

Strategic Human Resources Management and its Impact on Performance: The Case from Saudi Arabia

Dr. Ikhlas I Altarawneh

Associate Professor in HRM

Department of Business Administration, College of Business and Economics

Al-Hussein Bin Talal University

P.O Box 99, Ma'an, Jordan

Abstract

The aim of this study is to explore the adoption of Strategic Human Resources Management (SHRM) approach in banking organizations that operates in Abha city Saudi Arabia. It aims also to examine the relationship between Human Resource Management (HRM) and organizational performance, in addition, it aims to explore the main problems and challenges that may face (HRM) in the targeted banks. A survey methodology was adopted in this study through using the self-administrated standardized questionnaire as the data collection method and that was distributed to (50) managers and collected from (29) managers. The results of the study were as follows: the targeted banks adopt (SHRM) approach when managing their (HR) as they also have long-term (HR) plans and written (HR) plans and policies; (HRM) managers participate in top management meetings. The most prominent challenges that hinder the effective implementation of (SHRM) were: limited budget dedicated to (HR) activities; lack of cooperation and coordination between executive managers and (HR) managers. Training, initial test, compensation and rewards are the main (HRM) practices and activities in the targeted banks. Importantly, (SHRM) positively affect the organizational performance which can be represented by increasing profits, increasing the sales ratios, increasing job satisfaction and increasing the loyalty of employees. The current study has made significant contributions to the body of knowledge at academic and practical levels and has come up with good recommendations to improve management of (HRM) and (SHRM) which will affect the effectiveness of whole organization; they are presented in the final chapter of the dissertation.

Key words: Strategic; Human Resource; HRM; Organization; Performance; Abha

INTRODUCTION

Recently it has become a common belief that organizational Human Resources (HR) is the source of sustainable competitive advantage and success, provided that Human Resources Management (HRM) policies and practices are integrated with and/or derived from the overall organizational strategies and goals (Al-Tarawneh and Aldhyatt, 2011). Strategic Human Resources Management (SHRM) emphasizes the importance of the integration between (HRM) policies and strategies and the overall organization strategy.

However, (HRM) has been challenged to demonstrate the value of its functions in proving its impact on an organisation profit, minimising cost and maximizing the added value in components of an organisation strategy and customer satisfaction (Ulrich, 1997). Many research studies have been conducted to establish links between (HRM) functions and organisational performance, such as training (Russel et al., 1985), selection (Terpastichea and Rozell, 1993), appraisals (Borman, 1991) and compensation (Milkovich, 1992) in relating to the organisation performance. Huselid's (1995) work links an index of (HR) practices to both financial performance and market outcomes. MacDuffie's (1995) study links bundles of HR practices to productivity and quality exemplified a progression toward examining the link between systems of HR practices and performance.

The popular management literature, which examines the impact of (SHRM) practices on organisational effectiveness and performance, is most controversial one (Worsfold, 1999). Whereas some people argue that there is a positive relationship between (HRM) interventions and organisational performance, others argue for the lack of evidence linking (HRM) with improved performance. For example, Guest and Hoque (1994) examined the impact of HRM practices and the presence of HRM strategy on outcomes in manufacturing companies; they found higher levels of positive (HRM) and employee relations' outcomes, but there was no correlation with performance, in terms of productivity or quality. In contrast, an increasing body of research has demonstrated a relationship between the use of specific HRM practices and improved financial performance (Russell et al., 1985).

Moreover, it can be argued that (HRM) which has been developed to (SHRM) by researchers seeking to emphasize the importance of the concept to the effective functioning of organizations. To this end, many

authors have maintained that (SHRM) is straightforwardly linked to organizational performance and there is a conflicting opinion that high-performing work organizations adopt particular (HRM) policies and linking these to the strategies of their organizations. However, regardless of the rising popularity of (SHRM), there have been very few systematic evaluations of the claims that it is linked to performance and doubts remain as to its theoretical foundations. In addition, in the emerging markets, little has been researched or reported to produce a clear picture about the adoption of (SHRM) (Altarawneh, 2010).

Therefore, this study can be described as an exploratory study conducted in Saudi Arabia to explore the impact of (SHRM) on the organizational performance in banking industry and to measure the adoption of (SHRM) in the targeted organizations. It specifically aims to extend the above line of research by examining the HR-firm performance relationship in Saudi Arabia banking industry. In addition, to explore the extent to which do Saudi Banks adopt (SHRM) approach when managing their (HR). Also it aims to shed the light on the most adopted HR practices by the targeted banks, and to identify the most important barriers facing the implementation of SHRM approach in the targeted banks.

This study is considered very important as the review of the relevant literature on HRM and SHRM, HRM in Arab organizations and on the impact of HRM activities on organizational performance shows a real need for this study. In addition, the review of the literature on SHRD shows that this concept is relatively new trend which need to be researched more and more. While, the review of the literature on HRM-organizational performance and evaluating HRM effectiveness shows that there is still a need for many empirical studies in the field of understanding the processes by which HR practices might have an impact on organizational performance. The lack of empirical studies in this field is largely because of the difficulties in measuring HR activities impacts on organizational performance empirically (Snyder and Sadri, 1995; Kirkpatrick, 1979; Eastgate, 2000; Redshaw, 2000; Altarawneh, 2011).

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Overview

Nowadays, there is growing interests of the term Strategic Human Resources Management (SHRM) which is according to Wright (1998) emerged in 1981. Moreover, there is growing consensus that organizational Human Resource (HR) practices and policies provide a significant contribution to organizational performance in public and private organizations (Kim, 2012). The literature of Human Resources Management (HRM) in the private sector emphasizes that HRM practices can help to create a source of sustained competitive advantage, especially when they are aligned with a firm's competitive strategy (Altarawneh, 2010). It can be argued that the strategic importance of HR practices and their contributions to the organizational performance are receiving increasing recognition worldwide.

However, HRM in many organizations has been challenged to demonstrate the value of its functions in proving its impact on an organization profit, minimizing cost and maximizing the added value in components of an organization strategy and customer satisfaction (Ulrich, 1997). In addition, HRM is often criticized for being a cost center. This criticism is raised for many reasons: it is not easy to measure the outcomes of HRM activities since most of them are intangible of their nature such as employees satisfaction, customers satisfaction, changing attitudes and so on; it is difficult to quantify HRM outcomes, to illustrate it is very hard to find out ROI form HRM investment.

Strategic Human Recourses Management (SHRM)

SHRM has been developed in the mid of 1980 as a field of management practice and study. However, still there is a continuous debate over the meaning of SHRM and the term human resource strategy (Boxall et al., 2007; Boxall and Purcell, 2000; Tompkins, 2002) Wright and McMahan (1992) argue that research inconsistently conceptualizes SHRM, making it difficult to assess adequately what exactly we know and do not know of the field. However, SHRM can be defined as *"the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals"* (Wright and McMahan, 1992, p.298). This definition implies that there are at least four components to SHRM. (1) it focuses on an organisation's human resources as the key source to be developed strategically for competitive advantage. (2) it emphasizes HR programs, activities, policies and practices as means through which organizational people can be managed to gain competitive advantage. (3) both pattern and plan describe the goal and process of strategy; a consistent alignment or design which could also be described as fit. This fit could consist of both vertical (with the organisation's strategy) and horizontal (all of the HR activities aligned with one another) aspects. (4) within this definition, the people, practices, and planned pattern are all determined, and relate to goal achievement. Another definition for SHRM by Boxall et al. (2007) to be as ongoing efforts to align an organisation's personnel policies and practices within business strategy. The interest in SHRM as a concept reflects a growing awareness that HR are the key to success in organizations. In spite of this, the relevance of SHRM for many organizations is far from clear. Moreover, Hall et al. (2009) argue that SHRM is largely about integration and

adaptation. Its concern is to ensure that: 1) human resources management is fully integrated with the strategy and the strategic needs of the organization; 2) HR policies fit together both across policy areas and across hierarchies; and 3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work (Altarawneh and Aldehayyat, 2011).

SHRM Components

There are two normative models for SHRM. One model is the 'best-fit' discipline which argues that HR strategy will be more proficient when it is integrated properly with its specific organizational and environmental context. Baird and Meshoulam (1988) argue that HR practices must fit the organization's stage of development; they describe it as 'external fit' or 'vertical fit'. This implies informal, more flexible, styles of HRM among start-up organizations and more formal, professionalized styles as organizations become more mature and increase the number of their employees. They also argue for 'internal fit', for the need to ensure that individual HR policies are designed to 'fit with and support each other'; something they call it 'horizontal fit' (Boxall and Purcell, 2000).

Yet, the most significant 'best-fit' model in which external fit is determined by the organization's competitive strategy, rather than its stage of development (Boxall and Purcell, 2000; Boxall et al., 2007; Chen and Huang, 2009). In this model, the basic guidelines for strategic HRM involve aligning HR strategy, plans and policies with organization needs. Schuler and Jackson's (1987) argue that HR activities and practices should be designed to support the behavioural implications of the various generic strategies defined by Porter (1985). This implies that organizational performance will improve when HR practices support mutually the organization's predetermined choice of cost leadership, differentiation or focus as its competitive position (Boxall and Purcell, 2000).

The other SHRM model activists' universalism implies that all organizations will be in a strong situation if they recognize and implement best practice in the way they manage people. Definitions of best practice are always drawn from research on the four preferred sub functions of undergraduate personnel psychology: selection, training, appraisal and pay (Boxall and Purcell, 2000; Boxall et al., 2007). Lists of best practice are often weak or silent on issues concerning work organization and employee influence (Marchington and Grugulis 2000). However, it must be recognized that aspects of best practice are widely acknowledged by researchers and practitioners (Delery and Dory, 1996; Tompkins, 2002; Boxall and Purcell, 2000; Boxall et al., 2007).

In regard to SHRM main requirements, it can be said that there are many unresolved issues about the implementation of SHRM and the probability of its success (Becker and Huselid, 2006; Boxall et al., 2007). If SHRM is to succeed in essentially changing the role of the HR department and the practices of personnel management, greater clarity is required regarding to the concept of SHRM and how it is to be implemented in organizations (Tompkins, 2002; Hall et al., 2009). Accordingly, a number of requirements for SHRM adoption and success have been suggested, these are:

- **A recognized strategic planning process:** Strategic planning helps organizations to have a clear logic or direction by setting the organizational mission and identifying goals and objectives (Tompkins, 2002). The strategic planning required for SHRM may be accomplished in a variety of ways; it may be externally or internally oriented., or mandated from above for purposes of accountability, or adopted voluntarily or it may include a temporary, problem-specific process, or an ongoing institutionalized process for goal setting and issues management (Tompkins, 2002; Wright et al., 2001; Harris, 2009, Osborne and Ted, 1992; Bryson and William, 1987; Tompkins, 2002; Boxall et al., 2007; Hall et al., 2009).
- **Involvement of the HR managers in managing strategic planning process:** SHRM requires full involvement of the HR managers in strategic planning process. This is necessary to ensure that the strategic plans under debates are evaluated in terms of their implications for HR (Tompkins, 2002; Altarawneh and Aldehayyat, 2011). Involvement by the HR manager is also necessary so that the HR\personnel staff can get a better and fuller understanding of the organization's mission and the issues confronting line managers.
- **A formal written HRM objectives and plans:** HR\personnel department can develop its own plan for relating or linking its goals to the organizational goals or staff can be reminded of the need to factor the organization's strategic goals into its day by day operations (Popovich, 1998; Tompkins, 2002; Boxall et al., 2007).
- **Aligning HRM practices with strategic objectives:** The most important requirement of SHRM is the alignment of HR\personnel policies and practices with the organization's strategic objectives, which is otherwise called vertical fit or integration (Hall et al., 2009; Chen and Huang, 2009; Ahmad and Schroeder 2003; Vlachos, 2008; Tompkins, 2002; Boxall et al., 2007).

The above mentioned four requirements of SHRM cannot be achieved unless the HR department changes deeply the way it does business (Hall et al., 2009; Boxall et al., 2007; Tompkins, 2002; Way and Johnson, 2005). Supporters of SHRM have suggested some recommendations in this regard. First, HRM must develop and expand the capability it needs to support strategic plans; this implies that it must develop staff knowledge in job design, organizational development, change management, employee motivation, and HR theory (Tompkins,

2002; Boxall et al., 2007). Second, HR\Personnel staff must develop knowledge of general management and the specific managerial problems confronting managers. Whether this strategic role should be allocated to a particular unit within HR or should be expected of all HR staff remains an unanswered question. Since the strategic and operational roles of HRM are conflicting in many respects, performing both roles in an integrated fashion will remain an ongoing challenge (Tompkins, 2002). Third line managers partnership, which cannot be forged as long as HRM is perceived by organization managers as an enforcer of rules and a source of overwhelming rules and regulations (Tompkins, 2002; Chen and Huang, 2009; Way and Johnson, 2005). According to SHRM proponents, a service orientation can be established by assigning primary responsibility for HRM to managers and creating service teams consisted of personnel generalists to help managers in achieving mission related objectives (Tompkins, 2002; Offstein et al., 2005; Huselid and Becker, 2006). From the above discussion on SHRM components and requirements the first study hypothesis is developed

H1- bank organizations operating in Abha adopt (SHRM) approach when managing their human resources

SHRM and Performance

SHRM can be viewed as a planned pattern of HR deployment and activities intended to enable the organization to meet organizational goals and objectives (Noe et al. 2007). In other words, the definition of SHRM represented by the degree of participation in core decision-making and partnership undertaken by HRM departments, and the specificity and formality that HRM departments require in planning and implementing, all of that, to ensure that firm human capital contributes to achieving firm business goals.

Interestingly, the growing interest in SHRM has not been matched by the development of appropriate theoretical constructs for the concept (Guest, 1997). Indeed, researchers have criticized the underpinning theoretical foundations of SHRM and many have called for the formulation of a theory of SHRM (Dyer, 1985). Two major reasons account for this criticism. The first is that the concept of HRM, from which SHRM originated, has itself been subjected to extensive criticisms for its poor theoretical framework (Legge, 1994). The second, and perhaps more important reason, is that researchers have approached the field of SHRM from a variety of perspectives with little acknowledgement of the differences within them and no attempt has been made to identify the common threads in the perspectives (Delery and Doty, 1996). Such an understanding is important to enable an assessment of the viability and adoption of the concept.

Academicians and professionals have emphasized the use of competitive strategies that account for core competencies and capabilities within HR. Thus, the emphasis of HR to improve organizational performance and competitiveness has become stronger, not only because they cannot be copied or imitated by other, but because they provide an effective and rapid response to market demands (Huselid and Becker, 1996; Prahalad and Hamel, 1990; Stalk et al., 1992). Moreover, concepts as human capital, core competencies, intellectual capital, organizational capabilities, high performance work systems, process management, value-based teams, and high performance teams have affirmed the role of HRM to organizational performance (Ulrich et al., 1997).

HRM as one of the most important department and or function in the organization has been challenged to demonstrate the value of its activities in proving its impact on an organization profit, minimizing cost and maximizing the added value in components of an organization strategy and customer satisfaction (Ulrich, 1997; Altarawneh, 2010). This challenge due to some factors such as: it is not easy to measure the outcomes of HRM activities since most of them are intangible of its nature such as employees satisfaction, customers satisfaction, changing attitudes and so on, it is difficult to quantify HRM outcomes; which means it is very hard to find out ROI from HRM investment, in addition HRM outcomes need a long time to show. So HRM can be considered as a long term intangible investment.

The emphasis of HR to improve organizational performance has become stronger, not only because they cannot be easily imitated by competitors, but because they provide an effective and rapid response to market demands (Huselid and Becker, 1996; Prahalad and Hamel, 1990; Stalk et al., 1992). Moreover, academicians have asserted that HRM issues are increasingly essential to organizational performance, under concepts such as "core competence, intellectual capital, organizational capability, high performance work systems, process management, value-based teams, and high performing teams" (Ulrich et al., 1997, p. 1).

However, organizational performance is the most widely used dependent variable in much organizational research; it remains one of the vaguest and most loosely defined constructs (Rogers and Wright, 1998). Many researchers have found that, after reviewing literature in organisational effectiveness and performance, they know less and less. Organizational performance is a widely used terminology to describe improvements on a firm's bottom line performance that is influenced by HRM. Many research studies have been conducted to establish links between HRM functions and organisational performance, such as training (Russel et al., 1985), selection (Terpastichea and Rozell, 1993), appraisals (Borman, 1991) and compensation (Milkovich, 1992) in relating to the organisation performance. Huselid's (1995) work links an index of HR practices to both financial

performance and market outcomes. MacDuffie's (1995) study links bundles of HR practices to productivity and quality exemplified a progression toward examining the link between systems of HR practices and performance.

Moreover, Appelbaum et al., (2000) categorized measures of organizational performance influenced by HRM into two categories: monetary and non-monetary measures. Monetary measures are divided to financial performance and labor costs. Also financial performance includes: revenue growth, profit margin, market valuation, etc. while, the non-monetary measures include: employee trust, fundamental rewards, organizational commitment, job satisfaction, and employee stress. Moreover, Dyer and Reeves (1995) proposed four types of measures for organizational performance affected by HRM: HR outcomes (turnover, absenteeism, and job satisfaction), organizational outcomes (productivity, quality, and service), financial accounting outcomes (ROA, ROE, and profitability), and capital market outcomes (stock price, growth, and returns).

Many research studies have been conducted to establish links between HRM functions and organisational performance, such as training (Russel et al., 1985), selection (Terpastichea and Rozell, 1993), appraisals (Borman, 1991) and compensation (Milkovich, 1992) in relating to the organisation performance. Huselid's (1995) work links an index of HR practices to both financial performance and market outcomes. MacDuffie's (1995) study links bundles of HR practices to productivity and quality exemplified a progression toward examining the link between systems of HR practices and performance. However, the literature also, suggests that the popular management literature which examines the impact of HRM practices on organisational effectiveness and performance is most controversial (Worsfold, 1999). Whereas some people argue that there is a positive relationship between HRM interventions and organisational performance, others argue for the lack of evidence linking HRM with improved performance. Generally Becker and Gerhart (1996) argued HRM decisions influence organizational performance by either improving organizational efficiency or increasing business revenue. According to previous studies, HRM practices contribute to improving organizational performance including turnover rate (Huselid, 1995); labor productivity (Datta et al., 2003; Huselid, 1995; Youndt et al., 1996); employee trust; organizational commitment; job satisfaction; labor absenteeism; services quality (Dyer and Reeves, 1995).

According to Huselid (1995), many strategic studies looking at the relationship between HRM and organisation performance find that the use of high performance work practices of HRM functions can improve or increase workforce skills, knowledge and abilities. Thus, it increases their motivation, reduces shrinking and enhances retention of employees' quality, while encouraging non-performers to leave the organisation (Jones and Wright, 1992). The assumption is that more effective systems of HRM practices that simultaneously exploit the potential for complementarities or synergies among such practices and help to implement the organisation's competitive strategy are the sources of sustained competitive advantage. Nevertheless, little empirical study supports such beliefs; however, Huselid's (1995) empirical study supported the argument that high performance work practices will be reflected in a better organisational performance. He found that investing more in practices, such as comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training, are associated with lower employee turnover and greater productivity and corporate financial measurements. However, their influence on the corporate financial measurements is, in part, due to their influence on employee turnover and productivity.

Yeo (2003) also emphasises the importance of HRM outcomes, particularly the T&D function, as an important operational indicator of the organisation's performance. He defines organisation performance as a broad concept that involves financial and non-financial outcomes at several levels. The highest level refers to how well an organisation has performed through goals and targets set in relation to its vision and missions. Those could be productivity growth, profit, and sale growth. The second level is operational target, such as defect rate, turnaround time, skills level and satisfaction of employees. He rates the performance indicators, which could be resulted from learning, as: performance targets; productivity and efficiency, turnaround time and defect rate; public image and perception of organisation; employee retention; employee satisfaction; skills level of employees; management of resource; customer satisfaction; creative and innovative products; services and internal capabilities.

Guest (1997) identifies HRM practices that lead to HRM outcomes of high employee commitment, high quality staff and highly flexible staff. High quality staff refers to the capabilities, knowledge and skills of employees that give T&D implication as one of the most important HRM activity that increases employees' knowledge and skills, while flexibility refers to functional rather than numerical flexibility. Guest (1997) illustrates Figure 1, which explores the links between HRM and performance.

Figure 1: Linking HRM and organizational performance, Guest (1997) in Altarawneh (2011)

HRM strategy	HRM practices	HRM outcomes	Behaviour outcomes	Performance outcomes	Financial outcomes
Differentiation Innovation Focus Quality Cost Cost reduction Status and security	selection training appraisal rewards job design involvement	commitment quality flexibility	effort and motivation cooperation involvement organisational citizenship	high productivity quality and innovation low absence labour turnover; conflict customer compensation labour turnover	profit ROI

Becker and Gerhart (1996) argue that HRM practices impact on organizational performance by either improving organizational efficiency or increasing business revenue. previous studies showed that HRM practices contribute to improving organizational performance including turnover rate (Huselid, 1995), labor productivity (Datta et al., 2003; Huselid, 1995; MacDuffie, 1995; Youndt et al., 1996), return on assets and return on equity (Delery and Doty, 1996), and profit margin (Kalleberg and Moody, 1994).

Therefore it could be conclude that this research examines the impact of HRM practices on organizational performance in Saudi banks based on three of the HR outcomes; customer satisfaction, turnover rate and employees abetment rate; one of the organizational outcomes; employees productivity and one of the financial accounting outcomes; return on assets (ROA). From the above discussion the follwonig research hypotheses were developed:

H2- There is a significant impact of (SHRM) adoption on organizational performance.

H3 - There is a significant difference in the impact of (SHRM) adoption on organizational performance explained by organizational and participants' characteristics.

METHODOLOGY AND STUDY DESIGN

Population and Sampling Technique

As mentioned earlier is concerned with finding out whether the targeted organizations adopt the SHRM approach when managing the HR in their organizations and whether SHRM adoption affects on the organizations performance or not. The decision was to target all the banks that operate in Abha city since banking industry is the most promising industry in Saudi, in addition to the fact that they are well known as private organizations of investing more in HRM activities and programs. Therefore this study targets (60) managers as a population for the study however, (50) were targeted as the sample for this study as 10 managers refused to participate because they were busy. However, just 29 questionnaires were returned with accepted response rate at (58%). For time limitation the study target all banks in Abha- the place where the researcher lives- not in any other cities.

Data Collection Method

In order to answer the research questions and to meet its objectives, the decision was made to use the self-administered questionnaire (delivered and collected by the researcher), as a data collection method that suits the adopted research design; the survey. The questions included in the study questionnaire were constructed based on some previous related studies. It was decided that using previous questionnaires (with, of course, making some necessary modifications to the original content to be applicable to the current study context) would ensure the study's validity and reliability and compare the results of this study with other related studies' results.

The questionnaire contains two main parts:

- The first part: is the general information (e.g. number of the employees in the organization, years of experience, the organizational form of human resources, and the human resource unit structure).
- The second part: is about the study's main variables/constructs and questionnaire's phrases, which was composed of (36) items divided into four sections: The first section: "HR roles and policies", which includes 7 phrases on a Likert scale: (1) Strongly disagree, (2) Disagree, (3) Not sure, (4) Agree, (5) Strongly agree. Second section: "HRM problems and challenges", it is included 8 phrases, it uses a likert scale where (1) Strongly disagree, (2) Disagree, (3) Not sure, (4) Agree, (5) Strongly agree. Third section: "HRM practices and activities" and includes 6 phrases on a Likert scale: (1) To a very small extent, (2) To a small extent, (3) Not sure, (4) To a great extent, (5) To a very great extent. Fourth section: "performance indicators which are affected by HRM", it comprises 15 phrases. It uses again a Likert scale where (1) indicates for To a very small extent, (2) To a small extent, (3) Not sure, (4) To a great extent, (5) To a very great extent.

Validity and Reliability of the Questionnaire

The questionnaire validity means that the questionnaire must measure what it is used to measure, and the researcher confirmed the study validity in two ways:

- **Experts' validity:** The researchers piloted the questionnaire before distribution; they referred the questionnaire to a group of specialists and experts to confirm its validity.
- **The validity of internal consistency:** What is meant here is the extent of consistency between each of the questionnaire phrases and the field it belongs to, and the researcher validated the questionnaire's internal consistency through counting the correlation coefficients between each section of the questionnaire' sections and the total degree of the same field, and it is showed in the following table:

Table (1)

The correlation coefficient between the stage of each of questionnaire's section/construct and the total degree of the questionnaire

Questionnaire's sections		First section	Second section	Third section	Fourth section	Total degree
First section	Correlation	1.000	-.197	.809	.569	.823
	Sig. (2-tailed)	.	.306	.000	.001	.000
	N	29	29	29	29	29
Second section	Correlation	-.197	1.000	-.100	-.287	.056
	Sig. (2-tailed)	.306	.	.605	.131	.774
	N	29	29	29	29	29
Third section	Correlation	.809	-.100	1.000	.708	.926
	Sig. (2-tailed)	.000	.605	.	.000	.000
	N	29	29	29	29	29
Fourth section	Correlation	.569	-.287	.708	1.000	.822
	Sig. (2-tailed)	.001	.131	.000	.	.000
	N	29	29	29	29	29
Total degree	Correlation	.823	.056	.926	.822	1.000
	Sig. (2-tailed)	.000	.774	.000	.000	.
	N	29	29	29	29	29

Correlation at (N)= 0.01

Through Table (1), it is clear that the values of correlation coefficient for each of first section' phrases are positive and statistically significant at the levels of 0.01 and down, which indicates that the questionnaire phrases have a great degree of validity which is reliable that the researcher can depend on it to execute the study.

The questionnaire reliability:

What is meant here is that this questionnaire must has the same results even it was repeated more than once under the same circumstances and conditions, or in other words, it means the stability of questionnaire's results and that they don't change significantly if it was redistributed many times and in different times to the study population. The researchers validated the questionnaire's stability by using Cranach's Alpha Coefficient as it is showed in Table (2).

Table (2)

Counting the questionnaire's validity by using Cranach's Alpha Coefficient

Sections	Number of phrases	Cranach's Alpha Coefficient
First section	7	.6392
Second section	8	.8930
Third section	6	.5801
Fourth section	15	.7007
Total degree	36	.7610

Through the previous table, it is clear that the questionnaire has got a very high stability coefficient, as Cranach's Alpha Coefficient was about (.7610) for all constructs, which is considered a very high and appropriate percentage, which assures the researcher to use the study's instrument to collect data to answer the study's questions and trust its results. And so, the researchers have confirmed the validity and stability of

the study's questionnaire in its final form, and that it is applicable on the study's sample, which makes their confident about the questionnaire validity to collect the necessary data to answer the study's questions.

FINDINGS AND RESULTS OF HYPOTHESES TESTING

Participants and banks profiles

Table (3) presents the statistical results of the study participants and banks profiles. It shows that (79.3%) of the participants declared that their organizations have less than 50 employees which indicated for being small companies. 17 participants were general manager of his/her assistant or his/her deputy and 8 were HR managers, as the researchers intended to target this level for their knowledge of the data the researchers wanted. 23 participated had more than 6 years work experiences.

Table (3): results of Participants' and banks profiles

Variable	Frequency	Percentage
Number of employees in the organization		
Less than 50 employees	23	%79.3
51 to 200 employee	0.0	%0.0
More than 201 employee	6	%20.7
Total	29	%100.0
Job title		
Human resources manager \ personnel affairs	8	%27.6
Another executive manager	4	%13.8
General manager or his assistant or his deputy	17	%58.6
Total	29	%100.0
Years of experience		
Less than one year	3	%10.3
From 1- 5 years	3	%10.3
From 6 - 10 years	10	%34.5
From 11 -15 years	5	%17.2
More than 16 years	8	%27.6
Total	29	%100.0

Participants were asked also two important questions regarding to the position of HR within the organization structure and the name of the unit that is concerned with people. The results as it shown in Table (4) show that 69% of the participants said that they have special departments for HR in their organizations and 86.2% said that the unit which is responsible for \hr in their banks called HRM not personnel affairs

Table 4: results HRM status in the banks

Variable	Frequency	Percentage
Organizational form of human resources		
Division or unit within a section	2	%6.9
Section within a department	7	%24.1
Special department for human resources	20	%69.0
Total	29	%100.0
The name of the unit which is responsible for HR		
Personnel affairs	4	%13.8
Human resources	25	%86.2
Total	29	%100.0

Analyzing the Results of HRM policies and roles (SHRM)

Table (8) will illustrate (8) frequencies; arithmetic means, and standard deviations of the study's sample responses to first important study variable's phrases. It shows that the phrase (1)"There are long life plans for HR sections\ personnel affairs in the bank" came in the first rank, and its mean was (4.00), and standard deviation was (1.07). The phrase (2)"There are written plans and politics for HR sections\ personnel affairs in the bank" came in the second rank, and its mean was (3.86), and standard deviation was (1.06). While, the phrase (3)"Human resource manager participates in forming bank's strategy." came in the sixth rank, and its mean was (3.55), and standard deviation was (0.74). Also, the phrase (6)"The politics and programs of human resources or personal affairs management are consistent with the politics and programs of other sub

departments on the bank", came in the seventh rank, and its mean was (3.28), and standard deviation was (1.13).

Table (5): Frequencies, arithmetic means, and percentages of study's participants' responses to the phrases of HR policies and role.

Phrases	Strongly disagree		disagree		Neutral		agree		Strongly agree		means	Standard deviation	rank
	Repetition	%	repetition	%	Repetition	%	Repetition	%	repetition	%			
There are long life plans for human resources services\ personnel affairs in the bank	0.0	0.0	4	13.8	4	13.8	9	31.0	12	41.4	4.00	1.07	First
There are written plans and politics for human resources services\ personnel affairs in the bank	0.0	0.0	6	20.7	0.0	0.0	15	51.7	8	27.6	3.86	1.06	second
Human resource manager participates in forming bank's strategy.	0.0	0.0	2	6.9	11	37.9	14	48.3	2	6.9	3.55	.74	Sixth
Human resource or personnel affairs manager participates in board of director and senior meetings.	0.0	0.0	3	10.3	5	17.2	14	48.3	7	24.1	3.86	.92	Third
Human resources or personnel affairs' plans are consistent with other sub departments' plans in the bank.	0.0	0.0	3	10.3	7	24.1	11	37.9	8	27.6	3.83	.97	Fourth
The politics and programs of human resources or personal affairs management are consistent with the politics and programs of other sub departments on the bank	2	6.9	5	17.2	9	31.0	9	31.0	4	13.8	3.28	1.13	Seventh
The bank general manger participates in setting the plans of managing human resources or personnel affairs	2	6.9	1	3.4	9	31.0	12	41.4	5	17.2	3.59	1.05	fifth

Analyzing the Results of HR Problems and Challenges

Table (6) presents the results related to HR problems and challenges in Saudi banks. The results show the following: The phrase (3) "There is a specific annual budget for human resources" in the first rank, with a mean of (3.62), and standard deviation (1.39). The phrase (8) "Other executive managers cooperate with human resources' employees in the bank" in the second rank, with a mean of (3.00), and standard deviation (1.39). The phrase (2) "The human resource administration is part of another division in the bank." in the third rank, with a mean of (2.72), and standard deviation (1.36). The phrase (7) "The qualification of the employees in human resources are poor or insufficient." in the fourth rank, with a mean of (2.21), and standard deviation (1.18). The phrase (6) "It is difficult to measure the outputs of human resources." in the fifth rank, with a mean of (2.14), and standard deviation (0.83). The phrase (4) "Human resources administration lacks higher management support." in the sixth rank, with a mean of (2.03), and standard deviation (1.24). The phrase (5) "Higher management doesn't believe in the importance of human resources." in the seventh rank, with a mean of (1.90), and standard deviation (1.11).

Table (6): Frequencies, arithmetic means, and percentages of study's participants' responses to the phrases of HRM problems and challenges

Phrases	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean s	Standard deviation	rank
	Repetition	%	Repetition	%	Repetition	%	repetition	%	Repetition	%			
There isn't any special division or department at the human resources administration in the bank	17	58.6	6	20.7	4	13.8	0.0	0.0	2	6.9	1.76	1.15	Eighth
The human resource administration is part of another division in the bank.	7	24.1	7	24.1	5	17.2	7	24.1	3	10.3	2.72	1.36	Third
There is no specific annual budget for human resources	0.0	0.0	6	20.7	7	24.1	8	27.6	8	27.6	3.62	1.12	First
Human resources administration lacks higher management support	14	48.3	6	20.7	4	13.8	4	13.8	1	3.4	2.03	1.24	Sixth
Higher management doesn't believe in the importance of human resources	14	48.3	8	27.6	4	13.8	2	6.9	1	3.4	1.90	1.11	Seventh
It is difficult to measure the outputs of human resources.	7	24.1	12	41.4	9	31.0	1	3.4	0.0	0.0	2.14	.83	Fifth
The qualification of the employees in human resources are poor or insufficient .	9	31.0	11	37.9	5	17.2	2	6.9	2	6.9	2.21	1.18	Fourth
Other executive managers do not cooperate with human resources' employees in the bank	6	20.7	4	13.8	8	27.6	6	20.7	5	17.2	3.00	1.39	Second

The Results of HRM Practices and Activities

The statistical analysis on what were the main HRM practices and activities showed that: the phrase: "Training (5): what is the employees' percentage who gets chosen for training courses annually" came in the first rank, with a mean of (3.41), and standard deviation (1.23). Followed by the phrase (6) "Primary tests: what is the percentage of employee who took pre appointment's tests" came in the second rank, with a mean of (3.83), and standard deviation (1.20). Also, the phrase (4) "Performance evaluation: what is the percentage of employees whose jobs get annual and formal evaluation" came in the third rank, with a mean of (3.66), and standard deviation (1.59).

Analyzing the Results of the HRM and Organizational Performance

To show the results of the relationship between HRM and organizational performance, Table (7) illustrates frequencies, arithmetic means, and standard deviations of the study's participants' responses. Table (7) shows that: "Increase customer satisfaction." came in the first rank, with a mean of (3.93), and standard deviation (1.00). "Increase profitability" came in the second rank, with a mean of (3.79), and standard deviation (1.11). The phrase (4) "Increase productivity" came in the third rank, with a mean of (3.69), and standard deviation (0.66). While, the phrase (15) "Increase the return of expenses on human resources" came in the thirteenth rank, with a mean of (3.00), and standard deviation (1.25). The phrase (2) "reducing rates of employee absence" came in the fourteenth rank, with a mean of (2.79), and standard deviation (1.26). The phrase (1) "reducing rates of employee turnover: employees leaving working in the bank" came in the fifteenth rank, with a mean of (2.52), and standard deviation (1.21).

Table (7): Frequencies; arithmetic means, and percentages of study's participants' responses to the phrases of HRM-performance relationship.

Phrases	To extremely low extent		To low extent		Medium		To a big extent		To a very big extent		means	Standard deviation	rank
	Repetition	%	repetition	%	Repetition	%	Repetition	%	Repetition	%			
reducing rates of employee turnover: employee leaving working in the bank	7	24.1	10	34.5	2	6.9	10	34.5	0	0	2.52	1.21	fifteenth
reducing rates of employee absence	7	24.1	4	13.8	7	24.1	10	34.5	1	3.4	2.79	1.26	Fourteenth
Increase job satisfaction	2	6.9	1	3.4	8	27.6	12	41.4	6	20.7	3.66	1.08	Fifth
Increase productivity	0	0	0	0	12	41.4	14	48.3	3	10.3	3.69	0.66	Third
Increase service quality	0	0	2	6.9	11	37.9	15	51.7	1	3.4	3.52	0.69	Eighth
Editing and changing employee working behavior	3	10.3	4	13.8	9	31	11	37.9	2	6.9	3.17	1.1	Twelfth
Increasing and developing employees' skills and qualification	2	6.9	4	13.8	7	24.1	15	51.7	1	3.4	3.31	1	Tenth
Reducing errors rates during working	2	6.9	2	6.9	7	24.1	17	58.6	1	3.4	3.45	0.95	Ninth

Phrases	To extremely low extent		To low extent		Medium		To a big extent		To a very big extent		means	Standard deviation	rank
	Repetition	%	repetition	%	Repetition	%	Repetition	%	Repetition	%			
Increase profitability	2	6.9	1	3.4	6	20.7	12	41.4	8	27.6	3.79	1.11	Second
Increase sales	0	0	0	0	11	37.9	16	55.2	2	6.9	3.69	0.6	Forth
Increase customer satisfaction	1	3.4	1	3.4	6	20.7	12	41.4	9	31	3.93	1	First
Creativity in the provided products and services	0	0	4	13.8	11	37.9	7	24.1	7	24.1	3.59	1.02	Seventh
Loyalty and affiliation to work	0	0	3	10.3	8	27.6	15	51.7	3	10.3	3.62	0.82	Sixth
Increase employees motives and incentives to work	5	17.2	4	13.8	5	17.2	10	34.5	5	17.2	3.21	1.37	Eleventh
Increase the return of expenses on human resources	5	17.2	5	17.2	6	20.7	11	37.9	2	6.9	3	1.25	Thirteenth

Testing the Study Hypotheses

To test the first hypothesis regarding “There is a significant impact of SHRM adoption on organizational performance”, the researchers use Pearson correlation coefficient shown in Table (8). The results suggest that there is a positive correlation between performance indicators that are affected by human resources activities and the adoption of SHRM as the correlation coefficient reaches (.569). This result shows that with the increase in the SHRM adoption levels, the performance indicators that are affected by HR activities will increase as well.

Table (8): Pearson correlation coefficient between the performance indicators that are affected by SHRM

Variables	performance indicators that are affected by human resources activity	Statistical significance
Politics and roles of human resources.	.569	.000
problems in managing human resources	-.287	.000
practices and activities of human resources	.708	.000

To test the second hypothesis saying “There is a significant difference in the impact of SHRM adoption on organizational performance according to the study variables” the researchers used (One Way ANOVA) and (T-test) as shown in the following tables. The results shown in Table (9) show that there is no statistical significant difference at the level of 0.05 or less in the responses of the study sample regarding to HRM policies and roles and HRM impacts on performance. Also, the results in Table (10) show no statistical significant differences among participants response according to their job titles related to HRM policies and roles and its impact on performance. However, the results on Table (11) showed that there are statistical significant differences at the level of 0.05 or less in the responses of the study sample regarding to the SHRM: “HRM policies and roles” and “Performance indicators that are affected by HRM.

Table (9): The results of (One Way ANOVA)**a. Differences according to the number of employees within the organization**

Variables	Source of Variance	Sum of squares (SS)	Df	Mean squares (MS)	F value	Statistical significance
HRM policies and roles.	Among groups	4.411	1	4.41	.070	.793
	Within groups	16.955	27	.628		
	Total	16.999	28			
Performance indicators that are affected by HRM activities	Among groups	.201	1	.201	.705	.409
	Within groups	7.683	27	.285		
	Total	7.884	28			

Table (10) Differences according to the nature of job

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

Table (11): Differences according to the years of experience

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

DISCUSSION

The primary purpose for this study was to explore and evaluate the extent to which do Saudi banks adopt the SHRM approach when managing their HR and whether SHRM main activities impact on their performance. Based on the statistical results presented before the following findings can be drawn:

The first finding related to HRM status in the targeted banks. the results in tables (3 and 4) indicate that most of the participated banks were small organizations in terms of the number of employees. (58.6 %) of the participants were general managers and the rest were responsible for HR in their organizations. 23 participants out of the 29 had 6 year work experiences or more- see Table (3). With regards to the organizational structure for HR in the targeted banks, the results in Table (4) indicate that (69%) of the participant said that they have a specific department for HR in their banks, which indicate a good organizational status for HR in the banks. And according to 25 participants they have HRM not personnel department, this again reflects the great attention that banks give to HR as an important resources. Banks provide services which depend highly on the quality of the people who provide these services. According to Altarawneh (2009) service industry normally gives more attentions to HRM than do other industries. This is justified by the fact that the service industry is people-oriented; its service's quality depends on the quality of the service providers (its employees).

The results of HRM policies and roles measures the degree to which do the targeted banks adopt the SHRM approach when managing their HR. The results show that HRM in the targeted banks have long term plans, in addition to written policies and plans, HR managers participate in strategic plan process and decisions in the banks. Also there is consistency between HR plans and the plans of subsidiary management of the banks. These results indicate the strategic orientation for HR in the banks and truly they indicate the adoption of SHRM. It reflects the important role of HR when formulating the strategic plans for the banks. These results are consistent with the results of (Tompkins, 2002) which confirmed the importance of involvement by HR manager so that the HR/ personnel staff can get better and fuller understanding of the organization's mission and the issues confronting line managers.

The results also show that the main HRM practices and activities in the targeted banks were: training, primary tests, rewards and compensations. These activities are very important to the organization, for example training helps in improving the performance levels of the current employees, and qualifying new workers to endure workloads and responsibilities. The primary tests help in knowing the appropriateness of new workers to the nature of jobs within the organization. In addition to the importance of rewards to improve employees' motives and the importance of compensation in case of work injuries or wrongful termination.

However, the results also showed that among the most prominent challenges that hinder the effective implementation of HRM plans and policies are: the specific budget dedicated to HR activities which may not fully covered all the activities within the organization. In addition, cooperation and coordination between executive managers and those who are responsible for HR programs may not be achieved in an effective and efficient way. The participants also stated that if the HRM department/ unit are affiliated to another department within the organization it may affect the effectiveness of its work. The statistical results related to the performance indicators that are affected by HRM activities, reflect a lot of indicators that are affected by HRM activities, such as: increasing customers' satisfaction; increasing profitability; increasing productivity; increasing sales; increasing job satisfaction; and increasing workers' loyalty. In addition the hypothesis testing results indicate positive correlation between performance indicators that are affected by HR activities and the adoption of SHRM as the correlation coefficient reaches (.569). Also, it showed a positive correlation between performance indicators that are affected by HR activities and HRM main activities in the targeted banks.

These important findings reflect the importance of HRM effectively within the organization, because their effects aren't limited to employees only, but they include customers and organization as whole, which could be seen clearly through the job satisfaction of employees and improving the intellectual image of the organization among employees, and improving the total of performance levels and increasing the organization's share of market, which enables it to compete in the market. Many authors, such as Motwani et al. (1994), Spiess (1993), Walton (1999), Marchington and Wilkinson (2000), Read and Kleiner (1996), Redshaw (2000) and Burrow and Berardinelli (2003) and many other authors, have argued that HRM helps organisations to improve their performance. However, measuring the impacts of HRM on the organisations' final results is a challenge and it is described by many authors as the critical but difficult stage as mentioned before.

CONCLUSIONS, LIMITATION AND IMPLICATIONS

Many significant conclusions can be made. First the targeted banks adopt SHRM approach when they manage their HR activities. HRM have specific departments and sections which reflects the importance of HRM activities in these banks. Training, pre-testing (selection) and reward and compensation are the main HRM activities in the targeted banks. However, HRM in general face some challenges these are: lack of executive managers' full cooperation and coordination with HR managers and insufficient HRM budget. Also, the adoption of SHRM has impacted on the banks performances and they are positively correlated. So there are a lot of indicators which are affected by HRM activities such as, increasing customers' satisfaction, increasing profitability, and increasing productivity, increasing sales, increasing job satisfaction, and increasing workers' loyalty.

The current study has many implications for HR and other managerial practitioners, for HRM professionals, including all the issues related to SHRM, HRM activities, HRM effectiveness and HRM main problems and challenges. This study has provided useful guidelines in the form of the critical elements and factors that can enhance success in HRM. It helps to determine the factors that may hinder the effectiveness of HRM in a step to find out the solutions for these problems and challenges. The academic contributions of this research can be described as an important empirical study that includes important issues which need to be understood for managing effective HRM activities and programs. It also, this study contributes to knowledge as being the first empirical study conducted in Abha city. So it raises and improves the understanding of HRM and SHRM and HRM-performance relationship in Saudi Arabia, so it will enrich and fills the gaps in the literature of HRM in Arab countries. Moreover, this study has explored many new ideas and facts which could be considered as directions for future work.

It is important here to mention that the current study has some limitations; first the study is limited to identify the reality of HRM within the banking sector in Abha city neither in other cities nor in other sectors. The study will concentrate on the issue of HRM and the different variables associated with it. The current study succeeded in shedding the light on the impact of HRM activities on organizational performance within the banking sector.

As a direction for future researches this study recommend conducting similar studies to identify the practices and challenges that face HRM in other sectors within the Kingdom of Saudi Arabia; conducting similar studies to identify the relationships between HRM and employees' satisfaction; conducting similar studies to investigate the different factors that could affect the effective performance of HRM within different organizations. Also, there is still a need for many empirical studies in the field of understanding the processes by which HR practices might have an impact on organizational performance.

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