

## Impact of Strategic Planning on Human Resources Management Practices: An Empirical Study of Iraq

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### Abstract

The main aim of this study is to investigate the impact of strategic planning on human resources management practices. 100 questionnaire was distributed among the managers in the Ministry of Electricity in Iraq and only 59 questionnaire was received. SPSS software was used to analysis the data. The study examines the relationship of strategic planning on HRM practices. The strategic planning has three constructs i.e. Strategic Analysis, Strategic Attitude and Strategic Selection while Human resource practices has four constructs i.e. Selection, Training, Incentives, Performance Evaluation. The findings indicted that significant positive relationship of strategic planning with human resource practices. Hence showing that better strategic planning will result in better HRM practices.

**Keywords:** Human resource management, strategic planning, Ministry of electricity, Iraq.



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### 1. Introduction

Strategic planning is the cornerstone for organizations' survival in modern world as it emphasizes the critical issues related to the future of these organizations especially within a complex world where future seems uncertain.

Traditional planning tools are unable to meet the future prospects for these organizations. The need for strategic planning at organization's level as well as the existence of a shared control and cooperation to implement the strategic plan, the organization's flexibility in strategic planning, the response to internal and strategic variables (Wolf and Floyd, 2017) and the complexity of an organization's tasks require them to pay a great attention to strategic planning which is the cornerstone for increasing the efficiency of human resources (HR) and their contribution in the organization's performance (Papke-Shields and Boyer-Wright, 2017).

Human resources can offer the required quality and quantity of human resources within the appropriate place and time through human resources strategic planning (Brewster, 2017), mobilizing human resources that leads to organize them at present in order to overcome difficulties and reality challenges, increasing the competency of production through providing community with the required electricity in light of the positive interaction between the leadership and human, financial, information, technological and material resources and preparing them appropriately with the current and future conditions emerge from a comprehensive vision in accordance with the vision of human resources' practices in the ministry (Collings *et al.*, 2018).

The Iraqi Ministry of Electricity face obstacles in its work from time to time due to the conditions experienced by the country and affect all aspects. The Iraqi Ministry of Electricity includes 24 directorates and 8 departments with many sub-directorates in addition to production stations and transport networks connected to public administrations that cover all geographical regions in Iraq.

Many researchers indicated a relationship between strategic planning and human resources management practices within organizations, some researchers found that both variables have a great positive relationship (Brewster, 2017; Purce, 2014), while Grosser *et al.* (2016) proved the efficiency of human resources in the efficient organizational crises management.

According to Elbanna *et al.* (2016), evaluating an organization strategic planning level has an effect on human resources practice and hence there is a need for developing organization's strategic planning. Thus, human resources' planning has a great effect on strategic planning and for this reason organizations should maintain this strong relationship between strategic planning and human resources management practice and by doing so, an organization ensures that its business strategy in the practice of human resources management is in line with the organization's strategy (Elbanna *et al.*, 2016).

According to Al-Abadi (2015), a healthy institution's interest in the concept of strategic planning will contribute in developing human capital through clarifying the relationship between strategic planning and human capital within an organization.

## 2. Theoretical Framework

### 2.1. Strategic Planning

Strategic planning is a process based on which companies formulate their strategies and make their decisions to allocate the necessary resources for achieving their strategies and these resources include financial and human resources. Strategic planning in addition, determines the organization's route over a year or more and how it can reach its goal either on the organization's level or by focusing on a main position such as the level of a department or section (Al-Abbadi, 2015). Strategic planning occupies a prominent position in the administrative process as it implies directions and determines the administrative process as the strategy of any organization refines the organization's policy and employs all dimensions to create a successful strategy in order to achieve the organization's goals (Aljuhmani and Emeagwali, 2017).

Cardinal *et al.* (2015) define strategic planning as a clear process to determine a company's long term goals and procedures to generate and evaluate alternative strategies and a system to monitor results when implemented, and Aljuhmani and Emeagwali (2017) define it as a series of rational steps including identifying the task, the long term goals, environmental analysis, strategy formulation, implementation and control. Strategic planning is also defined as an integrative cooperative and methodological process that considers the organization members' strategic thinking (Aljuhmani and Emeagwali, 2017).

The purpose of strategic planning is to find, attract and retain costumers, to guarantee that a company meets its clients desires and needs which is the cornerstone in making available the quality of a product or service clients really look for, to maintain a competitive position and to utilize and benefit from the company's strengths and the full benefit of competitors.

Al-Abbadi (2015) and Sandada (2015) state that strategic planning dimensions include :

1- Strategic analysis : by which what occurs within an organization or outside it can be understood and assisting in developing the organization's strategies to adapt with the environment within which it operates, and an organization's environment includes : the general environment, work environment and internal environment , and Al-Abbadi (2015) indicates that strategic planning is characterized by being concerned with understanding the strategic position of an organization with a mutual relationship and effect with selecting and implementing the strategy within the conceptual limits for the strategic management process' model.

2- Strategic attitude : which enables to determine the organization's attitudes, vision , message and goals as the organization's vision includes what the management or leadership seeks to achieve of future ambitions while the organization's message reflects the general goal that instructs and directs the decision making process at various levels and the goals of the organizations are indicated as goals that are required to be achieved on the long term and should be in accordance with the organization's message (Al-Abbadi, 2015).

3- Strategic option: evaluating strategic alternatives and selecting the best alternative when an organization faces a dynamic environment and the best strategic decision is generated when all members in the organization agree with this alternative which is appropriate with the organization's environment and potentials. Sandada (2015), state that the purpose of strategic option is to be excellent and distinguished among competitors and to acquire competitive advantage so the organization should distinctly work to find alternatives and to select the best among them to own superiority .

Based on the above mentioned, it is clear that strategic planning with its three dimensions : strategic analysis, attitude and selection is the core of any organization's business on the long term for its investments and projects in public or the private sectors alike as it clarifies the nature of the external business environment of the organization as well as the real knowledge about the organization's internal environment and then drawing an attitude for the organization toward the correct direction via its vision , message and goals , and finally, selecting the correct and appropriate strategic alternative for organization's work for a certain period of time and investing its resources appropriately.

## 3. Human Resources Management

Human resources' management is one of the main functions and managements within the various types of organizations and its work is focused on all human resources within it the whole related job and functional aspects since an individual's appointment in an organization until service termination (Abdelqader *et al.*, 2018; Alsakarneh *et al.*, 2018; Assudani *et al.*, 2016; Eneizan *et al.*, 2018). Foster (2014) indicates that human resources management has the main core for each functions and business within an organization and no organization manage to perform its operational, financial and functional business accurately without the participation of human resources so an individual within an organization is one of the factors representing its success and increasing its competency which requires maintaining with the best possible ways.

Amin *et al.* (2014) and Al-Hawary and Nusair (2017) indicates that human resources management is conducted through four axes that represent the human resources dimensions:

1- Selection and appointment: selection process represents a system where its inputs represented by the results of job analysis , human resources plans and results of attraction and its processes' ( interview, selection, medical tests and physical fitness ) while its outcomes represented by a selection decision based on which , who will be hired among a group of people nominated for the job is determined, and selection is determining the appropriate people for contracting who possess high capabilities and readiness (Al-Hawary and Nusair, 2017).

2- Training: training is complementary for selection and appointment as it is not enough for the department of human resources to attract and select and then hiring workers but it is necessary for the selection process to be

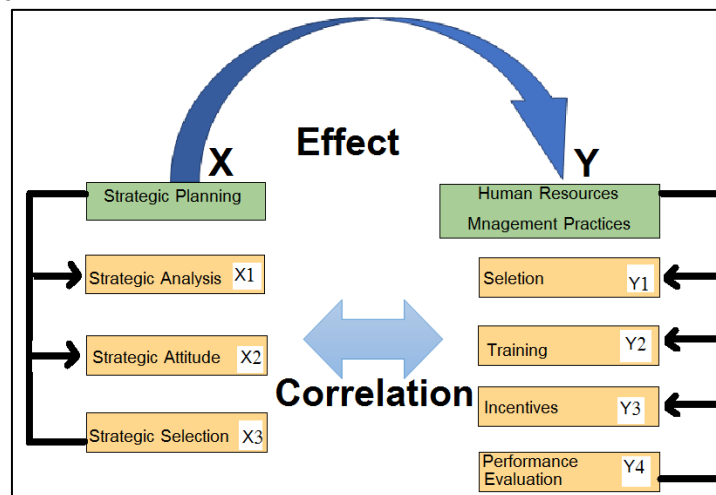
followed by preparing training programs that assist in developing and increasing workers' skills and facilitating their abilities to perform their assigned tasks. Training is a process of teaching new employees the basic skills they need to practice their work (Obaid and Eneizan, 2016a;2016b). Training is consisted of three sustainable elements represented by learning, training and development that associate employees within an organization since they start working until their services terminated in order to support them and empowering them to give their best (Albrecht et al., 2015).

3- Incentive : human needs are the main source for individuals' motivation and the main determinant for their behavior within organization, so incentives are a group of factors that work on influencing individuals' behavior through meeting their needs and incentives that represent the results of the reinforcement's process and its resources are among the significant methods to increase human resources competency within organization besides the organization's other human resources activities that include selection and training and regulating human resources and directing them toward a specific goal. Incentives are important for maintaining the directed behavior toward a specific goal and goals that need time to be achieved, only those who are continuously motivated will achieve such goals (Assudani et al., 2016).

4- Performance Evaluation: performance evaluation process is one of the main tools for assessing and measuring all factors and aspects related to effective performance to highlight individual's contribution extent in production and this includes a series of steps or procedures designed to obtain assessment for each individual's performance within an organization. Workers evaluation itself is an evaluation for the organization's total performance as it highlights weaknesses and strengths in management functions in planning, regulation, control, Supervision and employment aspects. Performance evaluation criteria are two types : objective criteria , that focus on production quantity, quality, speed and goals achievement, and behavioral criteria that highlight the individual's personal characteristics such as readiness and speed to learn and to benefit training (Jabbour and de Sousa, 2016).

Brueller et al. (2018) and Mohammed et al. (2014) indicate that human resources management's strategy is a part or a sub-system for a total system that is larger and more comprehensive which is the strategy of the organization that includes the organizational structure strategies including human resources strategy and all are integrated to achieve the organization's message and goals. Mohammed et al. (2014), explains the main goal human resources management seeks to achieve through its function which is making available the organization's strategic needs for human resources to balance the amount of required work from human forces, and this includes sub-strategies containing attraction , selection and hiring strategies.

### 3.1. Proposed Model



## 4. Materials and Methods

### 4.1. Population and Sampling

Allocating the place within which the research is conducted is an important thing for the purpose of testing hypotheses in field. The researcher has selected the Ministry of Electricity in Iraq because he is an employer in one of its directorate. With its current directorates, the Iraqi Ministry of Electricity was established in 2004 and work within it was based on directorates' system as it wasn't able to return to companies' system as there is no regulation until now in this regard. There were many advancements and divisions and its directorates reached 24 directorates and 8 departments with a significant number of sub-directorates as well as production stations and transferring networks connected to general directorates that covers the whole country.

### 4.2. Respondents

For a representative sample for the research population, the intentional sampling method was used and a sample of (100) participants was selected and data were collected using a 40-items questionnaire developed by the researcher for the purposes of this research based on likert five scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree. The researcher retrieved (59) valid questionnaire for statistical analysis. As the goal of this research was to identify the role of strategic planning in human resources management practices, and as the

population of the study was relatively very large as managers represented high numbers, the research selected the population of the study to be consisted of those in the following managerial positions : general manager, general manager assistant, division manager, station manager and station manager assistant and 19 directorates and stations were included as well as the Ministry center. The population of the study was represented by the following departments:

<b>Organizations</b>
Ministry of Electricity Headquarter
Energy Transferring Projects
Training and Energy Research Center
The General Directorate for the Middle Region Production Projects
The General Directorate For Electricity Distribution Alkarkh
The general Directorate for Electricity Transferring \ The Middle Region
The General Directorate For Electricity Distribution \ Rasafah.
South Baghdad thermal station
The general Directorate for Electricity Production \ Middle Region.
South Baghdad gas station No. (2)
Al-Taji Electrical gas station
Al - Jadiriya gas station
Alquds Electrical Station
Zubaydah thermal power station
Ali Sabi' power station
South Baghdad gas station No. (1)
Aldawrah Gas power station
Al - Sadr gas station
Aldawrah Thermalpower station

## 5. Results and Analysis

This part of the study includes the results and analysis of the study.

The main hypotheses of the research are as follows.

**H0:** There is no statistically significant correlation between strategic planning and human resources management practices

**H1:** There is no statistically significant correlation between strategic planning and human resources management practices

The following are the sub hypotheses of the study.

The hypothesis of the research are as follows.

There is a significant relationship of strategic analysis with Selection

There is a significant relationship of strategic attitude with Selection

There is a significant relationship of strategic selection with Selection

There is a significant relationship of strategic analysis with Training

There is a significant relationship of strategic attitude with Training

There is a significant relationship of strategic selection with Training

There is a significant relationship of strategic analysis with Incentives

There is a significant relationship of strategic attitude with Incentives

There is a significant relationship of strategic selection with Incentives

There is a significant relationship of strategic analysis with Performance Evaluation

There is a significant relationship of strategic attitude with Performance Evaluation

There is a significant relationship of strategic selection with Performance Evaluation

## 5.1. Demographic Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Gender</b>	Male	46	78	78	78
	Female	13	22	22	100
	Total	59	100	100	
<b>Age</b>	31-40	2	3.4	3.4	3.4
	41-50	36	61	61	64.4
	51-60	18	30.5	30.5	94.9
	More than 60	3	5.1	5.1	100
	Total	59	100	100	
<b>Education</b>	Diploma	2	3.4	3.4	3.4
	Bachelors	55	93.2	93.2	96.6
	Master	2	3.4	3.4	100
	Total	59	100	100	
<b>Job</b>	Director	1	1.7	1.7	1.7
	asst.Director	3	5.1	5.1	6.8
	Manager	47	79.7	79.7	86.4
	Station manager	6	10.2	10.2	96.6
	Asst.Station manager	2	3.4	3.4	100
	Total	59	100	100	
<b>Experience</b>	16-20	6	10.2	10.2	10.2
	21-30	34	57.6	57.6	67.8
	More than 30	19	32.2	32.2	100
	Total	59	100	100	

The above table shows the demographic information of the respondents. The gender is distributed in 78% of the males and 22% of the females. While looking at the age the respondents between 31 to 40 years are 3.4%, between 41 and 50 years of age are 61%, between 51 and 60 years is 30.5 % and remaining 5.1% were above the age of 60 years. As per educational qualification 3.4 percent respondents were diploma holders while 93.2 percent have done bachelors while remaining 3.4% are masters. As per job title only 1.7 were director, 5.1 percent were assistant directors, 79.7% of the respondents were managers, 10.2% were station manager while the remaining 3.4 percent were Assistant station manager.

## 5.2. Reliability

The following table shows the reliability of the construct including in the model

S.No	Constructs	Items	Alpha
1	Strategic Analysis	4	0.956
2	Strategic Attitude	4	0.873
3	Strategic Selection	4	0.926
4	Selection	6	0.967
5	Training	6	0.954
6	Incentives	6	0.966
7	Performance Evaluation	6	0.960

The acceptable value for the scale reliability of the construct is 0.7. If we look at the above results we can see that the values of alpha for all constructs are greater than 0.7. Hence all the construct have the value of alpha above 0.7 and at the acceptable level.

## 6. Correlation

	Strategic Analysis	Strategic Attitude	Strategic Selection	Selection	Training	Incentives	Performance Evaluation
Strategic Analysis	1						
Strategic Attitude	.484**	1					
Strategic Selection	.660**	.662**	1				
Selection	.649**	.706**	.707**	1			
Training	.625**	.639**	.547**	.717**	1		
Incentives	.640**	.670**	.977**	.682**	.528**	1	
Performance Evaluation	.722**	.709**	.640**	.745**	.651**	.609**	1

\*\* . Correlation is significant at 0.01 level. (sig)

The above correlation matrix shows that all the independent variables have the significant correlation with all dependent variables. Hence the relationships are positive and significant. Moreover, if we look at the inter-correlations of the independent variables, we can see that there is no correlation coefficient greater than 0.85, which shows that no independent variables are highly correlated with each other, which means there is no potential of multicollinearity among the independent variables.

### 6.1. Hypothesis Testing

For testing the hypotheses mentioned above, we can see that there are three independent variables and four dependent variables in the model, which means that four different regression models have to be run. The summary of the regression results from all four models is presented in the following table.

Dependent Variables→	Regression			
	Selection	Training	Incentives	Performance Evaluation
Strategic Analysis	.401**	.083**	.323**	.292**
Strategic Attitude	.409**	.108**	.421**	.316**
Strategic Selection	.258**	.105**	.226**	.252**
R <sup>2</sup>	0.713	0.589	0.597	0.617
F-Statistics	75.315***	43.529***	44.953***	48.822***

Note: \*\*. Significance at 0.01 level  
 \*\*\*. Significance at 0.00 level

The above results of the hypotheses show that all 12 hypotheses are positive and significant. We can see that all the coefficients are positive and significant at the 0.01 level, which means that all independent variables have a significant effect on dependent variables. Hence all hypotheses are supported.

## 7. Discussion

The Iraqi Ministry of Electricity faces obstacles in its work from time to time due to the conditions experienced by the country and affect all aspects. The Iraqi Ministry of Electricity includes 24 directorates and 8 departments with many sub-directorates in addition to production stations and transport networks connected to public administrations that cover all geographical regions in Iraq.

The study examines the relationship of strategic planning on HRM practices. Strategic planning has three constructs, i.e. Strategic Analysis, Strategic Attitude, and Strategic Selection, while Human Resource Practices has four constructs, i.e. Selection, Training, Incentives, and Performance Evaluation. Hence there are total twelve hypotheses to be considered. The results of the twelve hypotheses are summarized below in a table. According to the findings, evaluating an organization's strategic planning level has an effect on human resources practice, and hence there is a need for developing an organization's strategic planning. Thus, human resources' planning has a great effect on strategic planning, and for this reason, organizations should maintain this strong relationship between strategic planning and human resources management practice, and by doing so, an organization ensures that its business strategy in the practice of human resources management is in line with the organization's strategy. In line with the above literature, the current study also finds the significant relationship between the dimensions of strategic planning and human resource practices.

Moreover, the research findings indicate how strategic planning relates to human resource management practices and hence leading to human resource development. As per a healthy institution's interest in the concept of strategic planning, it will contribute in developing human capital through clarifying the relationship between strategic planning and human capital within an organization.

S. No	Hypothesis	P-value	Result
1	There is a significant relationship of strategic analysis with Selection	0.000	Supported
2	There is a significant relationship of strategic attitude with Selection	0.000	Supported
3	There is a significant relationship of strategic selection with Selection	0.009	Supported
4	There is a significant relationship of strategic analysis with Training	0.004	Supported
5	There is a significant relationship of strategic attitude with Training	0.010	Supported
6	There is a significant relationship of strategic selection with Training	0.001	Supported
7	There is a significant relationship of strategic analysis with Incentives	0.000	Supported
8	There is a significant relationship of strategic attitude with Incentives	0.000	Supported
9	There is a significant relationship of strategic selection with Incentives	0.048	Supported
10	There is a significant relationship of strategic analysis with Performance Evaluation	0.000	Supported
11	There is a significant relationship of strategic attitude with Performance Evaluation	0.001	Supported
12	There is a significant relationship of strategic selection with Performance Evaluation	0.011	Supported

### 7.1. Limitations and Future Research

The study has certain limitations: This study is limited to four components of HRM practices though there are other components of HRM practices. The sample size of the study is small. Due to small sample size the generalizability of the results are not possible. The study is limited to Iraqi Electricity Ministry. The model can be checked in other ministries in future.

Future researches can consider more dimensions of human resource practices. Moreover there is still a lack of research in the area of Human resource development so future researchers can take the HRD in account. Moreover a bigger sample can be better to more generalize the results. More govt. departments should be considered to understand the relationship in a better way.

### 8. Conclusion

The study tried to understand the relationship of strategic planning with human resource practices in ministry of Electricity Iraq. The relationships were discussed with the help of literature review. To perform the empirical analysis of the relationships twelve hypotheses were tested. The data was collected through a close ended questionnaire and 59 filled questionnaires were used for data analysis. The findings suggest the significant positive relationship of strategic planning with human resource practices. Hence showing that better strategic planning will result in better HRM practices.

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