

Research Article

An Examination of Strategic Human Resource Management Practices in Iranian International Sector Performance

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Abstract: This study intends to analyze the SHRM practices on the performance of an International University in Iran. This study is organized as a quantitative one for investigating the association among the SHRM practices on the Iranian International University's performance. The study uses survey questionnaire method with specific target respondents. English was the medium of survey. The survey has 33 questions measurable on Likert scale, which were designed for evaluating the constructs of the study. The findings in this research gives light on major functions of SHRM in the global scenario of Iran. Performance of the International University in Iran has key relationship with HR functions of recruitment, training, compensation and performance appraisal.

Keywords: Iran, performance management, strategic human resource management practices

INTRODUCTION

Literature review indicates the most studies in HRM are devoted to the industrial sides of HRM. Majority of the studies related to this aspect has been regarding developing countries that accounts for a majority of economies. This literature gap has been recognized in this study and intends to provide some insight on the specificities of SHRM practices in a developing country. Iran that chooses in this study has a huge population and vast resources with great investment potentials. This study acknowledges the significance of the contributions provided by the biggest asset of any organization-its employees (Danish and Usman, 2010). In an era, which shows knowledge capital has to be reserved for firms for becoming productive as well as responsive to the requirements of different stakeholders of business (Malik *et al.*, 2010). Universities and centers for training similarly have to attract as well as retain good talents adding on to the growth and development of the nation (Lew, 2009). Literature works by eminent scholars shows the effective application of certain SHRM practices that enables the university employees to get committed at work and to have enhanced performance of the institutions that they belong to Chen *et al.* (2009). Lew (2009) pointed out that employees of an organization plays a strategically important role in enhancing ratings in such as aspects quality of research, faculty's reputation academically, quality of courses, contributions to the society in terms of research and in producing quality graduates. As young force in the society is a main element for growth and universities

are places for growing this young force, it is important that the nation's universities enhance their world rankings by having excellent employees both in academic and administrative arms. Countries need a more SHRM that is capable of conducting various activities in private as well as public sectors. Also these institutions of higher education are deemed to deliver HR of highest quality levels. This study intends to analyze the practices of SHRM on the Iranian International University's performance.

The country requires more SHRM capable of conducting various public and private sector activities. Institutions of higher education are subsequently considered to have HR of highest standards and quality.

HUMAN RESOURCE MANAGEMENT

Provisional on the social situations the HRM field has undergone significant change over time. HR evolved from the so called 'personnel management' and this is related to the history of USA (Brewster, 1995). HRM concept though originated in the US, it is truly international now (Brewster, 1995), which is applicable to other nations as well. 'HRM is the science which deals with the kind of employee relationship and every decision, issues and actions that is associated to relationship'. SHRM has determined that every firm has to follow certain basic functions that are human oriented such as planning HR, staffing, maintaining human resource information systems, training, culture of the organization, managing change, performance of employee, compensation, health, safety, legality, labor and industry relations and security. Fombrun *et al.*

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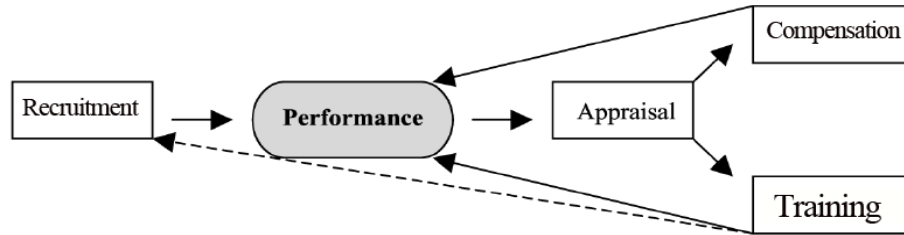


Fig. 1: Adopted from Fombrun *et al.* (1984)

(1984) proposed a model based on 4 interconnected SHRM functions such as recruitment, compensation and training and performance appraisal. This model is termed as HR Cycle and is depicted in Fig. 1.

Practices of SHRM and performance of university:

Firms are establishing practices of SHRM for leveraging the potential strength with its people for sustaining competitive edge (Khan, 2010). It is also understood that there exist a positive and considerable association among practices of SHRM performance of the firm (Rizov and Croucher, 2009; Lee *et al.*, 2010; Zakaria, 2012). Aspects of HRM such as recruitment, training, compensation system and performance appraisal as well as information sharing can result in innovation performance leading too competitive advantage in organizations. Past studies on this association between SHRM practices and performance of the organizations have made use of Balance Score Card (BSC). Anyhow, there exists a gap in the related literature that supports the application of these aspects in higher education sector. For the assessment of universities' performance, at present there is no consensus. The below portions will focus on development of hypothesis.

Recruitment and university performance: Definition of Recruitment is, 'a practice or any task or activity that is performed by a firm with the main aim of identification of as well as attraction of potential employees for the firm' (Noe *et al.*, 2008). As per Bohlander and Snell (2007) definition of recruitment is, 'the process of reduction of number and selecting from within people, that possess the required qualifications. When appropriate individuals are not selected and assessed, the firm will fail to achieve its purpose and have many personnel issues such as increased turnover, reduced productivity, increased rates of absenteeism and stress levels of employee's stress (Storey, 2007). Hence recruitment is one main function of SHRM and its aids managers to attract and select the best among candidates, which results in enhanced performance of the organization (Rehman, 2012). Recruitments methods such as newspaper ads, network bulletins etc., are formal ones whereas personal contacts and introduction via teachers and staffs are considered as

informal ones. Also most researchers agree that effective recruitment results in competitive advantage of the firm and will result in enhanced organizational performance (Pfeffer, 1994; Zheng *et al.*, 2006). Hence the following hypothesis is being proposed.

H1: Recruitment has significant relationship with university performance.

Training on university performance: Training is defined as the set of methods that are used for giving new employees as well as existing ones, the skills, knowledge and capabilities that is needed for performing their jobs well within the firm (DeNisi and Griffin, 2001). Aim of employee training is to adjust employee's skills or attitudes (Herold and Fedor, 2003). Training results in developing positive dispositions towards growth as well as change that the people enact as individuals or as groups (Paul, 2009). When the tasks and skills required in the society becomes complex and ever increasing, development of proper and effective strategies in training is of much significance now days. Training increases the capabilities of employee that's instrumental in enhancing the whole performance of the organization (Millar and Stevens, 2012). Prior studies show that there exists a positive association among training and performance of the organization (Khan, 2010; Abdullah *et al.*, 2009; Chang and Chen, 2002; Huselid, 1995). For instance, Chen and Huang (2009) did a study concluding that SHRM practices have reflective effect on the performance of the organization and innovation. SHRM practices including training increases the performance of employees by giving relevant skills. As such the below hypothesis is suggested.

H2: Training has significant relationship with university performance.

Performance appraisal on university performance: Definition for Performance Appraisal is, 'the process that determines and communicates with an employee on how good they are performing at work and ideally putting in place a system plan for improvement' (Byars and Rue, 2004). Literature shows that there's a considerable link among performance appraisal and

organizational performance (Chang and Chen, 2002; Lee *et al.*, 2012; Abdullah *et al.*, 2009; Khan, 2010; Qureshi *et al.*, 2010). Performance management of employees is an important part of any organization and it shows how their HR is managed (Meyer and Kirsten, 2005). Also, in effective practices of performance appraisal various undesirable issues such as reduced morale, reduced employee productivity and reduced enthusiasm for supporting the organization and thus reduced organizational performance (Osman *et al.*, 2011a, b). As such the below hypothesis is suggested.

H3: Performance appraisal has significant relationship with university performance.

Compensation on performance of the university:

Definition of Compensation is, 'a system which a firm gives to people in return of their willingness for performing different jobs and tasks entrusted with them by the organization (DeNisi and Griffin, 2001). Employees need to be given proper equitable rewards, so that they has a feeling of value and reward that suits their skills. It is known that there is a considerable link among compensation and organizational (Giorgio and Arman, 2008; Shin-Rong and Chin-Wei, 2012). For instance, Mayson and Barret (2006) argued that the organization's ability for motivating and retaining employees by giving them attractive and competitive remuneration and related rewards is related to the performance and growth of the organization. Hence in such competitive world of business, many firms attempt to identify innovative strategies related to compensation, which are directly related to the enhancement of the organization's performance (Denis and Michel, 2011). As such the below hypothesis is suggested.

H4: Compensation has significant relationship with university performance.

Research question and framework: The aim of this study is to explore various practices of SHRM in Iran. The discussion above gives a brief insight to practices of SHRM and their external factors. This study recognized that this perception though evolved in the US is now applicable globally. HRM functions are narrowed down to main 4 functions such as recruitment, training, compensation and performance appraisal. This framework is used in this study for data collection and for discussions thereafter.

METHODOLOGY

As discussed previously, educator sector has a crucial role in the success of a country's economic plan. For realizing this, it is important employees has to be attracted and retained by universities at academic and supporting levels that are excellent at work with good

experience. This needs a healthy and sound SHRM practice. Also SHRM practices many vary from one person to the other (Tan and Nasurdin, 2011). Because of this, a research on the employee evaluation of the effect of SHRM practices on the Iranian International University's specific reference is justified. Iran's Ministry of Higher Education recently made an effort for developing Key Performance Indicators for governance of international universities in the country (Neamati, 2007). The university at Kish area has graduates who are excellent and are marketable globally and has huge R and D funds.

Research design of this study is quantitative. A survey questionnaire was used for achieving the objectives of the study. Iran's Kish University's academic and supporting staff forms the population of this study. Simple random sampling is used by this study based on probability techniques. The most commonly used sampling method is the simple random sampling. As such the entire population has an equal chance to be chosen in this research. Two thousand and thirty workers were selected for this study. The questionnaire needed the respondents to fill in the demographic questions such as age, gender, marital status, level of education and ethnic group. The instrument uses English language. The research constructs are evaluated using 33 Likert Questions in the survey questionnaire. A five point scale that ranged from 1 to 5, which indicates strongly disagrees to strongly agree is deployed. Spector (1991) framework was developed intentionally for summated rating scales. As such it was found apt for this research. Various researches' have used this questionnaire in various nations with various populations and have given proof of its reliability and validity of its acceptable constructs (Baharim, 2008). Data analysis is used and can aid a researcher for summarizing the conclusion of the study. Data analysis is done by using Statistical Package for Social Science software (SPSS) version 18.0 for Windows OS. Pearson correlation test analysis was used for examining the link between SHRM practices and performance of the university.

RESULTS

Data analysis in this study has been done using 2 methods-One Way ANOVA and Multiple Regression tests. Hypothesis testing has been done using 3 methods- Reliability, Normality and Person Correlation tests. There are 5 demographic variables are considered such as-Age Gender, Marital Status, Level of Education and Ethnic Group. The results showed that of the 60 respondents, 7 were over 51 years of age. This is the lowest frequency. Twenty two was the topmost frequency which goes to the second age group ranging from 31 to 40. Also, as shown in the table, the majority of respondents were between the age group of 21 and 50. Gender variable has also been considered in this research. Male and female are the two categories here. Thirty three of the 60 respondents were male and 27

Table 1: Test of homogeneity of variances

| | Levene statistic | df1 | df2 | Sig. |
|---------------------|------------------|-----|-----|-------|
| Age | 1.835 | 3 | 56 | 0.151 |
| Gender | 3.851 | 1 | 58 | 0.055 |
| Level of education | 1.823 | 3 | 56 | 0.154 |
| National groups | 1.599 | 3 | 56 | 0.200 |
| Statuses of marital | 6.744 | 1 | 58 | 0.062 |

Table 2: p-values of ANOVA for demographic values

| Demographic variables | Sig. |
|-----------------------|-------|
| Age | 0.842 |
| Gender | 0.005 |
| Level of education | 0.882 |
| National of groups | 0.371 |
| Statuses of marital | 0.000 |

were female. This is a 55 and 45%, respectively. Marital Status is the last variable under demographic classification, considered in this research. Single and Married, are the two categories of this variable. Thirty four of the 60 respondents were married and 26 were single. That is a 56.7 and 43.3%, respectively. As such married respondents outnumbered single ones. As there are 5 demographic variables 5 ANOVA tests has to be conducted. ANOVA can only be done if the distribution of variables is normal.

The p-value in Homogeneity table is 0.15, 0.055, 0.154, 0.2 and 0.062 for age, gender, educational level, ethnic groups and marital status respectively (Table 1). This is above 0.05. This shows that all of the groups are homogenous. The p-value in ANOVA test indicated that there are no considerable variations among various demographical variables in their incentive to pass on the performance (Table 2).

Between -1 and +1, the Pearson correlation changes. Positive figures indicate positive associations and the negative figures indicate the negative associations. The intensity and importance of the association are established on p-value. Every associated statistical tests-Descriptive Analysis, ANOVA Test, Reliability Test, Normality Test, Multiple Regression Analysis and Pearson Correlation are depicted in this part. Upon establishment of normality test, no one of the variables is distributed normally. Anyhow, the Theory of Critical Limit tends to assure that their distribution is normal. On the basis of 5 ANOVA, conducted in this research, only differences between the variables gender and marital status had considerable influence over the performance of Iran's international sector. To conclude, the results of Multiple Regression Analysis show that all of the variables of SHRM practices have a considerable positive association with the performance of the university.

CONCLUSION

This research intends to analyze the practices of SHRM practices in Iran. SHRM being considered as a

Western notion, this study only focused on 4 main functions of SHRM such as recruitment, training and compensation and performance appraisal. These form the basics of human resource management and conceptually these are in the current study. Results of this study shows that high job security, significance of education, interpersonal relations and compliance with revolutionary and Islamic ideologies marks the recruitment aspect in Iran's international sector of education at universities. Compensation bases on fixed pay, seniority at work and relative hierarchy based pay systems. With regards to training, this study indicates the educated workforce but with nil experience and existence of unplanned as well as highly theory based training programs. Lastly, performance appraisal gets little attention in Iran's international university and education sector.

These features result in the conclusion that SHRM in Iran's international sector is still in the stage of 'Personnel Management'. Hardly any attention has been given to the efficiency of the organization in this context. This research shows that SHRM practices have important effect on the performance of organization. Candidates have to be chosen based on the required skills, knowledge, qualification and attitude by using proper techniques of selection. Also, proper training programs for academic as well as supporting staff have to be adopted for continuous enhancement of employee skills. Also, performance appraisal needs to be aided by performance management policies. Employee performance has to be assessed on the basis of the standards that can be measured and feedback has to be given to employees regarding their performance.

At the end, it is crucial to reference that while this research gives certain interesting insights into Human Resource Management practices in Iran, the findings need to be dealt with caution in interpreting and should consider the limitations in terms of its concepts, size ad sector. Smaller size of the sample is a major flaw of this study. Further studies need to take into account of both private and public universities and such mediating variables as culture of the university and organizational climate.

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