**Strategic Intent, High-Performance HRM, and the Role of the HR Director: An Investigation into Attitudes and Practices in the Country of Jordan**

**Abstract**

There is an implicit undercurrent in the HRM literature that the role of present day HR director has become ‘strategic’ as opposed to ‘routine’, as in the past. In this paper, we empirically test these assertions in the context of the country of Jordan—a context within which little past research into HRM has been undertaken. The design includes a detailed survey instrument sent to all financial firms within the country. We find that the reliance on routine functions has indeed fallen for HR directors surveyed; however, there is only weak evidence to support that the perceived importance of strategic functions has increased substantially. Results show that male HR directors and those longer serving, with higher qualifications, and those working for companies with lower employee turnover, are more likely to rate as ‘high’ the importance of the most strategic HR functions. Neither company size nor years of establishment moderated this relationship. The empirical evidence from this study—as one of a few conducted in non-Western environment—adds to the literature with some interesting implications and avenues for future work. Importantly, implications from our findings for strategic HRM and the role of the HR director are considered in conclusion.

**Keywords:** Strategic HRM, proportions test, ordinal and logistic regressions.
I. Strategic HRM in the Context of Jordan

Jordan, a country of six million inhabitants, occupies a strategic location within the Middle East bordering Israel to the West and Saudi Arabia to the East. Although the country gained its independence from Great Britain in 1946, British heritage continues to appear in the Jordanian educational, economic and legal systems, and the English language is still used widely in the business and academic fields (Al-Shaikh, 2003). In recent years, the country has opened its markets to world trade and investment, and is fast becoming a credible player in global commerce. Jordan has joined several free-trade agreements with the US and the EU. It has also a party to several Arab free-trade and regional agreements with countries, such as Kuwait and KSA, as well as with organisations, such as the International Chamber of Commerce, and the ISO. Furthermore, Jordan’s stock exchange has become one of the fastest growing open avenues for foreign investors. This growing international integration is exposing the country to both regional and international competition and risks (Al-Shammari & Hussein, 2008), which has subsequently coaxed companies into becoming increasingly competitive; however, given its limited natural resources, the onus is falling on the services sector, which contributes to over 75% to the country’s national income (World Fact Book, 2009). Importantly, the financial sector occupies a prominent position within the services. Several authors—such as Mohammad (2011) and Altarawneh (2009), for example—are already utilising scholars to look closely at HR practices within this sector with the belief that modern day HR directors are an important driver in firms’ quest to gain increasing competitive advantage and contribute to a growing economy. This sector had been largely insulated from the recent financial crisis because of its as yet limited exposure to overseas capital markets. This, however, is changing fast. This became evident during the course of research for this paper, when the authors spoke to over 100 HR managers in charge of financial issues. As a result, it was found that HR directors have been engaged in several HR
initiatives to enhance organisational performance and make their firms more competitive. Several of these managers related to the authors the increasing realisation that employees are key resources enabling organisations to gain a competitive advantage (e.g. academic work on this can be found in Becker & Huselid, 1998, and Pfeffer, 1994, 1998), which has made them face real challenges in their organisations where they have to acquire and develop world-class work team competencies and the practices for strategically managing such. Allied to the realisation of these HR directors is also the fact that there is now a burgeoning (but as yet inconclusive) literature on the link between the SHRM and positive firm performance, however measured (Huselid, 1995; MacDuffie 1995; Huselid & Becker, 1996; Delery & Doty, 1996; Delery & Shaw, 2001; Wright & Boswell, 2002; Razouk, 2011). The drivers of these changes are the HRM directors, with the focus of their operations now having (supposedly) changed from routine functions to adopting a dynamic and strategic emphasis.

This paper takes a closer look at the role HR directors are playing in the financial enterprises in the wake of these firms’ attempts to enhance their organisational performance. The paper also responds to the call of several HRM researchers who have urged the need for investigations in HRM issue from different contexts (Ericksen & Dyer, 2005; Wright et al., 2005; Chand & Katou, 2007). Thus far, almost all the studies on this topic have been conducted in the case of industrial sector in the Western context—particularly in the US and the UK. This work was conducted in a non-Western context and in an all-important financial sector in Jordan, which adds value to the existing literature. A review of literature in the context of Jordan shows that very few studies on issues relating to HRM in general exist, with none on the topic investigated in this paper (Al-Husan, 2009; Altarawneh, 2009; Altarawneh & Al-Kilani, 2010; Mohammad, 2011). Additionally, in the wake of the recent
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financial crisis, the paper assumes special importance in regard to unearthing the assumed role of HRM directors of financial firms.

The paper is divided as follows. In Section II, we summarise the literature on the role of HRM directors and list the hypotheses, resulting from the literature review; Section III proposes four hypotheses generated for the present study; Section IV outlines the data sources and other methodological issues; subsequently, the results are presented in Section V, with the discussion and conclusions forming Section VI.

II. Strategic HRM (SHRM) and the Role of the HR Director

In the strategic HRM literature, there two core aspects of SHRM: these are the integration or the involvement of HR functions into the business and corporate strategy, and the devolvement of HR practices execution to line managers. Literature on strategic HR involvement and devolvement is intimately linked with the adherence to the notion of strategic HRM. Thus, if it is true that, in the modern day corporate world, HR is the valued asset and has to be used optimally to achieve organisation goals, then to do so there needs to be the effective involvement and integration within the strategic activities of the firm, as well as the devolution of the day-to-day HR issues to line managers. The HR activities in which HR directors engage may not entirely constitute what strategic HRM is all about; nevertheless, HR directors continue to play an important role in supporting and implementing the involvement and devolvement issues in organisations which, in turn, could reflect positively on organisational success (Ulrich et al., 1989; Hiltrop et al., 1995; Budhwar, 2000). Strategic HR integration is the involvement of HRM in the process of formulation and implementation of the overall strategic direction of an organisation and the alignment of HRM with organisational strategic goals and objectives (Schuler & Jackson, 1999). HR
devolvement, on the other hand, is the delegation or involvement of line managers in running and implementing HR practices because they operate close to their employees and can motivate, control and manage them directly (Ulrich 1997b; Budhwar & Khatri, 2001). As a result, line managers should hold the responsibilities of HR practices, such as recruitment, selection, appraisals and training. Furthermore, in order to make sure that HR practices are carried out in harmony with HRM policy, HR managers and professionals should train line managers on HR practices, and interact and communicate with them (Budhwar & Khatri, 2001). Some authors have found that, when HR directors devolve the day-to-day HR issues, organisations are able to solve many problems at the lower level, which subsequently leads to better change management, and thus helps to build responsible line managers (Budhwar, 2000). Furthermore, it is argued that a good relationship between the line manager and HR manager helps the latter to better understand and realise the problems in different organisational functions (Sullivan, 2003).

Notably, it is stated that there are several rationales as to why organisations should devolve HRM practices to line managers. For instance, some issues may be too complex to be covered by top management alone; line managers can respond to their employees and work conditions more quickly and effectively; devolvement may result in motivating employees by giving them a sense of effective control; increases organisational effectiveness and efficiency—especially by avoiding the traditional and bureaucratic personnel functions—and thus, HR managers and professionals can easily play the strategic partner role (Budhwar, 2000).

The realisation that the effective and proper management of human resources can add real value to modern-day organisations has led a number of scholars—such as Storey (1995),
Tyson (1995), Wright et al. (2001), Evans et al. (2002)—to take great interest in the role HRM directors play in achieving these values for organisations. A review of the literature on the role of HRM directors highlights various interesting frameworks and models that have attempted to identify specific roles of HR managers. A good starting point is Tyson’s typology (1987), which classifies the role of HR director into three main models. Markedly, Tyson (1987) refers to the first model as the Clerk of Works model. The personnel manager in this model works as an administrative supporter with no involvement in business and strategic issues. The principal activities of the HR director here are the main HR practices, such as recruitment, performance appraisals, training and incentives and rewards. The second model is the contract manager model. HR managers work as experts in trade union agreements and fixing day-to-day issues with the unions. Finally, the third model is referred to as the Architect model. HR directors contribute in building the whole organisation and are the key persons for organisation success. HR directors in this model must have a good relationship with line managers and top executives as well. They work with top management in formulating and implementing business and corporate strategies. Other writers, such as Carroll (1991), have also captured a shift in HRM roles as a result of the positive impact of HRM on organisational performance as being more strategy-oriented than how it was before. His framework defines three new roles in addition to the traditional ones: the first one is that of delegator, where line managers serve as key implementers of HRM system; the second role is the technical expert, where HR managers and professionals only have highly specific HR-related skills such as recruitment, performance appraisals, and training and development, and are therefore only focused on their area of specialty; and finally, he called the last role the innovator, which enables HR managers to recommend new approaches to solving major problems within their organisation, such as a lack of productivity.
Storey (1992), on the other hand, adopts a somewhat different perspective and proposes the following typology based on two dimensions—interventionary vs. non-interventionary, and strategic vs. tactical. This typology breaks down the different types of HR manager.

- **Advisers**: HR managers act as internal consultants; they know all the recent developments in their organisations, but leave the actual implementation of HRM issues to line and top management. This role is strategic but non-interventionary.

- **Handmaidens**: HRM is primarily customer-led in the services they offer, and they cooperate in everything they do with line managers. This role is tactical but non-interventionary.

- **Regulators**: HR managers formulate, promulgate and monitor all employee-related issues, ranging from the personal issues to joint agreement with the union. This role is considered to be interventionary and tactical.

- **Change makers**: HR managers make real changes within their organisations based on the overall strategic and business needs. This role is interventionary and strategic.

Ulrich (1997b), on the other hand, has introduced a model of HRM that identifies four roles that HR managers play:

- **Strategic partner**: HR managers have to align HR initiatives with the strategic goals of the organisation. They implement these practices whilst taking into account the strengths and weaknesses of the organisation so as to add value.

- **Change agent**: HR managers attempt to increase the competitiveness of their organisation in an ever-changing work environment. They implement HR practices to assess and respond to inevitable changes in the competitive landscape, government regulations, and global economy so as to achieve and maintain competitive advantage.
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- Administrative expert: HR managers introduce efficient HR processes, whether they are in recruitment and selection, or training others to maximise the use of new technologies and improved methods in order to add value.

- Employee champion: HR managers seek to maximise employee productivity and loyalty to the organisation, which can be achieved by either listening and responding to employee needs with available resources, or by otherwise increasing an employee’s knowledge, skills and ability. HR practices that can be utilised include career-planning, mentoring, training, and development.

Ulrich’s (1997b) multiple HRM role models help describe the important implications of global trends and other issues that need to be addressed by HR departments to continue to demonstrate and increase organisational value.

Finally, Truss, Gratton, Hope-Hailey, Stiles & Zaleska (2002) classify HR managers into two main types: Type A and Type B. They argue that Type A HR managers have the power and the authority within their organisations, and they consider themselves to be both a business and strategic partner. This type of HR manager works as a close partner with top management and support them in coping with major changes within the business environment. In contrast, Type B HR managers concentrate on their own field of speciality, and are traditional-approach-oriented. In general, all of the proposed models in HRM literature reflect the idea that the role of HR managers has taken a shift to be more business-oriented, more strategic, and more focused on organisational change.

On a different note, some researchers have argued that HR directors will require a wide range of skills in the future. For instance, the European Association for Personnel Management (EAPM) has conducted a comprehensive study in Europe to explore the future
role of the HR director. They interviewed 4,250 HR directors from 15 different countries. The study revealed that HR directors should be good performers, good at project management, and must be internationalists. Moreover, they should have multi-functional experience and senior management experience. The study argued that HR directors should be perceived as strategic partners than those holding traditional, administrative and centralised departments (Derr et al., 1992). In this context, Ulrich, Brockbank & Yeung (1989) suggest that HR managers wanting to be considered as strategic partners by top management in their organisations must demonstrate additional skills and competencies. For example, they have to have a broad knowledge of the business, the ability to manage change, and the ability to deliver outstanding HR services. Hiltrop et al. (1995) emphasises the changing nature of HR directors and HR professionals in the future. They argue that organisations should provide promising HR managers with the opportunity to broaden their knowledge to other functions, help them to develop business experience, and support career tracks that will create the new HR profile. Furthermore, line managers must be rotated, trained, and developed in HRM so that they will be able to deliver excellent HR services.

Another important issue that concerns the role of HR director is the representation of personnel directors in the Board of Directors. The pace of change in modern organisations has given HR managers, as Board members, many opportunities to formulate the business and corporate strategies, and to then formulate HR strategies and policies based on these strategies so that they can effectively and efficiently implement them (Kelly & Gennard, 1996). HRM researchers have given this issue special consideration as it is considered to be an important step to consider the HR manager as a business and strategic partner. Budhwar (2000) argues that the level of integration between HRM and the overall strategic process of the company could be measured by the representation of HR managers on the Board of Directors.
Directors. Ulrich (1997a) asserts that HR managers, as strategic partners, should be involved in the strategic decision process next to other senior managers in organisations, owing to the fact that this would give organisations the opportunity to align HR practices and policies with strategic business and corporate objectives. Sullivan (2003) and Kelly & Gennard (1996) claimed that establishing a good relationship between the CEO and HR manager increases the opportunity of the HRM-organisational strategy nexus. An effective relationship between the HR manager and CEO should be based on a high trust relationship concerning shared values on the issues of strategic development and the success of business.

Taking a cue from the literature, this study focuses on establishing the role of the HR directors in a modern day corporation. Based on the review of literature, the following testable hypotheses have been listed:

**III. Hypotheses**

H$_1$: The role of the HR director in a modern-day organisation has moved away from the routine functions (such as headhunting, training, job evaluation) to strategic functions (such as contributing to planning and implementing the business and corporate strategies and organisational designs).

H$_2$: The role of the HR director has distinctly changed over the past few years, thus becoming more influential in strategic decision-making.

H$_3$: The HR director has become influential with the Board, and regularly attends Board meetings.

This is a logical corollary to H1 and H2.

H$_4$: The HR director now routinely delegates day-to-day HR work to line/junior managers for them to be able to concentrate on strategic functions.
H5: This hypothesis concerns seven control variables broadly classified into two groups—one concerning the traits of the HR director and the other concerning the firm itself. ‘Trait’ variables include gender, age, education, and the experience of the responding HR director.

We hypothesise that the HR functions—particularly strategic functions—would be a positive function of a male, older, better educated and experienced HR director. The ‘firm’ variables include the size and turnover. We hypothesise that strategic HR functions will be a positive function of larger firms with a lower turnover rate of employees.

The first three hypotheses directly test the claims that the role of the HR director has become more strategic. Hypothesis 4 is a logical deduction from what is stated in hypotheses 1–3. Hypothesis 5 tests the validity of control variables.

IV. Research Methods

(a) Statistical Methodology

In order to test the aforementioned hypotheses, descriptive and inferential statistical methods are employed. Descriptive methods include the use of frequency tables, mean and standard deviations, and zero-order correlations. Inferential statistical methods include the use of proportions test, ordinal and logistic regressions. For the proportions test, the null hypothesis, \( H_0 \) for all the attributes is the ratio \( p_1 = p_2 \), and the alternative hypothesis \( H_1 \) is \( p_1 > p_2 \). The Z-values that can be computed as below follow a normal distribution with zero mean and unit standard deviation.

\[
Z \approx \frac{p_1 - p_1}{\sqrt{p(1-p) \left( \frac{1}{n_1} + \frac{1}{n_2} \right)}}, \quad \text{where } p_1 = \frac{x_1}{n_1}, p_2 = \frac{x_2}{n_2}, \text{ and } p = \frac{x_1 + x_2}{n_1 + n_2}
\]
The ordinal regression used to analyse part of the data may be written in the form, as follows, if the logit link is applied. 

\[ f(g_j(X)) = \log \left( \frac{g_j(X)}{1 - g_j(X)} \right) = \log \left( \frac{P(Y \leq y_j | X)}{P(Y > y_j | X)} \right) = a_j + \beta X, \ j = 1, 2, \ldots, k - 1, \text{ and } g_j(x) = e^{(a_j + \beta X)}/[1 + e^{(a_j + \beta X)}], \]

where \( j \) indexes the cut-off points for all categories \((k)\) of the outcome variable. If multiple explanatory variables are applied to the ordinal regression model, \( BX \) is then replaced by the linear combination of \( \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_p X_p \). The function \( f(g_j(X)) \) is called the link function that connects the systematic components \((i.e., a_j + \beta X)\) of the linear model. The alpha \( a_j \) represents a separate intercept or threshold for each cumulative probability. The threshold \((a_j)\) and the regression coefficient \((\beta)\) are unknown parameters to be estimated by means of the maximum likelihood method (Chen & Hughes, 2004).

The methodology adopted to do the Logit regressions follow model of the following type:

\[ \text{Logit} (Y) = \ln \left( \frac{\pi}{1-\pi} \right) = \alpha + \beta_1 X_1 + \beta_2 X_2 \ldots \ldots \beta_n X_n + \epsilon_i \]

where \( \pi = \text{Probability} \ (Y = \text{probability of being an event happening}) \mid X_1 = x_1, \ X_2 = x_2 \ldots \ldots, \)

\[ X_n = x_n = \frac{e^{x+\beta_1 X_1+\beta_2 X_2+\ldots+\beta_n X_n}}{1+e^{x+\beta_1 X_1+\beta_2 X_2+\ldots+\beta_n X_n}} \]

where \( \pi \) is the probability of the event, \( \alpha \) is the \( Y \) intercept, \( \beta_s \) are the regression coefficients, and \( X_s \) are a set of predictors; \( \alpha \) and \( \beta_s \) are estimated by the maximum likelihood (ML) method. The null hypothesis underlying the overall model is that all \( \beta_s \) are zero. A rejection of the null hypothesis implies that at least one \( \beta \) does not equal zero in the population, i.e., the logistic equation predicts the probability of the outcome better than the mean of the dependent variable \( Y \).

(b) Data

The target population of this study is the financial sector of Jordan. As stated previously, this
sector is one of the largest and well-developed services sector in the country, and is witnessing a great deal of deregulation, which is attracting private investment from within the country and overseas. A count of all the firms operating in the financial sector reveals a population of 104 firms in banking, insurance, real estate, brokerage and other financial services. These firms are listed on Amman Stock Exchange (ASE). Subsequently, it was decided to approach all these firms in the population for the purpose of data collection. A detailed questionnaire was drafted to collect the primary data. The questionnaire instrument included questions on issues, such as recruitment, retention, training, appraisals, corporate culture, and perceived and actual financial performance. All 104 firms were contacted in person, of which 99 agreed to participate in the survey. Questionnaires were delivered by hand and collected in person. In many instances, HR directors/managers spent time with the researchers to clarify questions before they were responded to. Moreover, cross-checks reveal data to be consistent and reliable.

(c) **Construction of Variables**

Section B of the questionnaire was devoted to eliciting information related to the role of directors. Question 1 read, ‘What activities of the HR director are of greatest strategic importance to the company?’ Respondents were asked to rank their answer on a Likert scale (with 5 being ‘very significant’) from nine responses. These were (1) ‘headhunting (searching skilled employees)’, (2) ‘contribute to planning and implementing the business and corporate strategies’, (3) ‘contribute to succession planning’, (4) ‘organising training programmes’, (5) ‘planning career paths for management development’, (6) ‘job evaluation’, (7) ‘monitoring and assessing employee performance’, (8) ‘advising on organisational design’, and (9) ‘ensuring compliance with equal opportunities legislation’. Question 2 read ‘How has the role of HR Director changed over the last 5–10 years? Respondents were asked to tick as
appropriate from four choices, which were: (1) ‘the HR director has become more influential in strategic decision making’, (2) ‘negotiations with trade unions have become easier’, (3) ‘the level of commitment which can be expected from employees has become lower, and (4) ‘training budget carries a higher priority’. The third question read, ‘Would you please rate the representation of HR director on the board meetings? For this question, respondents were asked to select the most important amongst the four choices, which were: (1) ‘attends all board meetings’, (2) ‘attends by invitation when HR matters are discussed’, (3) ‘does not attend but supplies reports for discussion by the board’, and (4) ‘implements policies determined by the Board, but does not participate in policy making’. The final question in this section asked, ‘How important is the delegation of the following to line/junior managers?’ Here, two choices were given on which respondents were asked to tick on Likert scale (5 being ‘very important’), the choices of which were: (1) ‘day-to-day HR work’, and (2) ‘HR strategic decisions’.

(d) Control Variables

It is essential to include control variables in the study owing to their possible association and impact on dependent variables. For the purpose of this study, we chose 7 variables broadly classifying them into two groups—one concerning the traits of the HR director and the other concerning the firm itself. The ‘trait’ variable has four strands: gender, age, education, and experience of the responding HR director. The ‘firm’ variable includes the size and the turnover. The gender variable is a binary variable, assuming the value 1 for male HR directors and 0 otherwise. Furthermore, the age variable is also binary assuming a unitary value for the older age group of HR directors (40 years and above), and 0 otherwise. The education variable is also a dummy assuming unitary value for HR directors holding master’s degree or above and 0 otherwise. Similarly, the experience variable assumes unitary value for HR
directors with 15 or more years’ experience, and 0 otherwise. The ‘firm’-related variables have three binary variables: one for older firms (established for more than 10 years), larger size (with more than 15 employees), and those with a low employee turnover rate (1–6% pa), all assuming a value of 1 and 0 otherwise.

IV. Results

Routine and Strategic HR functions

Table 1 presents the response to Question 1, which asked respondents, ‘What activities of the HR director are of greatest strategic significant to the company’. Hypotheses 1 and 2 relate to this question, as well as to a subsequent question that asked respondents ‘How has the role of HR director changed over the last 5–10 years’. Let us first analyse statistics in Table 1.

Column 1 lists possible jobs HR directors are likely to perform in various intensities. Column 2 lists the number of respondents who did not think that the listed job was of a great deal of significance; and Column 3 lists the number of respondents who thought that the listed job was of a great deal of significance. Although not presented as such to respondents, for the purpose of analysis, responses have been classified into two broad groups—routine and strategic. Let us first consider the strategic chores. Around 45% of the HR directors stated that, ‘Contribution to planning and implementing the business and corporate strategies’ and ‘Advising on organisational design’ have both become important activities for them, and although a higher number, around 55%, of the directors rated this as not a very significant activity for them, with the higher response therefore statistically insignificant. Interestingly, what is highly significant is a large number of routine responses the HR directors said were not important for them, namely headhunting, organising training programmes, planning career paths, job evaluations, monitoring, compliance with equal opportunities, all of which
came to be rated as not very significant for the HR directors. With this in mind, it is stated that this non-importance is statistically significant as well. The message this question relays is that the role of HR directors is shifting, albeit gradually in the direction of being strategic.

Table 1: Significance of Routine and Strategic functions

<table>
<thead>
<tr>
<th>Response to question ‘what activities of the HR director are of greatest significance to the company?’</th>
<th>Proportion responding as not so significant (^A) ((p_1))</th>
<th>Proportion responding as very significant (^B) ((p_2))</th>
<th>(z) statistics ((H_0: p_1 = p_2))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Col-1</td>
<td>Col-2</td>
<td>Col-3</td>
<td>Col-4</td>
</tr>
<tr>
<td><strong>Routine</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Headhunting (searching skilled employees)</td>
<td>67</td>
<td>32</td>
<td>3.52***</td>
</tr>
<tr>
<td>2. Contribute to succession planning</td>
<td>54</td>
<td>45</td>
<td>0.90</td>
</tr>
<tr>
<td>3. Organising training programmes</td>
<td>26</td>
<td>73</td>
<td>4.72***</td>
</tr>
<tr>
<td>4 Planning career paths for management development</td>
<td>65</td>
<td>34</td>
<td>3.12***</td>
</tr>
<tr>
<td>5. Job evaluation</td>
<td>75</td>
<td>24</td>
<td>5.13***</td>
</tr>
<tr>
<td>6. Monitoring and assessing employee performance</td>
<td>25</td>
<td>74</td>
<td>4.92***</td>
</tr>
<tr>
<td>7 Ensuring compliance with equal opportunities legislation</td>
<td>73</td>
<td>26</td>
<td>4.72***</td>
</tr>
<tr>
<td><strong>Strategic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Contribute to planning and implementing the business and corporate strategies’</td>
<td>54</td>
<td>45</td>
<td>0.90</td>
</tr>
<tr>
<td>9. Advising on organisational design</td>
<td>54</td>
<td>45</td>
<td>0.90</td>
</tr>
</tbody>
</table>

\(^A\)include responses 1-3 on 5 point scale (5 ‘very significant’); \(^B\)include responses 4,5.

***significant at .01 level. N=99.

Dynamics of the HR Director’s Role

In order to understand if the role of HR director has undergone a shift in the past 5–10 years, four clear questions were posed, asking respondents to tick clear ‘yes’ or ‘no’ to these questions. The reason behind not using the Likert scale here was to remove any ambiguity in...
answers. Respondents told us that they had chosen their marked response (‘yes’ or ‘no’) only when they were definite about the answers. The questions posed were as follows:

‘How has the role of HR director changed over the past 5—10 years?’, the five options to which they were to tick a clear ‘yes’ or ‘no’ were: (a) the role of HR director has become more influential in strategic decision making; (b) review of training needs; (c) the level of commitment which can be expected from employees has become lower; (d) the training budget carries a higher priority; and (e) frequent job rotation has become more common for middle managers. The replies to this question are summarised in Table 2. The first one was a direct question asking if their role has become more influential in strategic decision making. Around 58% of the respondents responded positively. Proportion’s test showed that this response was significant at .10 confidence level ($z = 1.4$). On the other hand, the replies to the three remaining questions of non-strategic nature are also statistically significant at various levels between .01 and .10; $z$ values respectively = -3.20; -2.0; -6.2. The $z$ values are calculated under the null hypothesis of equal proportion versus alternative hypothesis of larger value being significantly larger than the smaller value. These results relate to Hypothesis 2, which states that the role of HR director has distinctly changed over the past 5—10 years, becoming more influential in strategic decision-making. Although we would have liked to see the response to this question strategically significant at a higher level (than at present .10), the replies to the remaining three questions do indirectly confirm that the HR director’s role in strategic decision-making is on the rise, albeit slowly, and in non-strategic routine matters on the decline.
Table 2: Dynamics of HR director’s role

<table>
<thead>
<tr>
<th>Response to question: How has the role of HR director changed over the last 5-10 years?</th>
<th>Response count (chosen)</th>
<th>Response count (blank)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. HR director has become more influential in strategic decision making</td>
<td>57</td>
<td>42</td>
<td>99</td>
</tr>
<tr>
<td>2. Negotiations with trade unions have become easier</td>
<td>34</td>
<td>65</td>
<td>99</td>
</tr>
<tr>
<td>3. The level of commitment which can be expected from employees has become lower</td>
<td>40</td>
<td>59</td>
<td>99</td>
</tr>
<tr>
<td>4. Training budget carries a higher priority</td>
<td>19</td>
<td>80</td>
<td>99</td>
</tr>
</tbody>
</table>

Table 3 reports the replies to question on HR directors’ representations on the Board meetings. A Board of Directors is a body of appointed members who jointly oversee the activities of a company. The body sometimes has a different name, such as Board of Governors, Board of Managers, Board of Trustees, or Executive Board. Importantly, the Board carries the responsibility for the overall management of the group and the approval of the group’s long-term objectives and commercial strategy, as well as review of performance in the light of the group’s strategy, objectives, business plans, and budgets. Whilst collecting data at the interview, the Board and its duties were explained to HR directors, who understood it as a body in which strategic decisions were made (as opposed to routine) and which they attended. The summary results in Table 3 are revealing: 41% of all respondents said that they attend all Board meetings; 21% attend by invitation when HR issues are discussed; 23% do not attend but supply reports when HR matters are discussed. Only 14% of the respondents said that they implement policies determined by the Board without participating in Board meetings. Thus, barring the last group of 14% of HR directors, who simply take orders from the Board on matters relating to human resources, the remaining 86% have some form of direct or indirect involvement with matters of HR and have interface
with the Board; of these, 41% seem to have a direct say in the matters relating to HR within the company. The results in Table 3 relate to hypothesis 3, which states that the HR director has become influential with the Board and regularly attends Board meetings. Results show that 41.4% and over 21.2% of all HR directors now either attend all Board meetings or are invited to attend when HR matters are discussed. Combining these two responses, we can infer that a statistically significant 63% (z = 2.8; .01 significance level) of all HR directors now have a say in the strategic business-related and HR-specific issues when they are discussed in the Board. This supports the stated hypothesis.

Table 3: Dynamics of HR director’s role

<table>
<thead>
<tr>
<th>Response to question: Would you please rate the representation of HR directors on the board meetings?</th>
<th>Attends all board meetings.</th>
<th>Attends by invitation when HR matters are discussed.</th>
<th>Does not attend but supplies reports for discussion by the board.</th>
<th>Implements policies determined by the board, but does not participate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency count</td>
<td>41</td>
<td>21</td>
<td>23</td>
<td>14</td>
<td>99</td>
</tr>
<tr>
<td>Percent</td>
<td>41.4</td>
<td>21.2</td>
<td>23.2</td>
<td>14.1</td>
<td>100</td>
</tr>
</tbody>
</table>

### III. Delegation of HR Functions

The notion of a modern HR director is built around the belief that, in the present day world of SHRM, the HR director—unlike its predecessor personnel director—no longer worries about the routine jobs which he is happy to delegate to line managers. In its place, he is more concerned with the strategic side of HR issues and decisions about which he would be more concerned. The only way to establish this was to pose two straightforward questions of this nature to HR directors. The question posed was, ‘How important is the delegation of the following to line/junior managers: (a) day-to-day HR work, (b) HR strategic decision-making. For this question, we allowed Likert scale marking from 1 (‘not important’) to 5
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(‘very important’). This issue is related to the devolvement issue, as discussed in Section II earlier, and stated in the form of Hypothesis 4, in which we stated that the HR directors now routinely delegate day-to-day HR work to line/junior managers for them to be able to concentrate on strategic functions. In order to analyse the responses in (a), we combined responses 4 and 5 as being ‘important’ and tested them against the ‘not important’, in which we combined responses 1 to 3. With this in mind, 60% of the respondents agreed that it was very important for them to delegate day-to-day HR work to junior managers for them to be able to concentrate strategic issues. This response is statistically significant (z value =2.2; significant at .05 level).

In order to analyse the replies to (b), we combined the replies with ticks 1 to 3 as ‘not important’ and found that 96% of all HR directors did not find it essential in any way to delegate HR strategic decisions to junior line managers. This clearly is a highly significant proportion. The logical deduction from this is that, whereas HR directors are quite happy to delegate routine work to line managers, they would definitely prefer to keep the control of any strategic decision-making functions in their own hands.

IV. Ordinal and Logistic Regression Analyses

Table 4 presents the basic statistics and zero order correlation matrix of 21 dependent and independent variables. Table 5 reports the results of ordinal and logistic regressions of 14 dependent variables on 7 independent variables, as described in subsection III (d) above under the heading ‘Construction, Test and Validity of Variables’. The 7 independent variables are described in subsection (e) above under the heading ‘Control Variables’. The 14 dependent variables describe the activities of HR directors, ranging from headhunting to complying with equal opportunities; the 7 independent variables relate to personal attributes.
of the respondents, such as age, education, experience and to firm attributes, including the age, size, and the rate of employee turnover. We will first briefly comment on the correlation matrix in which we notice several meaningful correlations—especially in columns 1–9—which show the positive correlations between the traits of HR director’s functions of headhunting, planning and implementing the business and corporate strategies, contributing to succession planning, organising training programmes, planning career paths of employees, job evaluations, advising on organisational designs and such. Of particular interest to us are the two strategic variables of ‘contributing to planning and implementing the business and corporate strategies’ and ‘advise on organisational designs’. These two strategic variables are positively and significantly associated with fellow HR directors’ function, advising us that these functions—though relatively strategic—are intimately linked with routine functions as well. In the lower block of Table 4, the correlation status of independent variables are described, with the last two related to ‘large size of the firm’ and ‘lower turnover of employee’ rate standing out as significantly related to most independent variables. This tells us that ‘size’ is relevant—especially when it is a large firm that also has lower rate of employees leaving the company each year.

Correlations tell us only the strengths of association; to understand the degree of causality, we have to refer to the inferential results reported in the form of ordinal and logistic regressions in Table 5. In Table 5, the first 14 variables from Table 4 constitute the dependent variables acting as functions of remaining 7 independent variables. Hence, 14 equations are fitted to the data. Model fitting statistics reported at the bottom of the table shows that most models are very good fit to the data. Two results immediately stand out in Table 5: first, the positive and significant coefficient for ‘lower turnover rate of employees’, which tells us that lower the rate of turnover of employees in a company, more likely it is that HR directors will
rate as ‘high’ the importance to most HR functions; and second, the coefficient for ‘education’ comes out positive and significant in several equations, telling us that the higher the qualification of the responding HR director, the higher the rating he will give to most HR functions, thus signifying the importance the director gives to his HR duties and responsibilities. We were hoping to see the positive and significant impact of ‘large sized’ and ‘older’ firms in most equations, but this does not appear to be the case. The results of three strategic variables which are of most interest to this study are listed in Model 2 (contribution to planning, implementing the business, and corporate strategies), 8 (advising on organisational design), and 9 (the HR director has become more influential in strategic decision-making). The first of these three-model results are as follows: male HR respondents are less likely to give higher rating to this question, but those respondents who have higher qualification and work for companies with lower employee turnover rate are more likely to give higher score to this variable. With the second strategic question, ‘Advise on organisational designs’, HR directors with greater number of years of experience and those working for companies that have ‘lower employee turnover rate’ are likely to highly rate this question. Finally, the results of the third of the ‘strategic models’ tell us the following: Male HR directors working in larger firms are less likely to rate highly the importance of this question, but those with a higher qualification would assign higher importance to this question.
Table 4: Basic statistics and zero-order correlation matrix of variables

| Variable | Mean | SD  | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | 11   | 12   | 13   | 14   | 15   | 16   | 17   | 18   | 19   | 20   | 21   |
|----------|------|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1. Headhunting | 2.96 | 1.21 |       |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 2. Strategy | 3.41 | 1.22 | 598** | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 3. Succession | 3.43 | 1.05 | .615** | .693** | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 4. Training | 4.02 | 0.94 | .405** | .573** | .551** | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 5. Career Paths | 3.18 | 0.99 | .362** | .501** | .422** | .424** | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 6. Job evaluation | 2.84 | 0.97 | .404** | .352** | .331** | .207* | .616** | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 7. Monitoring | 3.96 | 0.87 | .154 | .363** | .411** | .716** | .435** | .199* | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 8. Org design | 3.39 | 0.94 | .357** | .499** | .551** | .539** | .471** | .229* | .623** | 1    |      |      |      |      |      |      |      |      |      |      |      |      |      |
| 9. Equal Opp | 2.96 | 0.94 | .098 | .057 | .142 | 0.001 | 0.151 | 0.151 | 0.149 | 0.217* | 1    |      |      |      |      |      |      |      |      |      |      |      |      |
| 10. Decisions | 0.58 | 0.50 | .259** | .579** | .493** | .523** | .406** | .324** | .386** | .517** | .037 | 1    |      |      |      |      |      |      |      |      |      |      |      |
| 11. Training Needs | 0.34 | 0.48 | .095 | .036 | .077 | .053 | .039 | .122 | 0.083 | 0.014 | 0.123 | .369** | 1    |      |      |      |      |      |      |      |      |      |      |      |
| 12. Commitments | 0.02 | 0.14 | .233* | .285** | .128 | .157 | .026 | .174 | 0.09 | .292** | .083 | .167 | .104 | 1    |      |      |      |      |      |      |      |      |      |
| 13. Training Budget | 0.4 | 0.49 | .007 | 0.041 | .086 | .084 | .027 | .183 | .081 | .105 | .252* | .251* | .098 | .12 | 1    |      |      |      |      |      |      |      |      |
| 14. Job rotation | 0.19 | 0.40 | 0.101 | 0.129 | 0.141 | 0.127 | .012 | 0.029 | 0.023 | 0.014 | 0.076 | 0.003 | .136 | .107 | .192 | 1    |      |      |      |      |      |      |
| 15. Male | 0.7 | 0.46 | 0.069 | .209* | 0.022 | 0.009 | 0.032 | 0.095 | 0.005 | 0.019 | .207* | .121 | 0.014 | 1 | 0.084 | 0.042 | 1    |      |      |      |      |      |
| 16. Age | 0.56 | 0.50 | 0.156 | 0.104 | 0.119 | 0.063 | 0.041 | 0.061 | 0.042 | 0.095 | 0.104 | 0.014 | 0.005 | 0.016 | 0.032 | 0.126 | .251* | 1    |      |      |      |      |
| 17. Education | 0.25 | 0.44 | .328** | .185 | .314** | .237* | .081 | 0.122 | 0.108 | .204* | 0.075 | 0.212 | 0.02 | 0.08 | 0.147 | 0.13 | 0.181 | 0.005 | 1    |      |      |      |
| 18. Experience | 0.37 | 0.49 | .234* | .184 | .158 | 0.118 | 0.111 | 0.13 | 0.061 | 0.077 | 0.101 | 0.029 | 0.031 | 0.11 | 0.002 | 0.101 | .282** | .565** | 0.176 | 1    |      |      |
| 19. Agefirms | 0.69 | 0.47 | .230* | .141 | .011 | 0.108 | .234* | .113 | 0.019 | 0.052 | .287** | 0.037 | 0.03 | 0.06 | .201* | .169 | 0.124 | 0.054 | 0.042 | .206* | 1    |      |      |
| 20. Size | 0.64 | 0.48 | .271** | .240* | .294* | .287** | .288** | 0.07 | .232* | .252* | 0.012 | 0.158 | 0.016 | 0.19 | 0.019 | 0.005 | 0.096 | .211* | 0.101 | .324** | .486** | 1    |      |
| 21. Turnover | 0.35 | 0.48 | .340** | .531** | .521** | .483** | .398** | .278** | .328** | .414** | 0.055 | .507** | .09 | .11 | 0.049 | .230* | 0.028 | 0.109 | 0.008 | 0.084 | -0.047 | .252* | 1    |      |
### Table 5: Ordinal and logistic regression analysis of HRD function traits

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
<th>Model 8</th>
<th>Model 9</th>
<th>Model 10</th>
<th>Model 11</th>
<th>Model 12</th>
<th>Model 13</th>
<th>Model 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of HR Director</td>
<td>-.50</td>
<td>-1.89***</td>
<td>-.36</td>
<td>-.30</td>
<td>-.07</td>
<td>.10</td>
<td>-.03</td>
<td>-.32</td>
<td>1.33***</td>
<td>-1.09*</td>
<td>.072</td>
<td>18.17</td>
<td>-.47</td>
<td>-.00</td>
</tr>
<tr>
<td>Age of HR Director</td>
<td>.33</td>
<td>.375</td>
<td>.09</td>
<td>.00</td>
<td>-.11</td>
<td>.03</td>
<td>.02</td>
<td>.30</td>
<td>-.70</td>
<td>.13</td>
<td>.18</td>
<td>-18.7</td>
<td>.35</td>
<td>.57</td>
</tr>
<tr>
<td>Education of HR Director</td>
<td>1.59***</td>
<td>1.43***</td>
<td>1.79***</td>
<td>1.28**</td>
<td>.36</td>
<td>.31</td>
<td>.49</td>
<td>1.04**</td>
<td>.08</td>
<td>1.10*</td>
<td>.12</td>
<td>-16.64</td>
<td>-.68</td>
<td>.78</td>
</tr>
<tr>
<td>Experience of HR Director</td>
<td>.33**</td>
<td>.61</td>
<td>.14</td>
<td>.13</td>
<td>.11</td>
<td>.36</td>
<td>-.72</td>
<td>-.25</td>
<td>-.35</td>
<td>-.26</td>
<td>-.32</td>
<td>1.71</td>
<td>-.00</td>
<td>.29</td>
</tr>
<tr>
<td>Firm Age</td>
<td>.97</td>
<td>.76</td>
<td>-.37</td>
<td>.29</td>
<td>.80**</td>
<td>.68</td>
<td>-.16</td>
<td>.00</td>
<td>-1.92***</td>
<td>.55</td>
<td>.06</td>
<td>-.69</td>
<td>1.44**</td>
<td>-.98</td>
</tr>
<tr>
<td>Firm Size</td>
<td>.10</td>
<td>.00</td>
<td>.82*</td>
<td>.46</td>
<td>.57</td>
<td>-.50</td>
<td>.94*</td>
<td>.77</td>
<td>1.21**</td>
<td>-.07***</td>
<td>.20</td>
<td>-16.46</td>
<td>-.75</td>
<td>.13</td>
</tr>
<tr>
<td>Employee Turnover rate</td>
<td>1.63***</td>
<td>2.86***</td>
<td>2.33***</td>
<td>2.53***</td>
<td>1.60***</td>
<td>1.20***</td>
<td>1.12***</td>
<td>1.62***</td>
<td>-.054</td>
<td>3.10</td>
<td>-.45</td>
<td>-17.24</td>
<td>.00</td>
<td>1.16**</td>
</tr>
</tbody>
</table>

**Model Fitting Statistics**

| -2 log likelihood           | 189.36  | 166.59  | 157.65  | 139.12  | 167.45  | 187.94  | 159.10  | 164.32  | 172.46  | 99.58    | 126.03   | 8.82     | 124.00   | 85.73    |
| Chi-square                  | 35.34   | 58.51   | 48.74   | 41.96   | 28.70   | 12.48   | 16.59   | 25.59   | 22.47   | 35.38    | 1.36     | 10.74    | 9.57     | 11.09    |
| R²: Nagelkerke              | .31     | .47     | .41     | .37     | .25     | .12     | .16     | .24     | .21     | .40      | .01      | .57      | .12      | .17      |
| R²: Cox & Snell             | .30     | .44     | .38     | .34     | .23     | .11     | .15     | .22     | .20     | .30      | .01      | .10      | .09      | .10      |
VI. Discussion

There is now increasing evidence in the literature that, as a result of market pressure, to be competitive, the role of HRD has become much more strategic, as opposed to doing routine functions that a personnel manager performed until recently (Huselid, 1995; Storey, 1995). It is said that the strategic nature has taken the shape of HR directors’ increasing involvement in the affairs of the business by way of his involvement in board meetings and by permitting him to delegate routine HR functions to junior staff for him to concentrate on strategic issues of long term importance (Carroll, 1991; Wright & Boswell, 2002). The present study was undertaken into the unique culture and context of the country of Jordan where, previously almost no published research into HRM practices existed. Most studies of this nature have been conducted with reference to Western organisations (Brewster et al., 1992; Sparrow & Hiltrop, 1994; Kelly & Gennard, 1996; Antila, 2006). The study also contributes by focusing on a sector presently very much in news.

We set out to test five explicitly stated hypotheses on the modern-day role of HR directors. These hypotheses state that a modern-day HR director would delegate routine functions to junior staff and instead concentrate on strategic functions, such as contributing to planning and implementing business and corporate strategies. We also hypothesised that the functions, routine or strategic would also be influenced by HR directors’ personal traits, such as the level of education, experience, age, or gender. They will also be influenced by some firm-specific traits, including the size and the age of the firm, and the employee turnover rate. We used descriptive and inferential statistics to test our hypotheses. The results are informative. A significant proportion of HR directors did confirm that the routine operations (headhunting, organising training programmes, and such) were no longer important for them. This result is found to be in-line with some existing literature (Budhwar, 2000; Antila, 2006).
However, notably, we did not find statistically significant results for strategic functions (contribution to planning, implementing business and corporate strategies and such) for our HR directors. Only 45% confirmed that these activities were now more important to their roles. We conclude from these results that the role of HR directors is in the process of a gradual shift. Such a conclusion supports the majority of the proposed models in the role of HR managers in HRM literature (Carrol, 1991; Storey, 1992; Ulrich, 1997b; Truss et al., 2002), which reflects the idea that HR managers’ role has taken a shift to be more business-oriented, more strategic, and more focused on organisational change. This conclusion is further strengthened by a separate question in which we explicitly asked how their role has changed during the past 5–10 years; in this question, 58% (at .10 significance level) did confirm that it has become more influential in decision-making. It seems that, although the importance of routine operations is on the decline for HR directors, strategic importance is only gradually rising. The qualitative robustness of these results is confirmed in that, as yet, only 41% HR directors attend all Board meetings. It seems that, although strategic functions for HR directors are gaining in importance, the directors are still finely balancing them with routine functions. This is confirmed in the follow-up analysis of data in correlation and regression analysis. The statistical significance of the role of HR director springs to life with some interesting results when taking into account the traits of HR directors. On the whole, our analysis shows that male HR directors and those longer serving with higher qualifications (master’s degree and above) and those who work for companies with a lower turnover rate of employees are more likely to rate as ‘high’ the importance of most strategic HR functions. It does not matter whether they are working for large or old established companies.

We live in a dynamic world dominated by private enterprises which are always looking into newer lines of business to diversify into or to integrate into their existing lines of
specialisation. At the same time, they are under pressure to make optimal use of physical and human resources to cut costs and become competitive (Pfeffer, 1998; Becker & Huselid, 1998; Khandekar & Sharma, 2005; Sun & Pan, 2011; Guest, 2011). Furthermore, change—although imminent in a modern-day business environment—has costs attached to it in terms of time consumed in planning and the implementation of policy issues, irrespective of how grand, noble or pious. This seems to be the case with regard to the implementation of strategic HR policies for the good of the enterprise.

The talk of SHRM in a modern-day world can be loudly heard in academic circles and in the corporate world where scores of training programmes can be found on people management. If our results are to be taken as any indication, then the shift from routine functions to strategic functions seems gradual. However, this is understandable given the complexities the change encompasses and the resistance it can cause. HR directors may be the drivers of strategic HR changes, but they are also aware of the complexities of its implementations. We therefore suggest that future studies of this nature could concentrate more on the dynamic side of the strategic change, i.e., how the change comes about or how it is implemented. Furthermore, our study relates to one sector (financial). Similar surveys could also be conducted for additional sectors as well. Finally, although our study covers almost the entire financial sector for our chosen country, the study could be carried out for sectors with a larger population or sample size to test the robustness of the results.

To conclude, the findings of our survey add to the notably limited research into HRM practices and the attitudes of HR directors in the country of Jordan. Our results add further weight to past findings in Western countries which support that the practice of HRM is changing toward a more strategic role, but only gradually. It is our hope that these findings
add to the growing body of research in relation to the attitudes and practices of HR directors, as well as their inputs to strategic HRM practices within their respective organisations. Strategic HRM may well be the goal of the high performance HRM literature, but our findings suggest that this goal is a long-term one, and that those with even the most senior of roles within the HR function are facing gradual change in expectations of their role requirements.

Acknowledgements: Authors are grateful to the editor and the reviewers for very helpful comments on the earlier draft of the paper. The comments helped us improve the paper substantially. All shortcomings are ours.

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