

THE IMPACT OF HUMAN RESOURCE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE IN THE GREATER AMMAN MUNICIPALITY, JORDAN

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Abstract: *This study aims to examine the impact of Human Resource Management (HRM) practices on organizational performance in Jordan, based on the Greater Amman Municipality (GAM). A quantitative approach employing a cross-sectional survey was used to deal with research objectives. The overall conclusion is that organizational performance is influenced by HRM practices. Findings revealed that human resource planning is one of the most influential factors for organizational performance. Findings showed that several variables, including training and development, recruitment, selection and occupational health and safety have not enhanced organizational performance at GAM. These findings indicate that HRM practices should be reassessed and improved, in order to raise the level of organizational performance.*

Keywords: *Human Resource Management; Organizational Performance; Human Resource Planning, Greater Amman Municipality; Jordan.*

1. INTRODUCTION

Jordan has experienced a succession of huge refugee migrations over the past decades, including approximately 2 million Palestinian refugee migrations between 1948 and 1967, (UNRWA, 2014); roughly 1.4 million Iraqi refugees; and an estimated 1.5 million Syrian refugees (Alnsour, 2014). The current population of Jordan is considered to be about 6.4 million (not including the above mentioned refugees), with an urbanization rate of 83%. Such population growth is accompanied by several challenges, including lack of energy and water, poverty, unemployment, shortage of services, environmental problems, road congestion and a lack of public housing (Meaton & Alnsour, 2012). The principal challenge stems from the need to provide adequate services and infrastructure to meet the needs of both the local population and the refugees, and that growth takes place in a sustainable manner. The effectiveness with which a municipality is able to deal with these challenges

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is tied to its ability to create suitable management capacity (Garba, 2004). Management capacity includes all available resources (that is, Human, Financial and Technological Resources) for management, institutional structure and management practices (Garba, 2004). Of these, human resources enable municipalities for optimum performance to improve socio-economic development in cities.

Hence, examination of the role of HRM practices in determining organizational performance is part of an attempt to seek methods to improve municipal performance. Such examinations could provide valuable insight to a municipality's attempts to respond effectively to the challenges of urban development. In addition, little research has been undertaken regarding the role of HRM practices to improve organizational performance in the public sector, as much of the literature tends to focus on the private sector.

The main objective of this paper is to examine the impact of selected HRM practices on organizational performance in the Greater Amman Municipality (GAM) in Jordan. Researchers have suggested that adopting specific HRM practices can improve an organization's performance and ensure sustainability (e.g. Razouk, 2011; Patel & Cardon, 2010; Michie & Sheehan, 2008; Williamson et al. 2002). The empirical findings of this study are predicted to assist decision makers to understand common human resource and performance problems which occur in urban management, and to provide opportunities for enhancing management practice.

2. HUMAN RESOURCE MANAGEMENT PRACTICES

Recent literature has increasingly suggested that the adoption of best practice in HRM may have a universal positive impact on the performance of organizations (Sheehan, 2014). The use of best practice in HRM results in better performance (Cho et al. 2006; Becker & Huselid, 1998; Delaney & Huselid, 1996). These practices may include human resource planning, training and development, job evaluation, selection and recruitment, performance appraisal and occupational health and safety.

2.1. Human Resource Planning

Human Resource Planning (HRP) is a process that specifies the HR requirements of an organization, and ensures that it optimizes its employment policy. HRP is generally concerned with matching resources to business requirements in long term organizational development (Armstrong, 2006). In fact, the process of determining the required number of employees and the requisite levels of talent and expertise improves the performance. Thus, HRP enables an organization to move from an inadequate staffing position to an optimized position, and facilitates effective future planning.

HRP consists of three phases; forecasting future personnel requirements (demand), forecasting future personnel availability (supply), and designing strategic plans to match supply to demand (Armstrong, 2006). Reilly (1999) argues that the implementation of these phases in an organization is important, and results in a practical impact, by optimizing skills which take more time to develop, determining problems, and minimizing the possibility of poor decision making.

In general, the goals of an organization can be achieved by the application of human skill and effort and, thus, the principal phase in HRP is to estimate future needs in terms of required skills and personnel to achieve organizational goals (Foot & Hook, 2005). In this way, HRP ensures the most effective use of employees. This suggests that the changes and challenges brought about by socio-economic factors compel organisations to understand the human aspects of labour (Tyson & York, 2000).

Rapid change, which makes accurate prediction difficult, is an unavoidable phenomenon of today's workplace (Foot & Hook, 2005); this clearly effects HRP. This factor illustrates that, whenever urban organizations practice effective HRP, they are more likely to incorporate such knowledge into strategic thinking. Lam & Schaubroeck (1998) argue that strategic organizational planning cannot take place without effective HRP; they declare that HRP plays an important role in identifying possible problems in strategic planning.

As HRP predicts the type and number of employees required to meet long-term demands, and considers the source of such employees, it relates to strategic planning, since strategic thinking is concerned with employee figures, employee appraisal and employee development. In addition, these communications should be in line with the organisation's strategic objectives. Therefore, Buyens & DeVos (2001) confirm that HRP can be regarded as an integral part of strategic planning. HRP seeks to organize a sufficient number of personnel, together with the best distribution and use among the diverse activities of organizations. It can be concluded that HRP practices enhance organizational goals.

2.2. Training and Development

Human Resource Development (HRD) can be described as a set of systematic activities designed by an organization to provide its members with the required skills to meet current and future job demands (De Simone et. al. 2002). HRD represents the latest evolutionary phase in training, educating, and developing human resources in order to meet organizational objectives. HRD consists of three areas; individual, occupational, and organisational dimensions. Individual development addresses skills development, interpersonal skills, and career development. Occupational development deals with standard requirements for the organization's employees.

In recent years, HRD has experienced substantial change (Heraty & Morley 2000). Jacobs & Washington (2003) conclude that HRD has a positive impact on organizational performance. Tzafrir et al. (2004) argue that HRD often creates environments in which employee talents and abilities are celebrated and encouraged. In the same way, Mabey and Ramirez (2005) conclude that variation in organizational performance can be understood if company size and management development is taken into account. Thus, developing effective management should comprise an important component of HRD. Yang (2006) argues that HRD practices are the most effective strategy to improve the quality of management.

Recent studies have found that HRD can be used by organizations to improve employee skills, not all of which would affect organizational performance. Jacobs & Washington (2003) indicated to the importance of training and development to improve such performance in order to increase an organization's chance of success.

Employee development encompasses the learning of every employee within an organization (Mabey & Ramirez, 2005). Jacobs & Washington (2003) note that employee learning should be delivered by more than one style of training, including off- and on-the-job training programs, educational programs and seminars, job rotation, self-study materials and mentoring programs. They further argue that such programs offer a regular path for increasing employee competence. Thus, training and development may result in a positive correlation with organizational performance. Organizations which provide learning opportunities which enable employees to enhance their capabilities perform better than those that do not provide such opportunities. Consequently, improving employee skills is an important aspect of an organisation's management process.

2.3. Job Evaluation

Heraty & Morley (2000) argue that producing written development policies and systematically implementing employee training programmes increases the effectiveness of organizations. This requires the need for adequate job evaluation, which, according to Foot & Hook (2005) offers a systematic and consistent approach to defining the relative worth of jobs within a workplace.

Job evaluation involves the systematic comparison of jobs in order to identify their relative value to the organization. Armstrong (2006) argues that the rationale for job evaluation is to develop a hierarchy of jobs within the organisation. However, Purcell & Hutchinson, (2007) point out that job evaluation is no longer simply the responsibility of managers. With respect to recruitment and selection, for example, team leaders are required to interview applicants, advise on job evaluation, and make the final decision on whom to select.

Job evaluation not only determines rates of pay; it may also impact on employee training of (Capps & Capes, 2005). The primary objective of such training is to

direct HR training investment effectively in order to develop human capital to maximum advantage for the company. Some positions are deemed to be the more significant to the organization's performance than others; this implies that high-performing employees should have correspondingly higher developmental opportunities. In practice, there must be a minimum level of objective achievement for the employee and organization to continue a relationship.

With respect to job evaluation methods, two main techniques can be identified: job classification and job ranking (Leopold, 2002). Job classification is a system whereby each job or position is classified into a grade, using a specially prepared set of grading classifications. The grades are based on specific indicators, including experience required, supervisory issues and whether routine tasks constitute the job (Elasfer & Karami, 2008). Job ranking refers to system which ranks specific jobs according to responsibility and level of skill required.

2.4. Recruitment and Selection

Recruitment strategy may be described as the manner in which a firm attempts to attract staff through selection (Boxall & Purcell, 2003). Chew & Horwitz (2004) point out that competency of Human Resources is required if an organization desires to attain a differentiated competitive advantage. Taylor (2006) argues that the growth of an organization in turn calls for an expansion in employee numbers, and thus more importance given to recruitment and selection. In the same vein, Huo *et al.* (2002) indicate that selecting the best qualified persons to fill vacancies can be regarded as a universal objective, not only for the Human Resource Department, but also other managers in an organisation. This has led to the transformation of HRM, since effective HRM practices begin with recruitment; selecting the right personnel implies selecting those persons able to respond effectively to other company HRM practices (Armstrong, 2006).

Regarding the "best" recruitment style, different techniques have been identified by current literature as effective. These include academic records, testimonials, references, and so on. Such techniques may be useful for medium - high level jobs. Proven track record is always considered for senior managers. The above mentioned techniques are all subjective in nature (Sheehan, 2014).

2.5. Performance Appraisal

Assessment of employee performance is a necessity for all organizations, to ensure the desired result for all employees. Both qualitative and quantitative measures are used to assess performance. Abu-Doleh & Weir (2007) argue that performance appraisals increase the efficiency and effectiveness of organizations. McKenna & Beech (2002) argue that there is a tendency for organizations to worry about the effectiveness of policies developed by specialists to improve their performance.

Employees at every level within the organization are concerned about the level of their performance, compared to the expectations of the organization. Performance management is the instrument which is used to deal with these worries and concerns (McKenna & Beech, 2002). Despite the uncertainty which remains concerning issues of best practice in terms of implementing the performance appraisal process, such appraisals remain an important instrument used to enhance the overall performance of an organization.

2.6. Health and Safety

Work has consequences for health in terms of stress and related problems. The promotion of health in the workplace is always seen as an instrument to increase productivity (Naidoo & Wills, 2000). Armstrong (2006) argues that understanding health and safety issues is important, in order to enhance organisational practice. Such understanding requires a variety of actions, all of which aim to reduce health risks from stressful work, and which may take many forms, including individual stress management, education, surveillance, job redesign, collective bargaining, labour-management committees, workers compensation, and government regulations (Armstrong, 2006). In the context of the construction sector, Elasfer & Karami, 2008 argue that health and safety issues are cited by employees as a key difficulty to empowerment. The strict health and safety laws under which construction employees operate reduce their freedom to effect the work that they implement (Elasfer & Karami, 2008). Accordingly, although there is agreement about the importance of health and safety in the workplace, the challenge regarding how management can best facilitate improved health and safety in the organization remains.

3. ORGANIZATIONAL PERFORMANCE

Performance measurement can be defined as a process by which the progress of achievement of pre-determined objectives can be evaluated, including information on the efficiency by which resources are transformed into goods and services, the quality of those outcomes, and the effectiveness of organizational operations in terms of their contribution to organizational purposes (Amaratunga & Baldry, 2003, p. 174). To assess how well an organisation performs, one needs a measure (or measures) of its performance. There are two kinds of measures, including financial and non-financial.

There are numerous measures of financial performance, as illustrated in Table 1 below. The fundamental challenge regarding the use of these measures is that they provide different results. For example, an organization may have a high gross margin but a low net income; this could be because it has expensive office space. Likewise, the asset turnover of an organization may be poor, but its current liquidity ratio may be good (Elasfer & Karami, 2008). No single financial measure provides

a complete indication of an organization, and there appears no clear-cut way of combining them to do so (Elasfer & Karami, 2008).

Table 1
Common Financial Measures

<i>Measure</i>	<i>Description</i>
Gross Margin	Total revenue minus production costs
Net Income	Total income minus all costs
Profit Margin	Net income divided by total sales revenue
Return on Equity	Net income divided by mean stockholders' equity
Asset Turnover	Sales divided by assets
Return on Assets	Net income divided by total assets
Cash Flow Return on Investment	Cash flow divided by market recapitalization
Current Liquidity Ratio	Current assets divided by current liabilities

Another difficulty with financial measures is that they can give a vision of the current situation of a corporation, but not an indication of its future. Furthermore, financial measures have the virtue of being relatively objective, and therefore are traditional measures (Elasfer & Karami, 2008). The question is not whether financial measures are valuable, it is whether they are adequate.

Non-financial measures are concerned with strategic goals and efforts to improve customer and employee satisfaction, which change over time as corporation strategy changes. According to Ghalayini & Noble (1996), the differences between traditional (that is, financial) and non-traditional (that is, non-financial) measures can be illustrated (see Table 2).

Table 2
A Comparison between Traditional and Non-Traditional Performance Measures

<i>Traditional Measures</i>	<i>Non-Traditional Measures</i>
Based on traditional accounting system	Based on company strategy
Mainly financial measures	Mainly non-financial measures
Intended for middle and high management	Intended for all employees
Lagging metrics (weekly or monthly)	On time metrics (hourly or daily)
Difficult, confusing, and misleading	Simple, accurate, and easy to use
Lead to employee frustration	Lead to employee satisfaction
Neglected on the shop floor	Frequently used on the shop floor
Have a fixed format	Have no fixed format (depend on needs)
Do not vary between locations	Vary between locations
Do not change over time	Change over time as needs change
Intended for monitoring performance	Intended to improve performance
Not applicable for JIT, TQM, FMS, etc.	Applicable for JIT, TQM, FMS, etc.
Hinders continuous improvement	Assists to achieve continuous improvement

Source: Ghalayini & Noble: 1996, p.68.

Non-traditional measures tend to focus on customer satisfaction more than traditional measures (Ghalayini & Noble, 1996). Despite the fact that non-traditional measures can vary from one place to another, they are characterized by simplicity, accuracy and ease of use (Ghalayini & Noble, 1996). Maskell (1989) determines seven principles of performance measurement system design:

1. The measures should be directly related to the firm's manufacturing strategy.
2. Non-financial measures should be adopted.
3. It should be recognized that measures vary between locations – one measure is not suitable for all departments or sites
4. It should be acknowledged that measures change with company circumstances.
5. The measures should be simple and easy to use.
6. The measures should provide fast feedback.
7. The measures should be designed to stimulate continuous improvement rather than simply monitor.

4. RELATIONSHIP BETWEEN HRM AND ORGANIZATIONAL PERFORMANCE

Wright *et al.* (2005) emphasize the need for future empirical studies to focus on the link between practices of HRP and organizational performance. They postulate that organizational performance is influenced by HRP. O'Donnell & Garavan (1997) argue for a direct relationship between the quality of HRM and organizational performance. Thus the organization should have clear HRM practices which are used proactively to enhance organizational performance. Sheehan (2014) points out that any innovation in terms of HRP is likely to contribute to improved economic performance. Nevertheless, much of the literature on organizational performance tends to focus on a balanced scorecard approach (BSC), to combine financial and non-financial performance measures (Elasfer & Karami, 2008). BSC approach can be used to demonstrate the impact of HRM on organizational performance. Furthermore, Michie & Sheehan (2008) argue that, to meet customer satisfaction, which is the core of HRP, an organization should continually develop its capacity to deliver value to customers. Thus, current research indicates that organizations should invest more in HRP; Michie & Sheehan (2008) found that increasing investment in HRP is accompanied by greater productivity.

5. RESEARCH HYPOTHESES

H1. HRP has a positive impact on organizational performance.

H2. Training and development have a positive impact on organizational performance.

- H3.** Job evaluation has a positive impact on organizational performance.
- H4.** Recruitment has a positive impact on organizational performance.
- H5.** Selection has a positive impact on organizational performance.
- H6.** Performance appraisal has a positive impact on organizational performance.
- H7.** Health and safety have a positive impact on organizational performance.
- H8.** Overall HRM practices have a positive impact on organizational performance.

6. MAESURMENT OF VRAIABLES

There is a set of independent variables in this study, and a dependent variable.

6.1.Independent Variables

Human Resource Planning

This study uses a 5-point Likert scale to measure HRP, based on Elasfer & Karami (2008) which is comprised of the following scale: 1 = never, 2 = almost never, 3 = sometimes, 4 = usually, 5 = always. Table 3 illustrates the seven statements which are used to measure HRP in this scale.

Table 3
Measures for HRP Variables.

<i>HRP</i>	<i>Practices</i>
1	Getting the right number of qualified people into the right job at the right time
2	Municipality maintains a stable workforce.
3	Municipality conducts supply and demand analysis.
4	Municipality integrates people-planning into its business strategy.
5	Municipality considers the impact of the environment (internal and external) when forecasting the workforce required in the future.
6	Municipality defines the employee skills required.
7	Municipality develops action plans to meet anticipated HR requirements

Training & Development

Training and development aim to raise organizational performance through interventions and training experiences (Armstrong, 2006). Based on this literature, a 5-point Likert scale was used to measure training and development, comprising of: 1 = never, 2 = almost never, 3 = sometimes, 4 = usually, 5 = always. There were 5 statements in the measure of training and development used in this study, as shown in Table 4.

Table 4
Measures of Training and Development

<i>Training and Development</i>	
1	Municipality analyses the training needs of employees.
2	Municipality evaluates training programmes.
3	Municipality integrates training plans and policies into overall plans and policies.
4	Municipality's training and development managers participate in developing corporate strategy.
5	Municipality's overall staff training programme is effective.

Job Evaluation

Job evaluation encompasses the systematic determination of the value of each job in relation to other jobs in the organisation. Based on Cho et al. (2006), a 5-point Likert scale was used to measure this variable, comprising of 1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree. There were 6 statements in the measure of job evaluation as evident in Table 5.

Table 5
Measures of Job Evaluation.

<i>Job Evaluation</i>	
1	Municipality's job evaluation provides the basis for a rational wage structure.
2	Municipality's job evaluation provides an agreed-upon means of classifying new or restructured jobs.
3	Municipality's job evaluation provides a means of comparing jobs and pay rates with those of other organizations.
4	Municipality's job evaluation provides the basis for individual performance measurements.
5	Municipality's job evaluation provides incentives for employees to seek promotion.
6	Municipality's job evaluation provides data on job relationships for use in internal and external selection, personnel planning, career management, and other personnel functions.

Recruitment

Based on Cho *et al.* (2006) a 5-point Likert scale was used to measure recruitment. The scale consists of 5 categories: 1 = never, 2 = almost never, 3 = sometimes, 4 = usually, 5 = always. Table 6 presents 4 statements to measure recruitment.

Table 6
Measures of Recruitment

<i>Recruitment</i>	
1	Municipality identifies future staff needs
2	Municipality analyses the skills of current employees.
3	Municipality identifies skill deficiencies of employees
4	Municipality remedies skills deficiency through recruitment

Selection

Based on Townsend (2007) a 5-point Likert scale was used to measure the selection process: 1 = very inefficient, 2 = inefficient, 3 = neither efficient nor inefficient, 4 = efficient, 5 = very efficient. Table 7 illustrates 4 statements to measure the selection process.

Table 7
Measures of Selection

<i>Selection</i>	
1	How efficient is the Municipality at selecting the right person for the job?
2	How efficient is the Municipality at identifying, interviewing, and determining an individual candidate's strengths and weaknesses?
3	How efficient is the Municipality at using different methods in the selection process (e.g., interview, psychometric testing)?
4	How efficient is the Municipality at matching candidates' skills, knowledge, experience, and attitudes to job requirements?

Performance Appraisal System

Performance appraisal system (PAS) was measured based on Abu-Doleh & Weir (2007). A 5-point Likert scale was used to measure this variable, comprised of 1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree. Table 8 shows 7 statements to measure PAS.

Table 8
Measures for PAS

<i>PAS</i>	
1	The Municipality's PAS translates organisational goals into individual, team, and unit goals.
2	The Municipality's PAS helps clarify its organizational goals.
3	The Municipality's PAS provides a process for comparing outputs with objectives.
4	The Municipality's PAS examines the inputs required to achieve its objectives.
5	The Municipality's PAS encourages employee self-management.
6	The Municipality's PAS satisfies employees.
7	The Municipality's PAS is effective.

Employee Safety and Health

Based on Elaser & Karami (2008), this study uses a 5-point Likert scale to measure safety and health, comprising of 1 = no extent, 2 = little extent, 3 = some extent, 4 = a great extent, 5 = a very great extent. Table 9 presents 5 statements to measure safety and health.

Table 9
Measures for Safety and Health

Safety and Health

- 1 To what extent does the municipality encourage employees to reduce workplace hazards?
 - 2 To what extent does the municipality encourage employees to solve safety and health problems?
 - 3 To what extent does the municipality keep records related to health and safety issues?
 - 4 To what extent does the municipality ensure it has competent health and safety personnel?
 - 5 To what extent does the municipality provide for the development of good health programs?
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6.2. Dependent Variable

Based on Sheehan (2014), this study uses a 5-point Likert scale to measure organizational performance, comprising of 1= very poor, 2= poor, 3 =average, 4 =high, and 5= very high. This study uses 9 statements in the measure of organizational performance, as illustrated by Table 10.

Table 10
Measures for Organizational Performance

Organizational Performance

- 1 Cost reduction (answer in terms of reduction for all costs; service delivery, administrative costs, and so on).
 - 2 Research and development (answer in terms of municipality's commitment to research and development)
 - 3 Financial performance (answer in terms of returns, debt, investments).
 - 4 Quality of services.
 - 5 Environmental issues (answer in terms of Jordan compared to international targets and standards for pollution, safe waste disposal, and so on).
 - 6 Employee satisfaction and rates of absenteeism
 - 7 Overall municipality performance
-

7. METHODOLOGY

A quantitative method employing a cross-sectional survey was used as an appropriate approach to meet the research objectives. GAM was targeted for the case study because it the biggest urban organization in Jordan. GAM was established in 1981, with an aim to regularize the city of Amman. This includes service delivery, infrastructure, environmental maintenance, control of land use, etc.

The research population for this study is the managers and assistants in GAM. GAM has 23,000 employees within several sub-municipalities spread over the city

of Amman (GAM, 2014). According to GAM (2014) the number of managers and assistants is about 450. It was decided to target the whole research population in order to generalize the results of the study. Of 450 questionnaires which were distributed by mail, only 211 were returned complete and useable, yielding a response rate of 47%.

Validity issues were met by means of experts who evaluated the questionnaire. A test of reliability (Cronbach's alpha) revealed that the questionnaire had high internal reliability for the variables of study; the values of the alpha test passed the minimum level of 0.60 determined by Hair et al. (2009), as evident in Table 11. Both descriptive and inferential statistics were used to satisfy the research objectives.

Table 11
Results of Reliability Tests for the Variables

<i>Variables</i>	<i>α - value</i>
Organizational Performance	0.724
HRP	0.738
T & D	0.802
Job Evaluation	0.825
Recruitment	0.756
Selection	0.748
PAS	0.814
Safety & Health	0.713

7. THE IMPACT OF HRM PRACTICES ON ORGANIZATIONAL PERFORMANCE

7.1. Descriptive Statistics for Research Variables

Eight hypotheses were formulated for this research which examined the impact of the different independent variables on the dependent variable. Table 12 presents the descriptive statistics for the research variables relating to these eight research hypotheses. The table includes the mean as a measure of central tendency, standard deviation as a measure of spread of distribution, minimum and maximum values, and skewness¹ and kurtosis² values to check for normality³ of each variable.

According to Hair *et al.* (2009) skewness values within the range of -1 to +1 and kurtosis values within -3 to +3 indicate an acceptable range for normality, whereas values falling outside the range of skewness and kurtosis indicate a substantial departure from normal distribution. Thus, Table 12 shows that skewness and kurtosis values for all variables for the research hypotheses fall within the acceptable range.

Table 12
Descriptive Statistics for Research Variables

<i>Research variables</i>	<i>Std. Dev</i>	<i>Min</i>	<i>Max</i>	<i>Skewness</i>	<i>Kurtosis</i>
HRP	0.891	1	5	0.367	- 0.743
Recruitment	1.203	1	5	0.227	- 0.635
Selection	1.741	1	5	0.310	0.501
T & D	0.933	1	5	0.416	- 0.369
Job Evaluation	0.845	1	5	0.539	0.759
Performance Appraisal	1.525	1	5	0.685	- 0.842
Health and Safety	1.456	1	5	- 0.393	- 0.931
Organizational Performance	1.691	1	5	0.748	0.276
Overall HRM	0.862	1	5	- 0.581	0.451

7.2. Hypotheses Testing

Table 13 reveals that several independent variables have significant influences on organisational performance. One may note that, although significant, the regression model explained only 41.3% of the variance in the respondents' perceptions of GAM's performance. This left 58.7% of the variance unexplained.

Table 13
Results of Regression Analysis

<i>Independent Variables</i>	<i>Unstandardised Slopes</i>		<i>Standardised Slopes Beta</i>	<i>t – Value</i>	<i>Sig.</i>	<i>Tolerance</i>	<i>VIF</i>
	<i>B</i>	<i>Std. Error</i>					
(Constant)	- 0.711	0.236		- 3.013	0.014		
HRP	0.468	0.066	0.452	7.090	0.000	0.121	1.560
T & D	4.503E-02	0.087	0.057	0.051	0.213	0.182	1.518
Job Evaluation	0.327	0.062	0.309	5.274	0.000	0.172	2.735
Recruitment	7.124E - 02	0.081	0.041	0.879	0.402	0.165	1.307
Selection	- 8.794E-02	0.068	- 0.068	-0.129	0.122	0.102	2.428
Performance Appraisal	0.163	0.078	0.138	2.089	0.007	0.107	1.682
Health and Safety	- 1.017E-02	0.115	- 0.008	- 0.009	0.931	0.138	1.671
Overall HRM	0.141	0.045	0.134	3.133	0.000	0.181	1.304
R = 0.643							
R ² = 0.413							
Adjusted R ² = 0.410							

Multicollinearity causes a problem for multiple regression since it can affect the parameters (Field, 2005). According to Hair et al. (2009) there are several recommended methods for assessing multicollinearity, including tolerance values and variance inflation factor values. The variance inflation factor (VIF) reveal no values that exceed the generally accepted maximum level of 10 (an indication of high levels of multicollinearity), and the tolerance values showed no values less

than the maximum level of 0.2 (also an indication of high levels of multicollinearity). Thus, no support was found for the existence of a problem caused by multicollinearity.

H 1: HRP has a Positive Impact on Organizational Performance.

The regression model confirms the significant contribution of HRP in explaining organizational performance. Table 13 demonstrates that the results of multiple regression in relation to hypothesis 1 reveal that HRP has a significant impact on organizational performance, with a beta of 0.452 (t-value = 7.090). Thus, the findings of the regression model indicate that research hypothesis 1, which predicts a positive direct relationship between HRP and organizational performance, has a level of 0.05 significance. Therefore, this hypothesis is fully accepted.

Organizational performance is significantly influenced by HRP practices. The major finding from this regression model is the significance of HRP; this correlates with the conclusions of many other studies (e.g. Chew & Horwitz, 2004; Foot & Hook, 2005; Singh, 2003; Tyson & York, 2000), who confirmed that effective HRP has a vital role in raising the level of performance. Despite the fact that organizational performance is related to various other factors in addition to HRP, (such as HRM practices, the general economic environment, natural disasters and political events), these results support claims suggested by the literature for the importance of HRP in achieving organizational performance. Today's economic environment is changing rapidly; therefore skilled employees are in demand (Foot & Hook, 2005). Lam & Schaubroeck (1998) examined the relationship between organizational performance and HRP, concluding that effective organizational performance shows high correlation with high quality HRP. The respondents' perceptions from the current study agree with these findings.

H2: Training and Development has a Positive Impact on Organizational Performance

The statistics relating to research hypothesis 2 reveal that training and development (T & D), with a beta of 0.057 (t-value = 0.051), has no significant impact on organizational performance. Thus, the findings of the regression model indicate that research hypothesis 2, which predicts a positive direct relationship between T & D and organizational performance, is unsupported at the 0.05 significance level. Therefore, this hypothesis is rejected.

Surprisingly, results for T & D in the study contrast with those of other researchers (for example, Chew & Horwitz, 2004; Foot & Hook, 2005; Singh, 2003; Tyson & York, 2000). Interpretations of this contradiction may be suggested by the fact that T & D represents the perceptions of employees themselves, and may not represent the actual level of job evaluation.

H3: Job Evaluation has a Positive Impact on Organizational Performance.

Table 13 illustrates the statistics relating to research hypothesis 3, and confirms that job evaluation, with a beta of 0.309 (t-value = 5.274), has a significant impact on organizational performance. Thus, the findings of the regression model indicate that Research Hypothesis 3, which predicts a direct, positive relationship between job evaluation and organizational performance, is supported, with a 0.05 significance level. Therefore, this hypothesis is accepted. These results tend to agree with other study findings (for example, Elasfer & Karami, 2008; Ahmad & Schroeder, 2003; Becker & Huselid, 1998).

H4: Recruitment has a Positive Impact on Organizational Performance.

The statistics relating to research hypothesis 4 reveal that recruitment, with a beta of 0.041 (t-value = 0.879), does not have a significant impact on organizational performance. Thus, the findings of the regression model indicate that research hypothesis 4, which predicts a positive direct relationship between recruitment and organizational performance, is unsupported, as the level of significance is 0.05. Therefore, this hypothesis is rejected.

The study findings for research hypothesis 4 are in contradiction to those of other studies in the literature (for example, Gallego et al. 2012; Forth et al. 2006; de Kok & Uhlaner, 2001). This inconsistency may be explained by the nature of the recruitment process used by GAM, where social ties (that is, employing friends and family members) play an important role in appointments, which have a negative influence on the quality of staff recruited.

H5: Selection has a Positive Impact on Organizational Performance

The statistics relating to research hypothesis 5 reveal that selection, with a beta of -0.068 (t-value = -0.129), does not have a significant impact on organizational performance. Thus, the findings of the regression model indicate that research hypothesis 5, which predicts a positive direct relationship between selection and organizational performance, is unsupported, with a 0.05 significance level. Therefore, this hypothesis is rejected.

These findings are again contradictory to many other study results, (for example, Gallego *et al.* 2012; Forth *et al.* 2006; de Kok & Uhlaner, 2001). Again, the current selection practice for GAM is also influenced by the nature of the local social-cultural system, which has a substantial effect on the selection process.

H6: Performance Appraisal has a Positive Impact on Organizational Performance.

The regression model confirms the significant contribution of performance appraisal in terms of explaining organizational performance. Table 13 establishes

that the results of multiple regression (in relation to hypothesis 6) reveal that HRP, with a beta of 0.138 (t-value = 2.089), has a significant impact on organizational performance. Thus, the findings of the regression model indicate that research hypothesis 6, which predicts a positive direct relationship between performance appraisal and organizational performance, is supported, with a significance level of 0.05. Therefore, this hypothesis is fully accepted.

These results agree with the current literature (for example, Elaser & Karami, 2008; Chew & Horwitz, 2004; Foot & Hook, 2005; Singh, 2003; Tyson & York, 2000; Ahmad & Schroeder, 2003; Becker & Huselid, 1998).

H7: Health and Safety have a Positive Impact on Organizational Performance.

The statistics relating to research hypothesis 7 reveal that health and safety, with a beta of - 0.008 (t-value = - 0.009), has no a significant impact on organizational performance. Thus, the findings of the regression model indicate that research hypothesis 7, which predicts a positive direct relationship between health and safety and organizational performance, with a 0.05 significance level, is unsupported. Therefore, this hypothesis is rejected.

These results are contradictory to findings from other studies, (for example, Chew & Horwitz, 2004; Foot & Hook, 2005; Singh, 2003; Tyson & York, 2000; Ahmad & Schroeder, 2003; Becker & Huselid, 1998). Justification for this contradiction is that GAM, as a government body, uses the national health insurance system, which is often of lower quality than independent insurance companies available to the private sector. Therefore, the respondents' perceptions towards health and safety are unsupported by organizational performance.

H8: Overall HRM Practices have a Positive Impact on Organizational Performance

As evident in Table 13, the statistics relating to research hypothesis 8 reveal that overall HRM practices, with a beta of 0.134 (t-value = 3.133), have a significant impact on organizational performance. Thus, the findings of the regression model indicate that research hypothesis 8, which predicts a positive direct relationship between overall HRM practices and organizational performance, is supported, with a 0.05 significance level. Therefore, this hypothesis is accepted.

8. CONCLUDING REMARKS

The overall conclusion is that organizational performance is influenced by HRM practices. The present study found that a set of specific HRM practices was significantly related to organizational performance; HRP, job evaluation and performance appraisal have a positive significant impact on organizational

performance. One of the most significant findings is that HRP has substantial influence on organizational performance. This finding is in accordance with a considerable percentage of the current literature in this field. Thus, the results of this study suggest that future HRM research should continue to examine HRP and other organizational capabilities which directly contribute to improving organizational performance.

Findings also established that several of the study variables have not enhanced organizational performance for GAM; T & D, recruitment, selection and health and safety. These outcomes imply that, in this particular situation, either these aspects of HRM are unimportant to the organizational performance of the city, or that GAM managers do not perceive them to be so. It is recommended that these practices be reassessed and improved upon by GAM in order to raise the level of organizational performance. However, the present study found that HRM practices in general have explained only 41.3% of the variance in organizational performance, whereas 58.7% of the variance remains unexplained. Determining these unknown factors is an area for future research.

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Notes

1. Skewness is a measure of the symmetry of a distribution. A positively skewed distribution has relatively few large values and tails off to the right, and a negatively skewed distribution has relatively few small values and tails off to the left (Hair *et al.* 2009).
2. Kurtosis is a measure of the peakedness or flatness of a distribution when compared with a normal distribution. A positive value indicates a relatively peaked distribution, and a negative value indicates a relatively flat distribution (Hair *et al.* 2009).
3. Normality refers to the degree to which the distribution of the sample data corresponds to a normal distribution, where normal distribution is a theoretical probability distribution in which the horizontal axis represents possible values of a variable and the vertical axis represents the probability of those values occurring. The scores on the variable are clustered around the mean in a symmetrical, unimodal pattern known as the bell-shaped or normal curve (Hair *et al.* 2009).

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