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## Strategic Human Resources Management: A Study of the Alignment of HR Practices with Overall Business Strategy and its Impact on the Organization Based on Occupational Psychology Principles

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### Abstract

*HR systems have the potential to confer a lasting competitive edge by enabling the development of firm-specific capabilities. The strategic management of human resources involves aligning the overarching strategic goals of the organization with HR strategy and performance. Grounded in Industrial and Organizational Psychology principles, this research examines how psychological factors influence HR practices and organizational effectiveness. Utilizing a survey approach, standardized autonomous questionnaires were distributed to 50 executives and collected from 29 managers. The study revealed no notable disparities in HRM effects based on work arrangements. However, years of experience significantly influenced HRM dynamics and performance indicators, underscoring its pivotal role in shaping employee behavior, motivation, and job satisfaction—key elements in Occupational Psychology. In summary, expertise wielded a more profound influence than work arrangements on HRM-related outcomes. This study contributes significantly to the reservoir of knowledge in both academic and practical realms, integrating psychological insights into HRM strategies. It offers substantial recommendations to enhance HRM and SHRM management, ultimately bolstering the organization's overall success by leveraging psychological principles to optimize workforce performance and well-being.*

**Keywords:** Human Resource, (HRM) And (SHRM), Organization, Strategic.

### Introduction

Forward-thinking enterprises are swiftly recognizing that, among all the factors influencing productivity, human interaction reigns supreme (Silva & Lima, 2018). Regardless of a company's scale, industry, or operational context, the decisions made by its employees and the behaviors they engage in shape its operations and environment. Taking a strategic approach to human resources (HR) management involves shifting away from a mindset focused solely on personnel and implementation, and instead, prioritizing strategic concerns over operational or tactical ones (Dermol, 2014). This approach, known as Strategic Human Resource Management (SHRM), elevates the management of people to a central role within the organization, seamlessly integrating all human resource systems into the broader framework of the business strategy

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SHRM recognizes that the actions of individuals can either benefit or harm a company, as all financial, marketing, operational, and technological decisions are influenced by a company's workforce (Vance, 2019).

To establish and maintain a competitive edge, HRM must achieve the following critical objectives:

- Invest in people by introducing and supporting learning methods to foster skill development and align skills with organizational needs.
- Ensure that the organization comprehends the knowledge necessary to achieve its objectives and satisfy customers, taking steps to acquire and cultivate this knowledge.
- Identify behaviors crucial to business success and ensure that these behaviors are encouraged, recognized, and rewarded.
- Encourage employees to fully dedicate themselves to their company's tasks.
- Cultivate individual commitment to the company's goals and values.

The strategic role of Human Resource Management (HRM) has continuously sought to establish its significance within organizations (Cardon & Stevens, 2004). While companies readily allocate resources to classroom training, staffing, recognition, and employee engagement programs during times of abundance, HR departments are often the first to face cutbacks in times of financial difficulty. The emergence of Strategic Human Resource Management (SHRM), which examines HR's role in supporting corporate strategy, presents an opportunity to demonstrate HR's value to the organization. In the past 25 years, the HRM field has undergone significant transformations, reflecting two key shifts. First, it moved from personnel administration to human resources management. Second, it transitioned from HR management to strategic HR management. This study focuses on examining strategic HR practices within various regions, including the establishment of a formal HR strategy integrated with the company's overall strategy, the level of alignment between HRM and organizational plans, the roles of different management positions in developing and implementing HR strategy, and the impact of adherence to business strategy on overall organizational effectiveness.

## **Literature Review**

The study's objective is to assess the influence of HRM practices, situational leadership, employee engagement, and their interplay on organizational performance. Existing research suggests that HRM practices and situational leadership both have a positive but statistically insignificant impact on organizational performance. Conversely, employee involvement is shown to have a significant and positive effect on organizational performance, and it acts as a mediator in the relationship between HRM practices and performance (Zamzam, et al., 2023).

In the complex and ever-evolving healthcare industry, hospitals must optimize their organizational performance to gain a competitive advantage. Human resource management and strategies play a pivotal role in achieving competitive superiority. A balanced scorecard-based study has investigated the strategies related to human resources.

- In the healthcare sector, the effectiveness of hospital managers in enhancing performance, especially non-financial aspects, can be improved through human resource

strategies like staff training and development, staff compensation, and rewards (Nafari & Rezaei, 2022)( Al-Abbadi, L. H. (2024)).

- In a dynamic economic landscape marked by globalization and increasing demands from stakeholders, government institutions strive to enhance their performance by cost-cutting, process optimization, and quality enhancement. Quantitative research involving
- 240 participants revealed that most existing theories were invalid, except for one indicating a positive relationship between decentralization and organizational performance (Anwar & Abdullah, 2021). Impact various facets of organizational success, including customer satisfaction, technology adoption, product quality, and competitiveness (Al-Jedaiah & Albdareen, 2020). Recruitment was particularly influential in technology adoption, product quality, and competitiveness, while growth and job development were linked to customer happiness.
- The utilization of employees' skills, knowledge, and talents significantly contributes to an organization's success. Effective human resource management practices and policies have a profound impact on employee work, attitudes, and performance. Key human resource functions encompass planning, recruitment, selection, training and development, compensation, performance management, and employee relations (Khan, 2018).
- Leveraging the potential of employees' knowledge, abilities, and skills can enhance overall company efficiency. The importance of proactive human resource management cannot be overstated, as HR practices and policies directly influence employee productivity, attitudes, and performance. On the other hand, personnel laws and regulations focus on essential operations that can positively impact company outcomes, such as organizing human resources, recruitment, selection, training, compensation, performance management, and employee relations (Delahaye, 2011).
- Various assessment approaches have been developed over the years. Work-oriented assessments aim to clarify an individual's job-related activities, while job-oriented methods seek to identify the skills needed to perform job tasks effectively. Hybrid methods combine elements of both approaches (Brannick, Levine, & Morgeson, 2007).

## Methodology

The research employed a cross-sectional research methodology, capturing data at a single point in time to provide a snapshot of the subject. Data collection involved the use of a Likert scale with five response options, allowing participants to express their views. The study focused on Service ministries in Jordan (water and irrigation, health, works, local administration). The target population for this study consisted of 60 executives, but due to time constraints, a sample size of 50 was chosen, with 10 managers unable to participate. Ultimately, 29 surveys were returned, indicating a 58% response rate. To analyze the data, researchers utilized Analysis of Variance (ANOVA), a statistical method for comparing means across different groups.

The research team prioritized ethical considerations by ensuring that participants provided informed consent, signifying their voluntary participation. Additionally, they upheld the principle of confidentiality, safeguarding the privacy and anonymity of participants, with their responses treated as confidential and not shared with unauthorized individuals. Adhering to ethical practices is essential for maintaining the integrity and credibility of research

## Results

Table (1) indicates that there is no statistically significant variation, with a significance threshold of 0.05 or lower, in the responses within the study sample regarding HRM

policies and responsibilities, as well as their impact on effectiveness. Furthermore, the results presented in Table (2) demonstrate that there are no statistically significant differences in responses based on respondents' positions in terms of HRM policies and duties and their effects on performance.

However, the findings in Table (3) reveal statistically significant variances in the study's sample regarding SHRM responses at an appropriate threshold of 0.05 or less, particularly in the areas of "HRM laws and roles" and "Performance measures influenced by HRM."

Variables	Sources of variance	Sum of squares (SS)	Df	Mean Square	F value	Statistical significance
<b>HRM policies and roles</b>	Among groups	4.411	1	4.41	.070	.793
	Within groups	16.335	27	.628		

	Total	16.999	28			
<b>Performance indicators that are affected by HRM</b>	Among groups	.201	1	.201	.705	.409
	Within groups	7.683	27	.285		
	Total	7.884	28			

Table 2: Variation Determined By the Format of the Work

Variables	Sources of variance	Sum of squares (SS)	Df	Mean Square	F value	Statistical significance
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<b>HRM policies and roles</b>	Among groups	2.166	2	1.083	1.899	.170
	Within groups	14.833	26	.570		
	Total	16.999	28			
<b>Performance indicators that are affected by HRM</b>	Among groups	1.432	2	.716	2.886	.074
	Within groups	6.451	26	.248		
	Total	7.884	28			

Table 3: Exceptions Determined by Years of Expertise

<b>Variables</b>	<b>Sources of variance</b>	<b>Sum of squares (SS)</b>	<b>Df</b>	<b>Mean Square</b>	<b>F value</b>	<b>Statistical significance</b>
<b>HRM policies and roles</b>	Among groups	12.709	4	3.177	17.775	.000
	Within groups	4.290	24	.179		
	Total	16.999	28			
<b>Performance indicators that are affected by HRM</b>	Among groups	4.082	4	1.020	6.441	.001
	Within groups	3.802	24	.158		
	Total	7.884	28			

## Discussion

This study aimed to investigate three key dimensions. Firstly, it sought to determine the impact of HRM on organizational performance. The results were analyzed using a one-way ANOVA for two variables: “HRM policies and roles” and “Performance indicators influenced by HRM.” ANOVA is a statistical method used to assess significant differences among means from multiple groups. The analysis of “HRM policies and roles” found no statistically significant differences among the groups, as indicated by the high p-value of 0.793, well above the conventional significance level of 0.05. Similarly, there was no statistically significant difference among the groups regarding “Performance indicators affected by HRM,” with a p-value of 0.409, also exceeding the

0.05 standard. These results suggest that the variations between groups do not seem to have a substantial impact on how HRM policies and roles differ or how they affect performance indicators. In practical terms, this implies that the factors under study do not exhibit significant variations among groups, at least in the context of this analysis.

The second dimension aimed to explore the influence of job format (work style) on organizational performance. The results were obtained through a one-way ANOVA for two distinct variables: “HRM policies and roles” and “Performance indicators influenced by HRM,” with a focus on how work style influenced differences. ANOVA is a statistical technique used to determine if there are significant differences among the means of three or more groups. For the variable “HRM policies and roles,” the analysis separated the variance into two components: “Among groups” and “Within groups.” With 2 degrees of freedom (df), the sum of squares (SS) between groups was 2.166, resulting in a mean square of 1.083. The F value, which assesses the ratio of between-group differences to within-group differences, was 1.899. Crucially, the p-value was 0.170, surpassing the common significance level of 0.05. This indicates that there is no statistically significant difference among the groups in terms of HRM policies and roles based on work style. Likewise, for the variable “Performance indicators influenced by HRM,” the data indicated two sources of variation: “Among groups” and “Within groups.” With 2 degrees of freedom, the between-group SS was 1.432, and the mean square was 0.716. The F value for this variable was 2.886,

that the organization may not tailor HR practices extensively based on the nature of the work. Influence of Years of Expertise: The results suggest that the number of years of expertise significantly influences HRM policies and roles, as well as their impact on performance indicators. This implies that professionals with different levels of experience may experience HRM differently and that their impact on performance indicators may vary.

Strategic Human Resources Management (SHRM): SHRM aims to align HR practices with overall business strategy to enhance organizational success. In this study, the findings indicate that HRM practices appear consistent across roles and work types, suggesting a uniform HR plan within the organization. However, the impact of years of expertise underscores the importance of tailoring HR practices to individuals’ experience levels, as it significantly affects HRM policies and their impact on performance indicators.

Overall, this study highlights the significance of considering years of expertise as a crucial factor in HRM and emphasizes the need for organizations to align HR practices with their overall business strategies to optimize organizational performance.

## Conclusion

This study aimed to investigate the impact of HRM on organizational performance, the influence of work format (position), and the role of years of expertise. The analysis revealed that there were no statistically significant differences in HRM policies, roles, or their impact on performance indicators among different groups. Secondly, the format of work did not significantly affect HRM-related variables. However, thirdly, years of expertise had a substantial and statistically significant impact on HRM policies, roles, and their influence on performance indicators. These results suggest that customizing or modifying HRM practices based on employees' years of expertise may be necessary to maximize their impact on organizational success. The findings underscore the importance of incorporating the experience factor into the design of HRM strategies to enhance organizational performance. Future research could delve into how HRM practices can be tailored to different levels of employee experience to achieve the most positive impact on organizational success.

## Recommendations

Implementing and adapting to a new HRM philosophy can be challenging, presenting various obstacles. The following recommendations are provided to help organizations navigate these challenges and address the identified gaps:

Organizations should consider adjusting their HRM strategies based on employees' years of experience. Tailoring HR policies, training programs, and career development opportunities to suit different experience levels can lead to more effective HRM practices and, consequently, enhanced organizational success.

Establish ongoing skill development programs that assist employees in enhancing their skills. These programs should be designed to help employees with varying levels of experience keep their skills up-to-date and excel in their roles.

Conduct benchmarking exercises to identify the best HRM practices within the industry.

Learning from successful case studies and industry leaders can provide valuable insights into improving organizational HRM strategies.

Implement engagement strategies that take into account employees' years of experience.

Recognize and appreciate the contributions of both new and experienced employees to foster a motivating and inclusive work environment.

Consider conducting longitudinal studies to assess how years of experience impact HRM and performance indicators over time. This will enable HRM managers to make informed adjustments to their plans as employees gain more experience.

These recommendations aim to enhance HRM practices by considering the variable of years of experience, fostering ongoing skill development, and drawing inspiration from industry best practices.

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