Strategic Human Resource Practices and Competitive Advantage in Jordanian Internet Services Providers

Mohammed Bassam AbdelRaheem Nassuora

801521

Universiti Utara Malaysia 2010



Abstract

The purpose of this study is examined the role that strategic human resource practices play in developing competitive advantage. Practical implications for Jordanian firms that consider human resources management as a strategic partner were also studied. However, the number of Jordanian firms at this time that met the selection criteria was not large. Hence, the focus of the research was concentrated on the Jordanian Internet service providers companies Batelco, Cyberia, and TE Data. The sample for this study comprised 101 Jordanian employees who were randomly selected for this study. The results indicated that there is a significant relationship between socialization activities, organization's training, human behavior and competitive advantage. The study indicated that there is a relationship between socialization, training, and human behavior and competitive advantage.

Acknowledgements

First and foremost, I would like to thank my greatest teacher of all: ALLAH. I will do my best in never forgetting what a great fortune I have had in just being here.

The completion of this thesis would not have been possible without the support and encouragement of several special people. Hence, I would like to take this opportunity to show my gratitude to those who have assisted me in a myriad of ways:

I would also like to express my heartfelt thanks to my supervisor Mr. Mustafa Zakaria for his guidance, patience, and faith in me. Thank you for your helpful advice and support. Thank you for your guidance and relaxed, thoughtful insight.

I would like to thank my parents. They gave me my name, they gave me my life, and everything else in between. Thank you for your support and encouragement.

Finally, I would like to thank all my brothers, sisters, brothers in law and sisters in law for their supports

I thank you all.

Dedication

To My Mother Ikram Silmi and

My Father Bassam Nassuora

To My Brothers Ayman, Ahmed, AbdelRaheem, Ibrahim, Motasem, and Abdullah

To My Sisters Maysoon, Arwa, Asma, and Dina

TABLE OF CONTENTS

ABS	STRACT		П
ACH	KNOWLE	EDGEMENT	111
LIST	Г OF TAI	BLES	VII
LIST	r of fig	JURES	VIII
Cha	pter One:	: Introduction	
1.1	Introdu	uction	1
1.2	Proble	m Statement	3
1.3	Resear	rch Questions	4
1.4	Resear	rch Objective	4
1.5	Scope	of the Study	5
1.6	Signifi	cance of the Study	5
1.7	Definit	tion of Terms	7
Chaj	pter Two:	: Literature Review	
2.0	Introdu	uction	9
2.1	Strateg	gy and Human Resources Management	9
2.2	Strateg	gic Human Resources Management	11
2.3	Aspect	Aspects of Strategic Human Resources Management	
	2.3.1	Socialization	18
	2.3.2	Training Practices	18
	2.3.3	Human Behavior Factors	19
2.4	Competitive Advantage		
	2.4.1	Competitive Strategy	22
	2.4.2	The Position or Environment Model	24

	2.4.3	Strategic HRM and Competitive Advantage	25
Chap	ter Three	e: Methodology	
3.1	Introdu	26	
3.2	Researc	26	
	3.2.1	Socialization Aspect	27
	3.2.2	Training Aspect	28
	3.2.3	Human Behavior Aspect	29
3.3	Sample	of Study	30
3.4	Data Collection 3		
3.5	Survey Instrument 3		
3.6	Method of Analysis		
3.7	Reliabil	lity Analysis	32
Chap	ter Four	: Analysis and Finding	
4.1	Subjec	ct's Profile	34
	4.1.1	Respondents' Gender	36
	4.1.2	Respondents' Status	36
	4.1.3	Respondents' Age	37
	4.1.4	Respondents' Level of Education	38
	4.1.5	Respondents' Employment Department	38
	4.1.6	Respondents' Years of Experience	39
4.2	Descriptive Analysis		40
	4.2.1	Socialization Aspect	40
	4.2.2	Training Practices Factor	41
	4.2.3	Human Behavior Factor	42

	4.2.4	Competit	ive Advantage Factor	43
4.3	Resear	ch Model E	valuation	44
	4.3.1	Hypothes	is Testing	44
		4.3.1.1	Hypothesis (H1)	44
		4.3.1.2	Hypothesis (H2)	45
		4.3.1.3	Hypothesis (H3)	46
4.4	Conclu	sion		47
Chapte	er Five:	Conclusior	1	
5.0	Introdu	iction		48
5.1	Discus	sion		48
5.2	Research Achievements		49	
	5.2.1	Hypothes	es	49
5.3	Limitat	tion of the S	Study	52
5.4	Suggestion for Future Research		52	
5.5	Conclu	sions		53
Refere	nces			54
Appen	dix A			58

LIST OF TABLES

Table 3.1	Reliability	33
Table 4.1	Respondents' Demographic Profile	34
Table 4.2	Descriptive Statistics for Socialization Aspect	40
Table 4.3	Descriptive Statistics for Training Practices Factor	41
Table 4.4	Descriptive Statistics for Human Behavior Factor	42
Table 4.5	Descriptive Statistics for Competitive Advantage Factor	43
Table 4.6	Hypothesis (H1) Correlations	45
Table 4.7	Hypothesis (H2) Correlations	45
Table 4.8	Hypothesis (H3) Correlations	46
Table 4.9	Hypotheses Summary	46

LIST OF FIGURES

Figure 2.1	Hierarchy and strategic decision making	14
Figure 2.2	Strategic human resource management "matching model"	16
Figure 3.1	Proposed relationship between SHRM aspects and competitive advantage	27
Figure 4.1	Respondents' gender	36
Figure 4.2	Respondents' Status	37
Figure 4.3	Respondents' Age	37
Figure 4.4	Respondents' Level of Education	38
Figure 4.5	Respondents' Employment Department	39
Figure 4.6	Respondents' Years of Experience	39
Figure 4.7	Research Model with Correlation Coefficients (**)	47

Chapter One

INTRODUCTION

1.1 Introduction

Organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage (Seyedjavadin & Zadeh, 2007). The changes in the business environment with increasing globalization, changing demographics of the workforce, increased focus on profitability through growth, technological changes, intellectual capital and the never ending changes that organizations are undergoing have led to increased importance of managing human resources (Jackson et al., 2008).

Human resource (HR) department that is highly administrative and lacks strategic integration fails to provide the competitive advantage needed for survival, thus losing its relevance (Tompkins, 2002). Huselid and Becker (2006) found that there were noticeable financial returns for organizations whose human resource management (HRM) systems have achieved operational excellence and are aligned with strategic business goals. According to Ulrich (1998), a major role of HR personnel is to become a strategic business partner. Youndt and Scott (1996) and Becker and Gerhar (1996) find

The contents of the thesis is for internal user only

- Al-Husan, F. B., & James, P. (2008). Multinationals and the process of post-entry HRM reform: Evidence from three Jordanian case studies. *European Management Journal*, 27(2), 142-154.
- Alvesson, M. (2000). Social identity and the problem of loyalty in knowledge-intensive companies'. *Journal of Management Studies*, 37(8), 1101-1123.
- Bamberger, P., & Meshoulam, I. (2000). Human Resource Strategy: Formulation, Implementation, and Impact. Thousand Oaks, CA: Sage.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. Journal of Managemen, 17(1), 99-120.
- Becker, B., & Gerhart, B. (1996). Human resources and organizational performance: Progress and prospects. *Academy of Management Journal*, 39(4), 779-801.
- Becker, B. E., & Huselid, M. A. (2006). Strategic Human Resources Management: Where Do We Go From Here? *Journal of Management*, 32(6), 898-925.
- Bidmeshgipour, M. (2009). An Analysis of Strategic Human Resource Management in Iran. European Journal of Social Sciences, 9(1), 30-38.
- Boxall, P., & Purcell, J. (2003). *Strategy and Human Resource Management*. Palgrave Macmillan: Hampshire.

Chandler, A. D. (1962). Strategy and Structure. Cambridge, Mass: MIT Press.

Cho, Y., & Cho, E. (2009). HRD's Role in Knowledge Management. Advances in Developing Human Resources, 11(3), 263-272

- Cousins, P. D., & Menguc, B. (2006). The implications of socialization and integration in supply chain management. *Journal of Operations Management*, 24(5), 604-620
- Devanna, M. A. (1984). A Framework for Strategic Human Resource Management. New York: John Wiley.
- Drucker, P. F. (2002). Knowledge work. Executive Excellence, 19(10), 12.
- Fombrun, C., J./Tichy, N. M., & DeVanna, M. A. (1984). Strategic Human Resource Management. New York: John Wiley & Sons, Inc.
- Grant, R. M. (1996). Toward a knowledge-based theory of the firm. Strategic Management Journal, 17, 109-122.
- Iulia, C., & Dan, P. (2008). Human Resources Management in the Knowledge Management. Human Resources Management in the Knowledge Management, 4(48), 54-60.
- Jackson, S. E., Schuler, R. S., & Werner, S. (2008). Managing Human Resources (10 ed.). South-Western: South-Western College Pub.
- Jayne, R. L. (2006). Knowledge Worker: Human Resource Strategy to Achieve a Competitive Advantage. Unpublished PhD thesis, St. Ambrose University, Davenport, Iowa.
- Longenecker, C. O. (2007). The training practices of results-oriented leaders. *Industrial* and Commercial Training, 39(7), 361-367.
- Mello, J. A. (2002). Strategic Human Resource Management: South-Western Publications.

- Miller, P. (1987). Strategic Industrial Relations and Human Resource Management: Distinction, Definition and Recognition. *Journal of Management Studies*, 24(4), 347-361.
- Ouchi, W. G. (1981: .). *How American Business can Meet the Japanese Challenge*. Reading, MA: Addison-Wesley.
- Penrose, E. (1959). The Theory of the Growth of the Firm. Oxford: Basil Blackwell.
- Purcell, J., & Ahlstrand, B. (1994). Human Resource Management in the Multi-Divisional Company. Oxford: Oxford University Press.
- Schuler, R. S., & MacMillan, I. C. (1984). Gaining Competitive Advantage through Human Resource Management Practices. *Human Resource Management*, 23(2), 241-255.
- Seyedjavadin, S. R., & Zadeh, M. H. (2007). HR strategy and its aligning with organizational strategy and human capabilities [Electronic Version]. Retrieved 20.09.2009 from http://www.ijms.ir/pg/02/ijms0201.pdf
- Singh, K. (2003). Strategic HR orientation and firm performance in India. International Journal of Human Resource Management, 14(4), 530-543.
- Snell, S. A., Youndt, M. A., & Wright, P. M. (1996). Establishing a Framework for Research in Strategic Human Resource Management: Merging Resource Theory and Organizational Learning. *Research in Personnel and Human Resource Management*, 14, 61-90.
- Tompkins. (2002). Strategic human resources management in government issues. *Public Personnel Management*, 31(1), 95-110.

- Ulrich, D. (1997). Human Resource Champions: The Next Agenda for Adding Value and Delivering Results. Boston mass: Harvard university school press.
- Ulrich, D. (1998). A new mandate for human resources. Harvard Business Review, 76(1), 124-135.
- Wagner, J. A., & Hollenbeck, J. R. (2009). Organizational Behavior: Securing Competitive Advantage (1 ed.). London: Routledge.
- Wright, P. M., McMahan, G. C., & McWilliams, A. (1994). Human resources and sustained competitive advantage: a resource-based perspective. *International Journal of Human Resource Management*, 5(2), 301-326.
- Youndt, M. A., & Scott, S. A. (1996). Human resource management, manufacturing strategy, and firm performance. Academy of Management Journal, 39(4), 836-857.