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The American University in Cairo
School of Global Affairs and Public Policy

**STRATEGIC HUMAN RESOURCE MANAGEMENT AND ORGANIZATIONAL
PERFORMANCE: A CASE STUDY FROM AN EGYPTIAN NONPROFIT
ORGANIZATION**

A Thesis Submitted to the
Public Policy and Administration Department
In partial fulfillment of the requirements for the degree of

Master of Public Policy

By

Nivin Safwat Abdelmeguid

Supervisor: **Dr. Shahjahan Bhuiyan**

December 2013

American University in Cairo
School of Global Affairs and Public Policy
Public Policy and Administration Department

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PERFORMANCE: A CASE STUDY FROM AN EGYPTIAN NONPROFIT
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ABSTRACT

This study examines the relationship between strategic human resource management (SHRM) and organizational performance outcomes in Egyptian nonprofit organizations. The study uses a mixed-methods approach where quantitative research is followed by in-depth interviews to test the proposed relationships among variables at a growing human services nonprofit organization operating in Cairo. Data helped in identifying relationships between four unique SHRM configurations (retention, acquisition, training and internal labor market) and two workforce characteristics (employee intent to leave and human capital) proven by empirical literature to have a direct impact on perceptual measures of organizational performance. While research results suggested that measures of turnover were found to directly improve organization-level performance, data did not assert that measures for human capital (work experience and education level) directly enhance performance. However, these measures were found to be positively associated with acquisition and training in the context of human resource (HR) practices.

DEDICATION

To my precious little angles Mohamed and Talia, and my husband Akram without whose never-failing sympathy and encouragement this dissertation would not have been finished in half the time.

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List of Acronyms & Abbreviations

AUC	The American University in Cairo
EHDR	Egypt Human Development Report
EMSA	Egyptian Ministry of Social Solidarity
HR	Human Resources
HRM	Human Resource Management
KSAs	Knowledge, Skills, and Abilities
MENA	Middle East and North Africa
NGOs	Non-Governmental Organizations
NPOs	Non-Profit Organizations
RBV	Resource-Based View
SHRM	Strategic Human Resource Management
SPSS	Statistical Package of Social Science

CHAPTER ONE

INTRODUCTION

1.1. Background of the Research Problem

The central challenge facing Human Resource Management (HRM) has been to provide a set of services that make sense in terms of the organization's strategic plan (Dessler, 2008). These services include innovative recruitment and selection strategies, provision of career development opportunities, competitive salaries and policies that reward superior performers and hold low-performing employees accountable.

Pynes (2009) argued that SHRM and integrating HR policies and practices with organizational mission have become crucial, given the increasing number of nonprofit organizations (NPOs) and its rapidly growing workforce, changes in political and social environments, information and communication technologies alongside with the global economic recession, which mandated restructuring several public and nonprofit organizations and have forced them to re-think the way they operate.

Moreover, the increasing number of university graduates every year, particularly in Egypt and the Middle East and North Africa (MENA) region in general, alongside with the government failure to provide those graduates with appropriate jobs made today's labor force more diversified and open to move across all sectors seeking real jobs that provide opportunities for learning new skills and abilities. It has, therefore, become essential to design an HR system that can build a strong human capital through adopting HR strategies

that acquire qualified candidates, orient and train them, and provide them with career growth opportunities to keep them motivated and, consequently, retain them. This, in order to reflect on performance outcomes, requires performance standards and measures to be designed to promote the goals and values of the organization. Thus, it is necessary that HRM practices be integrated into the heart of organization's functions, and not as Cinderella on the periphery (Fitz-ens, 1997).

1.2. Statement of the Research Problem

In view of the above, it is obvious that nonprofit organizations have started to be part of the competition with other sectors in acquiring qualified and capable workforce in order to achieve their goals. Thus, they need to employ good recruiting and selective staffing practices that are able to attract the most skilled and experienced candidates, however, having the most qualified candidates on board is only a first step. Yet, organizations need to train and orient the new hires and, on the longer-term, retain high-performing employees and keep the top talent through effective retention strategies.

Theoretical and empirical literature clearly suggests that using HRM practices strategically within an organization has important implications for the overall organizational performance. Further, previous research in the government and for-profit sector underlines the positive impact of the use of SHRM practices on organizational performance. However, it uncovered another challenge for NPOs represented by confronting the same problems in acquiring, placing, and retaining highly skilled employees as do for-profit firms, and usually do so with fewer resources.

Reading in the literature of SHRM in general and in the literature of the nonprofit sector in specific, one can easily identify the gap in the study of the relationship between SHRM practices and nonprofit organizations' performance, as to what model or process would integrate the management of HR functions with the strategic goals of the organization. Researchers argued that most of the research efforts on nonprofit sector have undervalued the issue of SHRM and its linkage to performance capabilities (Collins, 2000; Davisson, 2013; Hester, 2005; Shafer et al., 2011). Furthermore, no attention was paid to examining this relationship using the measures of the configurational approach to SHRM in order to assess performance effectiveness. Thus, there is a strong impetus to examine this relationship in nonprofit organizations within the Egyptian context.

This research examines the extent to which levels of SHRM practices are associated with levels of organizational performance in a growing nonprofit organization operating in Cairo¹. It tests whether HRM activities can influence organizational performance by direct means through the enhancement of specific human capital characteristics; skills and behaviors (motivation), and advances understanding of how these activities are interdependent and interrelate to create and sustain a competitive advantage for the organization.

¹ Based on non-disclosure agreement with the author, the identity of the nonprofit organization under research has not been revealed.

1.3. Research Questions

Many researchers in the field of SHRM investigated the relationship between different patterns of HR practices and organizational performance (Barney, 1991; Collins, 2000; Hester, 2005; Huselid, 1995), and how these patterns together with unique elements from within the organizations influence performance outcomes at these organizations.

In order to identify the relationship between research variables used and organizational performance, this study aimed to answer the following questions:

1. To what extent are levels of retention HR practices associated with levels of employee intent to turnover?
2. To what extent are levels of internal labor market HR practices associated with levels of employee intent to leave?
3. To what extent are levels of acquisition HR practices associated with levels of human capital (industry experience, organization-specific working experience and level of education)?
4. To what extent are levels of training HR practices associated with levels of human capital (industry experience, organization-specific work experience and levels of education)?
5. To what extent are levels of employee intent to leave associated with perceptions of organizational performance?

6. To what extent are levels of human capital (industry experience, organization-specific work experience and levels of education) associated with perceptions of organizational performance?

1.4. Research Objectives

The study aims generally at understanding the relationship between SHRM practices and organizational performance in Egyptian nonprofit organizations by selecting an Egyptian growing human services organization as a case. The specific objectives of the research are:

1. Supporting the idea of HR function involvement in business strategy formulation at the nonprofit organization under research, and in the Egyptian nonprofit sector in general.
2. Assessing the extension to which SHRM practices are utilized in Egyptian nonprofit organizations of similar characteristics to the nonprofit organization under study.
3. Providing HR practitioners and policy makers with insights related to SHRM in the nonprofit sector for future improvements.
4. Exploring the notion that SHRM is a valuable asset and may influence organizational performance in Egyptian nonprofit organization.

Conceptual Framework

Traditional HR practices will be addressed in this study include retention, acquisition, training, and internal labor market (independent variables). Outcomes are operationalized with employee intention to leave, human capital and perceptions of organizational performance (dependent variables). Hester (2005: 81) indicated that these seven variables proven “broad enough to capture the key dimensions of an SHRM system.”

1.5. SHRM Conceptual Model

It has been noted that the variables that underlie and correlate with organizational performance have not been fully developed in a holistic model that describes their relationships to the performance of non-profit firms (Hester, 2005). Therefore, this study will examine the relationship between SHRM practices and perceptual measures of organizational performance.

Figure 1 represents the proposed conceptual model that intended to link empirical findings with theoretical predictions regarding organizational performance in nonprofit organizations.

Independent Variables

Dependent Variables

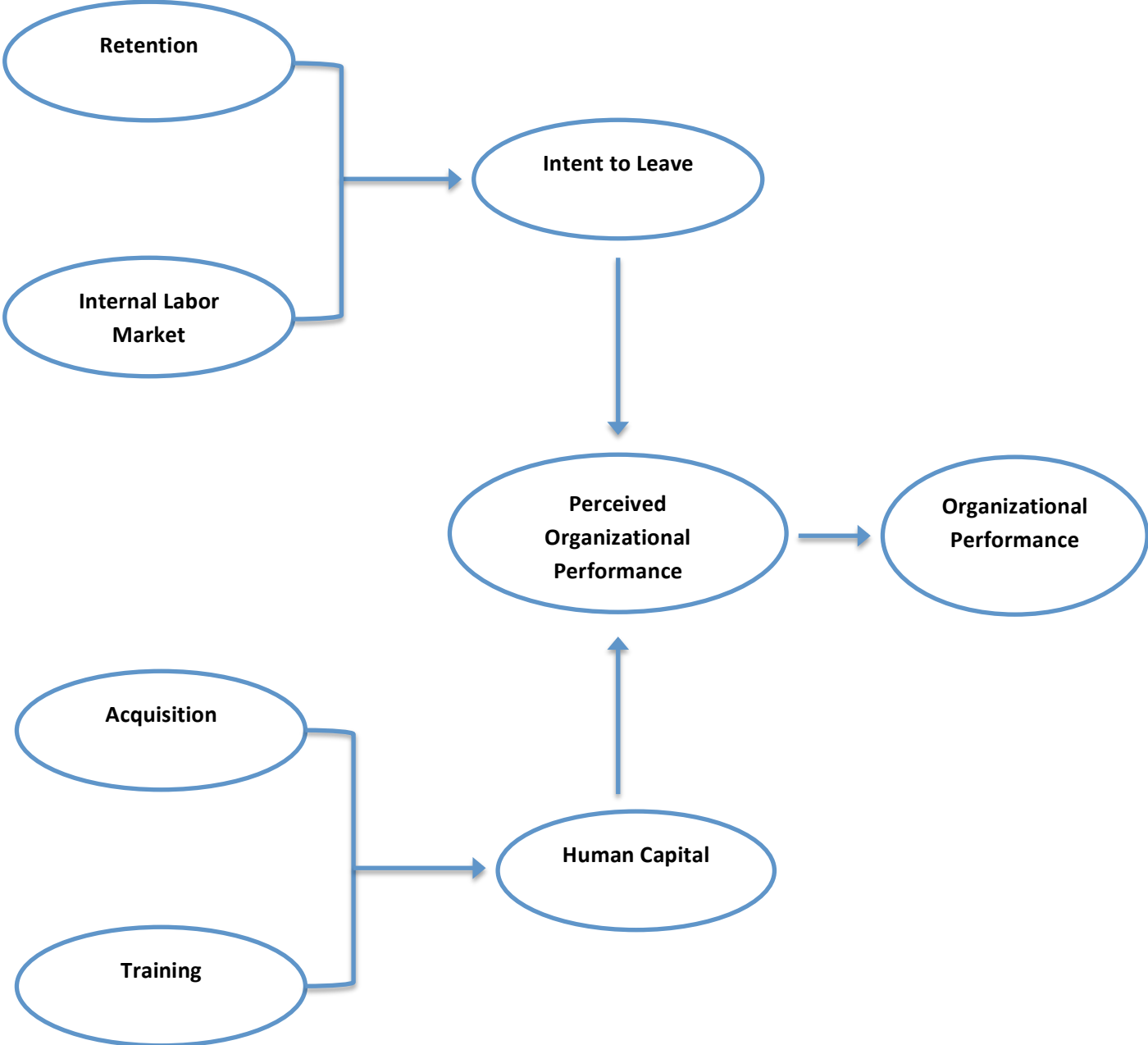


Figure 1: The Proposed SHRM Conceptual Model. Adapted from Collins (2000: 33)

1.6. Research Variables

Independent Variables

The main objective of this study is to ascertain the relationship between SHRM practices and organizational performance in Egyptian nonprofit organizations by selecting a rapidly growing human services organization operating in the governorate of Cairo as a case.

Four variables (HR practice configurations) were used to model an NPO's HR system: acquisition, training, retention and internal labor market.

Dependent Variables

Three dependent variables were used to test the above model: employee intent to leave, human capital (work experience and education level) and perceived organizational performance.

Control Variables

Five variables were controlled for in this study: age of the organization, size in terms of number of employees, and affiliation with an umbrella organization in addition to using independent contractors and outsourcing tasks that need specific set of skills and volunteering capacity.

Theoretical and operational definitions of research variables are presented in detail in the variable definition and measurement section in chapter three.

Concluding Summary

This chapter discussed the background and statement of the research problem followed by research questions and study objectives. It also presented the study conceptual model and introduced briefly research variables. The next chapter will discuss SHRM relevant theoretical and empirical literature. Different modes of theorizing in HR research will be presented followed by an illustration on workforce characteristics and the ways through which it is connected to organizational performance. Next, SHRM configurations and its linkage to organizational performance will be explored. The chapter will conclude with a discussion on nonprofit organizations.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Unlike other sectors, HR of nonprofit organizations cannot be replaced with the investment in physical capital. Moreover, the importance of HR has been further increased by changes in the operating environment of the sector (Akingbola, 2006).

Many researchers referred to the conceptual shift in organizational performance research over the past two decades (Barney, 1986; Collins, 2000; Grant, 1996; Itami and Roehl, 1987; Wernerfelt, 1995). This shift in theory led strategy researchers to begin to realize the importance of internal resources as drivers of organizational performance. Particularly, Barney's (1991) work that addressed the prominent role of intangible resources within organizations those are difficult to imitate and considered as key to a sustained competitive advantage. However, although that empirical evidence suggests a positive relationship between HR practices and organizational performance (Collins 2000; Delaney and Huselid, 1996; Delery and Doty, 1996; Hester 2005; Huselid 1995; Huselid and Becker 1996), no sufficient efforts were devoted to study the mediating means and processes through which HR practices lead to performance.

Furthermore, Shafer et al. (2011: 197) highlighted the empirical "black box" between measures of HR practices and organizational performance noted in Dyer and Shafer (1999). They suggested that despite the huge amount of statistical and empirical

evidence that HR strategies can be positively related to performance effectiveness, there is still much to learn about how these strategies work in specific situations. Thus, they suggested that researchers should begin to “more clearly lay out theoretical rationale for understanding how HR practices can lead to higher firm performance.”

Chadwick and Cappelli (1999) followed these efforts through conducting a study to examine the role of SHRM from a resource-based view (RBV), and argued that HR practices may lead to better performance by developing and utilizing key internal capabilities that lead to sustained competitive advantage. Furthermore, Davisson (2013) claimed that research has found that nonprofit leaders who were successfully able to retain skilled staff were able to utilize intrinsic motivation strategies rather than depending on extrinsic motivation. His study has also found that employees in nonprofit organizations showed higher preferences for intrinsic rewards than their counterparts who work in government and the private sector.

Hester (2005) argued that although previous studies have contributed to understanding strategic human resource issues, several problems exist with them. Most of those studies were based on large, established for-profit organizations. Furthermore, these issues, such as acquiring and retaining human capital, cannot be addressed without expanding the research into more diverse samples. For instance, having a retention strategy or an extensive selective staffing process in place might not indicate the degree to which employees or managers at the field level really use these programs (Hester, 2005).

This study attempted to explore the relationship between SHRM and performance effectiveness. It tried to provide a more comprehensive understanding of the role of patterns and practices of HRM in increasing performance capabilities in nonprofit organizations operating in the Egyptian context.

The purpose of this part of the study is to highlight theoretical and empirical literature of SHRM and its relationship with organizational performance. Therefore, the literature was classified into four main areas of study: (1) Theorizing methods in HR research, (2) Workforce characteristics and organizational performance, (3) Linking SHRM configurations to organizational performance and (4) Nonprofit organizations.

2.2. Theorizing Methods in HR Research

This sub-set of the literature traces the theory development in the human resource field. It sheds the light on the evolution of the configurational approach to SHRM, and how it is linked to building performance capabilities that contribute directly to creating a sustainable competitive advantage for the organization.

According to Delery and Doty (1996), there are three main explanations for the effect of HR practices on organizational performance: Universalistic, Contingency, and Configurational perspectives with slightly varying definitions of strategic HR practices under each of them. Colbert (2004: 341) noted that the main distinguishing characteristic across these types is the “level of system complexity that a researcher suggests”, and the capacity of various research approaches for modeling system complexity. For example; the universalistic approach pays little or no attention to the interaction among various

organizational variables, contingency approach allow for such effects, while the configurational school perceives such effects as extremely important.

The following sections present each of the three approaches in a detailed manner.

2.2.1. Universalistic Approach to SHRM

It is also described as the “best-practice” approach; it is based mainly on the argument that some HR practices are better than others and all organizations should adopt them. In the light of that view, Strategic HR practices were found as those leading to higher organizational performance, independent from an organization’s strategy (Colbert, 2004). These HR practices such as competitive compensation and rewarding system, efficient recruitment strategies, profit sharing, and formal training system, which, according to Colbert, have been shown consistency in enabling firms to perform in a way that is better than they might otherwise.

Although research under the tenet of this perspective has been useful in identifying discrete HR practices that are universally prudent, it overlooked the effect of interaction among organizational variables, and “assumed that the effect of HR variables is additive” (Gerhart and Milkovich, 1990: 663). Furthermore, Colbert (2004: 344) described the approach as a “reductive and linear view of the organizational system that ignoring the notion of system-level resources.” Meanwhile, another important critique of the approach that it did not contribute to the HRM from a strategic point of view, where “strategic” means, as pointed out by Colbert, the strategies those differentiate organizations from one another, and lead to creating a sustainable competitive advantage.

2.2.2. Contingency Approach to SHRM

The contingency approach went beyond the drawbacks of the previous one. It allowed for interaction effects among various organizational variables depending on the presence of a *contingent* variable, which is “most often firm strategy” (Colbert, 2004: 345). Colbert indicated that according to the contingency perspective, effectiveness of HR practices is *contingent* on how well they interact and fit with other variables of the organization as mentioned by Schuler and Jackson (1987). For example, how HR policies and procedures would be the best if an organization wants to implement a low-cost strategy, or to encourage a new product innovation. Thus, the contingency approach, as Colbert argued, allows for a “moderating” effect of strategy, through connecting the dots between HR practice-guidelines and organizational performance measures.

Despite the numerous merits of the approach, a point taken against it was the horizontal harmony between HR practices “hanging together as a coherent and self-reinforcing system” (Colbert, 2004: 344), instead of being vertically aligned with organizational strategy, which highlighted the contingency perspective’s failure in investigating the internal system interaction effects.

2.2.3. Configurational Approach to SHRM

The configurational perspective went beyond the contingency approach by shifting the focus from effects among HR variables to the various patterns of HR practices, which jointly constitute an internally consistent and integrated HR system that, at the same time, show a correlation between that bundle of patterns (independent variables) on one hand,

and organizational performance (dependent variable) on the other (Colbert, 2004). The clusters of HR patterns and practices were referred to as the core HR functional areas including selection, training, performance management, and compensation as an integrated construct with a horizontal fit, while the alignment of that internal fit with organizational variables is called a vertical fit (Wright and McMahan, 1992). Researchers, according to that view, were enabled to assemble different dimensions of the organization (strategies, structures, processes, etc.) into “typologies of ideal types” (Doty and Glick, 1994: 232) and deal with those types as independent variables. This new approach was acclaimed by Meyer et al. (1990: 1175), they stated that the new approach took the researchers to a further step instead of being occupied with working on a limited set of structural concepts, and measuring their relationships with a fixed set of situational concepts.

2.3. Workforce Characteristics and Organizational Performance

The literature has identified three workforce characteristics that positively correlate with perceptual measures of organizational performance: employee turnover, employee motivation and level of human capital.

The following section discussed the interaction between these factors and how they interrelate to affect organizational performance.

2.3.1. Employee Turnover and Organizational Performance

The interest in the effect of individual employee performance on organizational-level performance outcomes has been intensified recently among academicians and practitioners. Moreover, the collective work of an organization’s employees can be a

source of creating its unique competitive advantage that is difficult for its competitors to imitate (Huselid, 1995). Since that human resources are not subject to replication with the same degree that of facilities and equipments. Wright and McMahan (1992) argued that human capital is the most important factor for enabling a sustainable and firm-specific competitive advantage, based on scarce skills and unsubstitutability (either by other individuals or by labor-saving technology means).

High turnover rates dissolves this ability and result in an overstrained remaining human resources and devaluing the idea of specialization since that everyone does everything. High turnover also develops an environment with a sense of alienation where employees are neither familiar with their colleagues nor their jobs. It discourages a culture of learning and knowledge creation, and adversely affects performance outcomes and total organizational capacity through breaking continuity and feelings of belonging (Nonaka, 1994).

Accordingly, it is obvious that retaining high-performing workers and employing effective retention strategy can yield considerable results, not only on the organizational competitiveness front, but also on its ability to produce and preserve capabilities and unique talents that cannot take place unless those employees are motivated, and enjoying high levels of job satisfaction (Collins, 2000).

2.3.2. Employee Motivation and Organizational Performance

A basic need of the worker at the workplace is job satisfaction. Testing prepositions pertaining to job satisfaction and performance correlation has attracted many researchers

and scholars for decades, due to its association with other variables influencing overall organizational success. These variables such as: increased productivity, employee participation and commitment, lower absenteeism and turnover rates and improved overall organizational effectiveness. On contrary, dissatisfied workers have shown a growing tendency towards unproductive behaviors including withdrawal, burnout, and workplace aggression (Elickson and Logsdon, 2001).

Ali (2013: 79) argued that HRM consists mainly of “four functions: staffing, training, development and motivation, and four activities: getting people, preparing them, stimulating them and keeping them.”

Grant and Shin (2011: 2) referring to Kanfer (1990) stated that work motivation is the “psychological processes that direct, energize and maintain action towards a job, task, role or project.” They underlined the “desire to take action” stemming from strong work motivation as the main driver behind “major collective accomplishments” such as “discovering flight, landing on the moon and inventing telephone and computer”. They also indicated the impact of motivation on organizing, “processes through which individual members coordinate their actions to achieve collective goals”, and how different groups of employees such as hospital emergency units, coordinate actions to achieve consistent and safe performance in high-risk situations. They latter denoted individual and team motivational processes as important catalysts of the decision to create and develop organizational collective capabilities (Grant and Shin, 2011).

Hester (2005) referred to the positive correlation between factors such as feelings of professional growth and achievement, contingent rewards, and recognition on one hand and job satisfaction and motivation on the other, which significantly reflects on performance and stimulates employee's total output capacity.

All the above emphasizes the importance placed on motivation at the workplace and supports an obvious conclusion; organizations with more motivated employees are able to outperform others with dissatisfied and demotivated workforce.

2.3.3. Human Capital and Organizational Performance

The resource-based view of the firm has also emphasized the strategic relevance of knowledge-based competencies in terms of creating and sustaining a competitive advantage for the firm, which means that the value of human capital is dependent on its potential to add to the competitive advantage of the firm (Lepak and Snell, 1999). Furthermore, outsourcing the core capabilities and assets might jeopardize the competitive advantage of the firm by eroding its stock of core skills and talents (Collins, 2000).

According to Barney (1991), the human capital of a firm refers to its pool of capabilities, skills, and core competencies that form the base of its competitive advantage. Wright, McMahan, and McWilliams (1994) built on Barney's work as they distinguished between an organization's HR practices (HR tools used to manage human capital pool) and its human capital. They argued that while HR practices can easily be replicated by other firms, those firms will not be able to produce the same quality of competitive advantage if

they lack the quality of human capital, emphasizing the role that HR practices can play in building and maintaining a qualified and unique human capital pool (Wright et al., 1994).

A noteworthy addition to the discussion of human capital by Boxall (1998) is the difficulty of treating all employees, especially if at a large organization, as a source of rare value. Therefore, a distinction between “core” employees and “peripheral” groups was made. Core employees, as a result, were defined as those employees who are “critical to value creation, such as managers, technical specialists, and strategically located workers as to contribute to creating and sustaining this value”. While “peripheral groups are those “employees who possess appropriate industry skills and are critical to maintaining organizational performance and meeting the firm’s commitment to its clients without process disruptions” Boxall (1998: 266).

2.4. Linking SHRM Configurations to Workforce Characteristics

The gap in the SHRM literature has been as what specific HR practices that should be adopted by organizations and lead to a higher overall performance. Despite the disagreement among SHRM researchers on individual practices to be adopted, there is a consensus among them that the use of effective SHRM practices “indirectly” affects organizational performance (Hester, 2005; Huselid, 1995).

This section of the literature review explains how organizations can achieve higher level of performance by using a bundle of four patterns of HR practices (acquisition, retention, training, and internal labor market) through affecting several mediating workforce characteristics such as employee turnover, human capital and motivation

whereas variations with these traits were proven to be related to organizational performance through their impact on perceptions of performance (Delaney and Huselid, 1996).

As discussed in the first section of this part of the study, the configurational approach to SHRM is concerned with identifying the best clusters or bundles of HR practices that fit both horizontally with each other and vertically with organization's strategies and processes. According to Hester, the strength of the configurational approach lies in its ability to identify unique bundles of HR patterns and practices comprising an "HR system" that is able to "create a value for a given firm by creating workforce characteristics that produce a valuable competency for the firm in its environment" (Hester, 2005: 57). This perspective might lead to increased organizational performance when HR practices are appropriately aligned with one or more organizational dependent variables to achieve a competitive position (Colbert, 2004).

Given that employee's performance is a product of both knowledge and motivation, it has been suggested that examining the impact of multiple HR practices to improve both aspects, would be more effective than testing a single HR practice for the same purpose (Huselid, 1995).

Campion et al. (2008: 864) also argued that the complementary nature of HR practices strongly supports Huselid's hypothesis, since that the effectiveness of a particular practice might be considerably enhanced or jeopardized by another practice that is simultaneously applied. In addition to that "human resource management practices must be

combined with specific business competitive strategies if they are to enhance organizational performance” (Chow et al., 2008: 687).

The current study adopted the same approach of Huselid (1995) in examining the impact of using bundles of HR practices on performance effectiveness in nonprofit organizations in the Egyptian context. Therefore, a bundle of four unique patterns of HR practices (retention, training, acquisition, and internal labor market) was tested to determine the extent to which these practices affected employee intent to leave the organization and human capital, proven by ample evidence in the literature (Barney, 1991; Colbert, 2004; Collins, 2000; Delany and Huselid, 1996; Delery and Doty, 1996; Grant, 2001; Hester, 2005; Huselid, 1995) to be related to organizational performance through their impact on perceptual measures of performance.

The following sections present four distinct HR practice configurations that can be utilized to influence workforce characteristics demonstrating an impact on perceptions of organizational performance.

2.4.1. Acquisition Configuration and Human Capital

Extensive recruitment and selective staffing processes “invariably influence employee competences and behavior and, through them, organization’s bottom line” (Dessler, 2011: 111).

One of the most effective ways to build a competent workforce is to acquire individuals with specialized knowledge and experience from outside the organization (Collins, 2000). No doubt that the recruitment and selection of qualified employees is

crucial for any organization, especially for nonprofit organizations, where people play a fundamental role in executing and delivering programs and services constitute these organizations' reason for existing (Pynes, 2009). A key for higher levels of human capital is HR planning, along with extensive recruitment and selective staffing practices. The importance of planning is that it entails job analysis providing information on determining Knowledge, Skills, and Abilities (KSAs) necessary for performing a specific job successfully and add to their overall human capital (Hester, 2005). Planning also helps identifying gaps between current KSAs and future needs and employing a strategy to acquire those needed KSAs that would reflect positively on organizational performance (Collins, 2000).

Pynes (2009) referred to the importance of employing an efficient performance management system in identifying these gaps. She highlighted the role of conducting regular employee performance evaluations in assessing training needs and setting short- and long-term objectives, which eventually develop a sense of continuity and employee commitment towards their organization, and enhance the organization's pool of human capital as well.

Given the intense competition between organizations in attracting employees with specialized knowledge and experience, Dessler (2011) addressed the importance of using extensive recruitment strategies such as multiple sources, attempting to build a large pool of candidates, implementing effective compensation strategies including competitive salaries and wages, which is more likely to attract high-talent knowledge workers (Collins, 2000). Pfeffer (1998) argued that firms can improve their performance by acquiring new

employees with higher skill levels and unique knowledge, emphasizing that having a large pool of applicants allows for more selective staffing processes and leads to better hiring decisions and a better overall organizational performance capacity.

In sum, identifying KSAs for nonprofit organizations can immensely help in improving its human capital (education level and years of experience). That requires extensive and rigorous acquisition strategies that end up with hiring those who possess the highest levels of KSAs and contribute the best in enhancing and sustaining the organization's competitive advantage.

2.4.2. Training Configuration and Human Capital

“Training is a traditional HR practice that has been long used to build human capital, which suggests that firms invest in skill development when they expect an employee increased productivity” (Snell and Dean, 1992: 468). They noted that training is the traditional form of providing “new or present employees with the skills and knowledge they need to perform their jobs effectively.” However, training efforts are useless unless associated with an effective performance appraisal system that identifies performance gaps resulted from the difference between current KSAs and the desired ones (Collins, 2000). Moreover, Dessler (2011) referred to both training and performance management as an integrated process that organizations use to assure that employees are working toward achieving organizational goals, indicating the major importance of conducting training needs assessment before deciding on what programs to be implemented.

Training generally is available in three forms: formal training, on-the-job training, and job rotation (Collins, 2000; Dessler, 2011; Pynes, 2009). While both on-the-job training and job rotations are used frequently by organizations to provide employees with necessary orientation on how to accomplish their present tasks and duties, formal training is more relevant within the desired KSAs for future performance improvement and/or succession planning.

In conclusion, training can have a substantial impact on organizational performance, subject to carrying it out in terms of a credible performance appraisal system, rigorous training needs analysis and the provision of appropriate coaching for employees. Therefore, training efforts are assembled and directed to acquire particular KSAs to enhance human capital capabilities and foster overall organizational performance.

2.4.3. Performance Appraisal Configuration

Performance appraisal refers to “evaluating an employee’s current and/or past performance relative to his or her performance standards” (Dessler, 2011). This entails providing employees with feedback, coaching and incentives that help fixing performance deficiencies and turns in better individual- and firm-level performance outcomes. Hester (2005) denoted that organizations those value investing in human capital use tools such as performance appraisals to identify current KSA deficits and implement performance plans that allow for strengthening relevant KSAs. Similarly, Collins (2000) emphasized the importance of using an effective performance appraisal system that is able to underline performance gaps and define approaches to overcome them for improved employee

productivity. Moreover, Snell and Dean (1992) argued that organizations that use performance appraisal HR practices are more likely to outperform others that do not employ such practices due to the enhanced performance capabilities and knowledge.

Hester (2005: 61) stated that performance appraisal can be used as a source of motivation for employees “when they clearly know what is expected from them and that their performance will be measured, and when they have confidence that the effort exerted within their capabilities will result in satisfactory performance” referring to Robbins (1997). Thus, well-designed and professionally administered performance appraisal systems could be an effective tool in improving organizational performance or changing behaviors. This requires providing employees with constructive feedback, necessary coaching and incentives.

2.4.4. Organizational Commitment Configuration

A key to a successful employee-organization relationship is organizational commitment, which is defined as “a psychological state that characterizes the employee’s relationship with the organization, and has implications for the decision to continue or discontinue membership in the organization” (Meyer and Allen, 1991: 67).

Similarly, Wang (2006: 23) argued that organizational commitment represents an employee’s “belief in and agreement with the values and goals of the organization, willingness to exert efforts to accomplish organizational goals and strong desire to maintain employment at the present organization.” Thus, it is strongly suggested that high levels of organizational commitment bring in low levels of employee intention to turnover.

Meyer and Allen (1991) made distinction between three forms of commitment to the organization: (1) affective commitment that referred to “emotional attachment, in identification to, and involvement in the organization”, (2) continuance commitment that denoted the “awareness of costs associated with leaving the organization”, and (3) normative commitment, which demonstrated “feelings of obligation to remain in the organization.” Meyer et al. (2002: 20) later conducted meta-analyses to measure the relationship among three components of commitment, and assess the relationship between three components and variables introduced as their antecedents, correlates and consequences. Their research found that three forms of commitment related yet “distinguished from one another as well as from job satisfaction, job involvement and occupational commitment.” An important result of their study was the negative relationship found between three forms of commitment and turnover with affective commitment demonstrating the “strongest and most favorable” association with “organization-relevant (attendance, performance and organizational citizenship behavior) and employee-relevant (stress and work-family conflict) outcomes (Meyer et al., 2002). Figure 2 represents the three-component model of commitment with links between the three components of commitment and variables considered as their antecedents, correlates and consequences.

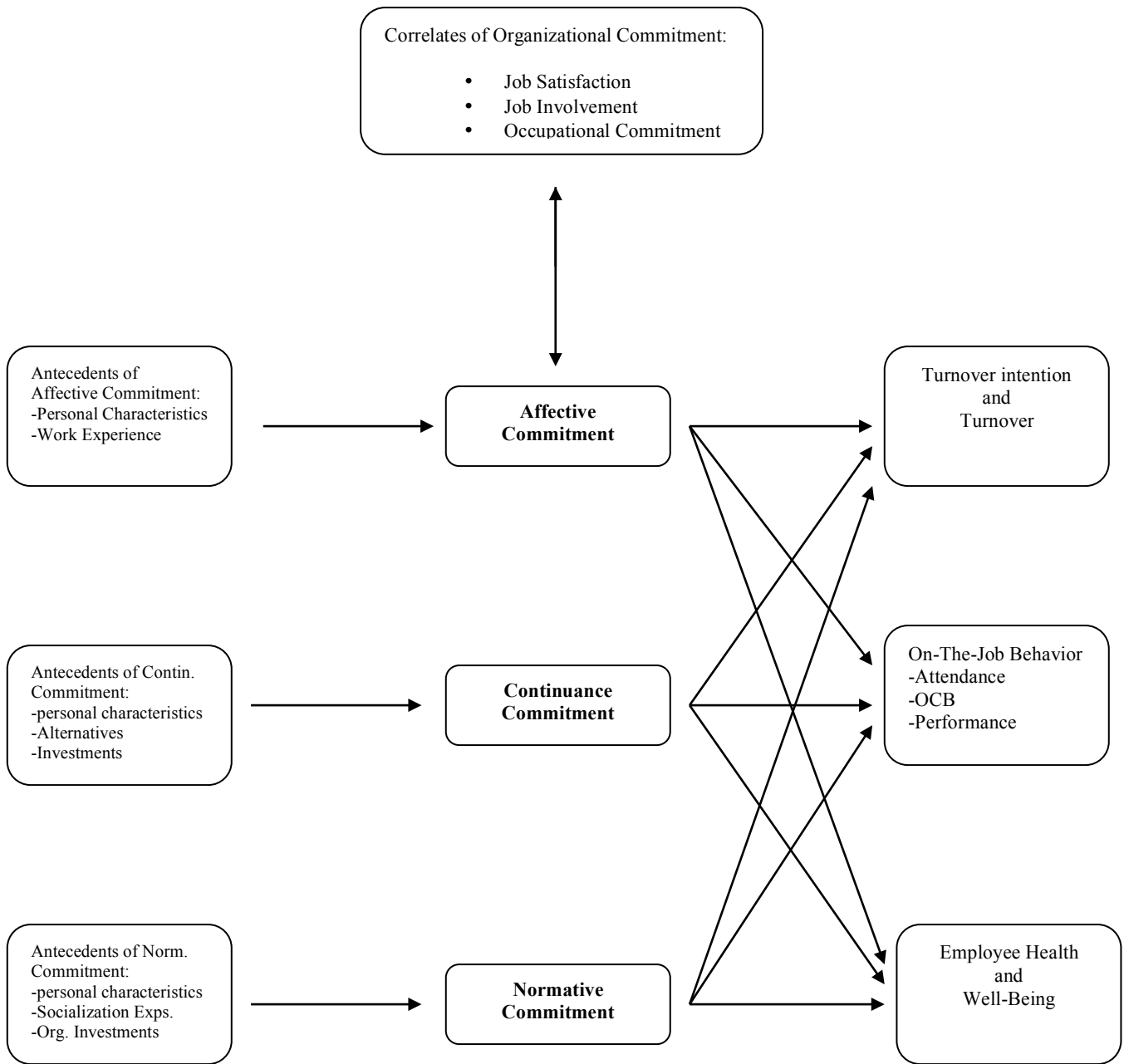


Figure 2: The Three-Component Model of Organizational Commitment. Adopted from Meyer et al. (2002: 22)

Human capital is the most valuable asset for any organization. The relation between organizational commitment and turnover is important to understand since high turnover rates can remarkably lower the quality and/or quantity of services and products provided by the organization, and bring in inestimable loss of money, time, resources and knowledge (Wang, 2006). Additional costs associated with recruiting and training the new staff should be also considered.

On the other hand, Hester (2005) referred to the importance of extending opportunities of advancement and support to employees by the organization for an increased employee motivation and consequently, a higher level of commitment towards their work. He argued that employees are more likely to develop higher levels of commitment when they perceive same or higher levels of commitment by their organizations. Thus, it is important for an organization to employ an effective reward system to attract and retain labor with KSAs necessary for realizing organizational goals.

2.4.5. Retention Configuration and Employee Intent to Leave

Turnover is one of the most uncomfortable experiences organizations might face. Despite its tactless appurtenances such as cost and morale downturn, turnover can be even more harmful when assessing the overall organizational performance.

Yoon and Kelly (2008) suggested that a turnover rate of “five” to “ten” percent can enforce positive outcomes on the total performance of a moderate-sized organization (of few hundred employees), since new employees can potentially bring “higher energy levels, recently acquired education, and new perspectives” to the workplace. However, this must

take place in balance with other factors identified earlier by Yoon and Kelly as follows: first, how remaining members of the organization are going to perceive the departure of a coworker and an experienced team member. Second, the way they will be orienting the new coworker and if they will be able to secure sufficient time to train and socialize the new member. And finally, the psychological effect of experiencing a colleague leaves the organization (Yoon and Kelly, 2008: 30), particularly when that departure is perceived as an “indication of labor market favorability” (Hester, 2005: 82) among other employees. Therefore, in case of high turnover rates, these burdens are amplified to the extent that performance deteriorates.

In view of this, organizations are actively seeking to employ efficient retention strategies as an approach to retain its skilled labor and keep the top talent. These strategies might include competitive pay plans and reward system, provision of professional training and development opportunities, flexible working hours, and performance-based short and long-term incentives (annual bonuses and stock options, respectively) (Dessler, 2011).

Nonaka (1994) found that organizations that create and support a sort of fun and social environment (sponsor social events and employee activities outside work, trips, and social gathering) for its employees at the workplace, demonstrated lower levels of turnover levels than others who do not support these sort of activities that create and strengthen friendship bonds between coworkers as they become reluctant to leave their “friends” behind.

In a recent study, Cosack et al. (2010) argued that while companies and organizations usually think of retaining key employees during times of organizational change by paying huge incentives and rewards to “senior executives, star performers, and rainmakers”, they fail to notice “normal performers” who are also critical to organizational success. They, however, suggested a less costly approach to employee retention. Their model comprised both financial and nonfinancial aspects, which can be tailored according to each organization’s needs and aspirations. The model is focusing mainly on “identifying all key players but targeting only those who are most critical and at risk to leave” (Cosack et al., 2010).

To summarize, retaining valuable social capital to the organization can have a tangible and direct impact on performance in nonprofit organizations through lowering the level of turnover. Good retention strategies can include competitive salaries and wages, efficient incentive plans, training and development, and work environments that support socialization and friendship among employees.

2.4.6. Internal Labor Market Configuration and Intent to Leave

In fact, hiring from within might entail several advantages for the organization. For example, the opportunity of having an accurate image of a person’s profile involving strengths and weaknesses, therefore, it is safer to promote employees from within. It also reinforces morale levels in the organization when the employees see the reward in return for competence and hard work. It also involves two critical benefits to consider internal candidates for vacant jobs; first, current employees actually need less training and

orientation than outsiders do. Second, it saves a lot of recruitment and training both efforts and costs (Dessler, 2011).

Dessler's argument of saving recruitment and training costs fits, to a great extent, when there is a need to recruit for executive-level positions, which often requires a certain level of specialized knowledge, skills, and experience. Those professionals of specialized KSAs identified by Collins (2000) usually demand a premium on the open market. Thus, it is obvious that building an internal pool of qualified and able labor would be of a great help in hiring generally, and specifically hiring for leadership positions, and could also save money.

Harel and Tzafrir (1999) indicated that organizational performance could vastly be improved by mobility of employees within the organization in two ways; first, it promotes an environment of satisfaction that supports knowledge and experience; second, it might decrease recruitment and training costs. A third gain is that it develops employees' feelings of professional growth and reward that is found empirically to be positively associated with commitments towards the organization (Nonaka, 1994). Thus, decrease turnover rates and maintain the most valuable asset to any firm; it's human capital.

Dessler (2011) argued the significance of utilizing techniques of succession planning on organizational performance. He identified the term as the "ongoing process of systematically identifying, assessing, and developing organizational leadership to enhance performance." The strength of succession planning is that it induces motivation among workers where promotion is based on performance and competency. Delaney and Huselid

(1996) have found that opportunities for internal career have shown a positive association with organizational performance. Moreover, their findings suggested that employee motivation could be enhanced through internal mobility and provision of opportunities for professional growth (Delaney and Huselid, 1996).

In summary, internal labor market can be both an effective tool and a good source of motivation among employees, and consequently for an increased organizational performance particularly in nonprofit organization, where motivation is an important reason for employees to continue to serve in their roles by feeling valued and rewarded. This might be feasible through investing in current workforce and preparing them for future career advancement and promotion opportunities.

Previous sections showed how SHRM seeks to align human capital to the strategic goals of the firm, and emphasize employees as the most strategic asset to its success. It has also demonstrated how unique SHRM configurations are indirectly connected with perceptions of organizational performance through its direct linkage to two workforce characteristics that directly affect perceptual measures of performance capabilities and potential within organizations.

The following section discusses the nature of nonprofit organizations and sheds the light on circumstances and specific conditions of NPOs operating in the Egyptian context.

2.5. Nonprofit Organizations (NPOs)

NPOs are often faced with extremely multifaceted environments characterized by severe and inflexible state laws and regulations that prohibit distribution of net earnings to members, officers, or trustees (Collins, 2000; Hester, 2005; Mirvis and Hackett, 1983). They depend mainly on intrinsically motivated employees, donations and gifts to operate and to be able to survive in the first place. Thus, it is anticipated that NPOs that can build and support this capability will outperform other NPOs that do not apply practices and activities to build and sustain this capability (Hester, 2005).

It is obvious that human resource contributes in a significant way to this type of organizations as it determines if they will be able to carry out their mission and continue to deliver their reason for existing, therefore, NPOs were particularly appealing contexts to test research hypotheses and ascertain proposed relationships between its variables.

Unlike the business world, nonprofits do not have a clear bottom-line to determine how well they are achieving their mission (Anonymous, 2013). Research has shown that organizations' success is affected notably by how well organizational processes work to carry out the mission. Vance (2006) identified a number of organizational elements that proven significant contribution to nonprofit performance effectiveness including mission, board of directors, development, and human resources.

Moreover, Franklin (2011) denoted the fundamental need of nonprofit organizations to develop and maintain the highest level of operational efficiency and performance effectiveness given that they are using public and donors' funds. So that, these organizations are subject to severe competition from the profit sector in the provision

of products and services those should be supplied otherwise by the government which could render NPOs vulnerable. Thus, nonprofit organizations need to adopt strategies, utilize, and allocate capable resources in the way that allows them to compete efficiently.

On the other hand, literature on nonprofit organization defined five characteristics of high-performing organizations: a vital mission, a well-organized board with able and involved members, a competent and talented leadership, motivated volunteers and staff, and solid fundraising strategies and streams (Hall, 1994). The aforementioned emphasizes the need for implementing human resource strategies those are capable of building up and maintaining a qualified and able human capital.

Nonprofit Organizations in the Egyptian Context

Nonprofit organizations (NPOs), also known as nongovernmental organizations (NGOs), in Egypt represented the sample to test the proposed relationship between SHRM practices and performance effectiveness by this research.

The nonprofit sector in Egypt has emerged largely mainly because of the state's lack of ability neither to provide the public poor with basic and essential needs, nor to compete with independent, well-organized nonprofit organizations those have emerged primarily to deal with the negative consequences of the so called "state distrust of the civil society" as a result of reducing state per capita spending on basic public services such as education, health and housing (Kandil, 1993).

According to Kandil (1993: 6), the Egyptian civil society features six major categories of nonprofit organizations: "associations and private foundations governed by

law, professional groups, business groups, foreign foundations, advocacy organizations, Islamic Waqf and Christian charities.” Handousa (2008) noted that despite the rapidly growing number of nonprofit firms in Egypt, there is no accurate figure that indicates the exact number of these organizations in Egypt.

According to the Egyptian Ministry of Social Solidarity (EMSA), the number of registered nonprofit organizations reached a total of 21,500 in 2007. These organizations are mostly concentrated in urban areas in the north, where well-developed social capital and urbanization dominate. Handousa (2008) declared that a number of 7,652 nonprofit firms operate in Lower Egypt in addition to other 7,502 organizations operate in the Upper division of Egypt. Further, Latowsky (1997) asserted that the Egyptian non-governmental sector is the largest in all Arab countries, given the number of private nonprofit organizations registered with EMSA that comprised then 14,000 to 15,000 private organizations.

Table 1 provides data on the geographical distribution of NPOs in Egypt as provided by the Egyptian Human Development Report (EHDR, 2008).

#	Governorate	Number of NGOs/Governorate
1	Port Said	212
2	Cairo	2788
3	Suez	280
4	Alexandria	1467
5	Damietta	252
6	Ismailia	262
7	Gharbeya	513
8	Aswan	355
9	Qalyobia	682
10	Giza	1399
11	Dakahliya	761
12	Menoufia	791
13	Sharkia	1109
14	Kafr ElSheih	262
15	Qena	641
16	Beni Suef	250
17	Menia	976
18	Suhag	469
19	Assiut	456
20	Fayoum	318

Table 1: Statistics on Nonprofit Organizations in Egypt per Governorate. Adopted from EHDR (2008: 68)

According to Kandil (1998), most of the nonprofit sector organizations in Egypt suffer from poor administration and the shortage of skilled labor. This status is basically a result of the low salaries offered by organizations under this sector in addition to poor management and the absence of economic decision-making skills. She also pointed to the attitude adopted by many leaders in the sector to remain in their position for long periods

as possible as the main reason behind the absence of young leadership, which prevents intergenerational communication and leaves the young with no opportunities for development and career growth.

The aforementioned introduces the role of the state as key for a flourished nonprofit sector in two ways. First, formulating public policies and enactment of laws that aim at the advancement and growth of the sector². Second, mandating the relevance of services and programs provided by these organizations to social needs and setting performance benchmarks for assessing their performance.

² For example, the enactment of laws such as “law 32 during consolidation of Nasser’s single party system in 1964, which restricted the establishment of associations and disbanded NPOs and increased state’s control of nonprofit sector” (Kandil, 1993: 1).

Concluding Summary

This chapter shed the light on the theoretical and empirical literature of SHRM. It provided a detailed description of different theoretical approaches to SHRM and explained how different HR configurations can indirectly influence organizational performance through their direct relationship with workforce characteristics proven by ample evidence in literature to have a direct effect on performance outcomes. Chapter three presents research methods adopted in order to identify the proposed relationships between SHRM and organizational performance.

CHAPTER THREE

METHODOLOGY

3.1. Introduction

This chapter presents an overview of the research methods on which this study is based. It aimed to describe the data used in examining the relationships between four SHRM practices (acquisition, training, retention and internal labor market) and organizational performance in Egyptian nonprofit organizations, selecting a growing human services organization operating in the governorate of Cairo as a case. The methodology adopted to assess the factors affecting organizational performance is based on the mixed-methods approach where quantitative research using the survey instrument is followed by in-depth interviews in order to validate results and to answer research questions raised.

In view of this, the next sections present in detail the following aspects of methodology: research strategy, study design, research questions, instrumentation, variable definition and measurement, population and composition of sample and data collection.

3.2. Research Strategy

In an attempt to explore the relationship between SHRM and organizational performance in Egyptian nonprofit organizations, the current study used the mixed-methods procedures that combine quantitative with qualitative analysis. The mixed-methods approach involves three types of design; the study here applied a sequential

transformative strategy where the results from the quantitative method helped in designing the qualitative research (Creswell, 2003). After data were collected and analyzed, a qualitative research was conducted in order to validate the outcomes of the quantitative model and provide an in-depth analysis of the proposed relationships.

3.3. Research Design

The current study adopted a theory-driven design in order to test the relationship between SHRM practices and organizational performance. Thus, the examined associations were introduced in a conceptual framework that is supported by a robust theoretical ground for confirmatory rather than exploratory purposes. This research has also employed a fixed-method design that is usually used when the phenomenon under research is quantified and the research design is identified prior to data gathering (Amaratunga et al., 2002).

In view of this, a field study was conducted to test a model linking four configurations of HR practices (retention, acquisition, training, and internal labor market) (independent variables) to organizational performance through the indirect effect of these practices on three dependent variables: employee intent to leave, human capital and perceived organizational performance. The explanatory variables related to SHRM used in this study and proven effective in improving organizational performance are: age of the organization, number of employees, affiliation with an umbrella organization, using independent contractors, and volunteering capacity.

Questionnaire Design

The primary tool for collecting data was the survey questionnaire that was designed upon the previous work of Collins (2000) and Hester (2005) who conducted similar studies in different contexts. Data were gathered from two main sources within the organization: (1) the survey of HR Manager that was used to collect measures of HR practices used in the organization (retention, acquisition, training, and internal labor market), (2) surveys of core employees that were used to collect measures of employee's intent to leave, perceptions of organizational performance, and human capital. HR Manager completed the first questionnaire because of two principal reasons: first, he had the highest level of awareness on HR practices and activities applied within the organization. Second, HR Managers usually have the largest stock of knowledge about the organizations' overall activities as opposed to the narrow scope of departmental level. Harel and Tzafrir (1999: 186) noted "results of previous studies indicated that the responses of senior HR Managers to questions regarding descriptive data are not much different from those of senior line managers."

Interview Design

After data were collected and analyzed quantitatively, the results helped in designing in-depth interviews with core employees working at the organization using a set of open-ended questions, which are presented in detail in the qualitative research component section. The interviews helped in validating the quantitative research results and provided in-depth analyses of the topic under research.

3.4. Population and Composition of Sample

According to a key executive staff member at the Human Resource office in the nonprofit under research, the total population at the organization's head office located in Cairo is equal to 269 full-time employees who work in different occupational areas and different hierarchical echelons. The selected sample was a purposive sample based on the selected organization as a case study. Dolores and Tongco (2007: 147) defined purposive sampling technique as "a type of non-probability sampling that can be used in both qualitative and quantitative research designs." They also noted that choosing a purposive sample could be fundamental to the quality of data gathered since it allows researcher to draw the sample that "best fit the research intended objectives."

A number of 169 employees were excluded from the sample, as they do not satisfy Boxall's (1998: 266) definition of core employees. Core employees were defined as employees who are critical to creating value to the organization (e.g. managers, technical specialists, and strategically located workers), and those workers are acute to creating and sustaining a competitive advantage for the organization as noted by Boxall (1998). Thus, the sample size in the current study accounted for a total of 100 employees including HR Manager who exclusively filled in the HR Manager questionnaire and responded to items on the "perceived organizational performance" scale. These scales ask for classified data that none of the non-executive staff is able to afford, only the HR Manager was able to provide information on measures of HR practices, patterns, and procedures that were applied within the organization. He was also able to answer questions related to quality of services and programs provided by the firm, its ability to attract essential employees and

retain them, and development of new products and/or services, those intended to measure perceptions of organizational performance.

For qualitative research purpose, a smaller purposive sample composed of nine employees was selected from the 100 employees to participate in a series of in-depth interviews, after quantitative data were collected and analyzed and before writing conclusion and policy recommendations. Employees were selected purposively so that each represented one of the units of the organization. Participants had also to demonstrate at least two years of work experience with the organization under study, in order to allow opinions as objectively as possible. None of the marketing unit had the desire to participate face-to-face interviews. However, core employees from the marketing unit filled in the core employees' survey.

3.5. Instrumentation/Variable Definition and Measurement

The main objective of this study was to ascertain the relationship between strategic HR management practices and organizational performance. Two sets of variables were used to help asserting this association using constructs that are described below.

3.5.1. Quantitative Research Component

Independent Variables

Four independent variables were employed to model the HR system in a nonprofit organization: acquisition, training, retention and internal labor market. Data on

independent variables were derived from the responses of the HR Manager of the organization under study. Items on the HR Manager questionnaire appear in Appendix I.

The HR Manager survey questionnaire comprised five sections containing a total of 29 questions that were presented in different format in each section. The first section questioned general information about the organization with forced-response questions using a multiple-choice format. The second section contained items pertaining to measure HR acquisition (selective staffing) practices; answers were offered along a 5-point Likert scale ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3). The third section contained items measuring the effectiveness of the HR training practices within the organization; answers were offered along a 5-point Likert scale, ranging from (1= very little to 5= great deal) with a neutral midpoint (3). The fourth section included items measuring the extent to which the organization uses retention strategies to retain its skilled labor; answers offered along 5-point Likert scale, ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3). The fifth and last section contained items measuring the organization's willingness to extend opportunities to employees for promotions, which is conceptualized as the internal labor market; answers offered along 5-point Likert scale, ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3).

Following is a comprehensive discussion on the used scales with reliability estimates for each scale.

Acquisition Configuration

Acquiring individuals with specialized knowledge and experience from outside the organization is one of the most effective ways to build a competent workforce (Collins, 2000). The current study measured the extent to which the nonprofit under research applied recruiting and selective staffing practices by using Snell and Dean's (1992) acquisition scale. The scale appears in Appendix B.

The acquisition scale is a seven-item measure ($\alpha = .83$) of selective staffing activities such as the amount of resources (time and money) devoted to acquiring skilled employees to enhance the level of human capital, and number of employees involved in making hiring decisions. The organization's level of selective staffing is determined through respondent's (HR Manager) evaluation to how much importance is placed on such activities by the organization.

Training Configuration

This study measured the extent to which the nonprofit under study applied employee formal training practices by using an adapted version of Snell and Dean's (1992) training scale. The scale appears in Appendix C.

The training scale is a six-item measure ($\alpha = .88$) assessing the level of employee formal training extensiveness, in addition to measuring the effectiveness of overall training programs. The nonprofit's level on the training scale was identified by the HR Manager's ratings reported on items measuring the priority placed on providing employees with

development opportunities, amount of money and time spent on training programs and amount of hours of formal training a typical staff member receives every year.

Retention Configuration

The current study measured the nonprofit's under research ability to retain skilled employees by using Collins's (2000) retention scale. The complete scale appears in Appendix D.

Collins's (2000) retention scale is a seven-item measure ($\alpha = .72$) that assesses the degree to which various strategies are applied on the individual and organization levels to retain high performing and talented employees. HR Manager evaluated the extent to which his organization was applying retention strategies by assessing the extent to which HR practices such as allowing employees to work flexible hours and/or working from home, sponsoring social events for employees and to celebrate business successes.

Internal Labor Market Configuration

The current study measured the nonprofit's under research commitment to provide internal employees with opportunities for promotion and professional growth using the scale used by Delaney and Huselid's (1996). The scale appears in Appendix E.

The internal labor market scale is a four-item measure ($\alpha = .82$) of organizational commitment to activities such as hiring from within, giving internal candidates consideration over external candidates for job openings and the provision of competitive wages for the industry. The firm's level of commitment is determined through HR

Manager's reported level of agreement or disagreement with statements questioning such activities.

The previously discussed constructs representing the independent variables in this research are, as noted by Hester (2005), enough to present a reasonable reflection of the extent to which progressive HR practices are applied within an organization.

Dependent Variables

In this study, three dependent variables were used to test the proposed model: intent to leave, perceived organizational performance and human capital. Data on dependent variables were obtained from responses of core employees and HR Manager working at the organization under study. Core employees reported data on characteristics of human capital including (education, work experience) and intent to leave, while perceptual data on the organization itself such as the quality of services, development of new services and programs, and the degree to which clients are satisfied, were derived from responses of the HR Manager on the perceived organizational performance. According to Boxall (1998: 266), core employees are "employees who are critical to creating value to the organization (e.g. managers, technical specialists, and strategically located workers)." Those workers are critical to creating and sustaining a competitive advantage for the organization as noted earlier in chapter two. Items on the core employees survey appear on Appendix J.

The core employees survey composed of three sections with a total of 15 questions presented in different format in each section to satisfy research's focus and answer research questions raised. The first section dealt with human capital characteristics; some

of the questions were of the forced-response type using a multiple-choice format (e.g. education), while other questions asked respondents to provide an answer the best reflects her/his case (e.g. years of experience). The second section contained items pertaining to measure employees' intention to turnover; answers were offered along a 5-point Likert scale ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3). The third and last section included items measuring perceived organizational performance compared to other organizations that provide the same kind of programs and services; answers were provided along a 5-point Likert scale ranging from (1= much worse to 5= much better) with a neutral midpoint (3).

Following is a detailed description of the used scales with reliability estimates for each scale provided.

Human Capital

Human capital was defined as the “stock of skills and education an employee had developed through education and previous work experience” (Mincer, 1993: 285). In this study, human capital was operationalized by a core employee's attained level of education and work experience in terms of years of organizational experience and total years of industry-specific experience.

Education was assessed through asking respondents to choose all post-high school degrees he/she has attained. Each respondent was asked to indicate his/her answer that most reflects his/her level of education among four answer choices: (1) 3-year secondary school, (2) Bachelor degree, (3) Masters degree and (4) Doctoral degree.

Unlike education that used forced-response question format, respondents were allowed to freely answer questions aimed to measure the experience dimension of human capital with no specific answer choices. Items pertaining to measure education and experience appear in Appendix H.

Employee Intent to Leave

The four-item scale used to measure employee intention to turnover was originally developed by Cook, Hepworth, Wall and Warr (1981) and used before by Hester (2005). The scale appears in Appendix F.

The intent to leave scale included items that measure employees' desire to leave the organization such as "I think often about quitting" and "one or more of my coworkers are actively seeking new job." The level of intent to leave among respondents was evaluated by the degree to which they agreed or disagree with statements like the previously mentioned above.

Perceived Organizational Performance

Perceived organizational performance is the perceptual measures of organizational performance as assessed by employees in comparison with other organizations doing the same kind of work. The current study used an adapted version of the scale used by Delaney and Huselid (1996). The scale appears in appendix (G).

The perceived organizational performance is a five-item measure of perceptions of performance ($\alpha = .87$) in relation to other organizations in the same field. It included items

such as quality of products and services, ability to attract essential employees and satisfaction of customers. HR Manager was the respondent to that section of the questionnaire.

Control Variables

In the current research, five variables were controlled for to see the strength of their effect on the quality of HR services and practices.

Age of the organization

The number of years that an organization has operated in Egypt might influence HRM outcomes and organizational performance. For instance, organizations with more experience in Egypt have gone through a learning process concerning how to operate in the Egyptian context. Fey (2000) argued that a positive relationship might exist between firm experience demonstrated by its age on one hand, and its HRM outcomes and overall organizational performance on the other.

Number of Employees

Fey (2000) argued that large organizations might possess more resources to devote to the business. Moreover, Wright (2003) claimed that the size of the organization can be operationalized with the number of employees at an organization (Wright, 2003). Therefore, the number of employees was added to the control variables.

Affiliation with an Umbrella Organization

Research has found that affiliation with an umbrella organization often leads to less use of SHRM practices (Davisson, 2013). Large organizations usually head to implement cost-effective standardized HR practices in order to lessen administrative costs and to create easy-to-implement practices. Despite the good intentions behind creating these systems, they fail to satisfy the unique needs of communities, and limit the ability of its affiliates to tailor their own HR practices.

Independent Contractors

Nonprofit organizations often hire specialized contractors in order to tackle tasks that require a specific set of skills. A study conducted by Guo et al (2011) has shown a positive correlation between the use of SHRM practices and the use of independent contractors, where leaders are allowed to have more time and resources to invest in their permanent employees by outsourcing peripheral functions of the organization.

Volunteers

A significantly negative correlation has been found between the percentage at which organizational workload is done by volunteers and each of the use of acquisition and retention techniques, professional development opportunities, performance management, workforce planning, and maintaining an organizational cultures that values employees (Davisson, 2013). In other words, organizations that depend on its employees in doing the majority of work tend to utilize SHRM practices. Therefore, the volunteers' aspect was added to the set of variables to be controlled for.

3.5.2. Qualitative Research Component

In addition to allowing in-depth understanding of a specific phenomenon, sequential procedures give the researcher the opportunity to expand the findings of one method with the other (Creswell, 2003). In the current study, after quantitative data were collected and analyzed, a qualitative research was conducted in order to validate results and provide more in-depth analysis before writing the conclusions and policy recommendations. A noteworthy advantage associated with using sequential procedures was referred to by Creswell is serving the purpose of bringing about a desired change for marginalized groups. In the current study, it was important to hear the voice of employees as they are usually excluded from the decision-making process, especially the financial ones.

In-depth interviews were conducted with nine core employees working at the organization under research with, at least, two years of organizational experience. The semi-structured interviews included open-ended questions, some of the questions are provided below:

- What motivates you the most to work for this organizations?
- How would you evaluate your relationship with your supervisor/subordinates?
- Why do you consider this organization is a good one to continue working with?
- How would you evaluate the performance of the HR department?
- In your opinion, what things should be worked on to improve the overall organizational performance?

Prior to the beginning of any of the interviews, the researcher introduced herself and explained briefly the purpose and objectives of research. The researcher also assured to each interviewee that confidentiality and anonymity were completely guaranteed, adhering to the principles of protecting human participants from any harm. A full and more detailed list of questions appears in Appendix K.

Similarly, an in-depth interview was conducted with HR Manager to further discuss unclear responses on the survey. A full list of questions appears in Appendix L.

Some of the questions those were raised during the interview are provided below:

- In your opinion, why turnover rates amplified in the last three years?
- How would you evaluate the performance of the HR department?
- How often do you, as an HR Manager, attend board meetings?
- How much importance is placed on the HR function by the board?
- To what extent is the HR unit involved in decision-making?

For research purposes and to overcome cultural and linguistic differences, questionnaires and interview questions were translated from English to Arabic language. Verbatim translation concept of the questions suggested by Rode (2005) was adopted to avoid problems threatening the validity and reliability of measurement. Therefore, translation back-translation procedure was used in order to maintain the original meaning of questions as stated in the “original English version reported by the author of each scale” (Rode, 2005: 15).

Face validity issues were also taken into consideration by asking four faculty members at AUC whether scales included in the two questionnaires look valid or not. Burns (1996) mentioned a definition that was originally developed by Anastasi (1988) of face validity tests as a way to measure if a scale “looks valid to the examinees who take it, the administrative personnel who decide on its use and other technically untrained observers” (Anastasi, 1988: 144). All consulted faculty members agreed on both questionnaires’ face validity.

3.6. Data Collection

Data were collected from two sources within the organization under study: HR Manager and core employees. The exact number of employees forming the sample was equal to 100 core employees whose jobs were considered critical to creating value to the organization. First, an introductory letter was sent to the HR Managers of four well-known Egyptian nonprofit organizations those were recommended by faculty members at the Public Policy and Administration Department at AUC as ideal cases for conducting the study. The e-mails were followed by follow-up phone calls within the next three days; only the organization under study showed an initial agreement on conducting the study on its workforce. A preliminary appointment with the HR Manager at that organization was arranged, during which the researcher presented briefly her research project and its objectives, how the nonprofit would benefit from participating in the study, and how the Human Resource unit might assist with sampling procedures, distribution and collection of surveys. Introductory letter that was sent to the four nonprofits appears on Appendix A.

Two approvals were granted prior to actual conduct of research: (1) official approval from the chairman of the selected nonprofit organization, and (2) final approval from the chair of the IRB at AUC to conduct the study.

Ethical matters concerning protecting human subjects from harm, assuring confidentiality and anonymity were also guaranteed. So that, an informed consent was added at the beginning of each survey to ensure that participants are fully aware of the purpose of the study, its benefits and risks, and to make sure that each participant has given her/his implicit consent before participation. IRB approval appears on Appendix M.

The entire process of data gathering took place from October 5th to November 19th, 2013. With a response rate of 76%, a total of 76 completed questionnaires were obtained out of 100 questionnaires distributed over the designated sample. Data were cleaned, coded and finally, 76 valid questionnaires were processed into the SPSS program for analysis.

After quantitative data were collected and analyzed, in-depth interviews with nine core employees were conducted in cooperation with two coordinators from the NPO's HR unit. In addition to validating results and providing an in-depth analysis to the phenomenon under investigation, interviews helped in answering questions that quantitative data could not, through people's stories, real experiences and even gestures, which will be comprehensively explained in the next chapter.

Concluding Summary

Chapter three has provided a synopsis of research methods and designs used to examine the proposed relationships among variables, as well as population and sample composition. Questionnaires used to collect quantitative data have also been introduced along with interviews' design and questions. The next chapter will present research major findings and data analysis.

CHAPTER FOUR

RESEARCH FINDINGS AND DATA ANALYSIS

4.1. Introduction

This chapter presents findings of the quantitative and qualitative research and data analysis. Quantitative data were obtained using the core employees' survey and demonstrated by descriptive statistics, mean, median, mode, frequency tables, bar charts and histograms. Qualitative data were collected using ethnographic field methods of in-depth interviews with core employees and HR senior staff working at the organization under study, observations by researcher and informal conversations with core and non-core workers. Using the mixed approach in data gathering allowed for deep understanding of the proposed relationships between research variables, and helped in reflecting a realistic image of the environment where the study was conducted.

4.2. Core Employees Survey Questionnaire

The overall survey results indicated that the vast majority of participants held a bachelor degree. Female respondents outnumbered the male ones and age ranged between 22 and 37 years old in most cases.

Data also showed that most of the respondents demonstrated between 2 and 5 years of total experience (43.4%). As for years of experience with the organization: about 56%

of respondents reported between 6 and 18 months, 16% reported 2 years and 18% reported 3 to 4 years.

4.2.1. Human Capital Characteristics

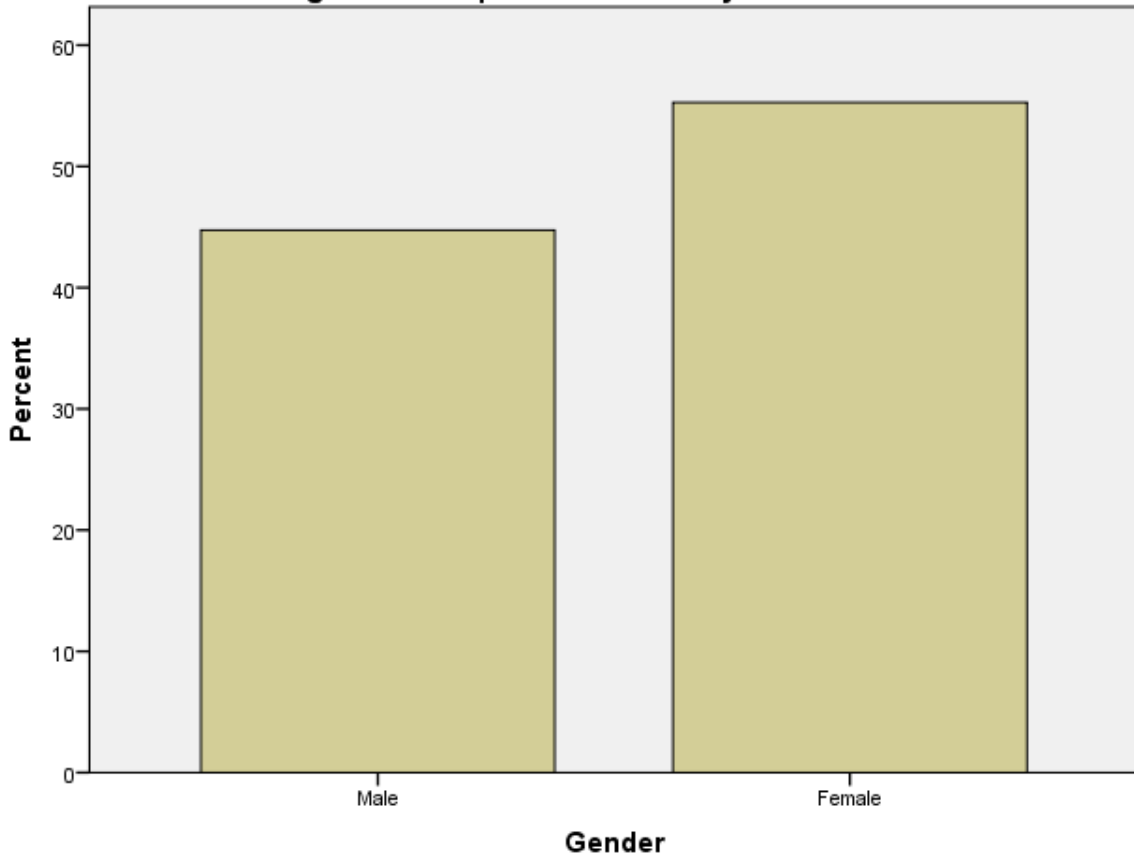
Gender

In the present sample, statistics showed that female respondents outnumbered males. Data coincided with Barsoum (2013) that nonprofit organizations although considered as small employers in the Egyptian labor market compared to the governmental and the private sectors, it demonstrate the largest female representation compared to other sectors. Table 2 represents sample distribution by gender and Figure 3 shows sample breakdown by gender.

Table 2: Sample Distribution by Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	34	44.7	44.7	44.7
Female	42	55.3	55.3	100
Total	76	100	100	

Figure 3: Sample Distribution by Gender



Age

Data revealed that almost 60% of respondents were at the age of 30 or less, which demonstrates the high tendency by the organization to hire young individuals and fresh university graduates.

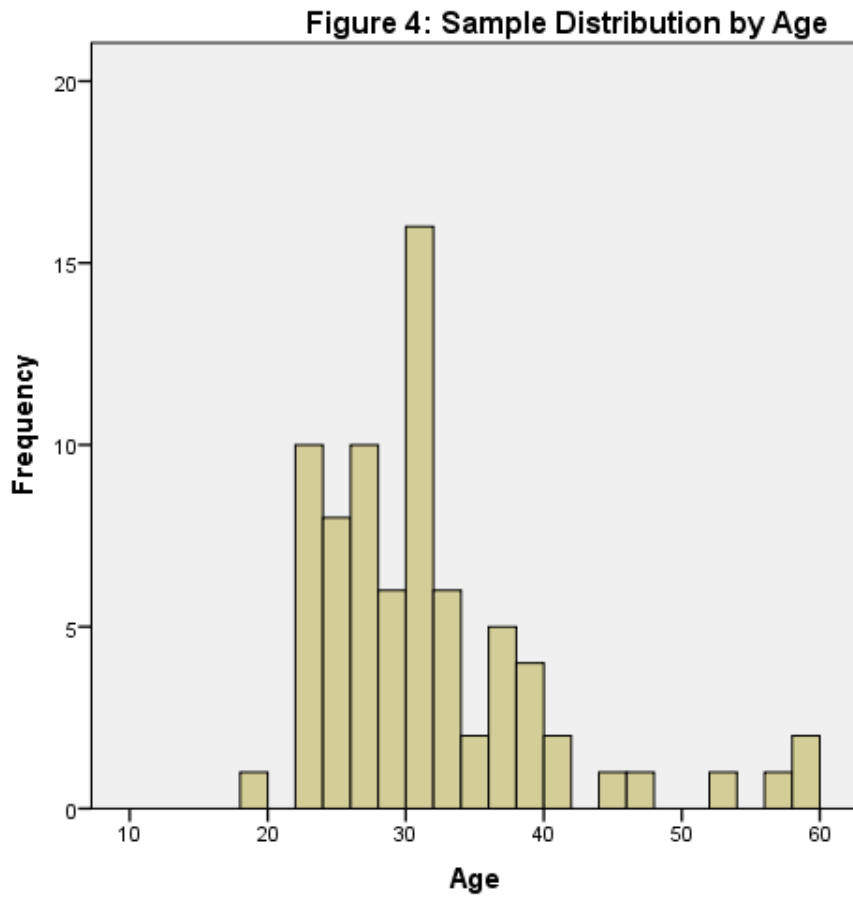
A reasonable explanation is that young university graduates with no work experience are more likely to accept low salaries than other candidates with experience do. They would also take any type of jobs for the sake of gaining experience and to avoid staying at home as unemployed in the first place, which is largely connected to the

unemployment crisis in Egypt and the failure of the government to provide university graduates with jobs (Kandil, 1993). Hiring people with high levels of experience has its own implications for the hiring organization too, because the interest of those experienced applicants usually goes beyond salary: they care the most about social protection opportunities such as social and medical insurance, annual raising, promotions and opportunities for career growth, which are overlooked by most of the nonprofits in Egypt, including the one under research, due to the lack of resources and funds on one hand, and the way performance effectiveness is measured (mission achievement) at these nonprofits on the other.

This is also reflected on turnover because this young workforce usually leaves the organization once gained some experience and found better opportunities in terms of salary, working conditions and having the opportunity to start a career. Table 3 represents sample statistics by age, and Figure 4 projects distribution of sample by age among research participants.

Table 3: Sample Distribution by Age

N	SD	Mean	Mode
76	8.257	31.079	30



Years of Experience

In the current study, the researcher distinguished between three different levels of experience. First, number of years that the participant spent working at the organization under study: which assisted to form an initial impression about turnover rates and the ability of the organization to retain essential employees. Second, number of years in position: responses of participants on that question helped understanding internal mobility and promotion mechanisms in the organization, since that a difference between the number

of years with the organization and number of years in current position means that respondent was either promoted or transferred to another unit. And finally, the number of years in industry: which was a strong sign regarding the organization's ability to attract skilled labor with expertise needed for creating and sustaining a competitive advantage.

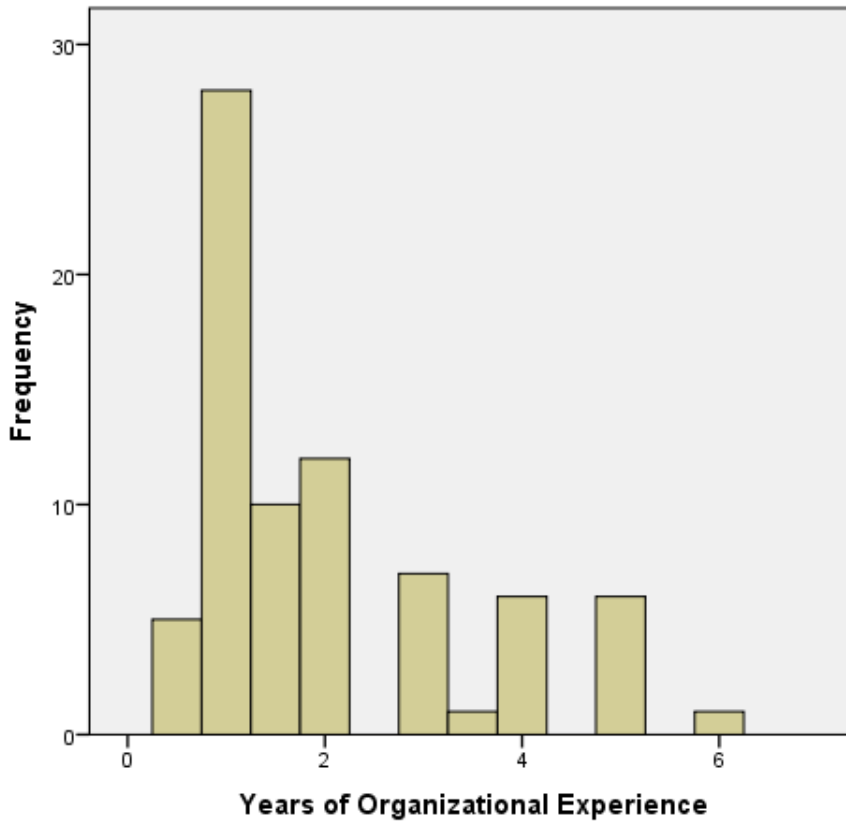
- **Years of Experience with the Organization**

About 56% of research participants (majority aged 30 years old or less) reported between 6 and 18 months of work experience with the organization. 16% reported 2 years, 18% reported 3 to 4 years and 9% of participants had an experience of 5 years with the firm. Only one respondent reported 6 years of experience. Table 4 presents sample distribution by years of experience with the organization, while Figure 5 shows sample breakdown by years of experience with the organization.

Table 4: Sample Distribution by Years of Experience with the Organization

N	SD	Mean	Median
76	1.390	2.03	1.50

Figure 5: Sample Distribution by Years of Working Experience with the Organization



- **Years of Experience in Current Position**

While almost half of the sample showed that most of the respondents reported maximum one year in their current positions, comparing data on years of experience with the organization and years of experience in the current position showed that 29% (22 respondents) of survey participants demonstrated less years of experience in their current position than those they spent with the organization. Further investigation with HR office at the organization showed that those participants were either transferred to other units or

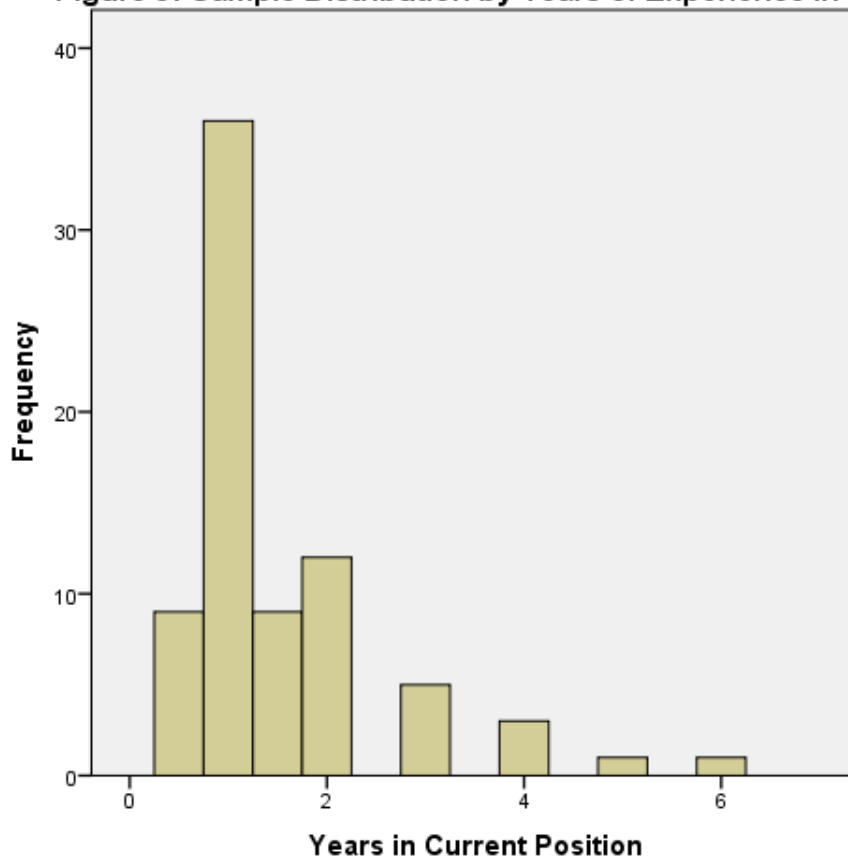
promoted to higher positions, however not necessarily in the same unit. According to an HR staff member, most of the transfer cases occurred upon the requests of supervisors or to cover an urgent business need in another unit. It has been also mentioned by that HR employee that transfer among units do not usually entail a salary increment and/or higher positions, however, a few cases were promotional ones. It was also obvious that “years of experience with the organization” was the most important factor for an employee to be promoted to a supervisory position, given the high turnover rates over the past three years, an employee with three or four years of experience with the firm were enough to make the decision of promotion without using a credible performance appraisal tool to identify if the current qualifications of the internal candidate match the profile of the new job or not. Promotion decision is made then comes any other thing.

This could be a reasonable explanation of the reported high levels of turnover in the middle-management positions. Based on data collected from interviews with HR staff, those promoted employees were not ready enough to take on the responsibilities of managerial position and perform effectively, as they neither had sufficient experience nor the proper training necessary to perform well on these jobs, thus they chose to seek other opportunities outside the organization. Table 5 presents sample distribution by years of experience in current position, and Figure 6 displays this distribution graphically.

Table 5: Sample Distribution by Years of Experience in Current Position

N	SD	Mean	Median
76	1.055	1.53	1

Figure 6: Sample Distribution by Years of Experience in Current Position



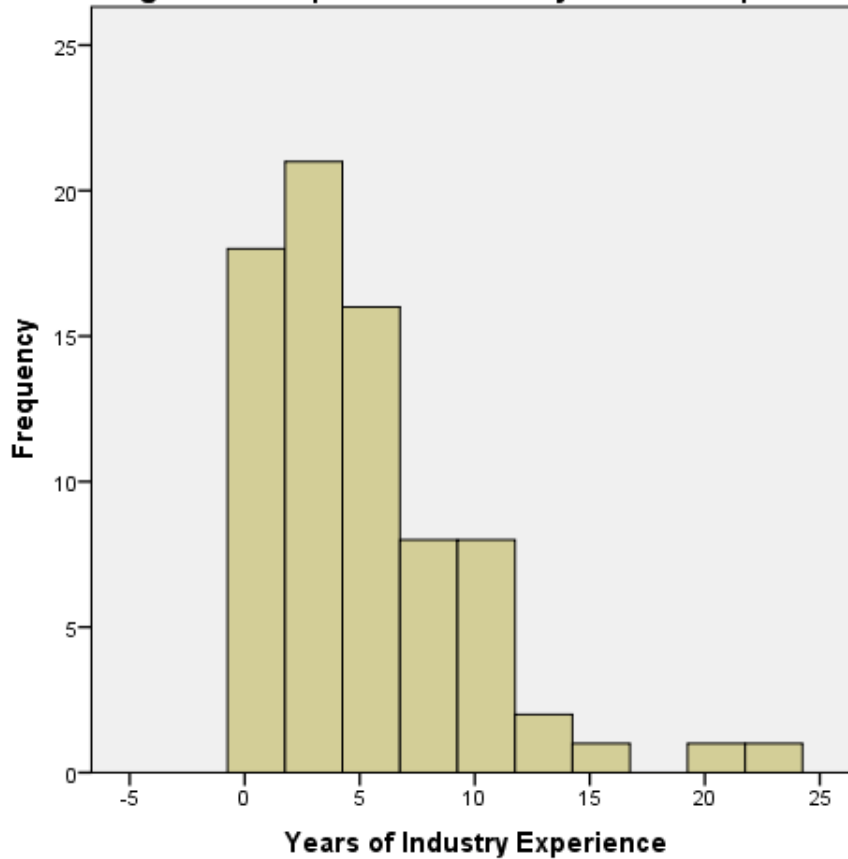
- **Years of Experience in Industry**

Data showed that most of respondents possessed 2 to 5 years of total experience in nonprofit sector, accounting for 43.4% of sample. Almost 23.7% of participants reported less than 2 years. Twenty five percent reported from 6 to 10 years of experience while about 8% demonstrated more than 10 years of experience in the sector. Table 6 represents sample distribution by years of experience in the nonprofit industry by each employee, and Figure 7 is a graphical representation for sample breakdown by industry-specific experience.

Table 6: Sample Distribution by Total Years of Industry-specific Experience

N	SD	Mean	Median
76	4.382	5.17	4

Figure 7: Sample Distribution by Years of Experience in Industry



Education

Data showed that the majority of research participants held a bachelor degree. Further investigation with HR office revealed that none of the employee had any industry-specific formal training or education as a prerequisite for selection at the time of hiring. It was also revealed during interviews that almost none of employees were registered for attending nonprofit-specific technical training during their course of employment.

“One of the reasons that the organization is reluctant to invest in people is turnover”, one of the HR staff members said. Qualified candidates usually refrain from

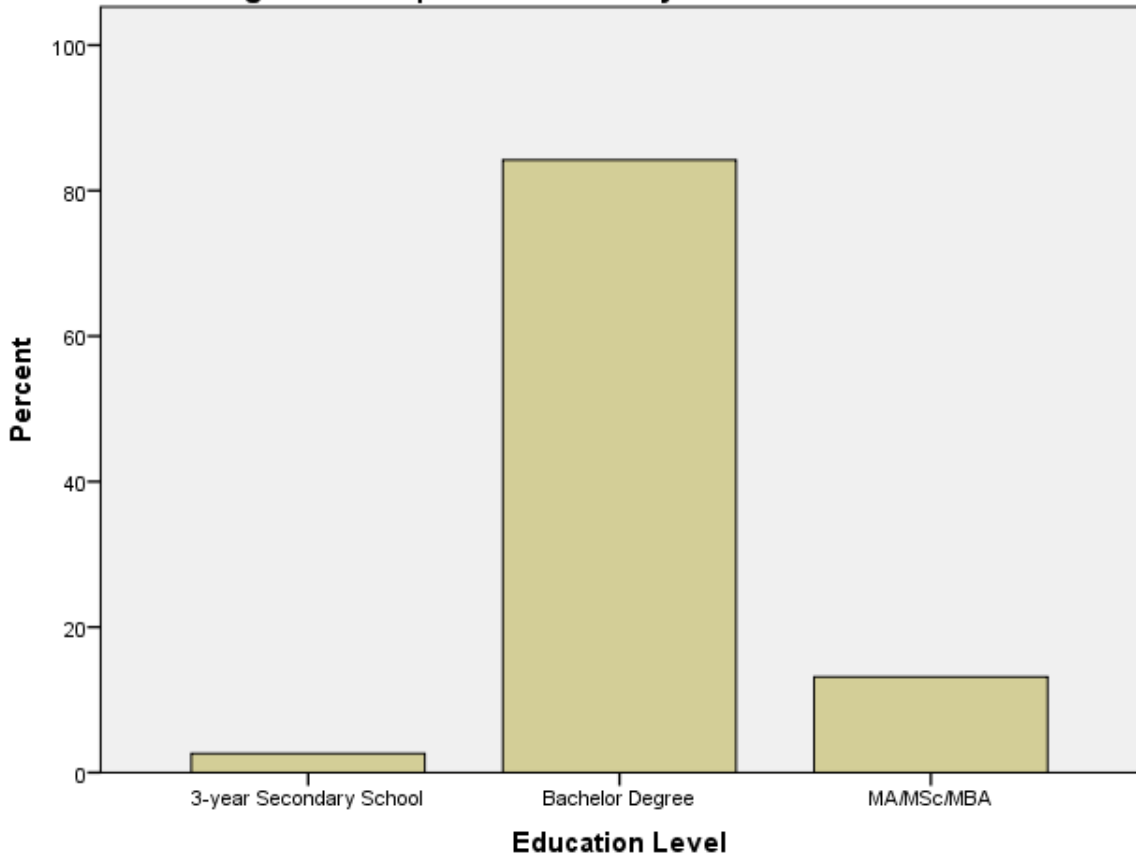
working in the nonprofit sector unless it is a multinational one, mainly because of the low salaries and poor development opportunities they offer. This inference was obvious from profiles of core employees interviewed, noting that those workers were carefully selected to participate in such interviews. This conclusion was also a product of several observations taken by the researcher during visits: the first impression indicated the lack of effective utilization of people demonstrated by an overly noisy atmosphere with a lot of people off their desks, in the corridors, talking to each other and smoking. Table 7 presents sample distribution by education level among survey participants, and Figure 8 represents sample breakdown by education level.

Table 7: Sample Distribution by Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
1	2	2.6	2.6	2.6
2	64	84.2	84.2	86.8
3	10	13.2	13.2	100
Total	76	100	100	

Legend: (1)= 3-year Secondary School, (2)= Bachelor degree and (3)= MA/MSc/MBA

Figure 8: Sample Distribution by Education Level



Employee Intention to Leave

In this section, employees had to respond to four items and/or questions pertaining to measure their intention to turnover; answers were offered along a 5-point Likert scale ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3).

The overall section results showed respondents' high tendency to turnover among research participants. The following section presents research findings regarding questions

involved on the intent to leave scale with graphical representation for answer choices of research participants on each question.

The following sections provide descriptive statistics and graphical representation for respondents' answers on that scale.

Question 1: One or more of my co-workers will actively seek a new job in the next year

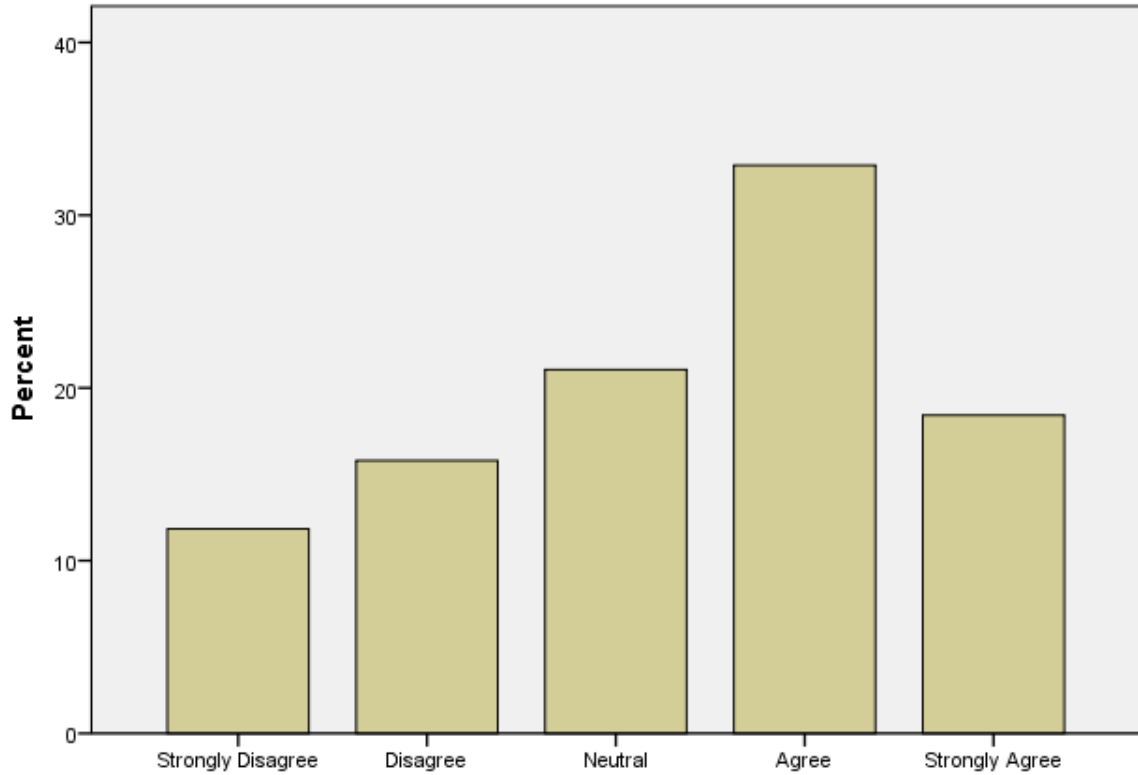
More than half of the sample (51.4%) showed agreement with the above statement, which indicated a potential high turnover rates in near future. Furthermore, 23% of the participants showed neither agreement nor disagreement, which is a familiar behavior in the Egyptian culture to skip questions that require an absolute opinion about something. People believe that they, by doing this, avoid hurting others or damaging their future plans by reporting information about their intentions. Table 8 illustrates sample distribution by respondents' answer choices on question 1, and Figure 9 represents a graphical representation of sample distribution by answer choice on question 1.

Table 8: One or more of my co-workers will actively seek a new job in the next year

	Frequency	Percent	Valid Percent	Cumulative Percent
1	9	11.8	11.8	11.8
2	12	15.8	15.8	27.6
3	16	21.1	21.1	48.7
4	25	32.9	32.9	81.6
5	14	18.4	18.4	100
Total	76	100	100	

Legend: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

Figure 9: One or more of my co-workers will actively seek a new job in the next year



Data from surveys, formal interviews and off-record conversations with employees featured four main reasons behind employees' strong intention to leave the organization: (1) low salaries with no likelihood for near increments, (2) lack of provision of development opportunities, (3) excluding employees from decision-making process, so that they feel not engaged and sometimes ignored and (4) miscommunication in general.

Question 2: My expectation that I continue with this organization is low

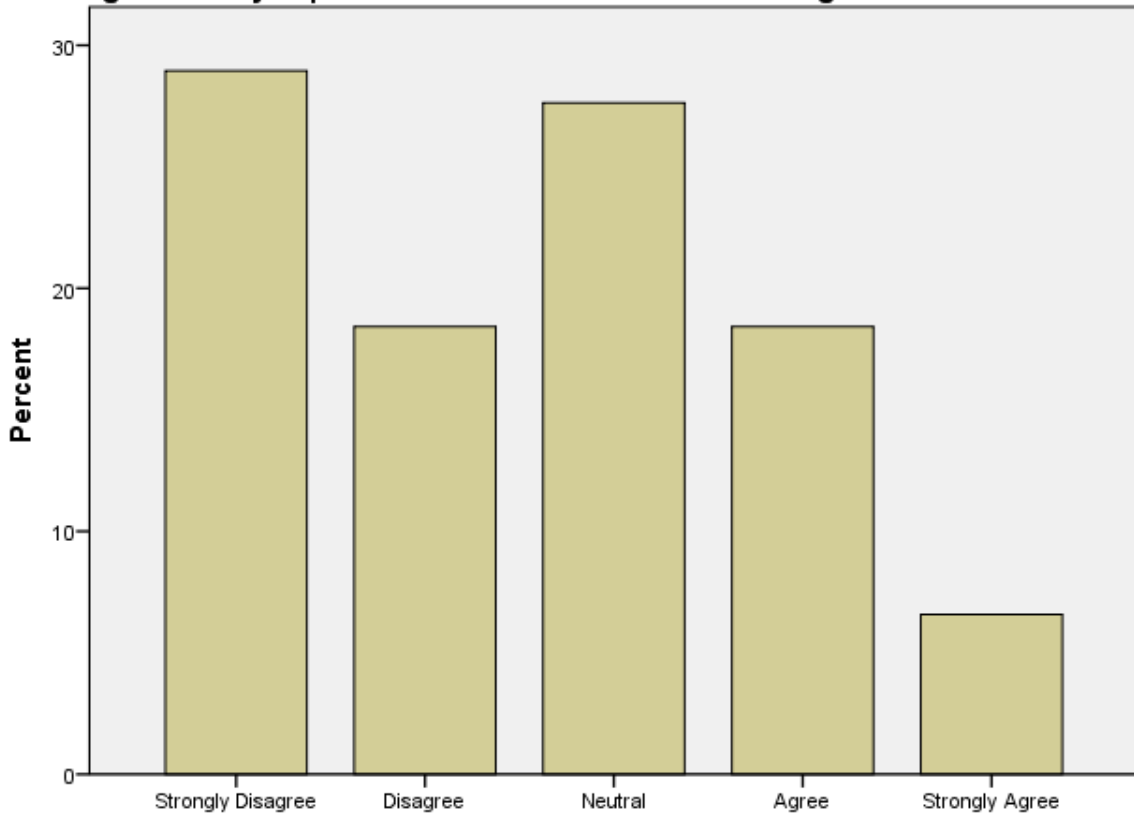
Data showed that only 25% showed their agreement with this statement, which was contradictory to what has been indicated on reported percentage on questions of the same meaning. This reveals the tendency by respondents to refrain from answering questions that are directly related to intentions regarding their employment status with the current employer. Table 9 presents sample distribution by respondents' answer choices on question 2, and Figure 10 represents graphically sample distribution by answer choices on question 2.

Table 9: My expectation that I continue with this organization is low

	Frequency	Percent	Valid Percent	Cumulative Percent
1	22	28.9	28.9	28.9
2	14	18.4	18.4	47.4
3	21	27.6	27.6	75
4	14	18.4	18.4	93.4
5	5	6.6	6.6	100
Total	76	100	100	

Legend: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

Figure 10: My expectation that I continue with this organization is low



Question 3: I think often about quitting

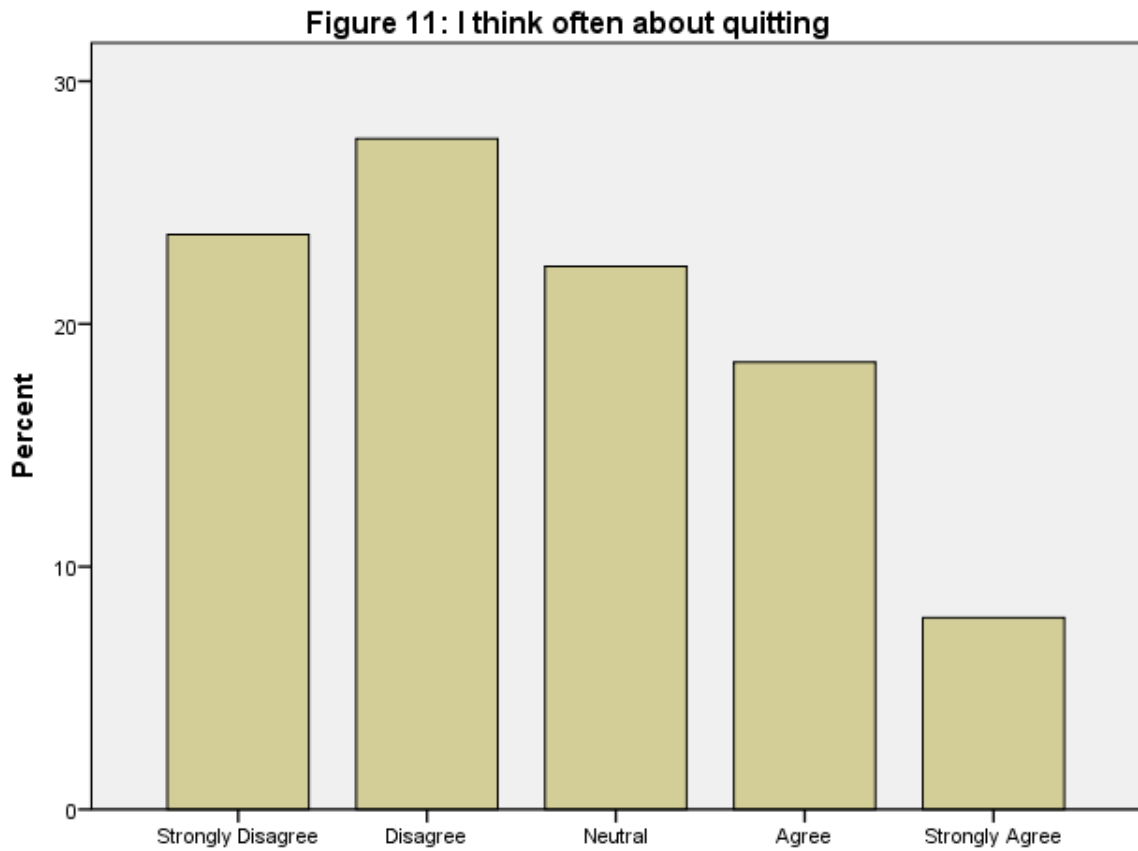
Table 10 and Figure 11 represent sample distribution by answer choice on question 3. Data collected on that statement, specifically, were not clear, as the question was straight to the point. As explained earlier, people in the Egyptian culture refrain from quitting-relevant information because, in this situation, they believe such intention should not be disclosed to others, noting that the researcher was someone who they do not know before and cannot trust. However, some respondents agreed with the sentence as shown in the

figure below. That could be explained the strong intention of those workers to leave and that they will, eventually, quit their jobs at the organization, therefore, they do not really worry if their desire to leave is reported.

Table 10: I think often about quitting

	Frequency	Percent	Valid Percent	Cumulative Percent
1	18	23.7	23.7	23.7
2	21	27.6	27.6	51.3
3	17	22.4	22.4	73.7
4	14	18.4	18.4	92.1
5	6	7.9	7.9	100
Total	76	100	100	

Legend: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree



Question 4: I will probably look for a new job in the next year

Most of participants supported the above statement by showing their agreement.

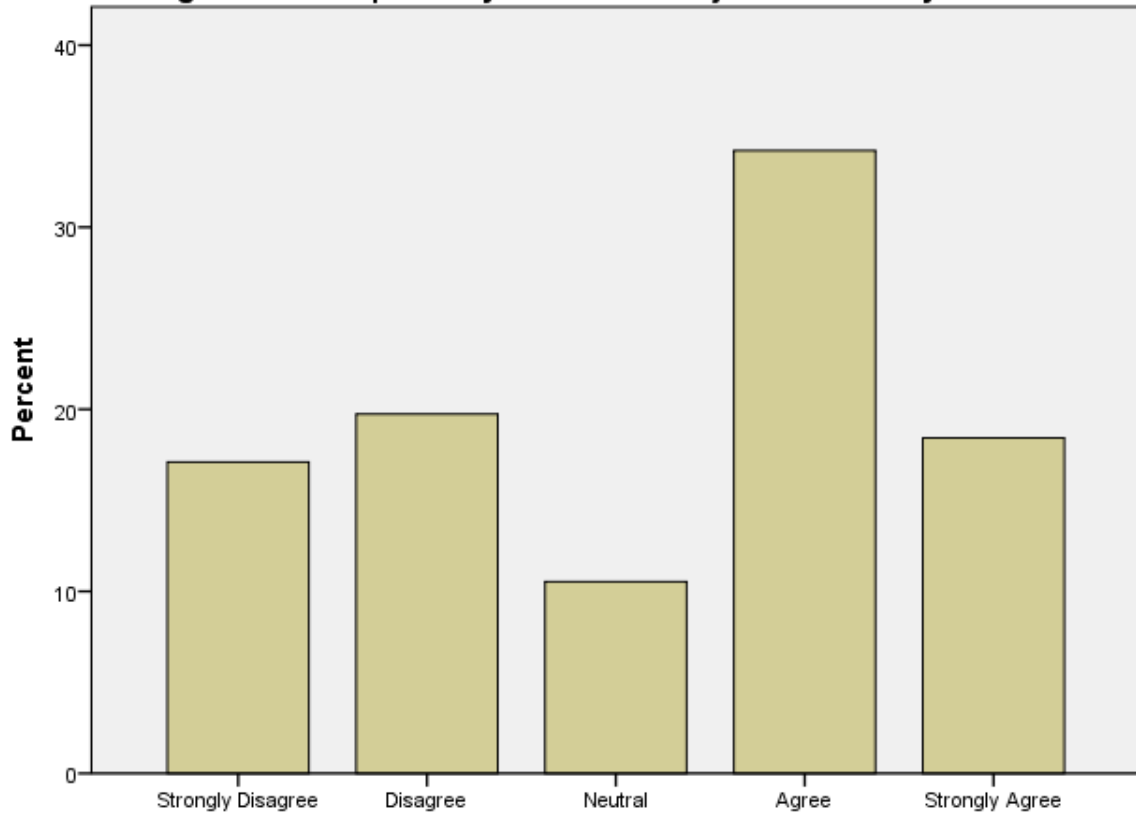
Table 11 represents sample distribution by answer choice on question 4, and Figure 12 presents sample breakdown by responses provided on the fourth question on the “intent to leave” scale.

Table 11: I will probably look for a new job in the next year

	Frequency	Percent	Valid Percent	Cumulative Percent
1	13	17.1	17.1	17.1
2	15	19.7	19.7	36.8
3	8	10.5	10.5	47.4
4	26	34.2	34.2	81.6
5	14	18.4	18.4	100
Total	76	100	100	

Legend: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

Figure 12: I will probably look for a new job in the next year



Data gathered supported that the organization is threatened by a high turnover crisis in the near future, or as soon as those employees who seek new jobs find the suitable job opportunities they are looking for.

According to a senior HR staff member who is responsible for the recruitment function, the organization has been suffering high turnover rates over the last three years especially in middle management positions. However, interviews uncovered that turnover was high at all employment levels due to several reasons, low wages was the main and

foremost among them, in addition to the absence of career advancement opportunities and mis-management of the human resource in general. According to an HR staff members, turnover is one of two major obstacles inhibiting an effective organizational performance. The second one, as mentioned by her, was the failure to apply good retention strategies to keep skilled employees who eventually leave after they lose hope in obtaining any growth opportunity with the organization.

Yoon and Kelly (2008) identified in chapter two that negative consequences that high turnover might have on workforce; among them is the psychological effect of experiencing a colleague's departure, especially when this departure is perceived as an "indication for labor market favorability" (Hester, 2005: 82) among other staff members. Moreover, high turnover rates discourage a culture of learning and knowledge creation and transfer among employees (Nonaka, 1994). Turnover adversely affects performance outcomes and overall organizational capacity through breaking continuity and feelings of belonging. This was what one of the interviewees expressed, "We need to know each other to know who does what! Sometimes I fail to know whom to ask for specific information related to work just because people leave and other come and we do not know their jobs or even their names." Health Program Specialist

A complete Core Employees survey questionnaire appears on Appendix (J).

4.3. HR Manager Survey Questionnaire

This survey was used to collect measures of HR practices used in the organization (retention, acquisition, training, and internal labor market) and information related to

quality of services and programs provided by the firm, customer satisfaction, development of new products and/or services and the ability of the organization to attract essential employees and retain them.

HR Manager was selected to complete this questionnaire because of two main reasons: first, he had the highest level of awareness on HR practices and activities applied within the organization. Second, HR Managers usually have the largest stock of knowledge about the organizations' overall activities as opposed to the narrow scope of departmental level. Harel and Tzafrir (1999) noted that previous studies indicated high similarity between responses reported by senior line managers of different units and those reported by HR Managers.

In the current study, the overall HR Manager survey results indicated the absence of strategic HRM activities at the organization under study. Findings were asserted during face-to-face interviews with core employees and HR staff.

“Actually, we do not have strategic HR management practices applied in our organization for the time being. However, there is a real desire and intention to use strategic HR practices as soon as possible. A set of strategic goals was already identified for the organization early this year and aligning HR goals with them is a priority for us.”

The following sections provided research findings and analysis of responses provided by the HR Manager on four HR configurations under investigation (acquisition, training, retention, internal labor market), in addition to responses to questions pertaining to measure perceptions of organizational performance.

Acquisition

This section contained items pertaining to measure recruitment and hiring practices applied in the organization under study; answers were offered along a 5-point Likert scale ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3). Although responses those reported by HR Manager referred to defined hiring and placement activities and practices, however most of research participants who were interviewed reported that filling vacant positions that require specific technical knowledge in their units was problematic because such people require higher salaries than the organization can offer.

Moreover, a response of “neutral” was marked for questions were critical in determining if hiring a candidate is based on individual decision or subject to group assessment where all stakeholders (HR department, technical units when job duties require coordination among several units) participate in making the final verdict. For example, a rate of “neutral” was given for statements such as “many employees are involved in the selection decision” and “we spend a great deal of money to insure that we select the right people for a job.” However, similar sentences on other parts of the survey received a very low rating, besides several interviews, indicated that those practices were not applied. For example, one of the interviewees who used to supervise a central unit at the organization stated that employees in his division constantly suffer work overload due to shortage of qualified labor. He added “I need qualified candidates those who believe in our mission and whose jobs here are not a transient until they are offered better jobs with higher salaries in the private sector or anywhere else. Our colleagues in the HR unit should know

what we need to find the right people for us.” Thus, it is apparent that the recruitment and selection setback within the firm went beyond simply filling vacant positions in a timely manner, to the lack of ability to provide candidates with sufficient job-specific skills. This negatively affected unit-level goal achievement as reported by three unit managers participated in the interviews.

Pynes (2009) referred to selecting employees who demonstrate an average knowledge of organizational vision and mission, as a fundamental role in executing and delivering programs and services constitute nonprofits’ reason for existing.

From their side, the HR staff reported that they are faced by an ongoing problem with finding candidates who perfectly match managers’ aspirations, basically because salaries offered by the organization are not competitive enough to attract calibers with the needed skills and knowledge. They also stated that great efforts exerted to maximize the number of applicants for a given job as possible by using different sources such as job ads on the internet, social networking websites (e.g. facebook and twitter) and referees by colleagues. However, the quality of calibers that might show interest to work in human services organizations, especially the local ones, is usually at a modest level of experience and education demonstrated by individuals who want to work anyway, given the predicted low salaries.

Dessler (2011) addressed the importance of using extensive recruitment strategies to deal effectively with market competition. He noted that building a large pool of candidates along with effective compensation strategies including competitive salaries and

wages is more likely to attract highly skilled workers and to allow for more selective staffing processes, which leads to better hiring decisions and a better overall organizational performance capacity. Hester (2005) highlighted the importance of job analysis in enhancing overall human capital through determining Knowledge, Skills, and Abilities (KSAs) necessary for performing a specific job successfully.

Training

Questions on that scale pertained to measure the effectiveness of training practices in the area of training within the organization, answers offered along a 5-point Likert scale, ranging from (1= very little to 5= great deal) with a neutral midpoint (3). Ratings on that section in the survey revealed the need for planning and inclusiveness of training programs presented on organizational level.

Based on an interview with one of the HR staff members, employees used to receive training as decided by their supervisors who own an exclusive right in determining who can receive training within their units without consulting HR department. Moreover, these inquiries raised by line managers are based on individual decisions instead of formal performance appraisal. Training also noted to be usually provided according to nepotism and how much an employee is loyal to and likable by his/her supervisor, as indicated by one of the interviewees. This was not surprising, given the bureaucratic way by which the organization is administered and the absence of clear policies and procedures.

A noteworthy observation is that responses reported concerning training showed that employees either feel the existence of training activities or they do not feel its presence

at all. This supports that supervisors are inclined by their own judgments for selecting specific people for training in an unfair and unplanned manner.

Collins (2000) emphasized the importance of associating training efforts with an effective performance appraisal system that identifies performance gaps resulted from the difference between current KSAs and the desired ones.

Although the provision of reasonable amount of training programs, most of the interviewed employees expressed their dissatisfaction because their training inquiries to line managers were not processed to HR, or they were processed and left unanswered as one of the employees reported, she also added that she did not even receive any feedback from her supervisor regarding the topic. When I asked her why she did not directly follow with the HR unit, she said that she knew that her supervisor must approve this anyway, and it is not of help to bypass him. Problems of that type are popular in the Egyptian culture, specifically at firms where training decisions are not based on objective performance evaluation. Moreover, when interviewees were asked, “what things influence your decision to continue working in this organization?” different answers were reported with one answer in common, which stressed the importance of treating them as valuable assets and providing them with training and development opportunities that are necessary for their professional growth.

So that, training can be used not only as a tool for enhancing human capital characteristics but also as a tool for keeping skilled labor that constitute the most organization’s valuable asset; its human capital pool. Provision of professional growth

opportunities also develops a sense of belonging, encourage internal mobility and foster feelings of commitment by employees towards their organization, which in return would reflect on both individual and organizational performance (Nonaka, 1994).

Retention

This section included items pertaining to measure HR practices used to retain skilled and most knowledgeable employees, those who in turn provide human capital: answers offered to respondents along 5-point Likert scale, ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3).

Responses reported on that part of the survey indicated that none of the retention practices measured on that scale such as flexible working hours, telecommuting or sponsoring social events, was supported by actual HR practices and activities at the organization under study. This explained the high turnover rates took place over the past three years as reported by a senior HR staff member who has been working with the organization for 5 years. Results have also matched responses reported on the “intent to leave” scale in the core employees survey, where most of the responses indicated an agreement that one or more of their co-workers will actively seek a new job in the next year while 21% selected “neutral” which is usually a hidden sign of agreement on something that, in their view, might cause harm to self and/or others (a national culture). So that people tend to indicate a nonaligned opinion or say “I don’t know” instead of taking on the responsibility of absolute agreement or disagreement. In another question under the same section, 34.2% of participants agreed and 18.4% strongly agreed on the

statement “I will probably look for a new job in the next year”, while 10.5% of sample indicated “neutral” situation towards the statement.

The aforementioned results indicated potential high turnover rates that are likely to occur in the next year or couple of years. This supports an inverse relationship between HR retention configuration and employee intent to leave.

Answer choices on retention scale revealed that employee relations’ practices that allow employees to socialize and build good work relations among each other and facilitate a strong individual-organization relationship were not supported by the organization such as outside activities, social gatherings and celebrating business successes. Employees were also not allowed to work flexible hours or telecommute. It was also clear that employees were not selected on the basis of the degree to which they fit organization’s culture or believe in organizational core values.

According to one of the interviewees, employees need social activities sponsored by organization, outings and more opportunities to enhance inside-organization business relationships, as several employees expressed their need to getting to know each other at least as a means for allowing for knowledge transfer and cooperation at work.

Internal Labor Market

This section contained items measuring the organization’s willingness to extend opportunities to employees for promotions and/or internal mobility; answers offered along 5-point Likert scale, ranging from (1= strongly disagree to 5= strongly agree) with a neutral midpoint (3).

Answer choices reported indicated that employees were, generally, not made aware of internal promotion opportunities. Also, according to HR staff members and interviewed core employees, salaries offered by the organization were not competitive enough to attract essential workforce (compared to the private sector and multinational nonprofits). When I asked what about salaries' competitiveness compared to those offered by organizations in the same sector, some participants, those seemed to be satisfied with their salaries, answered they are not aware of what other organizations might be offering to their employees.

According to the HR Manager, the organization has started recently to hire from within as they realized that internal employees are familiar with organizational culture and, as he said, deserve to have the priority over external applicants in consideration for jobs. However, this new policy has not been activated yet.

Data showed that a main reason behind some employees' departure is the absence of professional growth and a bad subordinate-supervisor relationship. According to a senior HR staff member, "most of the people who left did so because they could not find opportunities for development and growth with their managers. They were not engaged in making, at least, decisions related to their jobs, and their managers would not allow them to, even if the price is their departure." HR Senior Staff Member

Other employees, basically newly hired ones, expressed a hidden anger behind their faces and told that they would not be reluctant to leave the organization if they are not

learning new skills or if the efforts they exert do not lead to a promotion and/or a higher employment level.

Interviews with the HR staff members indicated that no exit interviews were conducted with employees who decided to leave, or any sort of formal discussion to try to retain the good ones.

Perceived Organizational Performance

This part of the survey aimed to describe perceptions of the quality of services and programs provided by the organization compared to other organizations in the same field over the past three years. HR Manager was selected to complete this section because HR Managers usually have the largest storehouse of knowledge about the organizations' overall activities as opposed to the narrow scope of departmental level. Harel and Tzafirir (1999: 186) noted "results of previous studies indicated that the responses of senior HR Managers to questions regarding descriptive data are not much different from those of senior line managers."

Responses reported by HR Manager showed a better performance on measures related to quality and development of services and programs and customer satisfaction. However, those measures related to evaluating the ability of the firm to attract and retain essential employees, which is the focus in this study, revealed a worsened overall organizational performance over the past three years.

Further investigation with senior staff members from the HR explained the worsened ability by the organization to attract experienced and highly skilled employees by the uncompetitive salaries that fail to meet costs of living and prices of goods. A complete HR Manager survey questionnaire appears on appendix (I), while a complete list of interview question appears on appendix (K).

Concluding Summary

This chapter presented a synopsis on research findings and provided a comprehensive discussion on results obtained from survey questionnaires amalgamated with data and information attained during interviews and conversations and provided explanations for the findings. Summary of results, conclusions and recommendations related to the current study are presented in chapter five.

CHAPTER FIVE

RESULTS, CONCLUSIONS AND POLICY RECOMMENDATIONS

5.1. Introduction

This chapter provides a summary of research results and conclusions, followed by a discussion on how the study contributes to the empirical literature of SHRM. Finally, the chapter concludes with policy recommendations and suggestions for further research.

The primary purpose of the study was to investigate the relationship between four configurations of SHRM practices and organizational performance outcomes in nonprofit organizations operating in the Egyptian context through examining the proposed association at a growing nonprofit organization located in Cairo as a case. Therefore, the study used a mixed-methods approach where a quantitative research was followed by in-depth interviews in order to validate results on the one hand and boost our understanding of the mechanisms of interaction between research variables on the other.

While results suggested that measures of turnover were found to directly improve organizational performance, data did not assert that measures for human capital (work experience and education level) directly enhance performance. However, these measures were found to be positively associated with acquisition and training in the context of HR practices.

5.2. Summary of Results and Conclusions

The purpose of this section is to present research findings and results that contributed to asserting the connection between four HRM practices (retention, acquisition, training and internal labor market) and two workforce characteristics (employee intention to leave and human capital) proven to impose a direct effect on perceptual measures of organizational performance through providing answers to six research questions raised by the study and pertaining to justify the relationships under examination.

Research Question 1

To what extent are levels of retention HR practices associated with levels of employee intent to turnover?

Study has shown that low levels of retention practices and activities were associated with high levels of intent to turnover at the nonprofit organization under research.

This result was asserted from responses reported on HR Manager survey pertaining to measure retention HR practices indicated that none of the retention practices mentioned was supported by actual HR activities at the organization under study. Meanwhile, responses reported on the core employees survey revealed high levels of intention to leave the organization among survey participants.

Further interviews with core employees identified several reasons behind employees' decisions to leave the organization among them were the relatively low

salaries, absence of career growth and development opportunities, and disregarding social events and activities that encourage employees to socialize with each other.

These results coincided with Dessler (2011: 30) that the absence of effective retention strategies such as competitive pay plans and reward system, provision of professional training and development opportunities, flexible working hours, and performance-based short and long-term incentives (annual bonuses and stock options, respectively) would lead to high turnover rates that eventually cause organizational performance to deteriorate.

Similarly, the findings conformed with Nonaka's (1994: 30) findings that organizations that do not support any sort of social activities, sponsor social events and employee activities outside work, trips, and social gathering, are likely to demonstrate higher levels of turnover than others who support these sort of activities as these activities create and strengthen friendship bonds between coworkers so that they become reluctant to leave their friends behind.

Research Question 2

To what extent are levels of internal labor market HR practices associated with employee intent to leave?

Given the high levels of intention to turnover, it is found that low levels of internal labor market and mobility practices were associated with high levels of employee intention to leave at the nonprofit organization under research.

This result was derived from responses reported by HR Manager showed the absence of practices the absence of practices such as hiring from within, especially for managerial positions that needs organization-specific experience, provision of competitive compensation for the industry, and giving internal candidates consideration over external ones for job openings, which are essential for building and maintaining an internal labor market.

The findings coincided with Harel and Tzafrir (1999: 32) that internal labor market practices, if applied properly, could vastly improve performance through mobility of employees within the organization in two ways: First, promoting an environment of satisfaction that supports knowledge and experience, and second, lowering recruitment and training costs. A third gain as argued by Nonaka (1994: 30), however, is developing employees' feelings of professional growth and reward, which is found empirically to be positively associated with commitment toward the organization and resulted in a decreased turnover rates.

Research Question 3

To what extent are levels of acquisition HR practices associated with levels of human capital (industry experience, organization-specific working experience and levels of education)?

Research results supported a strong association between acquisition HR practices and human capital characteristics, as low levels of organization-specific working

experience, industry experience and lack of industry-specific trained human capital were obviously a result of poor acquisition and selective staffing.

The current study found that most participants demonstrated low levels of both organization- and industry-specific experience. Additionally, data obtained from core employees' survey revealed that 72% of respondents reported between 6 months and 2 years of work experience with the organization. Similarly, responses related to years of industry experience indicated that almost 67% of respondents demonstrated a maximum of two years of industry experience. Data also showed that approximately 84.2% of research participants held a bachelor degree. As reported by the HR office, none of the employees attained any industry-specific training during their tenures with the firm, nor that type of training was a criterion for selection nor was mentioned as a prerequisite in their job ads.

Meanwhile, responses reported by HR Manager indicated a worsened ability by the organization to attract essential employees. Additionally, extensive acquisition HR practices as measured on HR Manager survey indicated that no selective staffing practices were applied, despite the desire of having such practices in place.

Research results conformed to Hester (2005: 23) that extensive recruitment and selective staffing practices is key for higher levels of human capital. He referred to the importance of identifying the knowledge and skills required for performing a specific job to guarantee the right selection of candidate those match job profiles, which results in building a qualified and capable human capital pool. Similarly, results conformed to Pynes (2009: 22) that the recruitment and selection of qualified employees is crucial especially

for nonprofit organizations, where people play a fundamental role in executing and delivering programs and services constitute these organizations' reason for existing. So that when those people are not selected carefully, performance deteriorates as a result for the lack of necessary skills and knowledge required for performing jobs efficiently.

Research Question 4

To what extent are levels of training HR practices associated with levels of human capital (industry experience, organization-specific working experience and levels of education)?

Research results supported the association between low levels of training HR practices and low levels of human capital in terms of employee experience and levels of education attained.

The reported poor and unplanned training HR activities by employees alongside with data obtained from the HR survey revealed its linkage to low levels of human capital in terms of experience and education demonstrated by the modest profiles of core workers at the organization.

Results coincided with Collins's (2000: 24) assumption that training efforts are useless unless associated with an effective performance management system that identifies performance gaps resulted from the difference between current KSAs and the desired ones.

In addition, research showed that two forms of training were not provided at all: on-the-job-training and job rotation. Pynes (2009: 24) referred to these two types of traditional training as important in building a qualified human capital.

Results also conformed to Dessler (2011: 24) and Collins (2000: 25) as they asserted the importance of desegregating training efforts with an able performance appraisal system that can underline performance gaps and define approaches to overcome them for improved employee productivity, and as an integrated process that firms use to assure that employees are working toward achieving organizational goals.

Research Question 5

To what extent are levels of employee intent to leave associated with perceptions of organizational performance?

Research results showed a direct link between the worsened ability by the organization to retain essential employees and high levels of employee intent to turnover, which eventually resulted in worsened organization-level performance outcomes.

Results were asserted during interviews with HR Manager and senior staff, where they agreed on the fact that high turnover rates induced a state of dissatisfaction among units' managers who basically bear the burden of a departed subordinate on one hand, and a psychologically negative impact on the remaining staff on the other.

The results coincided with Wright and McMahan (1992: 17) that turnover demolishes the organization's ability to develop a competitive capacity and results in

deteriorating firm-level performance. It also produces an overstrained human capital (remaining employees) and devalues the idea of specialization since that everyone is encouraged to do everything to cover the gap resulted from a leaving coworker. Results also matched Nonaka (1994: 18) that high turnover discourages a culture of learning and knowledge creation, and adversely affects performance outcomes and organizational capacity through breaking continuity and feelings of belonging. Similarly, results conformed to Huselid's (1995: 17) argument that minimizing levels of turnover could significantly improve organizational performance.

Research Question 6

To what extent are levels of human capital (industry experience, organization-specific working experience and levels of education) associated with perceptions of organizational performance?

Research results showed that the found low levels of human capital (experience and education) did not associate with low organizational performance. On contrary, data showed the improved ability by the organization to boost the quality of its services and programs, expand activities and develop new services, and increase the level of its customers' satisfaction.

Although that was unexpected to be found, results seemed familiar to the research in this topic in nonprofit organizations as results coincided with Hester (2005: 134) that either measures for human capital asserted direct impact on organizational performance.

He also noted that similar findings were supported by (Hitt et al., 2001; Myers et al., 2004) whose studies proved that “neither experience nor education was a predictor of perceived organizational performance.”

A reasonable explanation for this result could be that the nature of services provided by the organization does not require high levels of human capital to convey humanitarian assistance to poor people who would not think of assessing the level of experience of the person delivering the service, nor if he/she is well-trained to do this. Moreover, for most Egyptian NPOs in the same field of the nonprofit organization under research, performance effectiveness is usually measured by mission achievement, while very little attention is paid to the way it is achieved. For example, better services and programs usually refer to more services and programs developed and delivered by the organization, which is more important, from this view, for justifying the reason for existence, keeping donor relations ongoing and maintaining the stream of funds.

5.3. Research Significance

Most of the nonprofit sector organizations in Egypt suffer from poor governance and lack of skilled labor (Kandil, 1998). This is primarily because of low salaries and absence of appropriate management skills. Moreover, the sector suffers severely from the lack of proper young leadership as many leaders in the sector use their power to maintain control of their organizations as long as possible. Besides preventing intergenerational communication and transfer of leadership skills, this sort of behavior turn young employees, the most valued asset to any firm, demotivated with no opportunities for

development and career growth. Therefore, it is important to utilize different tools of SHRM to build strong and capable leadership that is able to boost the sector. Executives and board members at NPOs need to realize the impact that SHRM practices can have on organization-level performance and mandate involving HR function in business strategy formulation.

It is widely believed among HR practitioners that SHRM practices are not properly, or not at all in some cases, implemented in nonprofits operating in the Egyptian context. However, there is no scientific evidence to support that claim. This study is significant because it provided adequate data and information that SHRM is a valuable asset and can negatively affect organization-level outcomes if not done properly.

The study is significant and adds value to the literature of SHRM because it examined the relationship between a number of SHRM practices and activities and organizational performance outcomes in NPOs operating in the Egyptian context; while the majority of research efforts were mostly focused on examining this relationship using one aspect of HRM practices such as training, recruitment or compensation on performance outcome. These efforts have been made mostly to analyze the private sector in western countries, while very little research has been conducted on the topic in Egypt and MENA region.

This study is also significant because it is probably the first to examine the relationship between HRM practices and performance outcomes using the mixed-methods approach, while most research efforts were focused on the quantitative research methods in

exploring this relationship, which did not allow for providing deep understanding of the reasons that have led to performance.

5.4. Policy Recommendations

Based on research findings and results, the following policy recommendations are suggested for implementation at the NPO under study and in the Egyptian nonprofit sector in general, in order to secure HRM systems those are leveraged strategically to have a significant impact on organizational performance:

1. Formulating public policies and enactment of laws that encourage the advancement and growth of the sector and setting rigorous performance benchmarks for assessing their performance.
2. Necessitating HR function involvement in business strategy formulation within the nonprofit under research and in the nonprofit sector in general.
3. Awareness of the significance of using SHRM practices on performance effectiveness should be raised among board members and key decision makers of Egyptian nonprofit organizations.

Empirical research has shown that executive members were using mission achievement as the only measure of their success; therefore, more attention should be paid to internal resources, processes and organization-level performance.

4. Clear HR policies and procedures are essential to be developed and communicated effectively to all staff members so that each employee feels valued and involved. These activities also prompt commitment to laws and develop a sense of accountability among employees.
5. Rigorous performance appraisal system should be established and supported by top management in order to identify performance gaps prior to any training decision.
6. Competitive pay plans should be developed based on rigorous market analysis, which needs to be extended to cover all sectors not only the nonprofit one as one way to boost the quality of the pool of applicants and subsequently the quality of hires.
7. Hiring from within and considering internal candidates is strongly recommended as one solution for mitigating recruitment burdens and enhances internal mobility.
8. Candidates should be selected based on updated and realistic job profiles that match business requirements and desired KSAs.
9. Performance-based incentive plans should be considered as a way to motivate internal employees and spur their morale on one side, and attract qualified external candidates on the other.
10. Provision of opportunities for interaction and group activities, which besides promoting a friendly environment, would enhance knowledge transfer and contribute to enabling an organizational capacity for learning and innovation.

5.5. Further Research

Future research is encouraged to re-examine the relationship between SHRM and organizational performance after applying SHRM practices at the nonprofit organization under study, which would allow for measuring the impact of using SHRM tools on organization-level performance. Furthermore, conducting the same study on a larger scale allowing for the participation of more NPOs would yield interesting findings concerning the proposed relationships, given the diversified activities and deliverables offered by different organizations. That would also facilitate measuring the impact of explanatory variables such as age, size, volunteering capacity, using independent contractors and affiliation with a mother organization on the relationship between SHRM and performance outcomes through comparing scores of each organization on those measures.

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APPENDICES

Appendix A: Supporting Introductory Letter

Dear *HR Manager*,

I am writing to introduce a study regarding Human Resource practices that I, at the American University in Cairo, will be conducting over the next few months. I believe that the topic will be of interest to you and your organization.

An important undertaking for both practitioners and academicians is to improve understanding of the role of HR practices in performance effectiveness. This survey is a part of a major study examining HR strategies and practices used by nonprofit organizations in the governorate of Cairo.

The time commitment from your esteemed organization including the initial interview, along with completion and collection of surveys will require approximately one hour. Of course, all results will be strictly confidential. A completed survey constitutes your consent to participate in this study.

Only overall results will be published and no organization or individual will be identified. As part of research effort and upon request, summaries of the research results will be provided.

Thank you for taking the time and attention in completing this survey. My research could not be completed without the support of executives like you.

Sincerely,

Nivin Abdelmeguid
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Appendix B: Acquisition Configuration of HR Practices

(Adapted from Snell and Dean, 1992)

Five Point Likert Scale

(1= strongly disagree, 5= strongly agree)

1. We have an extensive employee selection process for jobs in this unit (e.g. use of tests, interviews, etc.).
2. It is extremely important to select the best person for a given job.
3. Generally, we try to fill an open position immediately, once a job becomes open in a unit.
4. Many people are involved in the selection decision.
5. We spend a great deal of money to insure that we select the right people for a job.
6. Multiple applicants are screened before a position is filled to ensure the best person is selected for a job.
7. Emphasis is placed on the staffing process in this unit.

Appendix C: Training Configuration of HR Practices

(Adapted from Snell and Dean, 1992)

Five Point Likert Scale

(1= very little, 5= great deal)

1. How extensive is the training process for members at your work unit?
2. How much priority is placed on training employees in your unit?
3. How many different types of training programs are available for members at your work unit?
4. Is there much formality in the training process?
5. How much is spent on training programs in your work unit?
6. How many hours of formal training do a typical member of your work unit receive per year?

Appendix D: Retention Configuration of HR Practices

(Adapted from Collins, 2000)

Five Point Likert Scale

(1= strongly disagree, 5= strongly agree)

1. We select individuals who believe in our core values.
2. We involve many employees in the selection process to insure we hire individuals that will fit the culture of our organization.
3. We allow employees to wear casual clothing at work.
4. We allow employees to work flexible hours.
5. We allow employees to telecommute.
6. Our organization frequently sponsors events to celebrate business successes.
7. We sponsor outside activities (e.g. sports team, social events, etc.) for employees to socialize with each other

Appendix E: Internal Labor Market Configuration

(Adapted from Delaney and Huselid, 1996)

Five Point Likert Scale

(1= strongly disagree, 5= strongly agree)

1. Employees are made aware of internal promotion opportunities.
2. The wages in this organization are competitive for this industry.
3. Internal candidates are given consideration over external candidates for job openings.
4. We promote the best human resource practices to ensure employees are treated fairly.

Appendix F: Intention to Leave

(Adapted from Cook, Hepworth, Wall, and War, 1981)

Five Point Likert Scale

(1= strongly disagree, 5= strongly agree)

1. One of your co-workers will actively seek a new job in the next year.
2. My continued employment with this organization is low.
3. I think often about quitting.
4. I will probably look for a new job in the next year.

Appendix G: Perceived Organization Performance

(Adapted from Delaney and Huselid, 1996)

Five Point Likert Scale

(1= much worse, 5= much better)

1. The quality of products, services, or programs are:
2. The development of new products, services, or programs are:
3. The ability to attract essential employees is:
4. The ability to retain essential employees is:
5. The satisfaction of customers or clients is:

Appendix H: Work Experience and Educational Background

(Adapted from Hester, 2005)

1. Gender F/M
2. How many years have you worked at your present organization?
3. How many years have you worked in this industry?
4. How many total years of experience do you have?
5. How many years have you worked in your current position?
6. How many years of post-high school education have you attained:
 - (1) 3-Year Secondary School
 - (2) BA/B.Sc.
 - (3) M.Sc./MA/MBA
 - (4) JD/MD/Ph.D./DBA

Appendix I: Human Resource Manager Survey Questionnaire

This scale is designed to measure organizational performance using the tenets of HR Practice Configurations (Retention, Acquisition, Training, and Internal Labor Market). Please answer each section upon your opinion of the conditions that exist within the organization that you work for. This is an anonymous survey no individual responses will be reported.

Organizations' Characteristics		
1.	How many employees work at the organization where you are working now?	a) Less than 20 Employees. b) Between 21 – 50 c) Between 51 – 100 d) Between 101 – 500 e) More than 500
2.	What type of output does your organization provide as a benefit to the community in which it serves?	a) Service b) Product c) Both
3.	The organization that I work for is affiliated with an umbrella organization.	a) Yes b) No
4.	We usually outsource tasks that need specific set of skills to independent contractors.	a) Yes b) No
5.	We depend on volunteers in doing the majority of work at the organization where I work now.	a) Yes b) No

Acquisition Configuration		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Listed below is a series of statements pertaining to HR selection & recruitment practices. Please indicate your level of agreement or disagreement with the following statements by circling number from 1= strongly disagree to 5= strongly agree.						
1.	We have an extensive employee selection process for jobs in this organization (e.g. use of tests, interviews, etc.).	1	2	3	4	5
2.	It is extremely important to select the best person for a given job.	1	2	3	4	5
3.	Generally, we try to fill an open position immediately, once a job becomes open in a unit.	1	2	3	4	5
4.	Many people are involved in the selection decision.	1	2	3	4	5

5.	We spend a great deal of money to insure that we select the right people for a job.	1	2	3	4	5
6.	Multiple applicants are screened before a position is filled to ensure the best person is selected for a job.	1	2	3	4	5
7.	Emphasis is placed on the staffing process in this organization.	1	2	3	4	5

Training Configuration		Very Little	Moderate	Neutral	Much	Great Deal
Please rate the effectiveness of your training practices in the area of training within your organization. (circle the appropriate number)						
1.	How extensive is the training process for members at your organization?	1	2	3	4	5
2.	How much priority is placed on training employees in your organization?	1	2	3	4	5
3.	How many different types of training programs are available for members at your organization?	1	2	3	4	5
4.	Is there much formality in the training process?	1	2	3	4	5
5.	How much is spent on training programs in your organization?	1	2	3	4	5
6.	How many hours of formal training do a typical member of your work unit receive per year?	1	2	3	4	5

Retention Configuration		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Listed below is a series of statements related to HR practices used to retain an organization valuable asset – employees who in turn provide human capital. With respect of your knowledge of HR practices in the organization for which you now work, please indicate the degree of agreement or disagreement with each statement by circling a number from 1= strongly disagree to 5= strongly agree.						
1.	We select individuals who believe in our core values	1	2	3	4	5
2.	We involve many employees in the selection process to insure we hire individuals that will fit the culture of our organization	1	2	3	4	5
3.	We allow employees to wear casual clothing at work.	1	2	3	4	5
4.	We allow employees to work flexible hours	1	2	3	4	5
5.	We allow employees to telecommute	1	2	3	4	5

6.	Our organization frequently sponsors events to celebrate business successes	1	2	3	4	5
7.	We sponsor outside activities (e.g. sports team, social events, etc.) for employees to socialize with each other	1	2	3	4	5

Internal Labor Market Configuration		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
With respect of your knowledge of HR practices of the organization for which you now work, please indicate the degree of your agreement or disagreement with each statement by circling a number from 1= strongly disagree to 5= strongly agree						
1.	Employees are made aware of internal promotion opportunities.	1	2	3	4	5
2.	The wages in this organization are competitive for this industry.	1	2	3	4	5
3.	Internal candidates are given consideration over external candidates for job openings.	1	2	3	4	5
4.	We fill managerial vacancies with people already employed at the organization.	1	2	3	4	5

Appendix J: Core Employees Survey Questionnaire (English Version)

This scale is designed to measure organizational performance using the tenets of HR Practice Configurations (Retention, Training, Acquisition, and Internal Labor Market). Please answer each section upon your opinion of the conditions that exist within the organization that you work for. This is an anonymous survey no individual responses will be reported.

Human Capital Questionnaire

- (1) Age _____ Years
- (2) Gender F/M _____
- (3) How many years have you worked at your present organization? _____ Years
- (4) How many years have you worked in this industry? _____
- (5) How many total years of experience do you have? _____
- (6) How many years have you worked in your current position? _____

Check all of the post-high school degrees that you attained:

- 1) 3-Year Secondary School
- 2) BA/BSc
- 3) MA/MSc/MBA
- 4) MD/Ph.D./DBA

Intention to Leave		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Listed below is a series of statements pertaining to evaluate the intention to leave an organization. Please indicate the degree of your agreement or disagreement with each statement by circling number from 1= strongly disagree to 5= strongly agree.						
1.	One or more of your co-workers will actively seek a new job in the next year.	1	2	3	4	5
2.	My expectation that I continue with this organization is low.	1	2	3	4	5
3.	I think often about quitting.	1	2	3	4	5
4.	I will probably look for a new job in the next year.	1	2	3	4	5

Perceived Organizational Performance Compare your organization performance over the past three years to that of other organizations that do the same kind of work (circle the appropriate number)		Much Worse	Worse	Same	Better	Much Better
1.	The quality of products, services, or programs are:	1	2	3	4	5
2.	The development of new products, services, or programs are:	1	2	3	4	5
3.	The ability to attract essential employees is:	1	2	3	4	5
4.	The ability to retain essential employees is:	1	2	3	4	5
5.	The satisfaction of customers or clients is:	1	2	3	4	5

Appendix K: Core Employees Interview Questions

1. What motivates you the most to work for this organization?
2. To what extent are employees recognized as individuals in this organization?
3. In your opinion, what things need to be worked on for improving your organization's overall performance?
4. How would you evaluate your relationship with your supervisor/subordinates?
5. When were you most satisfied in your job?
6. Why do you consider this organization is a good one to continue working with?
7. What makes you resign or leave the organization?
8. How would you evaluate the performance of your HR department?

Appendix L: Human Resource Manager Interview Questions

- How much importance is placed on the HR function by the board?
- To what extent is the HR unit involved in decision-making on organizational level?
- How would you evaluate your relationship with your subordinates?
- In your opinion, why have turnover rates swelled in the last three years?
- I knew that the turnover is specifically high in management positions. In your opinion what reasons are behind this phenomenon? Had rigorous analysis been done for fixing the situation?
- How would you evaluate the performance of the HR department?
- In your opinion, what specific things are needed to be worked-on for improving the performance of HR department?
- Why do you consider this organization is a good one to continue working with?

Appendix M: Approval of Institutional Review Board (IRB)

CASE #2013-2014-014



To: Nivin AbdelMaguid
Cc: Mariez Wasfi
From: Atta Gebril, Chair of the IRB
Date: January 13, 2014
Re: Change of title (Original approval sent on October 23, 2013)

This is to inform you that I reviewed your revised research proposal entitled "**Strategic Human Resource Management and Organizational Performance: A Case Study from an Egyptian Nonprofit Organization**," and determined that it required consultation with the IRB under the "expedited" heading. As you are aware, the members of the IRB suggested certain revisions to the original proposal, but your new version addresses these concerns successfully. The revised proposal used appropriate procedures to minimize risks to human subjects and that adequate provision was made for confidentiality and data anonymity of participants in any published record. I believe you will also make adequate provision for obtaining informed consent of the participants.

Please note that IRB approval does not automatically ensure approval by CAPMAS, an Egyptian government agency responsible for approving some types of off-campus research. CAPMAS issues are handled at AUC by the office of the University Counsellor, Dr. Amr Salama. The IRB is not in a position to offer any opinion on CAPMAS issues, and takes no responsibility for obtaining CAPMAS approval.

This approval is valid for only one year. In case you have not finished data collection within a year, you need to apply for an extension.

Thank you and good luck.

A handwritten signature in black ink that reads 'Atta Gebril'.

Dr. Atta Gebril
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