The Impact of Human Resource Systems on Organization Strategic Planning: Empirical Study at Jordanian Banks.

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Abstract:

This study aims to investigate the impact of human resource systems on organization strategic planning in the Jordanian commercial banks, data has been collected through distribute (173)questionnaires to the : Administrativestaff,Technical staff, and mangers at four leading commercial Jordanian banks, the results show that there is a positive relation between career planning and organization strategic planning, moderate relationship between recruitment , training and strategic planning while unfortunately the results show a low relationshipbetweenequity monitoring and organization strategic planning at the four Jordaniancommercial banks.

Key words; Human resource systems, Strategic planning, Strategic human resource planning.

1. Introduction :

Banks play an important role in the Jordanian national economy through their function as financial intermediaries, thus they are consideringbeingimportant. Also organizations especially- banking sector- become more complex and as amount of information they need increase, the need for automated information systems increase dramatically. The organization must determine what kinds of information it will need by deciding what kinds of decision it will make based on the HRIS information and who will actually make the decision. Because these needs are likely to change over time, it is also necessary to build in a certain amount of flexibility.

However, human resources information systems (HRIS) is more than a simple aggregation mechanism for inventory control and accounting ; it is the foundation for a set of management tools enabling managers to establish objectives for the use of their organization's human resources and to measure the extent to which those objectives have been achieved. As managers come to recognize both the essentiality and feasibility of sophisticated management information systems for monitoring human resources, more and more computerized personnel management information systems such as HRIS will be installed.

There is also a fair amount of information that might be useful to new employees once they join the organization and to other individuals who may have to make very different kinds of decisions but might still need to know something about current human resources in the organization. The need for this kind of information, in an easily accessible and ready to use form, is at the heart of human resource information systems.

So it is the responsibility of the HR unit to train and inform managers and supervisors to perform HR activities effectively. HR planning is tied to the broader process of strategic planning, beginning with identification of the philosophy and mission. The HR unit has responsibilities in HR Planning; however, managers must provide supportive information and input.

2. Questions of the Study

1. Is there a link between human resource systems (HRS) and organization strategic planning at Jordanian commercial banks?
2. Are human resources systems effectively contribute to the organization strategic planning at Jordanian commercial banks?

3. A rationale for the Research

HRS can provide management with a capability to avoid crises management because it can call attention to approaching human resource problems before they reach a crisis stage. The opportunity will exist to aggressively plan for (rather than anxiously react to) human resources management problems. By negating many of the ad hoc aspects of personnel decision-making, HRS would force consideration of the interrelationships of personnel functions. After all, the decision to take a manager off the line for training leads to a decision to replace him with a manger taken off another assignment, which leads to a decision to recruit for a temporary replacement, which leads to more and more decisions.

The implications of any given personnel decision may sometimes seem infinite. HRS, as integrated personnel management information systems, could automatically chart the interactions of any given decisional options and report them as options to the decision maker.

4. Statement of the Research Objectives

1. Determine the extent to which human resources system (HRS) is used in organization strategic planning at Jordanian commercial banks.
2. Emphasize the importance of using human resources system in organization strategic planning at Jordanian commercial banks.
3. Measure the level of recognizing the importance of using HRS by strategic planners at Jordanian commercial banks.

5. Hypotheses:

The research paper has a major hypothesis:

HO1: There is no significant relation between human resource systems and organization strategic planning at Jordaniancommercial Banks.

In order to test the main hypothesis, there are four minor hypotheses:

(Ho1-1) There is no significant relation between career planning and organization strategic planning at the Jordanian commercial banks.

(Ho1-2) There is no significant relation between equity monitoring and organization strategic planning at the Jordanian commercial banks.

(Ho1-3) There is no significant relation between recruitment and organization strategic planning at the Jordanian commercial banks.

(Ho1-4) There is no significant relation between training and organization strategic planning at the Jordanian commercial banks.

6. literature Review:

6.1   Empirical studies in human resources systems (HRS)

Over the human resource systems (HRS) have been acknowledged as important inputs to corporate decisions making process. Financial, operational and strategic business objectives are now not being considered in isolation of human resource objectives. Hence, human resource systems are now enterprise-wide decision support systems. Broderick & Boudreau (1992) defined human resource system (HRS) as "the composite of databases, computer applications, and hardware and software that are used to collect/record, store manage, deliver, present and manipulate data for human resource. Traditionally, HRS is considered as automated record keeping of employees and computerization of their payroll. However, it is now well established that HR managers with information systems can play a greater role beyond their administrative role. In fact they are now being able to play even a strategic support role. Today's organizations are besieged with mounting cost burden. With increased competition, they are not able to transfer this cost burden to the end users or customers. Technology (in our case computers), more broadly, information systems, not only substitute manpower, they also substantially contribute to efficiency, automating repetitive operations. Dealing with human resource information manually hardly allows any flexibility to HR professionals to address managerial issues of HRM. Such managerial issues not only limited to optimal utilization of manpower, but its effective planning, development and management. (Bhattacharyya, 2002)

For effective HRP, an HR professional requires accurate and timely data on recruitment, selection, training and development, career planning, compensation, productivity, skills inventory, motivation level, attrition rate, etc. Basing planning decisions on such input information at minimize the risk or uncertainty.

6.2 The Nature of Information Technology:

Information technology refers to the resources used by an organization to manage information that it needs to carry out its mission. Information technology is generally of two types – manual or computer based. All information technology, and systems that it defines, has five basic parts. One part is the input medium, the device that is used to add data and information into the system. (Denisi and Griffin, 2005).

6.3 Human Resource Information Systems:

Thus the specific nature of any HRIS will depend upon the needs of the organization. Organizations will differ, for example, in terms of what information they actually need to retrieve, and therefore need to store, as part of the HRIS. Furthermore, organizations will differ in terms of how they need the information to be presented. Some may need information at the aggregate level, about the organization as a whole (numbers of employees, average wages, average hours, and so on), while others might need more information about individuals (a person's work history, skills profile, and soon on).

6.4 Development of organization strategic planning

Organization strategic planning has grown considerably in the last 15 years. Schuler et al. (2001) described the evolution of organization strategic planning from personnel management in terms of a two-phased transformation, first from personnel management to traditional human resource management (THRM), and then from THRM to SHRP.
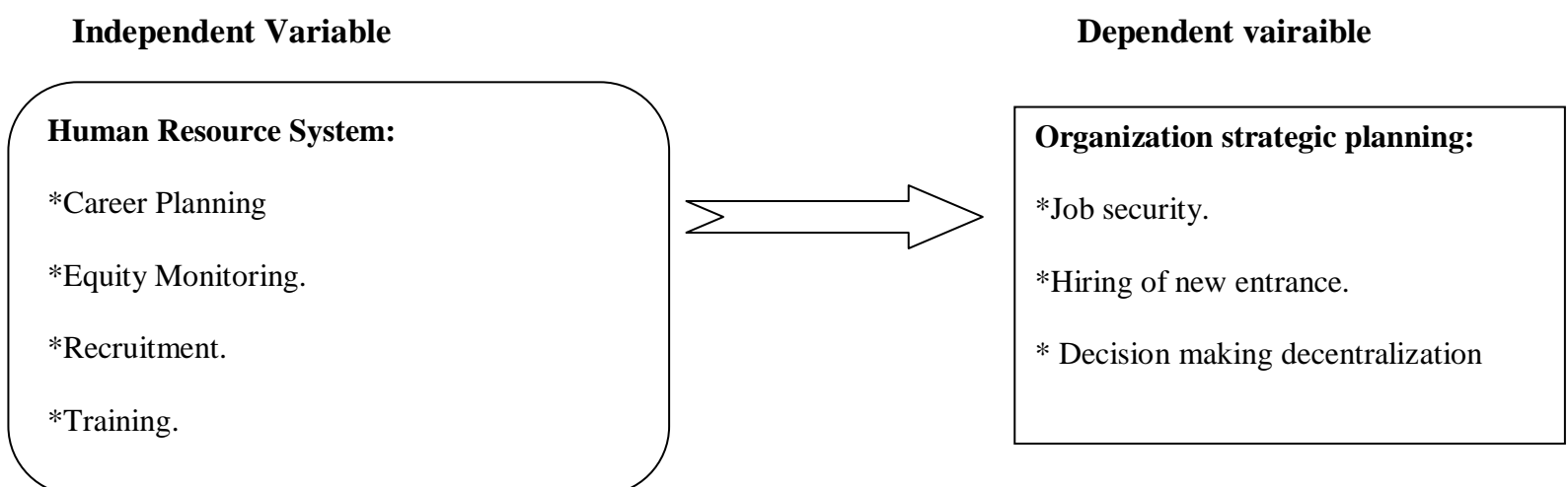
To improve firm performance and create firm competitive advantage, firm HR must focus on a new set of priorities. These new priorities are more business and strategic oriented and less oriented towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation. SHRP was designed to diagnose firm strategic needs and planned talent development, which is required to implement a competitive strategy and achieve operational goals (Huselid et al., 1997).

6.5 linking A HRS to Corporate Strategy

Human resource systems - when used properly-can be a valuable tool for strategic planning and implementation. HRS information should help decision makers had better understand how human resource management can be a valuable competitive tool. It can be used to monitor morale, efficiency, and labor costs. It can be used to plan for the future human resource needs of the firm or to anticipate changes in the competitive environment. Its use is limited only by the extent to which the organization uses it to make strategic human resource decisions. Many firms are beginning to realize the value of using human resources to gain a strategic advantage-or a unique skill or competence that other firms do not have. (Pattorn, Witt, Iovrich&Fredricksen, 2000)

It often falls upon human resources managers to help top management recognize the need for and value of a HRIS. Since the costs for acquiring and implementing such a system can be substantial, showing the benefits the firm, including how the system can help strategically align the organization with its goals, is an important step in winning top management support. To do this, the HR manager needs to think in business terms to determine exactly how a HRS can help achieve business objectives. First, the human resource manager must identify ways a HRS system can support the organizational business goals and how using a HRS can help achieve these goals. Then, The HR manager can develop a HRS that is tailored to meeting these goals and introduce a deployment strategy for the HRS. By adopting a value-added perspective such as this, it is possible to link the HRS directly to the organization's key business strategies. (Huang, 1998)

7. Research Model:

Independent Variable   Dependent vairaible

Human Resource System:	Organization strategic planning:
*Career Planning	*Job security.
*Equity Monitoring.	*Hiring of new entrance.
*Recruitment.	* Decision making decentralization
*Training.	

Research Frame work
Figure (1)

8. Definition of research Terms:
1. Independent variable:
-The human resource system (HRS) is "the composite of databases, computer applications, and hardware and software necessary to collect/record, store, manage, deliver, present, and manipulate data for human resources" (Broderick and Boudreau, 1992).

-Career planning: will facilitate professional / career development planning for both the individual and the company. It will chart future career paths for all categories of employees by specifying ranges of assignments and training opportunities for various career intervals.

-Equity monitoring: will provide for automatic monitoring of special status groups within the company to ensure that their career progression is comparable with that of the overall workforces.

-Recruitment: this variable provides data for the analysis and evaluation of recruitment efforts. itwill monitor the qualifications and special characteristics of new employees by various functional categories and analyze retention and development trends.

-Training: this variable will be measured through:
1) Training assignments: it will provide for an automated position/person matching system to be employed in making training assignments. it entails integrating specific training possibilities with overall career development needs for both the individual and company
2) Training projection: this variable will create a forecasting mechanism to enable the company to recognize short- and long –term training needs. It involves basing training projections on current and future position requirements as correlated to the existing qualifications of the company workforce.

2. Dependent variable: (organization strategic planning)
Organization strategic planning described and distilledas best practices to a list of three strategic areas as: Job security, Selective hiring of new personnel and Decentralization of decision making. (Pfeffer , 1998)

9. Population and sample: The target population of this study comprised all the Jordanian commercial banks. Official statistical sources of the association banks of Jordan (2013) indicated a total number of (16) Jordanian bank, a purposive sample of (4) banks were chosen according to number of Employees at Banks Operating in Jordan at the end of 2012and 2013 and number of branches in Jordan.

Bank Name	Ranking 2013	Employees NO.	Jordan Branch NO.
Arab Bank	1	2817	111
The Housing Bank For Trade &Finance	2	2199	75
Cairo Amman Bank	3	1546	70
Bank of Jordan	4	1422	66

9.1   Unit of analysis:

Bank Name	Employees No.	Senior Managers No.	Human Resource Staff No.
Arab Bank	1400	24	26
The Housing Bank For Trade &Finance	3500	45	55
Cairo Amman Bank	250	27	4
Bank of Jordan	300	12	8

The following table shows the number of distributed and returned questionnaires:

Bank	Distributed	Returned
Arab Bank	50	33
The Housing Bank For Trade &Finance	100	82
Cairo Amman Bank	30	22
Bank of Jordan	20	15
Total	200	173

10. Population Description:

This section describes the population through the general characteristics of the respondents in term of gender, age, educational level, working experience, working position, using computers related to HR during office hours as shown in table (1) below.The data in table (1) show that the majority of Respondents over half (66.5) were males and (33.5) were Female. The data in table show that respondents who are between 26-35 years old represent the highest percentage among respondents with (41.6.%), and this normal result because part of study unit were mangers at top and middle levels. While than from 18- 25 years old their percentage were (34.1%), from 36-45-years old were (14.5%), only (9.8. %) were for age from 46-55 years.

The data in table (1) also show that the highest percentage (89%) was for the bachelors University degree holders. only (2.3%) attained PHD graduate qualification.

The respondents have middle and long experience in their banks ,(52.6%) are among (1-5 years)(26%) are from (6-10) years and(15.6%) are more than 10 years working experience, where only (5.8%) working less than one year,(31%) of respondents were Administrative staff , while (11.5%) were from Technical staff, (23%)are Manager/ senior manager and (34.7%) others employees in different departments.

Table (1) Characteristics of Respondents

Characteristics	Frequency	Percentage%
Gender:		
Male	115	66.5
Female	58	33.5
Age:		
18-25	59	34.1
26-35	72	41.6
36-45	25	14.5
46-55	17	9.8
Educational Level:		
High school	-	-
Bachelors	154	89
Master	15	8.7
PhD	4	2.3
Working experience :		
Less than one year	10	5.8
1-5	91	52.6
6-10	45	26
More than 10	27	15.6
Working Position		
Administrative staff	53	31
Technical staff	20	11.5
Manager/ senior manager	40	23
Others	60	34.7

10.1. Reliability of data collected: The reliability of data collected was measured using Cronbach alpha coefficient; the reliability test was conducted to check for inter-item correlation in each of the variables in the questionnaire. The test results are as follows: Cronbach alpha for Independent Variable was (0.8742), Cronbach alpha for dependent Variable was (0.8851), Cronbach alpha for over all instruments = 0.9255, which exceeded the acceptable limit.Zikmund (2002).

11. Description of study variables

Research paper is two variables: The human resource system (HRS) and organizational strategic planning. These variables will be described through getting the percentages of the responses of the sample individuals in the researched banks totaling (173) respondents, distributed over four Jordanian commercial banks, namely :Arab Bank , The Housing Bank For Trade &Finance , Cairo Amman Bank, and Bank of Jordan .

12. Results and Hypothesis testing.

HO1: There is no significant relation between human resource systems and organization strategic planning at Jordanian commercial Banks.

to test above Hypothesis Pearson correlation was used and it was found that there are at (0.05) level significant relationship between independent variable (Human Resource Systems) and Dependent variable (Organization Strategic Planning), we can find positive and significant effect at function level ($\propto\ \leq 0.01$) which supports hypothesis (Ha1), where (r=0.638**) which is moderate.

To test the main hypothesis, there are four minor hypotheses were test as following:

(Ho1-1) There is no significant relation between career planning and organization strategic planning at the Jordanian commercial banks.

To test above Hypothesisthe researcher use Pearson correlation was used and it was found at (0.05) level that there are significant relationship between (career planning) and (organization strategic planning), we can find positive and significant effect at function level ($\propto\ \leq 0.01$) which supports alternative hypothesis, where (r=0.668**) which is alsomoderate.

(Ho1-2) There is no significant relation between equity monitoring and organization strategic planning at the Jordanian commercial banks.

To test above Hypothesis Pearson correlation was used and it was found that there areat (0.05) level significant relationship between (equity monitoring) and (organization strategic planning), we can find apositive and significant effect at function level ($\propto\ \leq 0.01$) which supports alternative hypothesis, where (r=0.479**) which is moderate.

(Ho1-3) There is no significant relation between recruitment and organization strategic planning at the Jordanian commercial banks.

To test above HypothesisPearson correlation was used and it was found at (0.05) level that there are no significant relationship between (recruitment) and (organization strategic planning), we can find negative and no significant effect, where (r=0.316) which is moderate.

(Ho1-4) There is no significant relation between training and organization strategic planning at the Jordanian commercial banks.

To test above HypothesisPearson correlation was used and it was found that there are no significant relationship at (0.05) level between (training) and (organization strategic planning), we can find negative and no significant effect, where (r=0.274) which is moderate.

Table (2) Means, Standard Deviations and Pearson Correlation among the research variables

Human Resource System elements:	M	S.D	1	2	3	4
*Career Planning	3.96	0.420	0.669**	-	-	-
*Equity Monitoring.	3.79	0.506	0.479**	-	-	-
*Recruitment.	3.62	0.635	0.316**	0.495**	-	-
*Training.	3.81	0.493	0.274	0.556**	0.489**	-

Table (3) Summary of the Regression Results and Test of Research Hypotheses

Hypotheses	Independent variables	Dependents variables	B	t	Sig P	support
(H0$_{1-1}$)	Career Planning	Organization strategic planning	0.088	14.4	0.00	yes
(H0$_{1-2}$)	Equity Monitoring.	Organization strategic planning	0.090	11.7	0.00	yes
(H0$_{1-3}$)	Recruitment.	Organization strategic planning	0.030	12.5	0.00	yes
(H0$_{1-4}$)	Training.	Organization strategic planning	0.086	14.6	0.00	Yes

Table 3.a. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655 [a]	.429	.417	.36771

a. Predictors: (Constant), career planning, equity monitoring, recruitment, training
Dependent Variable: organization strategic planning

Table 6.b. ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.236	4	4.809	35.567	.000 [a]
	Residual	25.554	189	.135		
	Total	44.790	193			

a. Predictors: (Constant),

b. Dependent Variable: organization strategic planning

Table 3.c. Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.734	.350		4.962	.000
		.227	.081	.168	2.805	.006
		4.854E-02	.053	.058	.909	.364
		.213	.042	.411	5.051	.000
		8.905E-02	.042	.166	2.115	.036

a. Dependent Variable: organization strategic planning

Conclusions:

Today all organization must have rapid, accurate access to data and information about the demand for human resource in order to deal with any surplus or shortage that may come about , so predicting future needs for human resources and using existing resources effectively are the basic issues in many organization strategic planning.
The results of the study has been shown a strong relationship between using of human resource systems and the strategic planning for banking as a main organization in Jordan economy,

The results show also that the most usage of human resource system package was moderate in: career panning planning, and equity monitoring while unfortunately was using human resource systems especially recruitmentand training in organization strategic planning was low.

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