3 and P4) were referenced the adjusted version. The aim of the interviews conducted was to provide a comprehensible illumination on the perception of human resources strategy specifically in Saudi Arabia.

This section will report the answers as provided by the participants, and then proceed to discuss the agreements, and arguments provided by the participants. The interview involved no follow up questions. And the participants hereinafter will be referenced in order as P1, P2, P3, and P4 throughout this section.

Strategic Role Of HR

On management's belief of HR's ability to hold a competitive advantage, the four participants created a synthesis of this view, claiming that HR can qualify as key source of CA. However, this view is associated with some elements that senior management conceive as obstacles, such as financial backup, and company culture.

P1 stated that "Yes, of course. Personally, I do. But if we are talking about the more realistic aspect, I would say they don't look at it that way. It all depends on how big or small the company is, if the company is successful and has a reputable position in the market, to some extent they believe that, but since HR requires huge financial backup, in terms of training, development, and motivation, some companies don't want to give it this huge budget that it needs. For that reason, they might not choose to compete with it, especially since the process of getting returns on the investments made in HR is slow". This statement creates an experiential disadvantage to the above-mentioned view, one that is more or less shared by top management in Saudi Arabia.

Proceeding on to strategy formulation that supports the objectives of businesses, P3 refused to share the specific strategy they're implementing to run the business, and justifiable by the fact that whatever the strategy is, it is assigned to them by government entities, which usually amounts to basic and simple formulas for strategy.

P4 responded by indicating the main concern of his company when it come to the objectives of the business is their competitors, which is why they have designed a compensation and KPI model that ensures the retention of their well valued employees. P4 indicated that “We have a big role in strategic recruitment, because we have a big role in hiring senior management in the company, so I have a big strategic contribution to the company also because of my role as a member in the committee. We decide on the KPI’s for senior management and CEO, and bonuses are dependent on how much work they are putting in to benefit the company. It’s very strategic, because we are building the retention of our senior management, so that the competition will not offer them better packages. So, our KPI and bonus model packages are competitive and rewarding at the same time.”

P1 commented on the type of strategies the company uses to ensure the relevant, and up to date skill set of employees, he claims that this is a problem they are facing, on which they have yet to find a solution for their employees stay in the same position for years, and the company does not provide a clear path for them.

Value Of Employees

On the strategies a company uses to attract the best people in the industry, and the amount of value they hold to their workforce. P2 said that they utilize what they call as people-oriented strategy, to appeal to the best hires in the labour market, by stating that “We have designed a competitive compensation scheme to retain our staff. We have designed L&D programs to develop them, we celebrate the success of our top performer staff by rewarding them in monthly bases, we promote the open communication among our workforce and we care about the well-being of our staff”. Using the answer as an emphasis, P2 added that “We believe we should provide a better service to maintain our position in the market as the number one provider in the KSA. To achieve this goal, we should continue providing our service the high standard level through our human capital. We have designed performance management programs, reward and recognition programs and training and development programs to develop our staff and to maintain the high motivation level among our staff to ensure they deliver their targets and maintain our competitive advantage of the high standard service to our clients.” This participant demonstrates an ideal practice and perception of attaching value to the workforce.

Employee Awareness, And Dissemination Of Strategy

Concerning the level of awareness and importance that employees have on the strategy of the business, P1 and P2 agreed on the fact that it is essential for employees to be aware since they are representing the image of the company. However, they disagreed in the sense that P1 related that the company only shares need-to-know basis, and P2 stated that employees are aware of all strategies, and it is ensured by conducting annual road show meeting. P3 said that the company shares strategy directives only in troubleshooting situations. Whereas, P4 related that as “Unfortunately, sharing strategy in general absent, and is not clear, I don’t think our employees are aware of anything other than

our mission and vision and values that exist on our website. Although they should be aware, we should have roadmap strategy sessions, and we should implement initiatives to foster this culture, but till now it's not happening". P4 concluded in a sarcastic/and disappointed manner that it did not happen yet at the company he works.

Regarding the level of employee empowerment and involvement in the company's decision making, P1, P3, and P4 agreed that this notion does not take place in Saudi. However, P1 stated that employees are welcome to make suggestions when the company is looking for creative ideas. P4 stated that they do have this culture in the company that he is employed in that, and implement it very strongly if it has a direct effect on employees, as showed by "We involve our staff in decisions that affect them or have an effect on their work to ensure they own any new changes results from these decisions and lower the resistance to these changes. Also, we run 2 staff surveys each year to get the feedbacks and do the required actions towards this feedback to ensure our decisions in line with the expectations of our staff."

Lastly, regarding the cooperation and value distribution inside company, P1, P2, and P3 agreed on the fact that value should be distributed equally amongst all departments in the company to ensure its success. Whereas P4 disagreed, indicated that "I think value should not be distributed. Only core departments should have value, we cannot compare. Obviously, all departments are important, but there are ones that are core, just like in our business, we are serviced-oriented, so our internal equity is mainly placed on HR department." This argument claims that only core functions are supposed to hold the higher level of values.

Management Challenges

Revolving the negative aspect of placing a huge value on staff, P1 and P3 agreed that loyalty of workforce and competition are the negative aspect indicated in the question, and is a concern to them. On challenges faced while implementing strategies, the other two participants agreed on the compensation and benefit element, they differ a little, as P4 has to design attractive compensation packages to ensure the stay of employees, and P2 having to face employee concerns for reasons of unfairness in handing out bonuses per collective work.

Supporting Role

On HR development, pertaining to the needs of the business, as well as the self-directed needs of employees, the four participants had four different answers. P1 stated that senior management feels as though it should be self-directed need more than having the business assign developmental action plans for employees. While, P2 opposed by stating that management is in fact very keen on developing its workforce. P3 mentioned it as a recent policy of survival, not to be terminated by the organization. Lastly, P4 responded by "Our leadership cares about this for our key staff, not for all the employees in the company, we are different than other companies, development is mostly built on initiatives, rather than having a department for training and

development, if we feel the need, we recruit other parties for this job. But we do have soft-skill program all around the year. It is very simple and selective, based on our business needs.” Therefore, a complementary simple program exists for the purpose of cultivating soft skills; however, the major development program is concerned with selected key staff.

Presenting HR As The New Business Partner

Responding to the statement that HR is only administrative and supportive, P2 and P4 agreed on the fact that it should be upgraded to be a strategic business partner. P2 indicates that “My belief is HR is a vital department in every organization as this department is dealing with people who are the most important resource for any organization to succeed. Therefore, HR should be the soul of any organization and HR should be a strategic partner rather than being an administrative and supportive function.” P4 claim that “HR determines the direction of the whole company, management always shifts its focus and does not have clear results as to what they want from HR, and everyone is working in HR without the needed certification. In the Saudi market HR is only supportive, and I am not belittling this, but I think there must be a higher assigned value, and HR has to be acting as a business partner”. Finally, all participants agreed that HR is a core function and should not only be viewed as only administrative and supportive.

CONCLUSION

There were no studies that attested to the importance HR effectiveness in the local market, nor were there any studies that provided a cohesive understanding of HRM strategy in the local market as well. This study was aimed at providing experiential evidence that can compensate for the noticeable lack in literature.

Based on the interviews, the perception of 4 senior ranking HR professionals regarding the HR strategy can be concluded. HR is proven to be a key source of competitive advantage, however there are a few drawbacks the limit it from being so in the local market such as financial backup, and culture of the company. The common concern for companies when it comes to strategy formulation is the competition. Employees are not usually aware of strategic direction of the companies which they’re employed. Thus, the top management has a tendency to separate between lower, mid, and top-level positions regarding the strategic direction of the companies. Besides that, loyalty of workforce, competition, unfairness of incentive plans, attractive and costly compensation schemes are the hurdles that companies are facing when they are implementing their strategies. Also, development of personnel is preferred to be self-directed. There is need for HR to have a business partner stance, and finally, value distribution should be aligned with cooperation and collaboration of departments.

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