

Theoretical Mediation Model of Human Resources Management, Organisational Development and Organisational Culture

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ABSTRACT

Resulted from globalization, a more complex and competitive business environment has led to a new perspective on how to coordinate and handle human resources. Hence, human resource management has evolved to a wider job scope of practice. This requires the use of organisational development as a tool for managing human resources. Hence this paper presents a theoretical framework relate the human resources management, organisational development and organisational culture. This review paper shares the compilation of previous studies related to human resources in the organisational development process which focused on the employees performance that affecting the organisation. Based on this literature review work, pertinent information were extracted in formulating the propose theoretical framework model which relates human resources management as independent construct, organisational development as dependent construct and organisational culture as mediator construct for public institutions. The relationship of the framework can be validated using structural equation modelling (SEM) with the data collected through questionnaire survey. Once the model has achieved goodness of fit then the model can be applied in the human resource management in the context of public institutions.

Keywords

Organisational Development, Human Resources Management

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

1. Introduction

Human resources management is considered as the main contributing factor to organisation's success. It helps to manage employees to achieve the organisation's goals. Human resources management deals with human beings having differences characteristics of physiological disposition, socio-economic backgrounds and cultural conditions. Nowadays organisations operate in challenges environment due to uncertainty, instability and changes due to many factors like increased globalization and rapid technological change. This needs more qualified employees to improve the organisation performance [1, 2]. This forces the organisations to exploit its human resources to achieve a competitive advantage. Through the organisation development practice, human resources management is encouraged to involve in an ongoing systematic process of implementing effective organisational change. Organisation development is focused on understanding and managing organisational change. It requires a holistic approach to change organisation and staff development by affecting the values, skills, behaviour patterns, technology used, processes and organisational structures. Moreover, this is the

way for the development of human resources to achieve organisational goals [3.4]. Hence, this review paper was intended to share the research problem in identifying the role of human resources in the organisational development process in UAE's public institutions. Extension to this review work, a proposed theoretical mediation model which indicates the relationship between three variables namely human resources management, organisational development and organisational culture.

2. Literature Review

Organisation Development (OD) is about improving an organisation through well planned and managed from the organisation leaders. For organisation to involve in knowledge economy, it needs to focus on training and development in a broader aspect. If the organisation planned and implemented the training and development carefully, it will benefit the organisation, its employees and its stakeholders. For effective organisation, it should be able to adhere with current and future challenges/demands. Adaptability and responsiveness are essential to survival and success for the organisations. Hence, human resources (HR) and organisation

development play an important roles to the organisation achievement. Human resources management should synergize with the organisational development in which the resources can effectively utilized to benefit individual, organisation and society [6,7,8].

According to literature review, there has been increasing need of human resources management for businesses in developing countries around the world. There are many studies relating to good practise of human resources management in achieving the organisation's goal. Majority of the organisations are aware on the importance of positioning at international level, thus good human resources management practices has great influence on achieving this goal. When the western organisations started their business in middle eastern countries, they bring together their human resources management approach which is different from Middle Eastern organisations in term of cultural and institutional circumstances. Hence it is interesting to uncover whether these human resources management practices and policies in middle eastern countries are similar or different from western due to culture, habits and religion. [5].

UAE as one of the middle eastern countries has significant difference between the private and public sectors in term of employment opportunities and working conditions. Most people prefer to work in the public sector especially the UAE national due to better salary, good working conditions, job security and better working hours as compared to private-sector. [13, 14]. Hence the UAE government take the initiative to improve working environment at public or private sectors organisations. Among the initiative is the establishment of organisations that focus on developing the human resources management aspect. This is inline with market economy that encouraged skilled and professional workforce all over the world to work in UAE. Globalization and digitalisation has provided access to modern human resource practices with better technology and communication [15]. Hence, UAE needs to intensify effort in providing the necessary knowledge, training and technology to improvise its human resources management [15].

3. Organisational Performance

Success of an organisation can be attributed from human resources management, organisational culture and organisational development of the organisation. Human resources management and organisational culture can affect the organisational development. The following part is the review on the three components that are human resources management, organizational culture and the organisational development;

Human Resources Management

Amongst the key challenges faced by human resources management are the heterogenous demographic profile of the workforce and also globalisation issues. Cultural diversity of the workforce is strongly felt by companies in Gulf Cooperation Council (GCC) countries especially UAE having diversity of employees from around the world [16]. Multi-cultural working environment creates challenges for human resources management department which include attraction, recruitment, compensation, retention, training and others. Working with cultural diversity, managing different styles of leadership and making decisions are equally relevant to human resources management for middle eastern region [16, 17, 18]

Governments and authorities in GCC countries have taken initiative to develop and employed local citizens to private organisations [19]. It introduced various policies and methods to attract the citizens through wage subsidies to the private sector, government wage restraint and fees, and charges on foreign labour, as well as a better infrastructure that supports education and training of the citizens. Despite the strong efforts, the unemployment amongst UAE citizens is still an issue. Study found various reasons to this issue, such as availability of cheap foreign labour, lack of knowledge or motivation among local job seekers and others.

Many literature on human resources management stated that there is a need for the middle eastern government to have nationalisation initiatives. Nationalisation of manpower appeared in many literature indicating its importance agenda among middle east countries. This study has is planned in this context to understand the role of human resources management in UAE workforces [20, 21]. I the neo-human capital theory, it states that the enterprises train to improve the adaptability

and flexibility of the workforces and the responsiveness toward innovation [34]. Then human resource management theory viewed training and development of employees as a means of to engage the commitment of employees to the organisation [35]. Thus, employee performance is considered key factor to increases the overall organisation performance [36].

Organisation Development

Organisations differ in the context of relative beliefs, values and assumptions. Few organisation practicing stress on human resource management. Some of the organisations place emphasis on career development, goal setting and incentive for performance. These initiatives are intended to maximize employee performance and better customer service. This will create culture of performance through the organisation [22]. Organisational performance is a multidimensional matter. The performance needs to be measured according to the objectives proposed for different stakeholders within a given period. According to several reserchers, organisational performance is made up of three dimensions. The first dimension is organisational effectiveness in handling economic and social goals with the stakeholders. The second dimension is operational that involve technology, innovation, productivity and quality. The final dimension is financial which incorporates financial returns, market value and growth [23, 24, 25].

Organisational performance depends on human resources management outputs such as the skills, attitudes and behaviour of its employees. Therefore the development of human resources management policy and practices should focus on improving these outcomes [26]. Organisational performance is usully measured using key performance indicators (KPIs) which are usually refer to financial that is profitability or productivity [26]. A study found that five major factors were determining organisational performance which are leadership styles, job design, organisational culture, model of motive and human resource policies [27].

However organisation development (OD) is about a planned effort managed by the leader of the organisation for organisation effectiveness through planned interventions. It can also be defined as a planned system of change for the purpose of improving an organisation's

effectiveness [28, 29]. Organisation development is also an attempt to convince employees to accept views and involvement in the organisation for share responsibility [30]. An assumption behind organisation development is that when employees pursue the organisation objectives simultaneously, the employees will likely to discover new ways of collaborating together in achieving the organisational goals [31]. The challenges by the employer is to discover ways to retain the employees and to increase organisational performance. One of the methods to face this challenge is through training as one of the human resource management practices to gains the competitive advantage [32, 33].

Organizational Culture

Organizational culture is the result of values, visions, language, behaviors and beliefs. Even though the nature of a business may be difficult to articulate but it can have a huge impact on how the members deal with each other in the organization, toward customers or stakeholders. Organizational culture is a shared assumptions system about values and beliefs that governs the organization. These shared values have strong impact on how the organization conduct the business [45]. Many studies found that attitudes, behaviours and perception have been neglected in human resources management measurement of performance [37]. However recent studies indicate that attitudes and behaviour are measured based on motivation, job satisfaction, organisational citizenship behaviour, commitment, and trust in management, absenteeism and also turnover. Quantifying the employees' attitudes and behaviours is very challenging as compared to operational and financial performance in which it is about turnover and absenteeism. However attitudes and behaviour can be quantified using Likert-scale ratings [38].

4. Conceptual Framework Development

It is valuable to retain human resources with tacit knowledge that was acquired through social complex mechanisms. Imitating these resources is challenging as it relate with uncertainty and imprecise of organisational performance which contains ambiguity [39]. Human resources management practices realte to recruitment/selection, planning, reward management, training and development,

empowerment, quality working life of the organisation employees. Constructive influence of human resources management on performance quality leads to achieving the organisation objectives [40].

To achieve better corporate performance, it requires a successful, effective and efficient exploitation of organisation resources and also competency to create a sustainable competitiveness. The human resources department should help the managers to achieve the following outcomes: competence, cooperation with management, cooperation among employees, motivation, commitment, satisfaction, retention and presence because the performance of an organisation mostly depends on the employees performance [40]. HRM practices improve organisational effectiveness and performance through attracting, identifying and keeping employees with knowledge, skills, and abilities. Employees need to be trained in the manner to support the mission and vision of the organisation through the human resources practices [42].

Organisational performance can be improved through the increase of productivity and employment elasticity. This can be achieved by ranging entire employees' performance outcomes with HRM obligations. Thus, the relationship between human resources management (HRM) and organisational development can be easily noticed [43]. According to several researches, employees tend to be more committed and loyal when they feel the job security [38]. It is also essential for the organisations to retain competent and hard-working employees to create good organisational culture [40]. With these relationship, a propose conceptual model based on three constructs which are Human Resources Management (HRM) as independent construct, Organisational Development (OD) as dependent construct and Organisational Culture (OC) as mediator construct is presented as Fig. 2

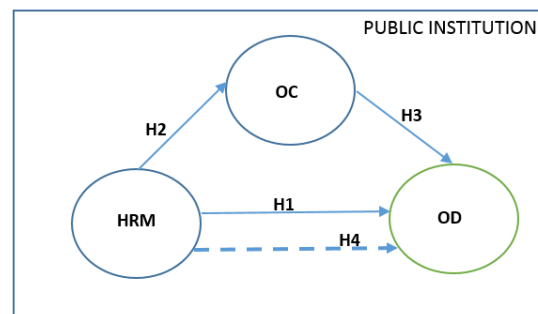


Figure 2 - The proposed conceptual Model

From figure 2 of the model, it can be hypothesised that there is significant relationship between Human Resources Management (HRM) and Organisational Development (OD). However with the introduction of Organisational Culture (OC) as mediator then the other hypothesis is that there is mediating effect of OC toward the relationship of HRM and OD.

5. Conclusion

The complexity challenges faced by human resources management team in organisational performance had been considered to study the UAE's public institutions. By fully conducting this study would contribute to the body of knowledge and leveraged the previous studies. It is also anticipated that from the outcome of running the model can be widely applicable in research and academic databases and also as practical organisational development issues that related to human resources management. This study also could benefit in addressing the multidimensional problems of organisational development practices associated with human resource management and to improve the management of human resources in organisational development.

Acknowledgement

The authors would like to thank the Universiti Tun Hussein Onn Malaysia for supporting this research work.

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