



INTERNATIONAL JOURNAL OF  
TRANSFORMATIONS IN BUSINESS MANAGEMENT

e-ISSN: 2231-6868, p-ISSN:2454-468X

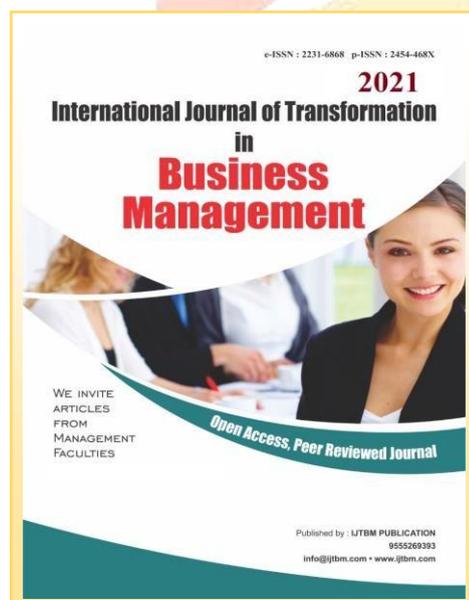
THE RELATIONSHIP BETWEEN HUMAN RESOURCE  
CAPABILITIES AND ORGANIZATIONAL  
PERFORMANCE

Rusul Azhar Issa, Prof Dr Ali Hassoun Fendi  
University of Baghdad, College of Administration and Economics,  
Business Management Department, Iraq

Paper Received: 08<sup>th</sup> July, 2021; Paper Accepted: 22<sup>nd</sup> August, 2021;  
Paper Published: 26<sup>th</sup> August, 2021

**How to cite the article:**

Rusul Azhar Issa, Prof Dr Ali  
Hassoun Fendi, The  
Relationship Between Human  
Resource Capabilities and  
Organizational Performance,  
IJTBM, July-September 2021,  
Vol 11, Issue 3; 143-153



## ABSTRACT

The current research aims to test the impact of human resources capabilities on organizational performance, an attempt to come up with a set of recommendations that contribute to strengthening and adopting the variables in the organization in question, as organizations depend on the presence of basic human resources capabilities to solve their organizational problems efficiently and effectively. The descriptive, exploratory, analytical approach to its achievement, and the research community included the Directorate of National Card Affairs, which numbered (1874), while the research sample consisted of a group of directors and employees of the Directorate and its affiliated departments. Inspection (0.05) to become (335), the researcher distributed it in order to achieve the purposes of the research, (293) questionnaires were retrieved, and when they were separated, the valid one of the questionnaires for statistical analysis became (283) questionnaires after the differentiation, representing the final research sample, and a set of statistical methods were used to analyze the data. Through statistical programs (spss.v.23) and (Amos.v.22) with the adoption of descriptive statistics methods (test normal distribution, confirmatory and exploratory factor analysis, Arithmetic mean, percentages, standard deviation, relative importance, coefficient of variation, Pearson correlation coefficient) to test the hypothesis.

**Keywords:** *human resource capabilities, organizational performance.*

### First: Research Problem

The growth and progress of organizations depends on having human resources with high skills, knowledge, trends and expertise, and preparing training programs to invest and develop these capabilities and provide them with the necessary support to provide their best to improve the performance they aspire to reach. Providing services with the required quality and efficiency, and improving organizational performance that you aspire to:

- 1- Does the surveyed directorate have human resource capabilities? What is the level of availability and construction?

- 2- What is the relationship between human resource capabilities and organizational performance?
- 3- What is the level of organizational performance in the studied directorate?

### Second: The Importance of Research

This study takes its importance in that it deals with important variables represented in showing the impact of human resources capabilities through its dimensions (knowledge level, skill level, attitude level, level of practice) and the data it imposes to improve organizational performance represented by (efficiency, effectiveness) .

**Third: Research Objectives**

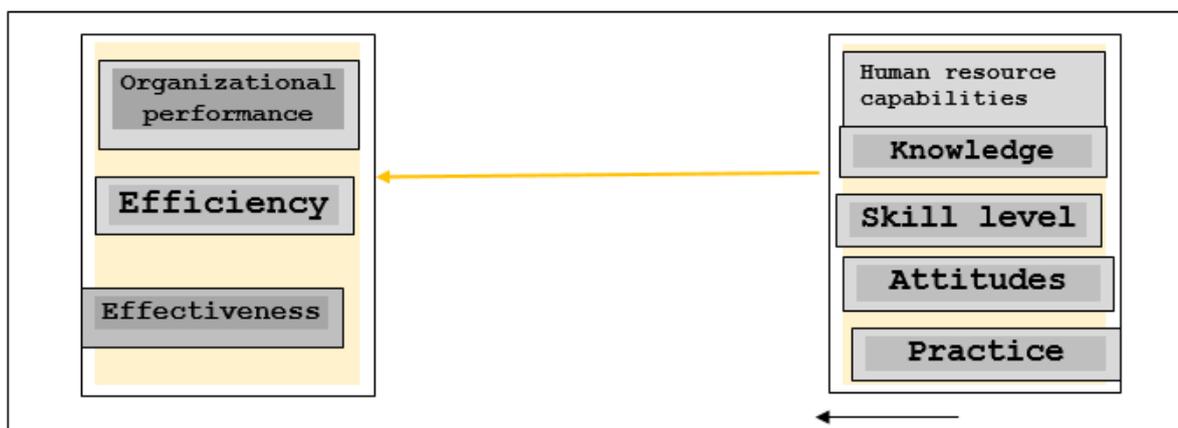
The current study aims at verifying the relationship and influence between (human resource capabilities and organizational performance) in the researched directorate. The research seeks to achieve a set of basic objectives, which include the following:

- 1- Preparing a theoretical framework to identify the importance of the human resource capabilities, and organizational performance as important variables in the researched directorate.
- 2- Identifying the availability of human resource capabilities among the employees working in the organization in question.
- 3- Identifying the level of organizational performance in the surveyed directorate.

- 4- Identifying the capabilities of human resources and their role in organizational performance in the surveyed directorate.

**Fourth: Research Hypothesis**

The hypothetical scheme expresses a set of logical relations that determine the direction of the research and the dynamics of the movement of variables and their sub-dimensions to the reality targeted by the study, in light of the research problem and its variables. The research hypotheses are formulated according to the problem and objectives of the study and the hypothetical study mode , According to the following hypothesis:



## THE THEORETICAL SIDE

### First: Human Resource Capabilities

#### **The concept of human resource capabilities:**

Capacity is the ability of individuals, organizations and society as a whole to manage their affairs successfully (OECD, 2006:12). And the organization that has the ability to be able to work as a flexible and independent entity (Kaplan, 1999: 20). Where the organization deploys its tangible and intangible assets to perform a task or activity to improve performance, the important characteristics of capabilities are that they are knowledge-based, specific, complex and generally not simply obtainable and difficult to imitate (Chang & Huang, 2010: 634). Human resource capabilities are an objective answer to environmental and functional changes. These capabilities realistically translate the individual requirements of human resource occupants in the contemporary work environment to serve as a direct response to the role expectations crystallized by the organization's activities managers and internal and external stakeholders. The emergence of the importance of human resource capabilities does not represent an intellectual luxury nor an unjustified cognitive waste, but rather a tangible need for new responsibilities that fell on the shoulders of professionals in the

human resources function within organizations. 109). It is defined as a set of skills and behaviors acquired and owned by individuals or generated by interactions between individuals and which are necessary to achieve technological innovation (Park et al., 2017: 4).

#### **Dimensions of human resource capabilities:**

**The first dimension: the level of knowledge,** Knowledge is a fabric of experiences, skills, information, and implicit and explicit cognitive abilities accumulated by the workers in the organization, that is, it is everything that surrounds the human being of data and information (intelligence, capabilities, trends, wisdom), whether in the past or the present. Mature decision-making (Hassan, 2008: 15).

**The second dimension: skill level,** Skills are among the most important characteristics of human resources, as they are one of the most important features that human resources can characterize because of their ability to give them great capabilities to react in light of the great changes that characterize the environment of the organization, so they are considered an important source of excellence for individuals from others, thus giving the organization a competitive advantage that is difficult to imitate by its competitors (Hescher, 2015: 86) Skill is defined as the

capabilities and experiences that human resources possess and use in carrying out the activities and tasks assigned to them (Jager, 2017:31).

**The third dimension: the level of Attitudes,** The attitudes of the employees of the organization are considered necessary to achieve its goals, because they explain the intentions of the individual's behavior or inclinations to work, whether positive or negative (Hettiararchchi & Jayarathan, 2014:75). Attitudes were defined as mental readiness through experiences and affects workers' response to situations related to the subject of attitude (Das& Srivastav, 2015: 102).

**Fourth Dimension: Level of Practice** The concept of modern HR practices is becoming an increasingly used method to refer to high levels of decision delegation, extensive horizontal and vertical communication channels, high reward systems and often linked to multiple performance indicators and other practices also deployed individually or in various packages to achieve high levels of performance organization. . The focus on the use of management practices system to give employees skills, information and motivation leads to a workforce that is a source of competitive advantage (Laursen & Foss, 2012: 4). The growing interest in human resource practices is due to the assumption

that employees and the way they work is critical to the success of organizations (Omolo et al., 2013: 130).

### **Second : organizational performance**

#### **The concept of organizational performance:**

Performance is intended as the basis on which the effectiveness of institutions, individuals and groups is judged, and it is intended from another angle to achieve the goal or objectives of the institution (Berber, 2012: 172). It is considered a real indicator of the organization's work, and shows its ability to implement strategies effectively in achieving goals (Sari et al., 2020:5). Organizational performance refers to the organization's ability to achieve its goals through the use of available resources in an efficient and effective manner (Daft, 2003:12). And organizational performance reflects the work activity of the organization to achieve organizational goals, which are reflected in the index of efficiency, effectiveness and job satisfaction, which has become the main model in the strategic field (Ibrahim&Primlana, 2015:286).

#### **Organizational performance goals**

Some researchers pointed to many goals that performance seeks to achieve, as he identified (Al-Karkhi, 2001: 41) a number of them are my agencies:

1. Knowing the level of the organization's achievement of the jobs it is mandated to perform compared to the jobs listed in its production plan, as well as knowing the locations of defects and weaknesses in the organization's activity and working to avoid them by developing appropriate solutions after analyzing them and knowing their causes.
2. Determining the responsibility of each part of the organization and determining its achievements, negative and positive, which generates competition between the departments and raises the level of their performance, as well as to determine the extent to which the available resources are used in a rational manner to achieve a greater return at lower costs and good quality.
3. Creating a large information base to be used in drawing up balanced and motivated scientific policies and plans, as well as giving a clear picture to the senior management, enabling it to conduct a comprehensive evaluation review.
4. Providing the best information that can be used in following up and developing the economic, administrative and financial requirements of the various economic units, activating the supervisory bodies on the performance of their work, and also increasing the performance of organizations through

the use of trusted equipment and the improvement and training of subordinates.

5. Reducing the costs of resources through optimal use, and in addition to that, the performance of the organization is to achieve the goals in mentioning and preserving capital from loss and ensuring through increasing and maintaining profits.

### **Dimensions of organizational performance**

**The first dimension: Efficiency,** Efficiency is represented as (the ratio between inputs and outputs), more outputs in relation to one unit of inputs, and this means achieving more efficiency. Or make other changes in the production process (Sherman & Zhu, 2006: 51). Efficiency means the degree to which the organization can achieve its goals and objectives at the lowest possible cost (Robbins & Judge, 2018: 45).

**The second dimension: Effectiveness,** Effectiveness refers to doing the right things, and effectiveness is related to choosing the right purpose and the scope of the new business or service that properly characterizes the organization (Najm, 2013: 33). There are two concepts of effectiveness, the first concept is based on the goal theory and is based on the idea that organizations are a rational and purposeful entity that seeks to carry out tasks and achieve specific goals

and the extent of their effectiveness is calculated through their success in achieving their goals, while the second concept is based on systems theory and means that organizations are a social entity They exist as part of a larger environment and they seek to survive and grow to meet the needs of the environment in which they operate (Gibson et al., 2012:24).

**THE PRACTICAL FRAMEWORK OF RESEARCH**

**First: Results of the test of normal distribution of data:**

The researcher adopted the normal distribution in order to obtain the sample data

from its population, and therefore the sample data itself is expected to be distributed normally, as the researcher used the Colm Crove-Smirnov test due to the sample size being (283) , which requires that the level of test morale exceed ( 0.05) for the distribution to be normal, and therefore it can adopt the methods and methods of parametric statistical analysis . Table (1) shows the results. From these results, the researcher concludes that the data of the three variables are normally distributed, and then it is possible to resort to the use of parametric statistical methods :

**Table (1) tests for the normal distribution of data for research variables and their dimensions**

		human resource capabilities	organizational performance
N		283	283
Normal Parameters	Mean	3.7590	3.6263
	Std. Deviation	0.52538	0.61745
Most Extreme Differences	Absolute	.097	0.058
	Positive	.082	.040
	Negative	-.097	-.058
Test Statistic		.097	.058
Asymp. Sig. (2-tailed)		.060 <sup>c</sup>	.104 <sup>c</sup>

SKEWNESS	-.737	-.552
KURTOSIS	1.016	-1.029

**Second: To present and analyze the results according to the sample answers**

1- Testing the first main hypothesis of the research, which is concerned with verifying the influence relationship between two main research variables, and it, was as follows: (Human resource capabilities in their dimensions do not affect organizational performance significantly, and as Table No. (2) shows the following:

- a. It turned out that the value of the model correlation coefficient (0.794) at the significance level (0.000), which generated an interpretation coefficient (0.631) at the same significance level, while the corrected interpretation coefficient was (0.624), that is, it was able to remove the capabilities of human resources (knowledge level, skill level), level of trends, level of practice) collectively from the interpretation of (62.4%) of the changes that occur in the organizational performance of the Directorate of Unified National

Card Affairs and its affiliated departments, while the percentage (37.6%) was attributed to other variables that were not included in the tested model, as this is considered The model is the strongest among the three models, as a result of the synergy of the dimensions of organizational performance on the one hand, and the synergy of the dimensions of human resources capabilities on the other hand, while the calculated (F) value (99.478) at the significance level (0.000) confirmed the significance of the model.

- b. It was found that there is a positive direct effect of the practice level (0.381) at the significance level (0.000), and the calculated (T) value (6.616), and the presence of a direct positive effect for the skill level (0.295) at the significance level (0.000) and the calculated (T) value (4.957), And the effect of the level of knowledge (0.185) at the

significance level (0.003), and the calculated T value (3.559) .

c. From all of the above results, the null hypothesis is rejected, and the alternative hypothesis is

accepted (the capabilities of human resources, in their dimensions, have a significant effect on organizational performance) .

**Table (2) The effect of the dimensions of human resources capabilities combined on organizational performance (n = 283)**

Organizational performance								Dimensions
Sig.	F	Tβ	Sig	AR <sup>2</sup>	R <sup>2</sup>	β	α	
0.000	99.478	3.559	0.000	0.624	0.631	0.185	0.342	knowledge level
0.000		4.957				0.295		skill level
0.679		0.415				0.025		Attitudes level
0.000		6.616				0.381		Practice level

**CONCLUSIONS AND RECOMMENDATIONS** 151

We conclude that the Directorate possesses the level of knowledge, so it proceeded to adopt the credibility of dealing and the adoption of advanced services that need knowledge, and the level of skill is supported by the establishment of training programs that increase the skills of its human resources and give them additional experience. For granting powers to its members in a way, that does not meet the ambition. The directorate's dependence on efficiency has been proven in improving its organizational performance, especially as it urges its members to provide its services with skill and high quality, and it has maintained a level of effectiveness that



enhances its organizational performance, as a result of possessing a workforce with high capabilities, skills and experience that qualify them to perform their jobs in a serious and continuous manner , Recommend search The need for the directorate to pay additional attention to improving the current level of knowledge and skill level of its members, and to enhance the level of trends. The level of practice should be given more attention and what improves the capabilities of its human resources, in addition to adopting the capabilities of its human resources in improving organizational performance, investing the level of practice, skill level and Knowledge and level trends in improving efficiency and effectiveness.

REFERENCES

1. Al-Karkhi, Majid Abd Jaafar (2001): **An Introduction to Performance Evaluation in Economic Units**, First Edition, General Cultural Affairs Department, Baghdad.
2. Barber, Kamel (2012): **Human Resource Management**, Trends and Practices, first edition, Dar Al-Manhal Lebanese, Beirut - Lebanon.
3. Chang, W. J. A., & Huang, T. C. (2010). **The impact of human resource capabilities on internal customer satisfaction and organisational effectiveness**. Total Quality Management, 21(6), 633-648.
4. Daft, R. L., and Noe, R. A.,(2003). **Organizational Behavior**, Harcourt College Publishers, Inc., New York .
5. Das, P., & Srivastav, A. K. (2015). **A study on stress among employees of public sector banks in Asansol**, West Bengal. International Journal of Science and Research, 4(7), 108-113.
6. Gibson ,James L. & Ivancevich, John M& James H. Donnelly, Jr& Robert Konopaske.,(2012). **Organization: Behavior, Structure, Process.**, 14th Edition., McGraw-Hill Education, New York, U.S.A.
7. Hassan, Hussein Ajlan (2008): **Knowledge management in business organizations**, first edition, Ithraa for Publishing and Distribution, Amman - Jordan.
8. Hettiararchchi, H. A. H., & Jayarathna, S. M. D. Y. (2014). **The effect of employee work related attitudes on employee job performance: A study of tertiary and vocational education sector in Sri Lanka**. IOSR journal of Business and management, 16(4), 74-83.
9. Ibrahim, Ridwan& Primiana,Ina, (2015) **.Influence Business Environment on the Organization performance**, International J of Scientific &Technology Research, Vol.4,Iss.4.
10. Jager, Peter (2017) **Soft Skill Change Management-Managing Change People Skills**, journal of human resources.
11. Kaplan, allan ,(1999) . **The Developing Of Capacity**, Community Development Resource Association.
12. Nadim, Uday Zuhair (2013): **The capabilities and roles of strategic human resources management to improve the team's thinking and learning system, applied research in a number of business organizations in Iraq**, a thesis submitted to the Council of the College of Administration and Economics / University of Baghdad .

13. Najm, Abboud (2013): **Introduction to Operations Management**, first edition, Dar Al-Manaraj for Publishing and Distribution, Amman - Jordan.
14. OECD,(2006). **The Challenge of Capacity Development,Working Towards Good Practice**, Organisation for Economic Co-operation and Development . 6(1), 1-35
15. Omolo, J. W.,Otengah, W., & Oginda, M. N. (2013). **Influence of human resource management practices on the performance of small and medium enterprises in Kisumu Municipality**, Kenya. Journal of Business and Social Science Vol 4 (1) .
16. Park, O., Bae, J., & Hong, W. (2017). **High-commitment HRM system, HR capability, and ambidextrous technological innovation**. The International Journal of Human Resource Management, 30(9) .
17. Robbins, S.(1995).**Essentials of Organizational Behavior** ,Pearson-prentice-Hall ,Englewood Cliffs , Nj .
18. Sari, R. N., Pratadina, A., Anugerah, R., Kamaliah, K., & Sanusi, Z. M. (2020). **Effect of environmental management accounting practices on organizational performance: role of process innovation as a mediating variable**. Business Process Management Journal .
19. Sherman, H. D., & Zhu, J. (2006). **Service productivity management: Improving service performance using data envelopment analysis (DEA)**. Springer science & business media.
20. Heshher, Samira (2015): **The role of skills assessment in valuing human resources in the Algerian institution**, a case study of the Scientific and Technical Research Center for Dry Areas, a letter submitted to the Faculty of Economic and Commercial Sciences / University of Mohamed Khider, Biskra - Algeria.
21. Laursen, K. & Foss, N. J., (2012). **Human resource management practices and innovation** .

**IJTBM**