

Human Resources Policies and Practices for project engineers and managers

Rahim K. Jassim

PhD, MEMgt, BSc(Hon), PE

Yanbu Industrial College, Royal Commission for Jubail and Yanbu

P.O.Box 30436, Yanbu Industrial City 21477

Kingdom of Saudi Arabia

Email: rkjassim@yahoo.com

Abstract

In today's fast-paced economy competition is an issue of services and products. Much attention has been directed to a better service and the best product and how this can be achieved through utilising the human resources. This research paper identifies the competitive advantage concepts and models, competitive strategies and the main human resource practices that have a significant impact on the employee's performance. Understanding sources of competitive advantage has become a major area of research in the field of strategic management. Therefore this research paper also develops an analytical framework for strategic management in order to initiate/formulate and implements the strategic plans successfully. Three questions regarding identifying, defending and achieving competitive advantage through the employees have been raised and answered. Finally a summary of practical criteria of best practice for competitive advantage is presented and a general discussion and recommendations have been drawn.

Keywords: Competitive advantage, HRM, Strategic Management, Selection, Performance, Reward.

Introduction

The firm is regarded as a cohesive organism, which learns to adopt or find better ways of doing things essentially in response to its environment (Child 1997: 67). The question then is what really the firm should do to maintain or to optimise its situation in its environment? Should it focus on its financial situation, its technology, or its human resources?. To answer this question we should at first see what other researchers have concluded. Barney 1991 suggests that, in order for a resource to qualify as a source of sustained competitive advantage, the resource must add value to the firm, it must be rare, it must be inimitable and it must be non-substitutable. Wright, et al 1994 have shown that human resources meet Barney's criteria for being a source of sustainable competitive advantage. Coff 1994 argues that human assets are a key source of sustainable advantage because of causal ambiguity and systematic information making them inimitable. Guest

1990 says that if management trust their workers and give them challenging assignments, workers in return will respond with high motivation, high commitment and high performance. Gratton 1997 identified six factors for success: *the commitment of top management; the motivation and aspirations of recruits; the core capabilities of the management team; the team's aspiration; its ability to build and maintain alliances; and the integration of the business into a global network.* ***What does that mean to us?*** Its means that sources of competitive advantage have shifted from financial resources to technology resources and now to human capital. In other words, success does not depend primarily on the size of the budget or the products supporting technologies. It really depends on *employee's attitudes, competencies and skills; their ability to generate commitment and trust, communicate aspirations and work in complex relationships.* Now we know one of the sources of competitive advantage which is the employees, then what do we have to do to achieve competitive advantage through them?. The answer lies in competitive strategy and human resource practices. Then what is the competitive strategy? and what are the human resource practices?. These two questions inspired the following objectives of this research paper:

- i*– Investigate a range of concepts and models of competitive advantage, competitive strategy, and the strategic human resource management and competitive advantage.
- ii*– Provide a theoretical framework for the study of the major human resource practices in competitive advantage through the employees.
- iii*–Develop the reader's ability to identify and develop the competitive advantage of a particular organisation and to formulate effective competitive strategies. An analytical framework for strategic management is developed.
- iv*– Investigate how the firm can gain and retain competitive advantage through its employees. Three questions have been raised and answered.
- v*– Define the criteria of best practice for competitive advantage.

Competitive Strategy

What is strategy?

In the literature on and for capitalist management, the notion of strategy has become increasingly popular. The strategy concept extracted from the Greek word 'strategos', a general, which in turn comes from roots meaning 'army' and 'lead' (Legge 1995: 96); but the Greeks provided no clear description. Conventionally, strategy is assumed to involve the planning and directing of the organisation towards some goals and objectives. In any business, there are certain, market-related issues, which are strategic and there are also certain, market-related decisions, which are strategic. These sets of strategic decisions are interrelated.

We need a theory of strategy, which acknowledges both and does not downplay one or the other.

Schermerhorn, 1993 defines strategy

..... as a comprehensive plan of action that sets critical direction for an organisation and guides the allocation of its resources.

Child 1972 defines strategy

..... as a set of fundamental or critical choices about the ends and means of a business.

Strategy choice perspective involves defining strategy. Such choices are critical because they play a decisive role in determining the ultimate success or failure of the business. Firms that combine high levels of competence in multiple modes of strategy making appear to be the highest performers. Clearly, certain market-oriented choices, such as the desired competitive position of a particular business unit, are strategy. But such concerns do not define the universe of strategy

Boxall, 1996 defines strategy

..... as a firm's framework of critical ends and means or 'strategic paradigm'.

Such a term implies that competitive strategy and structure strategy are all connected in a systematic and dynamic fashion. The question is how this strategic plan is formulated in order to be successful? The answer to this question is, if the Human Resource (HR) is integrated into strategic plans, if HR policies are coherent, if line managers have recognised the importance of HR and this is reflected in their behaviour, if the teams aspirations and motivations are considered, if top management are committed, if the business is integrated into a global network and if employees identify with their firm, then the firm's strategic plan can be implemented successfully. Boxall's strategy definition has been used in developing the analytical framework for strategic management.

Competitive Advantage

When a firm is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors, then we can say the firm has a *competitive advantage*. And when a firm is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy, then we can say the firm has a *sustained competitive advantage* (Barney 1991).

There are two major models that have to be considered. The first one is the *position or environmental model* and the second one is the *resource-based view model*.

The Position or Environmental Model

In order to achieve a competitive advantage, the firm is required to make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. Choosing the competitive scope or the range of the firm's activities can play a powerful role in determining competitive advantage because it aims to establish a profitable and sustainable position against the forces that determine your industry competition.

What is competitive strategy?. Porter 1985 defines the competitive strategy as, the positioning of a company in its competitive environment. Also Porter has posed two important questions:

- What is the structure or the attractiveness of the industry which the company is in?
- What is the company's position in its competitive environment?

To answer the first question a company, as an organisation, should analyse their industry by focusing on the following points (industrial analysis):

- 1- Begin with understanding your industry.
- 2- Focus attention on significant force.
- 3- Watch out for industry change.

To answer the second question (competitive position), the following question should be asked:

- How does a company achieve superior performance?

To be a superior performer in the engineering industry or any industry, the company must have a sustainable competitive advantage which its rival cannot copy or duplicate. The competitive advantage can be sustained in one of the two ways (Porter 1985);

1. Either the company can be lucky enough to come up with something that its rivals cannot copy which is very rare, or
2. The company is improving so fast that its rivals can not catch up.

Porter shows that there are five competitive forces which play a major role in the company success or failure, * *the entry of new competitors*, * *the threat of substitutes*, * *the bargaining power of suppliers*, * *the bargaining power of buyers*, and * *the rivalry among the existing competitors*. The collective strength of these five competitive forces determines the ability of firms in an industry to earn on average, a rate of return on investment in excess of the cost of the capital.

Porter also notes that a business can develop a sustainable competitive advantage by following two strategies; *cost leadership strategy* or *differentiation strategy*.

Cost Leadership Strategy: the primary focus of a cost leadership strategy is to achieve low costs relative to competitors. Lowering costs lead to lowering prices, which can increase demand for products or services, but if the product or services cannot be produced at a lower cost it also reduces profit margins. To compete based on cost, managers must address labour, materials, overheads, and other costs, and to design a system that lowers the cost per unit of the product or service. Often, lowering costs requires additional investment in automated facilities, equipment and employees skill.

Differentiation Strategy: the primary focus of a differentiation strategy is creating uniqueness such that the organisation's goods and services are clearly distinguished from those of its competitors. In other words the focus is on creativity and innovation which have long been recognized as necessary for bringing the required change to obtain the competitive advantage (Dean 1998). Carr and Johansson 1995 have define *creativity* as the generation of ideas and alternatives, and *innovation* as the transformation of those ideas and alternatives into useful applications that lead to change and improvement. They have found that, in today's business environment, an essential element to an organisation's success is adaptability. You must be able to manage at the speed of change, and that takes creativity and innovation.

Ostrenga, Ozan, McIlhattan, and Harwood 1992 note that

.....those companies that are effective at rapidly bringing innovative new products and services to the market have gained a huge competitive edge in today's business world.

Deming 1993 notes that

.....the moral is that it is necessary to innovate, to predict the needs of the customer, give him more. He that innovates and is lucky will take the market.

Csikszentmihalyi 1988 notes that

.....what we call creative is never the result of individual action alone; it is the product of three main shaping forces: a set of social institutions, or field, that selects from the variations produced by individuals those that are worth preserving; a stable cultural domain that will preserve and transmit the selected new ideas or forms to the following generations; and finally the *individual*, who brings about some change in the domain, a change that the field will consider to be creative. Creativity is a phenomenon that results from interaction between these three systems. Without a culturally defined domain of action in which innovation is possible, the person cannot even get started. And without a group of peers to evaluate and confirm the adaptiveness of the innovation, it is impossible to

differentiate what is creative from what is simply statistically improbable or bizarre (Dean 1998).

Schuler and Jackson 1987 have emerged from Porter discussion of competitive advantage three competitive advantage strategies that organisations can use to gain competitive advantage: Innovation, Quality enhancement and Cost reduction:

Innovation strategy. the primary focus here is developing products or services different from those of competitors or offering something new and different. A vital component of any innovation strategy is getting employees to broaden their skills.

Quality enhancement strategy. the primary focus here is enhancing the product and/or services. Quality enhancement often means changing the processes of production in ways that require workers to be more involved and more flexible.

Cost reduction strategy. firms typically attempt to gain competitive advantage by being the lowest cost producer.

The question is who brings the innovation, quality and the cost reduction strategy to the firm?. We believe that it comes from the right employee who is motivated by the right human resources practices. In the next sections we will deal with the issues of how the right employee is employed and motivated.

The Resource-Based View Model

What are the firm resources?

Firm resources include all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency (*doing things right*) and effectiveness (*doing the right things*). In the language of traditional strategic analysis, firm resources are strengths that firms can use to conceive of and implement their strategies. Firm resources can be conveniently classified into three categories: physical capital resources, human capital resources and organisational capital resources. Physical capital resources include the physical technology used in a firm, a firm's plant and equipment, its geographic location, and access to raw materials. Human capital resources include the training, experience, judgement, intelligence, relationships and insight of individual managers and workers in a firm. The organisational capital resources include a firm's formal reporting structure, its formal and informal planning, controlling, and coordinating systems, as well as relations among groups within a firm and between a firm and those in its environment (Barney 1991: 101).

The resource-based view of the firm is presently being touted as an alternative theory of strategy to that developed by Porter 1985. Instead of focusing on positioning in the product market, it argues that firms achieve sustainable competitive advantage by developing resources, which add unique or rare value,

which can't easily be copied by others. Thus the firm with superior access to physical resources, which others can not buy, holds a superior advantage. For example, a manufacturing firm, which invents a superior process technology, holds an advantage over its rivals.

Barney 1991 suggests that in order to understand sources of sustained competitive advantage, it is necessary to build a theoretical model that begins with the assumption that firm resources may be heterogeneous and immobile. To have this potential, a firm resource must have four attributes.

- It must be valuable, in the sense that it exploits opportunities and/or minimises threats in a firm's environment.
- It must be rare among a firm's current and potential competition
- It must be imperfectly imitable
- There can not be strategically equivalent substitutes for this resource that are valuable but neither rare nor imperfectly imitable.

Firm resources can be imperfectly imitable for one or a combination of three reasons:

1. The ability of a firm to obtain a resource is dependent upon *unique historical conditions*.
2. The link between the resources possessed by a firm and firm's sustained competitive advantage is *causally ambiguous*.
3. The resource generating a firm advantage is *socially complex*.

Wright, et al. 1994 have shown that the human resources can be a source of competitive advantage because they meet the criteria for being a source of sustainable competitive advantage. Human resources add value to the firm, are rare, cannot be imitated and are not sustainable. Also they have characterised human resources by unique historical conditions, causal ambiguity and social complexity, which means that not all firms can successfully develop human resources as a sustain competitive advantage through imitating the HR practices of firms that have successfully developed human resources.

Pfeffer 1994 has issued sixteen practices of competitive advantage through people

- Employment security
- Incentive pay
- Participation and empowerment
- Symbolic egalitarianism
- Long-term perspective
- Selectivity in recruiting
- Employee ownership
- Teams and job redesign
- Wage compression
- Measurement of practices
- Cross-utilization & cross-training
- High wage
- Information sharing
- Training and skill development
- Promotion from within
- Overarching philosophy

Finally Gratton 1997 shows that most companies believe that human resource rather than financial or technological resources can offer a competitive advantage. But can it provide a sustained competitive advantage, or will competitors be able to

imitate what has been achieved or buy in the same skills and capabilities from the external labour market, making any competitive advantages purely short term?. The research also suggests that commitment, trust and pride appear to be sustaining ongoing change at the organisation and provide a platform for the organisation to increase its turnover and profitability. Commitment, pride and trust would take the organisation years of focus, skill and senior management commitment to nurture this kind of culture.

Competitive advantage can best be achieved by seeking improvement in the management of people, in other words, through better utilisation of human resources. From the standpoint of researchers interested in competitive advantage, the resource-based view of the firm provides a framework for examining the role of human resources in competitive success and forces us to think more clearly about the quality of the workforce skills at various levels and the quality of the motivation climate created by strategic human resource management (Boxall 1996). The next section will focus on the strategic human resource management and competitive advantage.

Strategic HRM and Competitive Advantage.

The struggle to gain competitive advantage in markets that grow more fiercely contested day to day has radically altered the complexion of many businesses. The HRM theorists start arguing that HRM should be recognised as a source of competitive advantage. The field of strategic human resource management has grown up alongside the field of strategic management in recent years. It represents attempts by HRM researchers to relate the worlds of HRM and strategic management to each other (Boxall 1992 and Wright & McMahan 1992). Some researches have shown two models for strategic human resource management, which will be considered.

The Matching Model or behavioural perspective

The “matching model” (Boxall 1992) or “behavioural perspective” (Lado and Wilson 1994, Wright and McMalan 1992) of strategic HRM advocated by Fomburn et al 1984. In its simplest form, the matching model asserts that organisational effectiveness depends on a ‘tight – fit’ between HRM strategy and business strategy.

The essential idea of this model is that HR practices should be matched to the firm’s desired competitive position. This is seen to make the organisation more effective. In other words, management should work out what ‘ behaviours ‘ are required by the choice of a particular business position and adopt those HR practices, which reinforce them.

Some authors argues that the firms should choose whether they want to be cost leaders, or differentiators on the basis of some superior non-price feature such as

superior quality, delivery or service. If for example, management chooses a business strategy of differentiation from competitors on the basis of higher levels of product innovation, this would call for creative, risk-oriented and co-operate behaviour. The HR practices would therefore include (Schular and Johnson 1987 cited by Boxall, 1995, Chapter 12):

.....selecting highly skilled individuals, giving employees more discretion, using minimal controls, making a greater investment in human resources, providing more resources for experimentation, allowing and even rewarding occasional failure, and appraising performance for its long-run implications.

On the other hand, if management wants to pursue cost leadership, this entails designing jobs which are repetitive, minimal training, cutting staff numbers to the minimum and rewarding high output and predictable behaviour.

The attraction of the matching model clearly lies in its simplicity and the way it offers a basis for integrating HR practices. The disparate functions of HRM are brought together around a common theme, behavioural consistency with preselected competitive position. If we think in terms of our conceptual framework, this is the outcome desired by management. The model has been incredibly popular in conferences and consultancy circles.

Boxall 1995 has shown several weak points in this model such as; what is strategy; the typological problem; the unitarism issue; the issue of strategy – making, and the dynamism issue.

The Capabilities Model

The matching model of strategic HRM is linked to the product market oriented views of strategy advocated by Michael Porter 1985. A second model is linked to the resource-based view of the firm.

The resource-based perspective offers a way of theorising the contribution of HR strategy that does not rest solely on the reactive notions of the positioning model. Human resources can be defined as the pool of human capital under the firm's control in a direct employment relationship (Wright, et al 1994). In resource based thinking, HRM can be valued not only for its role in implementing a given competitive scenario but for its role in generating strategic capability (Barney 1991) for its potential to create firms which are more intelligent and flexible than their competitors over the long haul firms which exhibit superior levels of co-operation and operation (Grant 1991). By hiring and developing talented staff and 'synergising' their contribution within the resource bundle of the firm, HRM may lay the basis for sustained competitive advantage. In order to get more complete model of strategic HRM, it should be linked to the employment relationship. A

theory of strategic HRM must be built on credible assumptions about the nature of strategic management on the one hand and the wage–work bargain or employment exchange on the other. The resource–based view of the firm, quite clearly, provides a basis for asserting that key human resources are sources of competitive advantage. It helps to lay the intellectual basis for a ‘capabilities’ model of strategic HRM. Such a model builds on the obvious point that learning is something that people do. Applying learning in a company involves people with skills who want to act together, who co–operate in powerful ways.

These are merely a tentative set of ideas but they show how a capabilities model of strategic HRM offers advantages over the matching model because it forces us to think more clearly about the quality of the workforce skills at various levels and the quality of the motivation climate created by management. The matching model fails to take a long–term view of skill development and simply takes worker motivation for granted.

The first question articulated at the introduction section which was what is the competitive strategy? has been elaborated on. The next section will focus on the second question which was what are the human resource practices?.

Competitive Advantages through the Employees

As we mentioned earlier, competition is an issue of service and product. The question then is what is the factor that has a major role in both of them?. Schuler and Jackson 1987 have shown that there is a linkage between competitive strategy, HR practices and performance. Also HR practice results from different human resources existing within the organisation. Therefore in the next section we will focus on the main HR practices that the employees believe have a major impact on their performance.

What is the major HR practices in the employee’s performance?

A survey has been conducted in three disciplines (engineering, health and education) in order to find out the required human resources practices of competitive advantage through the employees. The survey starts by asking the employees certain questions in order to find out what the barriers to their potential are and what can be done to motivate them. These questions are as follows:

- What is the nature of your job?
- How is your performance being managed?
- How is your contract negotiated and what influence has this on your performance?
- What are the major factors in your performance?
- Do you or your managers review your performance regularly? How?
- How do you identify the weakness points in your performance?

- What would you change to make your performance more effective and how. Why?
- Do you think that Trust, Reward, Development, and Promotion leads to effective performance? How?

The employees response

The employees of the organisations have claimed the following points play the most important roles in improving their performance and long term loyalty which both lead to a great competitive advantage.

- High job security (if the jobs disappear through *Economic ,Technical, Social and Political* changes then the employer will offer alternative employment or at least help the employee to find another one)
- High wages
- Good communication and strong respect for individuals.
- Personal development such as training.
- Reward and social relationship.
- Performance reviewing and setting goals and objectives.
- Job description
- Good manager with a good qualification and vision.
- Involvement in the selection process.

The above answers coincide with some of Pfeffer's sixteen practices and Schuler and Jackson's 1987 six HR practices (planning, staffing, appraising, compensating, training and development). These answers can be classified in a HRM terms as: Job analysis, job description and job evaluation; Generic Function of HRM (Selection, Performance appraisal, Reward and Development), leadership and employment relations. Now we know the competitive strategy and the human resource practices that were articulated at the end of the introduction. Therefore we will elaborate on each of these practices and we will try to develop a numerical model for some of them such as selection, performance appraisal and we will develop an analytical framework for strategic management.

Competitive Advantage through Job Analysis, Job Description and Job Evaluation

Job Analysis

The job analysis looks at the behavioural needs of a particular competitive strategy (cost leadership or differentiation) role peculiar to the culture and organisation of the company. It is like performing a Personal Profile Analysis on an imaginary person. The goal is to define the ideal individual for the job position from the perspective of the company and the employees that the successful applicant will work with. Job analysis is the process of collecting information and making judgements about a specific job (Wilson, 1995:188). From the stand point of

researchers such as (Barney 1991 and Wright et, al 1994) that competitive advantage only occur when employee's knowledge, skills and ability can add value to the firm, are rare, cannot be imitated and are not sustainable. In order to target employees with the requisite knowledge, skills and ability, the job has to be carefully defined. The HRM literature promotes careful job definition in the belief that it will have two effects. First, it is commonly believed to assist targeting and attraction of potential recruits. Second, job analysis helps potential recruits to make up their own minds about whether to apply or not (Premarck & Wanous, 1985, Dakin & Smith, 1995).

Job Description

The job description is generally used to identify the responsibilities, the objectives associated with each specific task and the reward that associated with good performance. In order to accomplish the employment relationship effectively, work has to be designed, programmed, costed, organised and co-ordinated. (Keenoy, 1992) in other words detailed job description, otherwise can be used by an employee to define what s/he is not prepared to ("that's not part of my job" or I'm not paid to do that") (Morgan 1986). In a dynamic environment it is impossible to have a good job description because anticipating the environment changes in advance is impossible and it is silly to think that any written job description could cover all the possibilities. But that does not mean we should not describe the job as detailed as possible.

Job Evaluation

Once jobs have been analysed and described, the job evaluation began by considering several job factors such as: working conditions, necessary technical KSA (Knowledge, Skills and Ability) and behaviour, salaries and required managerial skills. A rating of each factor is made on a standard scale, and the total rating points can be used to rank jobs hierarchically. The recruiting and selection model appendix A can be used in the rating process by using different criteria and weights such as the above-mentioned job factors.

Competitive Advantage through the Generic Function of HRM

The aim of Human Resource Management is seen as the optimisation of human resources value. Devanna et al (Legge 1995:308) suggest four 'generic functions' of HRM, namely, selection, appraisal, rewards and development that act as independent variables, in a cycle of human resource interventions on the dependent variable of performance. In the next sections we will examine the competitive advantage through the HRM generic function and some others.

Selection

Security in employment and reliance on the work force for competitive success mean that one must be careful to choose the right people, in the right way (Pfeffer 1994). The question then is what do we want?. We want --

- Employees with more competencies
- Employees who self-develop without the need for company training
- Employees who have more ideas that are implemented
- Employees that have a lower error rate, number of discipline incidents and absenteeism rate
- Employees that have a higher customer satisfaction, higher performance appraisal scores, bonus rates and promotion rates
- Employees that require "low maintenance" from managers
- Employees that stay longer before quitting
- Employees who produce more return for every dollar of salary paid to them

Selection can be regarded as the primary mechanism in enhancing the organisation capabilities. The individual behaviour and learning ability can optimise the organisation's situation in its environment. The goal of selecting program is to ensure that the firm is hiring only the highest ability individual. Then the firm must be able to identify high ability individuals and also the firm must be able to attract and retain those applicants deemed to be of the highest ability. But in an increasingly competitive market, it can be almost as hard to attract the right staff as to attract the right customers.

In this research paper we have proposed a model called the scoring model which can successfully be used in the four generic functions. For further details see Appendix A.

Performance Appraisal and Performance Management

Performance appraisal is defined as a process by which an organisation measures and evaluates an individual employee's behaviour and accomplishments for a finite time period (Moen, 1989: 62, Johnson, 1995: 278). Measuring/reviewing and evaluating the performance of employees is arguably one of the most important tasks for any manager, since critical decisions rely on the accurate assessment of an employee's behaviour. Historically, organisations tended to develop a performance appraisal instrument and forms administrated on an annual basis. Even though managers have been repeatedly told that performance review should be more than just an annual event, they do not always do it. Employees are often not coached and counselled throughout the year, so when review time arrives, they do not know what to expect. This leads only to confusion and resentment (McAfee and

Champagne 1993: 24). The question then is how performance appraisal can be done better and more effectively?. The answer may be in the approach to managing known as performance management.

Performance Management has three basic components: planning, managing and appraising performance (see Illustration 1).

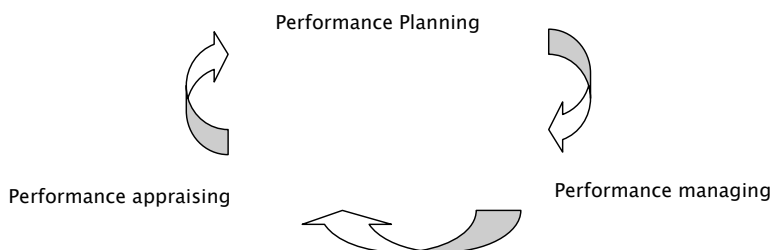


Illustration (1). The performance management Cycle

Performance planning is the process of specifying goals jointly by managers and employees, identifying the desired level of performance (Standards), and developmental plans to perform as expected. Performance planning focuses on individual results and helping the employee develops strategies and secure required resources.

The second component, *performance managing*, is the daily process of working towards the performance expectations established in the planning phase. The managers and employees review performance on a periodic basis if everything seems to be on track or results are exceeding expectations, the managers use positive reinforcement to maintain high levels of performance. Otherwise managers need to coach the employees on ways in which to correct the deficiencies.

The final component of performance management process is *performance appraisal*. Performance appraisal is an opportunity to **review** the performance of the past year as agreed earlier by both the manager and employee. In fact if the first two components were properly implemented, this one is not so critical. Since feedback has been ongoing, the appraisal is an objective, historical document which can be used to develop plans for future and increase employee motivation and productivity. The analysis of past performance provides the basis for planning next year's expectations; at the same time, it closes the loop of current cycle. Employees know what is expected of them and what they must do to achieve it.

For further guides on performance review, we advise to refer to Jassim and Gaber 1998.

Rewards

Rewards, both financial and otherwise, send a powerful message to employees of an organisation as to what kind of organisation management seeks to create and maintain, and what kind of behaviour and attitudes management seeks from its employees (Beer, et al 1988). Therefore the reward issue can not be ignored, as it will create a "situation in which the expectation or the actual goal-directed behaviour of one person or group are blocked or are about to be blocked (Steers and Black 1994). According to a report by the American Compensation Associations, August 1996. "When it comes to reinforcing team behaviour, the reward system is one of the most effective and influential tools available to the organisation" (IRS 1996).

What is the purpose of reward systems?

Reward system is intended to motivate certain performance (see Appendix A section A2). But under what conditions will rewards actually motivate employees? To be useful, rewards must be seen as timely and tied to effective performance (Beer & Walton 1990). Because of the scope of this research paper we will not go into details about reward systems but we may advise the reader to refer to Wilson 1995.

There is a theory that suggests the following conditions are necessary for employee motivation (Beer & Walton 1990).

1. Employees must believe effective performance will lead to certain rewards. For example attaining certain results will lead to a bonus or approval from others.
2. Employees must feel that the rewards offered are attractive. Some employees may desire promotions because they seek power, but others want a fringe benefit, such as a pension, because they are older and want retirement security.
3. Employees must believe a certain level of individual effort will lead to achieving the corporation's standards of performance.

As indicated, motivation to exert effort is triggered by the prospect of desired rewards: money or recognition which may take the form of annual award ceremonies and expensive accommodation and entertainment (Wilson 1995), promotion, and so forth.

But the issues here are *who may reward?*, *what can reward?* and *what should be rewarded?* (Wilson 1995) these sort of issues management must address and design fair reward systems that can satisfy the employee because the employee's satisfaction can be translated into customer satisfaction which can be translated into profit.

Training and development

A full training strategy and training and development program can be summarised by the following four steps:

i- Identify the aims and objectives of the company (Identify business strategy).

Business strategy can develop a competitive advantage by following two strategies; *cost leadership strategy* or *differentiation strategy*, Porter 1985..

ii- *Analysing the individuals*

A- Recruit the right employees

As mentioned earlier that, the goal of selecting program is to ensure that the firm is recruiting only the highest skills individual. Then the firm must be able to identify high ability individuals (see selection section).

B- Evaluate the knowledge, skills and abilities of the employees

A company's greatest asset is its employees and if competitive success is achieved through them, then the skills of those employees is critical. Consequently, one of the most obvious implications of the changing basis of competitive advantage is growing importance of having a workforce with adequate skills. Developing those employees' skills can be one of its greatest tasks. Today's knowledge management systems assist the company in training, tracking, assessing, and building a great resource - its people. Wright, et al. 1994 have shown that one of the human resource practices for competitive advantage is investing and continuing investing in skill development of it's human capital. This requires administering a variety of training aimed at increasing and maintaining each individual's job-related skills and providing development opportunities for individuals, which broaden their skill base.

Management will recognise the need for development and retraining when they realise that employees are an asset and not an expense and development is the core for improving competitive advantage (Scherkenbach 1986).

iii- *Setting the training program*

It is the stage after setting the training strategy and identify the need of training program. An analytical framework for training program is set as shown Illustration 2. After the firm adopts an effective training strategy, should have organised the following (Jassim and Mohammed Ali 2002):

1- Choose who should attend the training program

2- Identify the needs of work environment.

3- Identify the aims of the training program.

4- Identify the human and financial resources availability.

5- Plan the contents of the training program, and training facilities.

✓- Setting a proper evaluation system

A proper and fair evaluation system is required to evaluate the gained level of skills and at the same time is a feed back for management to see if the training program is working or not.

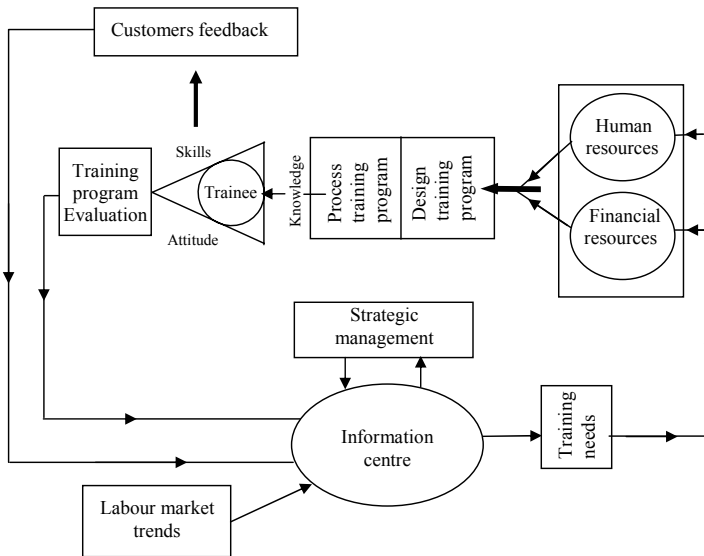


Illustration 2. An analytical framework for training program

Competitive Advantage through Leadership

The core strength of any organisation comes from its employees. To develop and strengthen them will lead to a solid foundation for the organisation's future. How?. Good HRM does not happen by accident. It takes strong executive leadership to bring about positive patterns of employment relationships. The manager must continue to develop himself and also have a commitment to help his employees develop their full potential. The employees depend on the managers, and the organisation depends on them for its success. Many researchers believe that for organisations to maintain a competitive advantage they must focus on enhancing performance through a process of continual learning. Also they believe that by focusing on sound and effective leadership skills at every level can provide the catalyst to motivate individuals, teams and human networks to achieve peak performance.

Top managers Requirement

The manager takes responsibility for planning, monitoring, and controlling the business performance. Usual first tasks are to set the goals and objectives to prepare a preliminary budget, schedule and select the group members, setting a training program if required, ensure required supplies are available and generally try to do whatever is needed to maximise the group performance in order to keep the business moving. To do this the manager has to have certain skills and characteristics.

Two viewpoints have been advanced outlining skills and characteristics required to be a good manager

1- Personal characteristics

The personal characteristics are necessary to manage the group. Such personal attributes include aggressiveness, confidence, poise, decisiveness, resolution, toughness, integrity, versatility and quick thinking.

2- Skills and Problems

Skills and problems are fundamentally interconnected for the following reasons:

- The managers require certain skills in order to deal efficiently with the human factors most likely to create problems for them in managing the group.
- Because certain problems are most likely to confront the managers, they required particular skills in order to handle them.

The most important skills for successful managers are:

- 1- *Communication skills* –being a good communicator is an essential management skill.

- 2- *Organizational skills*—are vital to good management. Characteristics included in this skill are planning and goal-setting abilities, along with the ability to be analytical.
- 3- *Group or team building skills*—involve developing empathetic relationships with other members of the group. Being sensitive to the needs of others, motivating people, and building a strong sense of team spirit. The best team leaders use a lot of “we” statements in describing the relevant subjects to the project.
- 4- *Leadership skills*—several different attributes and behaviours can be catalogued under leadership skills. These included setting a good example, seeing the big picture, being enthusiastic, having a positive outlook, taking initiative, and trusting people.
- 5- *Coping Skills*—successful managers require coping or stress-management skills. Respondents indicated that both flexibility and creativity were involved in effectively coping with change, as were patience and persistence.
- 6- *Technical skills*—successful managers require a good background in their field.

Competitive Advantage through Employment Relationships

Employment relationship has been recognised as a socio-economic exchange process which involves the mediation of different interests— the interest of employer to minimise the labour cost and the interest of the employee to maximise the labour price. Hence, employment relations engender bargaining which can either individual or collective and mobilisation the power in order to protect or advance such interest. Here a question emerges_ How can the power be mobilised?. We must first begin by analysing the employment relationship drives _ conflict or co-operation. Conflict occurs in the employment relationship for the following reasons: sharing the economic returns in other words the fair wage, lay-offs (job security), and the authority (power). The contemporary fashion of employment relationship tends to increase the participation and involvement as a mediate and control such conflict. Management knew that in order to control the conflict have to cope with the paradox of what might be called the “*motivation-control equation*”. One side is the need to ensure the active and positive participation of the workforce in the pursuit of business objectives—something which may be critical where the quality of the product or service is directly dependent on employee performance. This implies treating employees with respect, rewarding them fairly or even generously and, perhaps, seeking to elicit responsibility and trust. On the other side is the need to control work-behaviour in the light of the economic realities of competition and the profit-motive. These imply treating the employee as an

economic resource to be made as economically efficient as possible: in the practice this may require extracting additional productivity for no additional cost, minimising wages and rewards and declaring redundancies (Keenoy 1992). As Hyman 1987 observes of this contradiction, “employers require workers to be both dependable and disposable”.

Co-operation can be brought to the organisation by keeping commitment, fair reward system and motivation and employees should have a voice in management and should have more decision power over work conditions.

Competitive Advantage through Strategic Management Framework

Understanding sources of competitive advantage has become a major area of research in the field of strategic management (Porter 1985; Barney 1991). Since the 1960's organisational framework has been used to structure much of the research in this field. This framework suggests that organisations obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralising external threats and avoiding internal weaknesses (Barney 1991).

Harvard's Framework (Beer et al, 1984)

The idea of Harvard framework is that human resource strategy should be linked to business strategy but the need for consideration of, and compromise with, workforce and union aspirations is also recognised.

Guest's Framework (Guest, 1987)

David Guest picks up the implicit theory in the Harvard framework and operationalises HRM as a particular employee relations strategy in which management simultaneously pursues goals of “high commitment, high quality, flexibility and strategic integration”(Guest 1990:378).

Boxall's Framework (Boxall, 1995 Chaps. 1&12)

Boxall's framework is an attempt to provide some structure to the study and practice of HRM but it is only one attempt as he stated. It draws on the Harvard framework which has gained popularity with academics in the last fifteen years. But as far as we know, there is no dominant framework for making human resource decisions used in practice. Although the harvard framework has gained popularity with academics, but popularity with academics is not necessarily the same as something which commands strong support from practitioners.

Boxall 1996 defines strategy as a firm's framework of critical ends and means. This definition helps to make the point that means do not flow unproblematically from ends. Rather, the historically developed means to shape what ends are conceivable and possible. A firm may aspire to market leadership but unless it has built the

organisational and human resources to make this achievable, its executives would be wise to revise its goals accordingly. This definition drew our attention to the six “looks” that were developed by Briner, et al 1996. In this section these “looks” have been considered as the ends and the relationships between the strategic management and the ends as the means. Also in this section an analytical framework for strategic management is developed in order to implement the strategic plans successfully as shown in Illustration (3).

Illustration (3) shows in the centre the *strategic management*, the *critical means* circle and the *critical ends* circle. The *critical ends* were presented by the six looks to be in a general form for either private or public sector, while the *critical means* present the relationships between the strategic management and the *critical ends*. These *critical means* should be either equal or greater than the *critical ends* in terms of values or efforts, etc. in order to implement the strategic plan successfully. As an example organisation can not bid for a project (*the ends*) unless it has the right equipment and talented operators (*the means*) required doing the job effectively and efficiently.

The organisation should follow these looks when formulating and implementing the strategy.

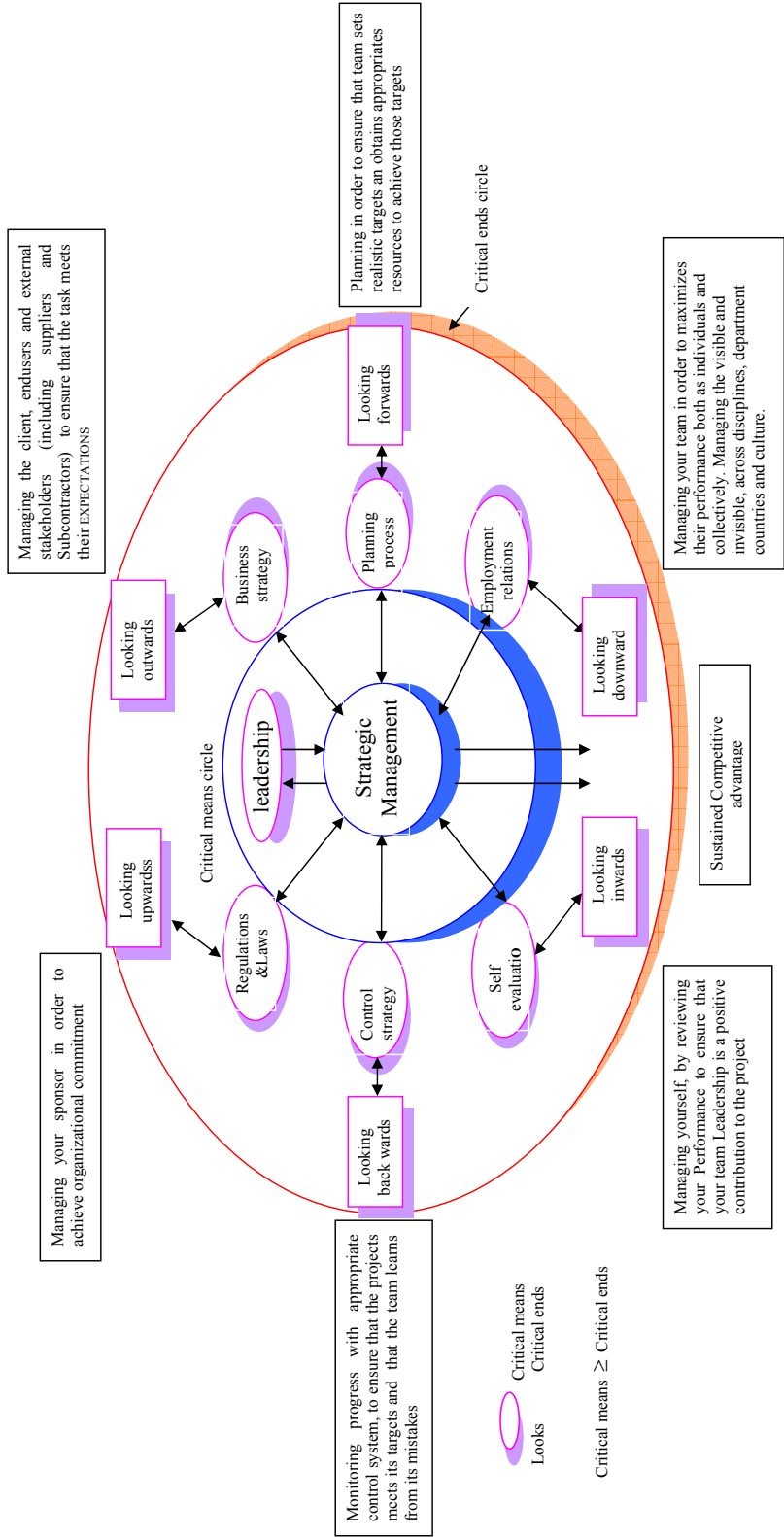


Illustration (3) An analytical framework for strategic management

Strategic Management Looks.

1–Looking upwards

- Think of the development of the HR strategy as a process not as a document. Consider how the organisation can gain managerial interest and commitment.
- Strategy should be seen to be made through initiatives within the network of internal and external organisational relationships.
- Organisation should know the relevant government and union regulations

2–Looking outwards

- Organisation has a workforce, endusers and other shareholders and probably unions. Managing all the above parties to ensure that organisation meets their expectations.
- To gain and sustain a competitive advantage requires that the organisation understands the entire value of suppliers and distribution channels. Suppliers and distribution channels have profit margins that are important to identify in understanding the organisation's cost or distribution positioning, because end-use customers ultimately pay for all profit margins through the value chain.

3–Looking backwards

- Monitoring progress with appropriate control systems, to ensure that the organisation meets its targets and that the workforce learns from its mistakes.
- Unique historical conditions determine organisation place in time and space.

4–Looking forwards

- Planning in order to ensure that the organisation sets realistic targets and obtains appropriate resources to achieve those targets.
- The performance of organisation does not depend simply on the industry structure within which the organisation finds itself at a particular point in time but also on the path the organisation followed through history to arrive where it is. If the organisation obtains valuable and rare resources because of its unique path through history, it will be able to exploit those resources in implementing value-creating strategies that cannot be duplicated by other organisations.

- Human resource dimensions (values, power and culture) must be fully integrated into strategic planning process. Then the HR is likely to give organisations a significant competitive advantage.
- Human resource policies should cohere firstly with other areas and secondly, within themselves. Policies on selection, appraisal, rewards and development must cohere with those for marketing, finance and production and help towards the achievement of strategic objectives.
- The organisation should focus on one or two key themes that are completely integrated with the business strategy.
- Extend the organisation's strategy to the environment within which the organisation is operating, to the standards of performance against which the pressure of economic constraints has to be evaluated, and to the design of the organisation's structure itself.
- The need for creativity in finding new ways of competing in the industry.
- The need for developing human capital and human process resources.
- Anticipating: the organisation must conduct environmental scanning and reform through analysis of their own strengths and weaknesses in order to position themselves in a way that minimises environmental threats and maximises opportunities (Pennings, 1985: 9). In other words the HR strategist needs to look beyond today's problems.
- Considering the technical and economical changes
- Knowing the financial institutions, which contribute to the definition of other organisational success criteria.
- What is the nature of the relationship between organisation agents and the environment where it faces competition or the need to maintain its credibility.
- Focus on the strategic contingencies.
- Relationships between the organisation's members and the external bodies are likely to exhibit characteristics of social exchange. These social networks facilitate the acquisition of knowledge and other resources by organisations and the offering back of desirable goods and services to the outside world. The same networks also permit exchange of information relevant to the formulation of goals for organisational development and learning.
- Focus on how to defend the human resource. The organisation should support long-term thinking and also develop "sensing" capabilities.

5–Looking inwards

- Organisation’s managers should manage themselves, by reviewing their performance and behaviours to ensure that their leadership makes a positive contribution to the organisation. Develop their skills in systematic thinking; look at human resource interventions as parts of a larger more complex organisational system.
- The manager takes responsibility for planning, monitoring, and controlling the business performance. Usual first tasks are to set the goals and objectives to prepare a preliminary budget, schedule and select the group members, setting a training program if required, ensure required supplies are available and generally try to do whatever is needed to maximise the group performance in order to keep the business moving.

6–Looking downwards

- Pursuing the organisation’s interest over his or her interest. Such as employing X because of his associations with Y, while Z is the best for the job.
- Employee involvement in setting performance objectives and standards. Joint determination of objectives and standards helps employees commit to them (Johnson, 1995: 288)
- Being tough on quality.

Quality has two numbers of inter-related dimensions. The first one is *quality of staff*; in other words the desirability of policies to recruit, develop and retain staff with high levels of ability, skill and adaptability. The second dimension is *quality of performance* and the importance of setting and maintaining high standard.

Managing the workforce in order to maximise their performance both as individuals and collectively. Managing the visible and invisible, across disciplines, departments, countries and culture. Make a business case for the impact of high trust and commitment on the bottom line. Make this part of the way in which the performance of the organisation is measured. Create metrics around trust and commitment and gain an insight into aspirations and dreams. Use this information, provide feedback loops and engage line managers in conversations.

- The managers must be able to analyse interests, understand conflicts, and explore power relations, so that situations can be brought under control. This requires a keen ability to be aware of conflict-prone areas, to read the latent tendencies and pressures beneath the manifest actions of organisational life, and to initiate appropriate responses. In general, the

manager can intervene to change perceptions, behaviours, and structures in ways that will help redefine or redirect conflicts to serve constructive ends (Morgan 1986:191-4)

- Managing the tension and flexibility/Adaptability.

An important feature of successful HRM is the capacity to implement strategic plans. This in turn requires a capacity to manage tension and to be adaptive and responsive in the face of unanticipated pressures at all levels in the organisation. An adaptive organisation requires certain structural properties, which are both means and ends of human resource policy goals.

The tension exists because the employees and the employers have different goals, values, desires expectations and other orientations and inclinations that lead them to act in one direction rather than another. Morgan 1986 has shown that tensions exist between one's job (task), career aspirations, and personal values and life style. The balance between these three domains is not easy and create tensions that lie in the centre (the darkest area)(see illustration 4.) can interact and also remain separate. Therefore we need a strategy that combines the three domains in a coherent way.

How can the organisation be flexible or adaptable?

The organisation must avoid rigid, hierarchical, bureaucratic structures; it must prevent powerful, entrenched interest groups from developing, and there must be no inhibitive demarcations among groups of works or between individual roles. This presents problems for traditional personnel activities such as *job specification and job evaluation*.

Flexible organization structures together with flexible job content and flexible employees will result in a capacity to respond swiftly and effectively to changes and ensure the continuing high utilization of human and other resources.

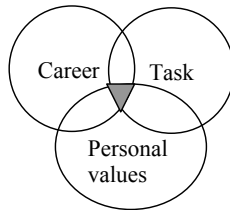


Illustration 4. Organization interests: task, career and personal values Morgan 1986.

- The Equal Opportunity Commission will examine and judge the organisation's success in terms of the fairness of its employment practices.
- When some members of the teams are highly educated researchers, it has frequently been suggested that such specialists require a "special type" of managing. Often referred to as "tweed coat management".
- Building high levels of workforce trust. There is no doubt that trust is a critical factor (Fox 1974, Lorenz, 1992). We achieve much more in relationship where there is strong trust. The employer who proves to be untrustworthy, continually suspicious or opportunistic undermines the possibilities of achieving high levels of co-operation in workplace. Behaving honourably and consistently, demonstrating a concern for fairness, is a much more effective way of securing high performance outcomes in the workplace (Boxall 1995: 9).
- Employment security

Three questions immediately emerge

1- How can the organisation identify Human Resources?

To identify the human resources, an organisation should be able to balance a highly focused performance management process which successfully links strategic to individual objectives, with a set of values that places concern and respect for individuals at the centre. Once this balance is reached, then organisation employees will be highly committed. Also the organisation should gain the employees trust through keeping its commitments in respect to training and career development made at the selection interviews. Will the level of work pressure be increased over time without any renegotiation of rewards, will the competitive environment of the organisation or technology change in important ways that affect the nature of the job.

2- How can the organisation defend its Human Resources?

To defend the human resource an organisation should create a complete model of HRM and employment relationships. It also should support long-term thinking, building 'core competencies' and also develop "sensing" capabilities. The future is essentially unpredictable, but the organisation develops the capacity to sense the change. A central role of the personnel function to develop this capability is to collect information about future trends in labour markets and skill sets, and in linking changes in aspirations, work practice and motivations without this insight; it is leading blind an organisation into the future.

The organisation can also defend the human resource through building high commitment pride and trust which will bring a sustained competitive advantage because it will take years for competitors to reproduce the same level of commitment and trust. This also applies to employment security, along with constant informal and formal training programs and team development. The most important elements of the team development are, ***the performance report*** which provides feedback to the job team about performance against the job plan, ***the reward and recognition systems***, such a system must make the link between performance and reward clear, explicit, and achievable in order to be effective, ***training*** which includes all activities designed to enhance the skills, knowledge, and capabilities of the project team.

The primary aim of team development is to improve the productivity performance. Improvements can come from many sources and can affect many areas of job performance, for example (PMI 1996)

- Improvements in individual skills may allow specific staff members to perform their assignment more effectively.
- Improvement in team behaviours may allow team members to devote a greater percentage of their effort to technical activities.
- Improvement in either individual skills or team capabilities may facilitate identifying and developing better ways of doing design work.

3- How can the organisation gain a competitive advantage through its employees?

To answer this question the organisation must make the distinction between resource stock and process capabilities. It may be helpful to make an analytical distinction between “human capital advantage” and “human process advantage”. The organisation can have the possibility of generating human capital advantage through recruiting and retaining outstanding employees, through capturing a stock of exceptional human talent, talent with productive possibilities. Human process advantage may be understood as a function of causally ambiguous, socially complex historically evolved process such as learning, co-operation and innovation, which are very difficult to imitate. Some firms may have highly intelligent managers but may fail to maximise the interplay of their talents as a result of excessive infighting between departments (Boxall 1995, chapter1). Human resource advantage, then the superiority of one firms labour management over other’s might be conceived as the product of its human capital advantage and human resource advantage. Advantage, as it were, can be traced to better employee employed in organisation with better processes. Also the organisation must distinguish between the competitive advantage and sustained competitive advantage. Competitive advantage can occur only in situations of organisation resource heterogeneity and organisation resource

immobility, whereas sustained competitive advantage exists only when other organisations are incapable of duplicating the benefits of a competitive advantage.

Practical criteria of best practice for competitive advantage

This section summarises a practical criterion that is seen to be important to create a competitive advantage:

1- Goals/objectives

This contains a detailed statement of the general goals and their relationship to the company's objectives. When the project goals are not clear, it is difficult to initiate/formulate the planning efficiently. The lack of planning contributes directly to unrealistic resource allocations and schedules. Notably the key personnel should be actively involved in defining the specific work to be performed, the timing, the resources, the responsibilities, and positive participation in the pursuit of the goal/objectives.

2- Recruitment

The argument is how can the firm management recruit the right employees. Most of management use a detailed job analysis and job description and some of them use one of the selection models to insure they are employing the right employees.

3- Commitment

Commitment is defined by Kline & Peters (1991) as a process by which people become psychologically bound to their action in such a way that feel a personal obligation to follow through on the implications of those actions.

Obtain commitment from all key personnel regarding the problem plan, its measures and results. This commitment can be enhanced and maintained by high participation of employees in definition of results, measuring criteria and schedules. It is through this involvement that the employee gain a detailed understanding of the work to be performed, a feeling of importance, develops professional interests in the work and desires to succeed, and eventually makes a firm commitment toward the specific task and the overall project objectives.

4- Tracking/coaching

Define and implement a proper tracking/coaching system which captures and processes work performance data conveniently summarised for reviews and management actions.

5- Measurability

Assure accurate measurements of performance data, especially technical progress against schedule and budget.

6- Signing - On

The process of signing on employees during the initial phases of the job or each task seems to be very important to a proper understanding of the task objectives, the specific task and personal commitment.

7- Interesting Work

The managers should try to accommodate the professional interests and desires of supporting employees when negotiating their tasks. The effectiveness of the work depends on the manager's ability to provide professionally stimulating and interesting work. This leads to increase involvement, better communications, lower conflict, and stronger commitment.

8- Communication

Good communication is essential for effective work. It is the responsibility of the task leaders and ultimately the manager to provide the appropriate communication tools, techniques, and systems. These tools are not the status meeting, reviews, schedules, and reporting systems, but also the objective statements, specifications.

9- Minimise Threats

Managers must foster a work environment that is low on personal conflict, power struggles, surprises, and unrealistic demands. An atmosphere of mutual trust is necessary for the personnel to communicate problems and concerns candidly and at an early point in time.

10- Design A Personal Appraisal And Reward System

This should be consistent with the responsibilities of the employee and implies treating employees with respect, rewarding them fairly or even generously and, perhaps, seeking to elicit responsibility and trust.

Discussion and Recommendations

Discussion

One factor that can set an organisation apart from its competitors whether in services or products, in the private or public sector is its employees. The quality of the organisation's employees, their enthusiasm, and their satisfaction with their jobs and the company all have a significant impact on the organisation's productivity, level of customer service, reputation and survival. In other words, in a competitive environment, people make the difference. Human resources are a critical component in every area of the organisation, from finance to sales to customer service to line management. Managers and supervisors in every department confront human resource issues every day and are responsible not only for interactions within their own department, but also interactions between departments. The primary function of human resources today is to ensure the

effective and efficient use of human talent to accomplish an organisation's goals and objectives.

Using human resources as a competitive advantage means analysing what factors are necessary for the organisation's long-term success. Relevant areas to review include: organizational design, key work processes, teams, hiring effective employees, promotion strategies, defining competencies and performance measures, training and development programs for current job and preparation for future positions, reward and recognition systems, motivation and retention, employee perceptions and customer perception of the organisation and employees. In order to formulate appropriate competitive advantage through the employees program for an organisation, it is first necessary to analyse the firm's competitive strategy or business strategy and organizational human resource practices. The organisation should create a complete model of HRM and employment relationship, also it should support long-term thinking, building 'core competencies' and also develop "sensing" capabilities. The future is essentially unpredictable, but the organisation develops the capacity to sense the change. A central role of the personnel function to develop this capability to collect information about future trends in labour markets and skill sets, and in linking changes in aspirations, work practice and motivations without this insight, is leading the blind organisation into the future. Successful companies know that there is a direct link between employee satisfaction and customer satisfaction. It is the responsibility of managers and supervisors to ensure those employees are motivated, productive and positive-if not enthusiastic-about their work. This means integrating human resources practices with core business practices: encouraging all departments to work together on "people" programs that bring value to the organisation and improve productivity and quality in products and services. Positive human resources business programs translate into a positive financial impact on the organisation.

There are many organisations where the emphasis on human resources has made a difference in the performance of the organisation. These organisations acknowledge the significance of their employees in making a difference in the company and providing the essential ingredient for its competitive advantage. Successful organisations do not isolate their "people programs". They consider them an integral part of their business strategy (Finigan 1998).

Recommendations

For achieving a competitive advantage through the employees the following recommendations can be made:

- 1- The firm should use an analytical framework for strategic management because it provides:

- Identification of the relationship between key variables that should be analysed.
 - Assistance of the practitioners to analyse and initiate appropriate policy in their own context.
- 2- As mentioned earlier technology is an important factor in achieving competitive advantage but is worthless without the knowledge and talent of the operators using it. Therefore attention should be given to the Human Resource of the organisation by considering the three questions and “look” number 6.
 - 3- The management should trust their workers and give them responsible and challenging assignments, workers in return will respond with high motivation, high commitment and high performance (Guest 1987).
 - 4- Choosing the right leaders. One feature of leadership style is its emphasis on the ability to generate commitment and enthuse others to innovate, to change and indeed to conquer new frontiers in the marketplace or on the shop floor.
 - 5- Providing good job descriptions and realistic targets and all required resources to achieve those targets.
 - 6- Designing an effective rewards system and annual increases.
 - 7- Making communication system effective and wide and easy procedures for individuals to raise grievances and receive reply.
 - 8- Management commitment to full employment means that if the job disappears through technological change or shutting down then the company will offer alternative employment or helping them to find another one.
 - 9- An annual statement of each employee’s performance against set of objectives: this would include an assessment of progress, career ambitions and consideration of possible training (Kennoy, 1992).
 - 10- The organisation effectiveness can be increased by improving the matching between what the organisation requires of its employees and what they require of it. Therefore the organisation should be able to link its strategy to individual objectives.
 - 11- The employer strategy should focus on creating competitive advantage through the employees and using the practices that support this strategy which include:
 - Creating an attractive work environment
 - Optimising people resource levels
 - Sharing information

- Developing capability
- Designing optimal work systems
- Aligning reward and recognition systems

12– Assumption about recruiting employees (Sullivan 1998):

- If you don't recruit and select great people, you will not have great employees. And without great employees you won't have a great company.
- Great ideas and products come from people not from equipment, buildings or capital.
- No one purposely hires mediocre applicants but weak recruitment efforts and less than stellar selection tools will result in the hiring of mediocre employees.
- Everyone hires some mediocre employees but poor employment systems will result in a higher proportion of "turkey" hires than in world class ones.

13– Finally keep in mind the following five goals which provide a framework for identifying areas of human resource policy

- HR should be integrated to strategic plans.
- Organisational commitment, combined with job commitment will result in high employee satisfaction, high performance, longer tenure and a willingness to accept change.
- Flexible organisation together with flexible job content and flexible employees will result in a capacity to respond swiftly and effectively to changes and ensure the continuing high utilisation of human and other resources.
- High commitment, trust and motivation is to be maintained, then it is particularly important that management policy and practice is perceived to be high quality by lower grade employees.
- The pursuit of policies designed to ensure the recruitment and retention of high quality staff to undertake demanding jobs, supported by component management will result in high performance levels.

Appendix A
Scoring Model

A 1-Selection

Assume that the management and may be the employees have specified the criteria and weights shown in Table A1 to be used in our evaluations. This criteria and weights were picked up arbitrarily for an assumed job. The weights represent the relative importance of the criteria measured in 5 point-scale. Criteria weights are subjective by their nature, being an expression of what the decision-maker thinks is important. The number between two brackets show the proportion of the total weight carried by each criterion (they add to only 1.0 due to rounding).

Creativity and Innovation	3	(0.200)
Rate of absenteeism	2	(0.133)
Competencies and skills	1	(0.067)
Rate of discipline incidents.	5	(0.333)
Qualifications	4	(0.267)
Total	15	1.0

Table (A.1) Criteria and weights

Using the selection criteria categories shown in Table A2, we can evaluate the applicants (X,Y,Z,M,N and L). Each applicant after the interview and checking the references is scored on each criterion according to the categories shown in Table A2. Then each score is multiplied by the criterion weight and the result is entered into the appropriate box in Table A3. According to this set of measures, we prefer candidate L because s/he scores the lowest scored. It is worth mentioning here that in order to get the right feedback from the employees and what do they think about the new comers, management has to choose a reliable one or two from the employees as a representative to be present in the interview.

<p>Creativity and Innovation This criteria is to determine each individual's Creativity and Innovation. Criteria weighting 1-4.</p> <p>1 High 2 Average 3 Low 4 None</p>
<p>Rate of absenteeism: This criteria is to determine the Rate of absenteeism. Criteria weighting 1-4.</p> <p>1 None 2 Low 3 Average 4 High</p>
<p>Competencies and Skills: This criteria is to determine each individual's competencies and skills that they can contribute to the job. Criteria weighting 1-4.</p> <p>1 High 2 Average 3 Insignificant 4 None</p>
<p>Rate of discipline incidents :This criteria determines communication Rate of discipline incidents. Criteria weighting 1-4.</p> <p>1 None 2 Low 3 Average 4 High</p>
<p>Qualifications: This criteria is selected to assess the applicant's qualifications. Criteria weighting 1-3.</p> <p>1 The desired qualification 2 Over qualified 3 Less than the desired qualification</p>

Table (A.2) Selection criteria categories

Applicant's names	Crea. & Inn.	Rate of Absen.	Comp. & Skills	Rate of disc.	Quals.	
	0.200	0.133	0.067	0.333	0.267	Weight
X	3 (0.6)	3 (0.399)	3 (0.201)	3 (1.0)	2 (0.534)	2.734
Y	3 (0.6)	3 (0.399)	2 (0.134)	3 (1.0)	2 (0.534)	2.667
Z	2 (0.4)	2 (0.266)	3 (0.201)	3 (1.0)	2 (0.534)	2.401
M	3 (0.6)	2 (0.266)	3 (0.201)	3 (1.0)	2 (0.534)	2.601
N	1 (0.2)	1 (0.133)	1 (0.067)	2 (0.666)	2 (0.534)	1.600
L	1 (0.2)	1 (0.133)	1 (0.067)	2 (0.666)	1 (0.267)	1.333

Table (A.3) Scores for alternative applicants on selection criteria.

A 2- Performance, Rewards and Development

The selection procedures can be used for performance, rewards and development evaluation except using different criteria and weights and taking the calculations one step further which is calculating the Upper Control Limit (UCL) and the Lower Control Limit (LCL). The reason for calculating UCL and LCL is to specify the limit for reward zone and discipline zone.

Hypothetical example

The scoring model calculations can be summarised as follows:

- Choose the criteria (Table A4).
- Categorise each criteria (Table A5).
- Calculate the UCL and LCL as shown in Table A6.
- Calculate the employees' performance weight by multiplying whatever the employee scores on each criterion according to the categories shown in Table A5 by the criterion weight as shown in table A4. Table A3 calculations can be used.
- Decide the limit for rewards and special attention according to your company budget and business strategy as shown in Figure A1. The

asterisks represent the employees' performance scores according to the specified criteria.

Once these procedures are completed, then you will be able to tell which employee is within rewards zone or the special attention zone or between.

Commitment	2	(0.0950)
Productivity	1	(0.0475)
Mistakes	5	(0.2380)
Creativity and Innovation	3	(0.1430)
Rate of Discipline incidents	4	(0.1905)
Rate of Absenteeism	6	(0.2860)

Total 21 1.0

Table (A4). Criteria and weights

<p>Commitment: This criteria is to determine each individual's commitment in the job. Criteria weighting 1-4.</p> <p>1 High commitment 2 Average commitment 3 Reasonable commitment 4 Low commitment</p>
<p>Productivity: This criteria is to determine the level of productivity that the firm will have from each individual. Criteria weighting 1-3.</p> <p>1 High productivity 2 Average productivity 3 Low productivity</p>
<p>Mistakes: This criteria is to determine each individual's mistakes in the job. Criteria weighting 1-4.</p> <p>1 None 2 Low 3 Average 4 High</p>
<p>Creativity and innovation :This criteria is selected to assess the employee's creativity and innovation. Criteria weighting 1-4.</p> <p>1 High 2 Average 3 Low 4 None</p>
<p>Rate of Absenteeism: This criteria determines the employee's absenteeism. Criteria weighting 1-4.</p> <p>1 None 2 Low 3 Average 4 High</p>
<p>Rate of discipline incidents: This criteria determines the employee's discipline incidents. Criteria weighting 1-4.</p> <p>1 None 2 Low 3 Average 4 High</p>

Table (A.5) Performance, Reward and Development criteria categories

UCL (Upper Control Limit)	Highest Score x Criterion Weight
Commitment	4 X 0.0950 = 0.3800
Productivity	3 X 0.0475 = 0.1425
Mistakes	4 X 0.2380 = 0.9520
Creativity and Innovation	4 X 0.1430 = 0.5720
Rate of Absenteeism	4 X 0.1905 = 0.7620
Rate of discipline incidents	4 X 0.2860 = 1.1440
Total	3.953
LCL (Lower Control Limit)	Lowest Score x Criterion Weight
Commitment	1 X 0.0950
Productivity	1 X 0.0475
Mistakes	1 X 0.2380
Creativity and Innovation	1 X 0.1430
Rate of Absenteeism	1 X 0.1905
Rate of disciple incidents	1 X 0.2860
Total	1.0

Table (A6) UCL and LCL calculation

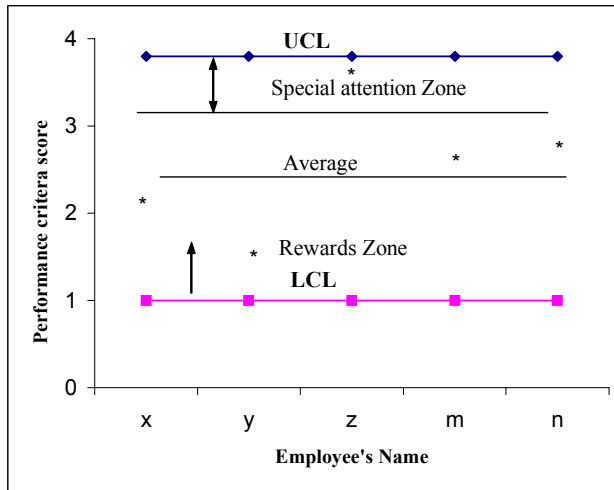


Figure A1. The relationship between employee's name and the performance criteria score

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Biography

Dr. Rahim K. Jassim – BSc (hons), MEMgt, PhD (Lond), MASME, P.E., MIPENZ, Reg. Eng.

Rahim K. Jassim received his **BSc** first class honour in Mechanical Engineering and Technical Education from University of Technology, Baghdad, (Iraq) in July 1987. He received his **PhD** degree in Mechanical Engineering from University of London, QMW College (UK) in August 1992. Dr. Jassim was actively involved in project management, human resource management and QA management with APV New Zealand Ltd and APV Australia Pty Ltd. He holds **MEMgt** (Master of Engineering Management) from The Auckland University (NZ), where he specialised in Project Management, Human Resource Management, Operation Management, and Financial Management His research work covers exergoeconomic optimisation, project management and HRM and he has published over 50 reviewed technical papers and technical reports. He is a member of ASME and a member of IPENZ and holder for two titles, PE (Professional Engineer) and Reg. Eng. (Registered Engineer). He has a vast experience in Refrigeration and A/C systems and process project management. His biography cited in the Annual Who's Who in Science and Engineering, Marquis, USA He currently works as an assistant professor at YIC, Royal Commission for Jubail and Yanbu, Kingdom of Saudi Arabia.