



**The effectiveness applying of Best Practice Theory of Human Resource Management Strategy on the Organizational Performance of the Transportation Sector in Dhofar Governorate-Sultanate of Oman**

**Mohammed Suhail Ahmed Al Hadhri**

PhD Students

Faculty of Leadership & management  
Islamic Science University of Malaysia  
Email: malhadhri@hotmail.com

Malaysia

**Dr. Nouna Sammari**

Senior Lecturer

Faculty of Leadership & management  
Islamic Science University of Malaysia  
Malaysia

**Dr. Muhammad Khairi Mahyuddin**

Faculty of Leadership & management  
Islamic Science University of Malaysia  
Malaysia

**Abstract**

*The study aimed to test the effectiveness applying of the best practices theory of human resource strategy on the performance of the transport sector organizations in Dhofar Governorate Sultanate of Oman, and to investigate the nature of the relationships included in the conceptual model of the study. It also aims to identify the role of the third organizational behaviour variable (the middle variable) between best practices of human resources management and improving the organizational performance. The researcher adopted the descriptive approach and quantitative analysis based on the method of field survey to examine the hypotheses and verify the correlation of these variables among them, depended on the questionnaire study tool. Based on the nature of relationships in the conceptual model of the study, the researcher used in the measurement and analysis of hypotheses structural modelling (SEM) using the program (AMOS) version (22) because this method of features comparable to traditional statistical methods in its accuracy, flexibility, and the measurement of several hypotheses at the same time. The existence of several intermediate variables, and after testing the relationships between the underlying factors, the results showed that the effectiveness of applying the best practices of the human resource management strategy affects the levels of improvement of organizational performance through the positive role of the organizational behaviour of individuals in the organizations under study. The study recommended the promotion of the participation of all levels of staff in the administrative decision-making process. Attention to human and moral aspects, and the promotion of the culture of the organization in adopting modern concepts in human resource management to adapt the aspirations of its employees in line with contemporary developments.*

**Key words: Best Practices Theory, Organizational Performance, Organizational Behaviour**

**Introduction**

The researcher, during his quick review of previous studies and literature on the subject of the study, concluded that the strategic management theories of human resources, which deals with the development of human



resources from all aspects of life, both functional and social, has been used and is often associated with strong organizational performance. Each theory seeks the performance of the organization from a different perspective According to the directions of their owners and based on their tendencies and their experiences.

Delery & Doty (1996), in their famous study of the development of the strategic theory of human resource management, divided into three main entrances: The Universalistic Perspective, Contingency Perspective and Configurationally Perspective. Richard and Thompson (1999) redefined two models which they consider to be the most prominent in terms of interest, research and studies. Universalistic Perspective to “Best Practice Theory” and Contingency Perspective to “Best Fit Theory”. These theories of strategic HR management were based on three basic theories of human capital theory, resource-based theory, and behavioural theory.

The study adopted the Best Practices Theory of HRM strategy. The philosophy of this theory is that some HRM practices are always better than other practices. The application of best practices will result to positive behaviors of individuals such as reduced turnover, low absences, maximization of productivity, and high quality of work, which will achieve the best organizational performance (Pfeffer, 1998; Huselid, 1995; Bart, Delery & Doty, 1996; Gust, 1997).

One of the most universally accepted theories of best practices HRM strategies is the Jeffrey Pfeffer (1998) model which is one of the most important modern HR theories based on the assumption that some HRM practices are always better than other practices, and applying best practices will achieve the best performance of the organization, and this will have a positive impact on the behavior of individuals in the organization such as low turnover rate, low rate of absences, maximize productivity, achieving high quality of work, high morale and rising the feelings of organizational citizenship, as well as the rise of individuals’ satisfaction in organizations.

Many recent applied studies have confirmed the effectiveness of applying the Pfeffer model as a study (Sagwa, 2014; Ahmad & Schroeder, 2003; Edgar & et al., 2009; Coaker, 2011) as the findings of these studies declared a relationship between the practices of human resource management in an organization and achieving sales growth, profit, market share, productivity and overall performance of the organization.

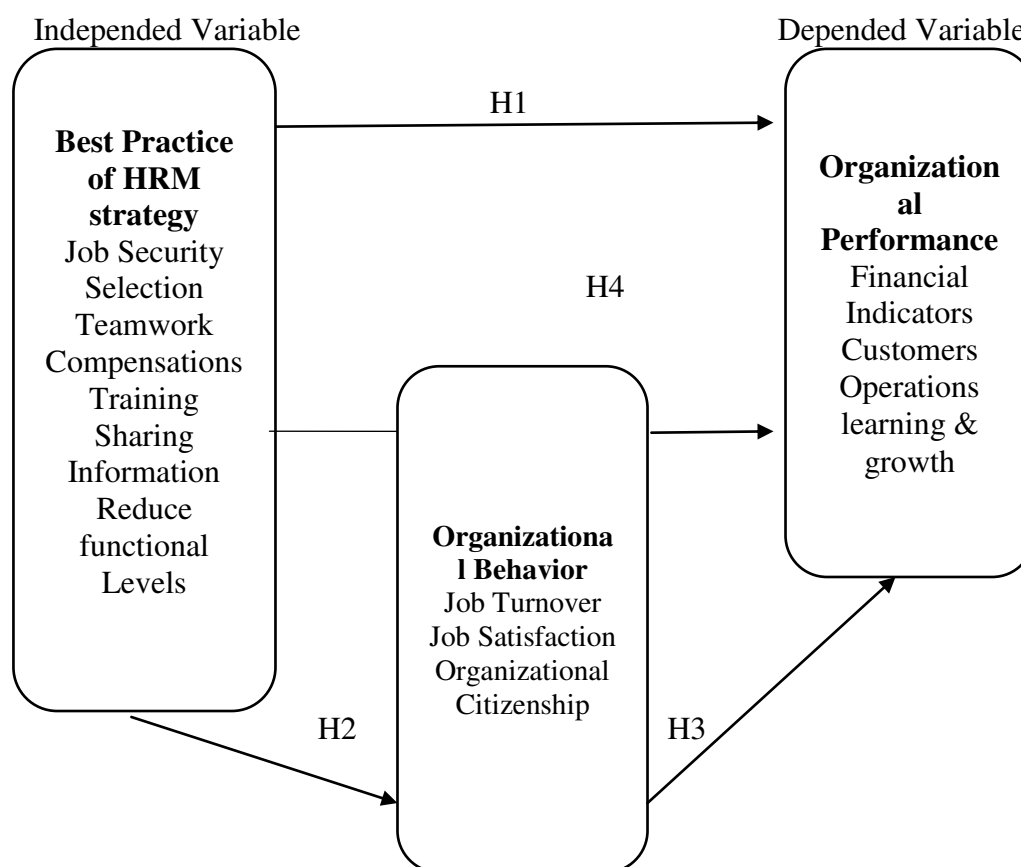
But Pfeffer (1998) studied the relationship between strategic practices of human resources management directly with organizational performance without addressing mediator variables such as organizational behaviour which the researcher seeks to embed in the default model of study. The study adopted the Pfeffer model, but in another way by including concepts and variables aimed at developing the model and testing its effectiveness if applied in the current study environment.

Although there are some studies that have implemented the Pfeffer (1998) model and verified its effectiveness in Western countries, the researcher, according to the literature review did not find any Arab countries studied and used this model, in addition to the local environment which is still using some of the traditional practices characterized by lack of strategic dimensions such as work analysis, employment, training, compensation and wage management; as all of them have been concentrated in the public sector and have not been applied in the business sector in the Sultanate of Oman, particularly in Dhofar Governorate.

According to the problem of the study and its objectives, the researcher developed a conceptual model for the study, which includes three main variables: The first independent variable the best practices theory of the HR strategy consists of seven dimensions: (job security, selection of the best individuals, self-management teams, the second variable is the dependent variable. Organizational Performance This variable includes four dimensions based on the Balanced Scorecard (Financial Indicators, Customers, Operations, learning and growth), while the third variable mediator helps the independent variable to influence the dependent variable consists of three dimensions: (job rotation, job satisfaction, organizational citizenship).



**Conceptual Model**



**Mediator Variable**

According to the problem of the study and its objectives, the researcher developed a conceptual model for the study, which includes three main variables: The first independent variable the best practices theory of the HR strategy consists of seven dimensions: (job security, selection of the best individuals, self-management teams, and the second variable is the dependent variable. Organizational Performance This variable includes four dimensions based on the Balanced Scorecard (Financial Indicators, Customers, Operations, learning and growth), while the third variable mediator helps the independent variable to influence the dependent variable consists of three dimensions: (job rotation, job satisfaction, organizational citizenship).

**The Conceptual model includes four hypotheses:**

- H1: There is a direct positive relationship between the best practices theory of HRM strategy and the organizational performance.
- H2: There is a direct positive relationship between the best practices theory of HRM strategy on organizational behaviour.
- H3: There is a positive role of organizational behaviour on the organizational performance.
- H4: Organizational behaviour mediates the relationship between the best practices theory HRM strategy and organizational performance.



**Methodology**

The researcher adopted the descriptive analytical approach to study the phenomena in the terms of characteristics, forms, influencing factors and the relationships among their dimensions. The study included the Omani workers in the work sector of transportation sector in Dhofar Governorate in the Sultanate of Oman from three large companies; as the population of study included (1075) people of which a random sample (238) was selected based on Steven Thompson Equation (2012). The study adopted a field survey based on a questionnaire designed from literature review to collect and measure 14 dimensions. The questionnaire consisted of two parts as the first part included the demographic factors of population whereas the second part consisted of (65) items measuring the variables of study. To test the reliability and validity of questionnaire, a pilot study was conducted on (30) participants as the findings showed that the instrument was valid and reliable for the study objectives. The Cronbach Alpha of variables ranged from (0.960) to (0.964) and the Cronbach Alpha of research questions' items was (0.962). The confirmatory structural analysis showed that the correlational value among phrases of each dimension and the total dimensions was significant which confirmed its validity to measure what it is designed to measure.

**Results**

The study used structural modelling to verify the hypothesis of the study included in the conceptual model consisting of four hypotheses. Structural equation modelling (SEM), as a concept, is a combination of statistical techniques such as exploratory factor analysis and multiple regression. The purpose of SEM is to examine a set of relationships between one or more Independent Variables and one or more Dependent Variables (Petri Nokelainen, 2019).

The results in Table (1) indicate that the conceptual model of the study matching with the data collected by the study sample and that all the values in the structural modelling equation shows very appropriate  $cmind=1.635$ ,  $RMSEA=0.049$ ,  $CFI=0.909$ .

**Goodness of Fit Indices of Structural Equation Modelling Table: (1)**

Goodness of Fit index	Indicator Code	Value
Chi Square	$\chi^2$	1663.299
Degree of Freedom	DF	1017
P Value	P	0.000
Relative or Normed Chi Square	cmindf	1.635
Root Mean Square Error of Approximation	RMSEA	.049
Comparative Fit Index	CFI	.909

According to the finding in table (2) all the relationships include in hypothesis are accepted. There is strong direct affect between best practices theory of HRM strategy on the performance of the transportation sector in Dhofar Governorate, Sultanate of Oman=(0.60), In same time there is a strong direct positive relation between the best practices theory of HRM strategy and organizational behaviour =(0.85), There is a direct positive correlation between the organizational behaviour and the performance of the transportation sector in Dhofar Governorate, Sultanate of Oman = (0.29). Finally, there is an indirect positive relation between the best practices theory of HRM strategy on the performance as mediated by organizational behaviour of the transport sector in Dhofar Governorate, Sultanate of Oman = (0.25).



**Hypothesis Result Table: (2)**

Hypothesis	Effect Size	Decision
H1: There is a direct positive relationship between the best practices theory of HRM strategy and the organizational performance.	%60	Accepted
H2: There is a direct positive relationship between the best practices theory of HRM strategy on organizational behaviour.	%85	Accepted
H3: There is a positive role of organizational behaviour on the organizational performance.	%29	Accepted
H4: Organizational behaviour mediates the relationship between the best practices theory HRM strategy and organizational performance.	%25	Accepted

**Discussion of findings**

This study aimed to verify the role of workers’ organizational behaviour in the relationship between applying the best practices theory of HRM and improving the performance of transportation sector in Dhofar Governorate in the Sultanate of Oman. Therefore, the study determined the fourth hypothesis of study which expressed the initial answer that helped the researcher to verify this relationship by reviewing the findings of previous studies in the fields of human resource management and organizational behaviour which explored the causative relationship between the variables of fourth hypothesis.

The statistical analysis showed that there is indirect effect of best practices theory of HRM strategic on the organizational performance through organizational behaviour as multiplying the effect of best practices theory of HRM strategic variable on organizational behaviour (0.85) by the effect of variables organizational performance on organizational behaviour (0.29)=(0.246), which is higher than Threshold Value (0.08), and the Critical Ratio Value (2.333) which is higher than Criterion value (1.964); which confirms the existence of indirect effect and verification of mediator role of organizational behaviour as a mediate between building the best practices theory of HRM strategy and organizational performance according to Baron & Kenny (1998), because the Structural Modelling Equation doesn’t show the freedom degree but only the value of effects.

Therefore, statistic scholars suggest using Sobel Test in the case of evaluating the indirect relationships among study variables as it tests the value and freedom degree of indirect effect. If the score of Sobel Test is more than (1.964) and significant value (P) is less than (0.05), it means that the organizational behaviour has a moderator role in the relationship between the human resources’ strategic practices and organizational performance. The score of Sobel Test was (2.333) which was greater than Criterion value (1,964), and P value = (0.0196) which was less than (0.05) and hence, the forth hypothesis of study was verified.

The researcher attributes this result to the transportation sector’s awareness of the importance of applying the best practices theory of HRMS which are represented in enhancing the feeling levels of occupational safety, intensive training to provide them skills that enable them to catch up with sudden changes in their work nature and labour, motivating them through the policy of compensations and rewards, legalizing differences of organizational levels which are considered from the most important concepts of organizational justice which is equity, sharing data and important information pertaining to their organizations which enable them to make high-quality decisions; which will lead definitely to fostering the organizational individual’s positive situations, attitudes and behaviours either inside or outside the organization which undoubtedly influence positively improving the organizational performance and achieving good averages satisfying the stake holders. This finding is supported by the findings of (Katou & Budhowar, 2010; Becker, 1997; Gust, 1997; Becker & et al., 1997; Boxll & Porcell, 2008; Richard & Johnson, 2001; Guthrie, 2001).



The findings of this study corroborated with Boxll & Porcell (2008) as it proved that adopting positive policies in an organization including its overall leadership and administrative levels aligning with the aims of its human resources will definitely improve the individuals' positive attitude towards the organization generally such as feeling organizational satisfaction and obligation that results in a big improvement in the quality of financial performance, social work and total organizational performance.

Brenda & Ben and Bram (2013) asserted the importance of the role of one of organizational behaviour dimensions in this study such as organizational satisfaction as a moderator variable. The study investigated (6253) responses from the employees in the local governorates in Netherlands as the findings showed that organizational satisfaction plays a moderator role between human resource management and organizational performance. These findings are attributed to the increase importance general administration in governmental organizations which aligns with finding long-term financial alternatives and solutions to provide its services efficiently and effectively.

The findings of this study also corroborated with Richard & Johnson (2001) as it declared that employment rotation had a positive role in applying the human resources' strategic practices and financial performance of an organization. Guthrie (2012) showed that the phenomenon of employment rotation had an effective role in the relationship between the human resources' strategic practices and the organizations' productivity. Gust (1997) suggested that feeling occupational safety, compensations, legalizing the differences of organizational levels, training and choosing individuals affected investment profits and returns though the cycle of organizational citizenship. Furthermore, the findings of this study corroborated with (Pfeffer, 1998; Pfeffer & Veiga, 1999; Delery & Doty, 1996; Javed, 2012; Ghandaghi et al., 2011; Alhowaish, 2013) which proved the effectiveness of applying the practices of compensations, rewards, training and occupational safety helped in raising the averages of organizational performance of labours from one side and total organizational performance from the other side.

The most important contribution of this study from the theoretical and cognitive aspects is that the effects of seven strategic practices of human resource management as mentioned in Pfeffer Model, the dimensions of organizational behaviour, employment rotation, organizational satisfaction and organizational citizenship affect greatly if they are practiced altogether than individually. Therefore, they cooperate altogether to improve the performance of transportation sector greatly; which wasn't implied in Pfeffer Model as it didn't take in consideration the organizational behaviours and regarded it as indicators to measure performance. Therefore, the practitioner of human resource management in the transportation sector in Zafar Governorate in the Sultanate of Oman should take in their consideration the moderator variable organizational behaviour and its reflections on the process of organizational performance.

## References:

- Abdelmohsen, Tawfiq. (2006). Job performance evaluation. Cairo: Dar Al Nahdh for Publication and distribution.
- Arthur. Jeffery. 1994. "Effect of Humana Resource System on Manufacturing Performance and Turnover. Academy of Management Journal. Vol. 37. No. 3. June.
- Armstrong, Michael. 2006. Human Resources Management Practice. Tenth Edition. Britain: by Cambridge University Press.
- An, M. & Guillermo, W. 2002. "Measurement of Business Performance in Strategy research: A Comparison of Approaches". Academy of Management Review. Vol. 11. No. 4. P.15.
- Ahmad, Sohel & Schroder, Roger. 2003. "The Impact of Human Resource Management Practice on Operational Performance". Journal of Operation Management. No. 21. P. 19-43.



- Al Sawat, Talk & Abdul ghani, Abdullah. (2003). Organizational behavior. 4 edition. King doom of Arab Saudia. Dar Hafidh for publication and distribution.
- Al Amian, Mahmood. (2010). Organizational behaviour in business organization. 5 edition. Jordan: Dar Wael for publication and distribution.
- Al Hwaish, Khalid Mohammed. (2013). Human resource planning in implement the job security. (Doctorate Thesis). University of Naif for security sciences.
- Becker, B. & Gerhart, B. 1996. "The Impact of Human Resource Management on Organizational Performance: progress and prospects". The Academy of Management Journal. Vol. 39. No. 4. P. 779.
- Boxall, P. & Purcell, J. 2003. Strategy and Human Resource Management. London: Palgrare Macmillan.
- Coaker, Sharon. 2011. "Exploring the Value and Application of HRM Best Practice a Third Sector Micro-Organization". University of Hertfordshire Business School. Working Paper.
- Delery, J., & Doty, D. 1996. "Modes of Theorizing in Strategic Human Resource Management: Tests of Universalistic, Contingency, and Configurational Performance Predictions". The Academy of Management Journal, Vol. 39. No. 4. P. 802-835.
- Guest, David. 1997. "Human Resource Management and Performance". The International Journal of Human Resource Management. Vol.8. Issue. 3. June. P. 270.
- Gaved, Lubna Rizvi. 2012. Examine the Impact of Job Security, Organizational Climate and Engagement on Motivation Level of Employees at IMC-PVT. European Journal of Business and Management. Vol. 4. No. 9.
- Hair, Joseph F., Hult, G. Tomas, Ringle, Christian M., Sarstedt, Marko. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). 2 edition.
- Nokelainen, Petri. (2019). Structural Equation Modeling (SEM). Date allow: 21 January, 2019. [http://www15.uta.fi/arkisto/aktk/lectures/sem\\_en/ppt/sem\\_en.ppt](http://www15.uta.fi/arkisto/aktk/lectures/sem_en/ppt/sem_en.ppt)
- Okili, Omar Wasfi. (2009). Modern human resource management. 2 edition. Jordan: Dar Wael for publication and distribution.
- Pfeffer, Jeffery. 1998. Seven Practices of Successful Organizations. *California Management Review*. Vol. 40. No. 2. Winter.
- Pfeffer, Jeffery & Veiga F. John. 1999. Putting People First for organizational Success. Academy of Management Executive. Vol. 13. No. 2.
- Radwan, Mahmood Abdulfтах. (2014). *Total quality management in Training from beginning to end*. Cairo: Centre of professional experience for perception.
- Stephen P. Robbins & Timothy A. Judge. 2015. *Organizational Behavior*. Sixteenth Edition. United Kingdom: Person Education.
- Salem, Moaid Said. (2009). *Human resource management*. Jordan: Dar Ithraa for publication and distribution.
- Thompson, Steven K.(2012). *Sampling*. Canada: John Wiley & Sons, Inc. New Jersey. Third Edition. P. 54.